

Financial Statements and Report of  
Independent Certified Public  
Accountants

**Autry Museum of the American West**

For the years ended December 31, 2020 and 2019

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Trustees  
Autry Museum of the American West

We have audited the accompanying financial statements of the Autry Museum of the American West (the "Autry"), which comprise the statements of financial position as December 31, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Autry Museum of the American West as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

Los Angeles, California  
October 21, 2021

**Autry Museum of the American West**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of December 31,**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,338,675	\$ 2,479,167
Accounts receivable	431,317	621,917
Prepaid expenses	82,787	93,396
Inventory, net	457,627	402,440
Contributions receivable, net	137,770,955	154,744,758
Investments	10,689,051	10,092,868
Property and equipment, net	57,536,029	59,410,742
Land lease	5,446,776	5,787,204
Other assets	3,508,283	3,036,148
	<b>\$ 221,261,500</b>	<b>\$ 236,668,640</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 617,523	\$ 641,329
Accrued liabilities	1,481,935	1,327,664
PPP Loan	1,862,300	-
EIDL - SBA Loan	150,000	-
Interest rate swap	1,268,920	654,729
Notes payable	27,375,152	26,775,152
	<b>32,755,830</b>	<b>29,398,874</b>
<b>Net assets</b>		
Without donor restrictions	31,672,711	35,729,143
With donor restrictions	156,832,959	171,540,623
	<b>188,505,670</b>	<b>207,269,766</b>
	<b>\$ 221,261,500</b>	<b>\$ 236,668,640</b>

The accompanying notes are an integral part of these financial statements.

# Autry Museum of the American West

## STATEMENTS OF ACTIVITIES

For the years ended December 31,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>						
Fundraising income						
Gifts and grants	\$ 1,699,704	\$ 4,853,622	\$ 6,553,326	\$ 982,943	\$ 18,868,863	\$ 19,851,806
Special events, net of expenses	38,160	-	38,160	(12,866)	-	(12,866)
Memberships	164,175	-	164,175	388,132	-	388,132
Total fundraising income	<u>1,902,039</u>	<u>4,853,622</u>	<u>6,755,661</u>	<u>1,358,209</u>	<u>18,868,863</u>	<u>20,227,072</u>
Earned income						
Admissions	102,656	-	102,656	607,676	-	607,676
Program and other income	86,744	-	86,744	143,069	-	143,069
Proceeds from sales of nonaccesioned art	-	-	-	-	258,642	258,642
Auxiliary services, net of cost of goods sold	67,082	-	67,082	240,723	-	240,723
Total earned income	<u>256,482</u>	<u>-</u>	<u>256,482</u>	<u>991,468</u>	<u>258,642</u>	<u>1,250,110</u>
Endowment distribution	884,319	-	884,319	900,000	-	900,000
Total revenues	<u>3,042,840</u>	<u>4,853,622</u>	<u>7,896,462</u>	<u>3,249,677</u>	<u>19,127,505</u>	<u>22,377,182</u>
Net assets released from restrictions or redesignated	13,840,194	(13,840,194)	-	19,831,890	(19,831,890)	-
Total revenues and releases	<u>16,883,034</u>	<u>(8,986,572)</u>	<u>7,896,462</u>	<u>23,081,567</u>	<u>(704,385)</u>	<u>22,377,182</u>
<b>Expenses</b>						
Program services						
Exhibitions and research	12,814,303	-	12,814,303	12,994,877	-	12,994,877
Public programs and education	1,753,411	-	1,753,411	1,978,566	-	1,978,566
Total program services	<u>14,567,714</u>	<u>-</u>	<u>14,567,714</u>	<u>14,973,443</u>	<u>-</u>	<u>14,973,443</u>
Support services						
Administration	1,753,217	-	1,753,217	1,702,624	-	1,702,624
Marketing	973,821	-	973,821	1,546,447	-	1,546,447
Fundraising	1,977,430	-	1,977,430	2,225,437	-	2,225,437
Auxiliary services	491,110	-	491,110	530,775	-	530,775
Total support services	<u>5,195,578</u>	<u>-</u>	<u>5,195,578</u>	<u>6,005,283</u>	<u>-</u>	<u>6,005,283</u>
Total expenses	<u>19,763,292</u>	<u>-</u>	<u>19,763,292</u>	<u>20,978,726</u>	<u>-</u>	<u>20,978,726</u>
Change in net assets from operations	(2,880,258)	(8,986,572)	(11,866,830)	2,102,841	(704,385)	1,398,456
<b>Other changes in net assets</b>						
(Loss) gain on sales of assets, net	(567)	-	(567)	6,095	-	6,095
Unrealized loss on interest rate swap	(614,191)	-	(614,191)	(654,729)	-	(654,729)
Change in NPV on pledge receivable	-	(6,878,691)	(6,878,691)	-	-	-
Endowment return	322,903	1,157,599	1,480,502	403,740	1,447,396	1,851,136
Endowment distribution	(884,319)	-	(884,319)	(900,000)	-	(900,000)
Other changes in net assets	<u>(1,176,174)</u>	<u>(5,721,092)</u>	<u>(6,897,266)</u>	<u>(1,144,894)</u>	<u>1,447,396</u>	<u>302,502</u>
Total change in net assets	<u>(4,056,432)</u>	<u>(14,707,664)</u>	<u>(18,764,096)</u>	<u>957,947</u>	<u>743,011</u>	<u>1,700,958</u>
Net assets, beginning of year	<u>35,729,143</u>	<u>171,540,623</u>	<u>207,269,766</u>	<u>34,771,196</u>	<u>170,797,612</u>	<u>205,568,808</u>
Net assets, end of year	<u>\$ 31,672,711</u>	<u>\$ 156,832,959</u>	<u>\$ 188,505,670</u>	<u>\$ 35,729,143</u>	<u>\$ 171,540,623</u>	<u>\$ 207,269,766</u>

The accompanying notes are an integral part of these financial statements.

**Autry Museum of the American West**

**STATEMENTS OF CASH FLOWS**

**For the years ended December 31,**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (18,764,096)	\$ 1,700,958
Adjustments to reconcile change in net assets to cash provided by operating activities		
Change in net present value discount on contributions receivable	6,878,691	(7,810,680)
Contributions restricted for capital acquisition and construction	(3,218,654)	(9,990,453)
Net realized and unrealized (gains)/losses on investments	(1,380,077)	(1,700,269)
Unrealized loss on interest rate swap	614,191	654,729
Depreciation of property and equipment	2,711,417	2,692,923
Amortization of land lease	340,428	340,428
Changes in operating assets and liabilities		
Accounts receivable	190,600	655,469
Prepaid expenses	10,609	150,698
Inventory	(55,187)	(57,061)
Contributions receivable	10,095,112	8,189,077
Other assets	(472,135)	(279,818)
Accounts payable	(23,806)	(147,263)
Accrued liabilities	154,271	231,713
	<u>(2,918,636)</u>	<u>(5,369,549)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales of investments	3,090,396	2,375,982
Purchases of investments	(2,306,502)	(1,626,849)
Purchases of property and equipment	(836,704)	(438,070)
	<u>(52,810)</u>	<u>311,063</u>
<b>Cash flows from financing activities</b>		
Contributions restricted for capital acquisition and construction	3,218,654	9,990,453
PPP Loan	1,862,300	-
EIDL- SBA Loan	150,000	-
Borrowings under notes payable	600,000	1,440,000
Repayments of notes payable	-	(4,650,000)
	<u>5,830,954</u>	<u>6,780,453</u>
Net change in cash and cash equivalents	2,859,508	1,721,967
Cash and cash equivalents, beginning of year	2,479,167	757,200
Cash and cash equivalents, end of year	<u>\$ 5,338,675</u>	<u>\$ 2,479,167</u>
<b>Supplemental disclosures</b>		
Accounts payable for construction in progress	\$ 23,646	\$ 20,534
Interest paid	<u>\$ 804,760</u>	<u>\$ 936,543</u>

The accompanying notes are an integral part of these financial statements.

**Autry Museum of the American West**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended December 31, 2020**

	Program Services			Support Services				Total Expenses
	Exhibitions and Research	Public Programs and Education	Subtotal Program Services Expenses	Administration	Marketing	Fundraising	Auxiliary Services	
<b>Staff Compensation</b>								
Salaries and wages	\$ 4,880,220	\$ 1,016,543	\$ 5,896,763	\$ 1,002,530	\$ 597,179	\$ 1,183,505	\$ 161,708	\$ 2,944,922
Fringe benefits	1,070,513	190,061	1,260,574	184,146	125,738	244,804	43,889	598,577
	5,950,733	1,206,604	7,157,337	1,186,676	722,917	1,428,309	205,597	3,543,499
<b>Physical Infrastructure</b>								
Facilities maintenance and repair	664,115	35,062	699,177	11,667	4,885	2,472	40,106	59,130
Utilities	965,502	34,308	999,810	15,821	3,426	1,838	86,037	107,122
Information technology	319,556	27,401	346,957	65,617	3,373	124,406	33,691	227,087
Amortization of land lease	292,676	17,825	310,501	8,220	1,780	955	18,972	29,927
Depreciation of property and equipment	2,534,429	66,067	2,600,496	30,466	6,598	3,540	70,317	110,921
	4,776,278	180,663	4,956,941	131,791	20,062	133,211	249,123	534,187
<b>Other Goods and Services</b>								
Collection acquisitions	86,500	-	86,500	-	-	-	-	-
Exhibition subcontractors	53,233	-	53,233	-	-	-	-	-
Graphic design and photography	5,346	3,091	8,437	261	15,882	2,149	-	18,292
Printing and signage	48,332	11,891	60,223	3,389	51,988	19,010	-	74,387
Advertising and public relations	800	2,358	3,158	24,901	122,797	155	-	147,853
Shipping and postage	106,810	899	107,709	353	2,431	40,939	1,311	45,034
Supplies	269,653	27,081	296,734	5,869	6,458	4,428	5,721	22,476
Rental of storage space and equipment	80,645	24,406	105,051	-	-	-	-	-
Travel and entertainment	22,246	17,675	39,921	13,301	4,261	43,864	171	61,597
Dues and memberships	13,069	5,635	18,704	14,329	11,191	3,942	3,837	33,299
Consultants	65,366	37,560	102,926	8,623	2,500	208,428	-	219,551
Other professional services	133,938	219,583	353,521	33,672	7,326	9,804	1,416	52,218
Audit and legal	1,000	-	1,000	306,917	-	15	-	306,932
Insurance	395,519	15,965	411,484	7,364	1,594	3,355	16,993	29,306
Bank fees	75	-	75	15,251	4,414	79,821	6,941	106,427
Interest	804,760	-	804,760	-	-	-	-	-
Bad debt	-	-	-	520	-	-	-	520
	2,087,292	366,144	2,453,436	434,750	230,842	415,910	36,390	1,117,892
<b>Total</b>	<b>\$ 12,814,303</b>	<b>\$ 1,753,411</b>	<b>\$ 14,567,714</b>	<b>\$ 1,753,217</b>	<b>\$ 973,821</b>	<b>\$ 1,977,430</b>	<b>\$ 491,110</b>	<b>\$ 5,195,578</b>
								<b>\$ 19,763,292</b>

The accompanying notes are an integral part of this financial statement.



**Autry Museum of the American West**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended December 31, 2019**

	<u>Program Services</u>			<u>Support Services</u>				<u>Total Expenses</u>	
	<u>Exhibitions and Research</u>	<u>Public Programs and Education</u>	<u>Subtotal Program Services Expenses</u>	<u>Administration</u>	<u>Marketing</u>	<u>Fundraising</u>	<u>Auxiliary Services</u>		<u>Subtotal Support Services Expenses</u>
<b>Staff Compensation</b>									
Salaries and wages	\$ 4,284,727	\$ 903,256	\$ 5,187,983	\$ 944,974	\$ 785,076	\$ 1,218,767	\$ 143,774	\$ 3,092,591	\$ 8,280,574
Fringe benefits	874,392	168,715	1,043,107	127,360	151,317	208,983	37,761	525,421	1,568,528
	<u>5,159,119</u>	<u>1,071,971</u>	<u>6,231,090</u>	<u>1,072,334</u>	<u>936,393</u>	<u>1,427,750</u>	<u>181,535</u>	<u>3,618,012</u>	<u>9,849,102</u>
<b>Physical Infrastructure</b>									
Facilities maintenance and repair	1,343,797	73,631	1,417,428	23,905	6,498	2,598	62,176	95,177	1,512,605
Utilities	1,051,046	32,626	1,083,672	14,534	3,148	1,689	121,185	140,556	1,224,228
Information technology	311,005	23,509	334,514	75,007	5,331	118,005	35,172	233,515	568,029
Amortization of land lease	292,676	17,825	310,501	8,220	1,780	955	18,972	29,927	340,428
Depreciation of property and equipment	2,516,938	65,692	2,582,630	30,293	6,561	3,520	69,919	110,293	2,692,923
	<u>5,515,462</u>	<u>213,283</u>	<u>5,728,745</u>	<u>151,959</u>	<u>23,318</u>	<u>126,767</u>	<u>307,424</u>	<u>609,468</u>	<u>6,338,213</u>
<b>Other Goods and Services</b>									
Collection acquisitions	61,888	7,500	69,388	-	-	-	-	-	69,388
Exhibition subcontractors	123,931	-	123,931	-	-	-	-	-	123,931
Graphic design and photography	15,493	3,666	19,159	1,373	6,806	6,014	-	14,193	33,352
Printing and signage	131,444	18,328	149,772	3,296	89,066	43,610	271	136,243	286,015
Advertising and public relations	1,477	1,295	2,772	46,235	347,410	4,524	-	398,169	400,941
Shipping and postage	85,655	1,885	87,540	1,716	23,915	99,390	105	125,126	212,666
Supplies	332,717	52,945	385,662	10,313	7,952	3,404	8,170	29,839	415,501
Rental of storage space and equipment	70,672	150,473	221,145	-	986	-	-	986	222,131
Travel and entertainment	70,850	104,128	174,978	107,097	70,106	204,920	606	382,729	557,707
Dues and memberships	13,181	5,228	18,409	32,359	11,912	5,714	3,685	53,670	72,079
Consultants	60,907	101,094	162,001	12,415	2,500	224,356	-	239,271	401,272
Other professional services	62,239	231,439	293,678	3,976	5,400	62,227	769	72,372	366,050
Audit and legal	-	-	-	235,138	-	-	-	235,138	235,138
Insurance	353,223	13,653	366,876	6,296	1,363	7,201	14,532	29,392	396,268
Bank fees	76	1,678	1,754	14,367	19,320	9,560	13,678	56,925	58,679
Interest	936,543	-	936,543	-	-	-	-	-	936,543
Bad debt	-	-	-	3,750	-	-	-	3,750	3,750
	<u>2,320,296</u>	<u>693,312</u>	<u>3,013,608</u>	<u>478,331</u>	<u>586,736</u>	<u>670,920</u>	<u>41,816</u>	<u>1,777,803</u>	<u>4,791,411</u>
	<u>\$ 12,994,877</u>	<u>\$ 1,978,566</u>	<u>\$ 14,973,443</u>	<u>\$ 1,702,624</u>	<u>\$ 1,546,447</u>	<u>\$ 2,225,437</u>	<u>\$ 530,775</u>	<u>\$ 6,005,283</u>	<u>\$ 20,978,726</u>

The accompanying notes are an integral part of this financial statement.

## **Autry Museum of the American West**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2020 and 2019**

#### **NOTE 1 - NATURE OF OPERATIONS**

The Autry Museum of the American West (the “Autry”) is a California not-for-profit public benefit corporation. The Autry arose in its present form from the merger in 2003 of the then Autry Museum of Western Heritage (founded in 1984 and opened in 1988) with the Southwest Museum of the American Indian (founded in 1907) and with the Women of the West Museum (founded in 1991). The Autry is dedicated to exploring and sharing the stories, experiences and perceptions of the diverse peoples of the American West, connecting the past to the present to inspire a shared future. The museum presents a wide range of exhibitions and public programs, including lectures, films, theater, music and festivals, and conducts scholarship, research and educational outreach. The Autry’s collections of more than 600,000 works of art and artifacts include the Southwest Museum of the American Indian Collection, one of the largest and most significant collections of Native American materials in the United States.

The Autry is accredited by the American Alliance of Museums (“AAM”), the museum field’s primary vehicle for quality assurance, self-regulation and public accountability. AAM accreditation signifies that a museum meets AAM standards and best practices as an educational entity and as a good steward of the collections that it holds in trust for the public.

Philanthropy is the primary source of revenue for the Autry. Fundraising income is realized from gifts, grants, special events and memberships and is received from individuals, foundations, corporations and government agencies. Earned income is a secondary revenue source for the Autry and is realized from admissions, programs and auxiliary services.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Basis of Accounting***

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) using the accrual basis of accounting.

##### ***Measure of Operations***

The Autry includes in its measure of operations all revenue and expenses that are integral to its current programs and supporting activities as well as net assets released from restrictions to support operating expenditures and in accordance with the Autry’s collection management policy. The measure of operations also includes investment returns earned on net assets with donor restrictions and net assets without donor restrictions available for operations in accordance with the Autry’s spending policy as discussed below. The measure of operations excludes investment return in excess of amounts available for operations under the spending policy; contributions and grants restricted for the curation and acquisition of works of art; contributions restricted for plant expenditure; changes in net assets pertaining to acquisition or deaccession of collection items; capital project depreciation expense; and extraordinary items.

##### ***Basis of Presentation***

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958)*, the Autry classifies its financial position and activities into two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Revenues, expenses, gains, losses, net assets and the changes therein are classified based on the existence or absence of donor-imposed restrictions as follows:

- ***Net assets without donor restrictions*** - Net assets without donor restrictions include resources not subject to donor-imposed stipulations, which are generally available for support of the Autry’s operations, as well as funds designated by the Board of Trustees to function as endowment.

## Autry Museum of the American West

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

- **Net assets with donor restrictions** - Net assets with donor restrictions include resources resulting from contributions of assets whose use by the Autry is subject to donor-imposed restrictions that (a) expire by the passage of time, (b) will be fulfilled by future actions of the Autry pursuant to those restrictions, or (c) are restricted by donors to be maintained by the Autry in perpetuity. The Autry is generally permitted to expend all or part of the income and gains derived from donated assets maintained in perpetuity, restricted only by the donors' wishes.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits and highly liquid investments, such as certificates of deposit, with original maturities of three months or less.

#### **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Recoveries of receivables previously written off are recorded as revenue when received.

#### **Inventory**

Inventory consists of merchandise purchased for resale in the Autry's retail store. The merchandise is valued at the lower of cost or net realizable value. Cost is determined using the average cost method. The Autry provides an allowance for inventory obsolescence and shrinkage based on amounts ultimately expected to be realized upon sale. At December 31, 2020 and 2019, net inventory of \$457,627 and \$402,440 consisted of purchases of \$550,887 and \$496,012 less allowances of \$93,260 and \$93,572, respectively.

#### **Contributions Receivable**

Contributions receivable consist of unconditional promises to give, i.e., pledges, to the Autry in the future and are recorded at their estimated fair value. Contributions to be received beyond one year are discounted at appropriate rates commensurate with the risks involved. Discount factors are established in the fiscal year in which the respective contribution originates and are not subsequently adjusted, except for any changes in mortality tables which were used in discounting the contributions at the time the pledge was made. Any subsequent changes in mortality tables may increase or decrease contributions receivable and contributions revenue due to the effective change in discount rate used. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Management estimates an allowance for uncollectible contributions receivable based on management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors. Contributions are written off if they become uncollectible.

#### **Investments**

Investments consist of money market, fixed income fund, and equity fund investments restricted by donors or designated by the Board of Trustees (the "Board") for long-term investment. Under the provisions of FASB Accounting Standards Codification ("ASC") 958-320, *Investments – Debt and Equity Securities*, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statements of financial position. Net appreciation or depreciation in the fair value of investments, which consists of both the realized gains or losses and the unrealized appreciation or depreciation of those investments, is reported in the statements of activities.

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

Investment return on assets with donor restrictions is reported as an increase in net assets without donor restrictions if the asset restriction expires in the reporting period in which the income is recognized. All other investment return on assets with donor restrictions is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

Interest income and dividend income are accrued as earned. Investment return in the financial statements is net of investment advisory and management fees. Security transactions are recorded on a trade-date basis.

***Property and Equipment***

Property and equipment are recorded at cost. Cost is the purchase price at date of procurement, if purchased, or fair value at date of gift, if donated. Interest on borrowings used to fund the construction of major facilities is capitalized as part of the asset to which it relates until the facilities become fully operational. Additions and improvements that significantly extend the lives of assets are capitalized. Expenditures for repairs and maintenance which do not improve or extend the lives of the respective assets are charged to expense as incurred.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	40 years
Leasehold improvements	lesser of useful life or lease term
Collection storage fixtures	15 years
Furniture, fixtures and equipment	5 years
Automotive equipment	5 years
Computer equipment and software	3 years

The Autry evaluates the impairment of long-lived assets in accordance with FASB ASC 360, *Property, Plant and Equipment*, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount for the assets to the undiscounted future net cash flows expected to be generated by the asset. If the carrying amount exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset. There was no impairment of long-lived assets noted in 2020 or 2019.

***Collections***

The Autry's collections consist of paintings, sculptures, works on paper, photographs, historic artifacts, archaeological and ethnographic materials, sound recordings, films, and library and archival material related to the history of the American West and to indigenous cultures of the United States. The collections are maintained for exhibitions, research, public programs and education in alignment with the Autry's mission. Items are catalogued, conserved and cared for following AAM standards, and collection audits are performed regularly.

The collections, which were acquired through purchases and contributions since the Autry's inception, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded in the year in which the items were acquired as decreases in net assets without donor restrictions or net assets with donor restrictions, depending on the source of the assets used to purchase the items and whether those assets were restricted by donors. Contributed collection items are not reflected in the financial statements. The Autry's collections policy requires that proceeds from deaccessions or insurance recoveries be used toward direct care and acquisitions for the collections.

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

***Asset Retirement Obligations***

Asset retirement obligations are recognized in the period in which the Autry incurs a legal obligation associated with the retirement of an asset. The obligation is measured initially at fair value discounted to its present value using a credit-adjusted risk-free interest rate, and the resulting costs are capitalized into the carrying value of the related assets. The liability is accreted through charges to earnings. Costs related to asset retirement obligations are depreciated over the remaining useful life of the underlying asset.

The Autry has a known conditional asset retirement obligation for asbestos remediation activities to be performed in the future, which is not reasonably estimable due to insufficient information about the timing and method of settlement of the obligation. Accordingly, this obligation has not been recorded in the financial statements because the fair value cannot be reasonably estimated. A liability for this obligation will be recorded in the period when sufficient information regarding timing and method of settlement becomes available to make a reasonable estimate of the liability's fair value.

***Gifts and Grants***

Contributions, including gifts of cash or marketable securities, grants, in-kind gifts and unconditional promises to give, i.e., pledges, are recorded at fair value and are recognized as revenue in the period in which they are received. Contributions received are recorded as revenue without donor restrictions or revenue with donor restrictions, depending on the existence and/or nature of any donor restrictions upon the earlier of the receipt of a donor's unconditional written pledge to contribute or upon receipt of the contribution. Contributions, including pledges, are recorded as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statements of activities as net assets released from restrictions. Contributions with donor restrictions are reported as revenue without donor restrictions when the restriction is met in the same period as the contribution is received.

Contributions restricted by a donor for the acquisition or construction of capital assets are recorded as revenue with donor restrictions and are reclassified to net assets without donor restrictions when the asset is acquired and placed in service.

Conditional promises to give are not recognized as revenue until they become unconditional, i.e., when the conditions on which they depend have been met or barriers achieved. If funds are received from such gifts, they are recorded as refundable advances until the condition is satisfied. When the condition is satisfied, the gift is recognized as either revenue without donor restrictions or revenue with donor restrictions, depending on the intent of the donor.

***Wills and Bequests***

The Autry is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. Bequests are recorded as revenue at the time the Autry has an established right to the bequest, the proceeds are measurable, and it is determined that the donor has sufficient assets to fulfill the bequest.

***Contributed Services***

Contributed services are recognized when received if such services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Contributed services from donors which qualify for recognition are included in revenue and are offset by equal amounts included in expense in the statements of activities.

## Autry Museum of the American West

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

In addition, volunteers donate significant amounts of time related to the Autry's public programming, educational outreach and fundraising activities. The value of donated volunteer services is not recognized in the financial statements, as such services do not meet the criteria described above.

#### **Special Events**

Revenues from special fundraising events, which include the annual Masters of the West art exhibition and sale as well as the annual fall celebration, are recorded net of the costs of direct benefits provided to donors, sponsors, artists and other attendees. For the years ended December 31, 2020 and 2019, net revenues from special events of \$38,160 and \$(12,866) consisted of gross revenues of \$373,065 and \$273,638 less costs of direct benefits of \$334,905 and \$286,504, respectively.

#### **Revenue Recognition**

Admissions, program and other revenues are recognized at the time the services are provided and the revenues are earned. Revenues received for future fiscal years are reported as deferred revenues until earned.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* which amends the guidance for revenue recognition and outlines a five-step process for customer contract revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards. The amendment also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Topic 606 became effective for annual and interim periods beginning after December 15, 2019 and is therefore effective for the Autry beginning January 1, 2020. The Autry determined that its membership revenue is included within the scope of Topic 606 and that revenue recognized under the standard does not differ materially from revenue recognized under the previous guidance. Revenues derived from memberships are recognized upon receipt of cash. Members sign up for annual memberships and may cancel their membership at any time. The Autry's adoption of Topic 606 did not result in a cumulative catch-up adjustment or any significant changes to financial statement line items.

#### **Expense Allocations**

Expenses associated with a specific program service or support service are charged directly to that service. Expenses applicable to the Autry's buildings, grounds and building systems are allocated among all program services and support services based on the relative square footage occupied by each service. Such allocable expenses include facilities maintenance, utilities, information technology, security, interest, insurance, depreciation of property and equipment, and amortization of the land lease (Note 8).

#### **Fair Value Measurements**

FASB ASC 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. Fair value is the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date, i.e., the exit price.

The standard also prioritizes, with the measurement of fair value, the use of market-based information over entity-specific information, and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

## **Autry Museum of the American West**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- Level 1 - Quoted prices in active markets that the Autry can access for identical assets and liabilities for which significant observable inputs exist. Market price data is generally obtained from exchange or dealer markets. The Autry does not adjust the quoted price for such assets and liabilities. Investments included in Level 1 may include certain equity securities and registered mutual funds at the measurement date;
- Level 2 - Pricing inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of assets or liabilities. Inputs are obtained from various sources including market participants, dealers and brokers. Investments included in Level 2 may include certain money market, fixed income, interest rate swaps and equity funds for which observable inputs exist and which trade in markets not considered to be active; and
- Level 3 - Pricing inputs that are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant judgment or estimation by management. The types of instruments generally included in this category are limited partnerships with designated investments, lock up periods or gates extending more than three months beyond the balance sheet date.

The Autry's financial instruments include cash and cash equivalents for which the carrying amounts approximate fair value due to the short maturity of these items.

#### ***Concentration of Credit Risk***

Credit risk is the failure of another party to perform in accordance with the contract terms. Financial instruments which potentially subject the Autry to concentrations of credit risk consist primarily of cash and cash equivalents, contributions receivable and investments.

The Autry maintains its cash and cash equivalents with a major financial institution. All accounts at an insured depository institution, including non-interest-bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor, per insured financial institution, for each deposit insurance ownership category. At December 31, 2020 and 2019, the Autry held \$5,076,425 and \$2,216,717, respectively, in cash balances in excess of the level of FDIC insurance.

Contributions receivable are uncollateralized and the Autry is at risk to the extent such amounts become uncollectible (Notes 4 and 16).

Investment securities are exposed to various risks, including interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities may occur in the near term, and the changes could materially affect the amounts reported in the statements of financial position. To address the risk of investments, the Autry maintains a formal investment policy that sets out performance criteria, investment guidelines, and asset allocation guidelines. The Autry also utilizes the expertise and processes of an external investment manager.

## Autry Museum of the American West

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

#### ***Income Taxes***

The Autry follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more likely than not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Autry is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Autry is also exempt from California franchise taxes under Revenue and Taxation Code Section 23701d on its income other than unrelated business income. The Autry has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. The Autry has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Recently Adopted Accounting Pronouncements***

In 2019, the Autry adopted ASU No. 2016-18, *Statement of Cash Flows – Restricted Cash*, which requires the statement of cash flows to include restricted cash with its cash and cash equivalents balance and a reconciliation between all cash items on the statement of financial position and the balance per the statement of cash flows. Based on the nature of the Autry’s cash and cash equivalents, there is no restricted cash to report.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The guidance helps entities evaluate whether transactions should be accounted for as contributions, or exchange transactions subject to other guidance. The guidance also helps in determining whether a contribution is conditional. The guidance is effective for fiscal years beginning after December 15, 2019. The Autry adopted this ASU in the current fiscal year and determined that there was no impact to the financial statements.

In March 2019, the FASB issued ASU No. 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*. This ASU specifically addresses the use of proceeds from sales of collections and related disclosures. Collections include groupings of art, historical treasures or similar assets. The guidance is effective for fiscal years beginning after December 15, 2019. Early application of the amendments is permitted. The amendments in ASU 2019-03 should be applied on a prospective basis. The Autry adopted this ASU in the current fiscal and determined that there was no impact to the financial statements.



**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The provisions of this ASU require accounting for operating leases in the statements of position. The provisions in this ASU are effective for fiscal years beginning after December 15, 2021, i.e., in 2022 for the Autry. The Autry is currently evaluating the impact of adopting this ASU.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a separate line-item for contributed nonfinancial assets on the statement of activities, apart from contributed cash and other financial assets. ASU 2020-07 should be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Autry is currently evaluating the impact of adopting this ASU.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2020 and 2019 included the following:

	2020	2019
Grants receivable	\$ 430,464	\$ 618,252
Other receivables	853	3,665
Accounts receivable	\$ 431,317	\$ 621,917

Management has assessed the collectability of accounts receivable and determined that no allowance for doubtful accounts is required at December 31, 2020 and 2019.

**NOTE 4 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable at December 31, 2020 and 2019 included the following:

	2020	2019
Amounts due in		
Less than one year	\$ 10,484,723	\$ 10,439,812
One to five years	36,472,500	39,384,590
More than five years	158,242,558	165,470,488
Contributions receivable, gross	205,199,781	215,294,890
Less present value discount	(67,428,826)	(60,550,132)
Contributions receivable, net	\$ 137,770,955	\$ 154,744,758

Contributions to be received beyond one year are discounted at appropriate rates commensurate with the risks involved. Discount factors are established in the fiscal year in which the respective contribution originates and are not subsequently adjusted. The rates used to discount contributions to present value ranged from 0.13% to 5.59% for December 31, 2020 and 1.20% to 5.59% for December 31, 2019.

Management has assessed the collectability of contributions receivable, and determined that no allowance for doubtful accounts is required at December 31, 2020 and 2019.

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

**NOTE 5 - FAIR VALUE MEASUREMENTS**

The following tables present assets and liabilities recorded at fair value as of December 31, 2020 and 2019, on the Autry's statement of financial position on a recurring basis and indicates the fair value hierarchy of the valuation techniques used to measure fair value:

	2020			
	Quoted Price in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Investment assets:				
Money market fund	\$ -	\$ 199,100	\$ -	\$ 199,100
Fixed income mutual fund	3,481,343	-	-	3,481,343
Equity mutual funds - international	1,728,300	-	-	1,728,300
Equity mutual funds - domestic	5,280,308	-	-	5,280,308
Total investment assets	<u>\$ 10,489,951</u>	<u>\$ 199,100</u>	<u>\$ -</u>	<u>\$10,689,051</u>
Liabilities:				
Interest rate swap	\$ -	\$ 1,268,920	\$ -	\$ 1,268,920
	2019			
	Quoted Price in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Investment assets:				
Money market fund	\$ -	\$ 108,669	\$ -	\$ 108,669
Fixed income mutual fund	3,348,680	-	-	3,348,680
Equity mutual funds - international	1,629,802	-	-	1,629,802
Equity mutual funds - domestic	5,005,717	-	-	5,005,717
Total investment assets	<u>\$ 9,984,199</u>	<u>\$ 108,669</u>	<u>\$ -</u>	<u>\$10,092,868</u>
Liabilities:				
Interest rate swap	\$ -	\$ 654,729	\$ -	\$ 654,729

Investments in fixed income mutual funds and equity mutual funds are classified as Level 1, as they are traded in an active market for which closing prices are readily available. The investment in the money market fund is classified as Level 2, as this fund is priced based on matrix/model pricing. The investment in the money market fund has no redemption frequency limitation and allows for same-day notice for redemption. The fair value of the interest rate swap is based on industry standard valuation assumptions and methods, which is the difference between the present value of the future cash flows of the receive swap leg less the present value of the future cash flows of the payment swap leg. Future cash flows are derived from current mid-market rates and prices which are deemed Level 2.

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

**NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Autry's operating cash flows fluctuate during the year, driven primarily by the timing of gift receipts, including payments on pledges, and by changes in annual programmatic and fundraising initiatives. The Autry maintains a \$4,000,000 revolving operating line of credit (Note 11) at its bank to draw upon to cover short-term operating cash needs during the year. At December 31, 2020 and 2019, \$1,770,000 and \$2,370,000, respectively, were available to draw from this line. It is the Autry's intent to repay annual draws on the line to the fullest extent possible by the end of each year.

At December 31, 2020 and 2019, the Autry had the following liquid financial assets available to cover operating cash needs for the subsequent year. Available financial assets exclude those due beyond one year or those invested as endowments with donor restrictions.

	2020	2019
Cash and cash equivalents	\$ 5,338,675	\$ 2,479,167
Accounts receivable	431,317	621,917
Contributions receivable, gross	205,199,781	215,294,890
Investments	10,689,051	10,092,868
Total financial assets	221,658,824	228,488,842
Due beyond one year:		
Contributions receivable, gross	(194,715,058)	(204,855,078)
Endowments with donor restrictions:		
Accumulated investment return	(3,055,173)	(2,589,019)
Original gift principal	(5,302,553)	(5,302,553)
Liquid financial assets available within one year	\$ 18,586,040	\$ 15,742,192

The liquid financial assets available within one year include Board-designated funds functioning as endowments, as the Board could remove the designation of these funds and make them available as operating cash. Such funds total \$2,331,325 and \$2,201,296 at December 31, 2020 and 2019, respectively (Note 13).

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

**NOTE 7 - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Land	\$ 5,305,189	\$ 5,305,189
Buildings	39,723,168	39,723,168
Leasehold improvements	40,386,621	40,300,290
Collection storage fixtures	6,016,828	5,917,703
Furniture, fixtures and equipment	5,888,279	5,666,796
Construction in progress	1,185,218	755,453
Automotive equipment	87,615	87,615
	98,592,918	97,756,214
Less: accumulated depreciation	(41,056,889)	(38,345,472)
Property and equipment, net	\$ 57,536,029	\$ 59,410,742

Depreciation expense charged to operations was \$2,711,417 and \$2,692,923 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 8 - LAND LEASE**

In January 1987, the Autry entered into a 50-year ground lease with the City of Los Angeles (the "City") for the use of certain land in Griffith Park for the specific purpose of operating a museum. In exchange for offering public programs in the Autry's facilities, the Autry pays the City \$1 per year. The lease expires in January 2037 unless extended by mutual agreement between the City and the Autry. The Autry, pursuant to certain conditions, has the right to terminate the lease upon one year's written notice to the City. The Autry recognized the benefit of this lease agreement as a land lease asset and as revenue with donor restrictions. The net present value of the future contribution benefit was computed at a discount rate based upon prevailing rates at the time the lease agreement commenced. The Autry has established the fair market value of the in-kind rent under the agreement at \$340,428 per year (Note 12) and recognizes an offsetting in-kind donation released from restriction of the same amount in the statements of activities. The value of the land lease asset at December 31, 2020 and 2019 was \$5,446,776 and \$5,787,204, respectively.

**NOTE 9 - COLLECTION SHARING AGREEMENT**

In December 2005, the Autry entered into a collection sharing agreement with another not-for-profit organization. Under the terms of the agreement, the Autry collaborates to provide a long-term presence of a historically significant collection of paintings and costumes in one of the museum's galleries. The term of the agreement is 60 years with provisions for extension. Under the agreement, the Autry is required to pay a total of \$3,500,000 over a 15-year period from 2006 to 2020. The difference between the annual payment and the straight-line expense is recorded in other assets and amortized over the term of the agreement. As of December 31, 2020, and 2019, the unamortized balance relating to the collection sharing agreement totaled \$2,625,005 and \$2,683,338, respectively.

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

**NOTE 10 - RETIREMENT PLANS**

The Autry maintains a 403(b) defined contribution plan (the "403(b) Plan") to provide retirement benefits for eligible employees, who can elect to make voluntary tax deferred contributions to the 403(b) Plan from their salaries and wages, subject to limitations set by the IRC. The Autry can contribute, at the discretion of the Board, up to a maximum of 5% of the employee's eligible compensation. Both employee and employer contributions to the 403(b) Plan vest immediately. The Autry contributed \$141,368 and \$124,108 to the 403(b) Plan for 2020 and 2019, respectively, representing 2% of the participating employees' eligible compensation for each of the years. The cost of the employer contribution to the 403(b) Plan is recorded as fringe benefit expense.

The Autry maintains a 457(b) deferred compensation plan (the "457(b) Plan") to provide retirement benefits for eligible employees, who can elect to make voluntary tax deferred contributions to the 457(b) Plan from their salaries, subject to limitations set by the IRC. The Autry does not make employer contributions to the 457(b) Plan. Employee contributions to the 457(b) Plan remain an asset and a liability of the Autry until the participating employees withdraw their accumulated balances. The Autry records the market value of the 457(b) Plan's investments in other assets offset by an equal amount recorded in accrued liabilities. Such amounts total \$308,759 and \$207,661 at December 31, 2020 and 2019, respectively.

**NOTE 11 - NOTES PAYABLE**

In August 2014, the Autry signed credit agreements with its bank for a three-year \$34,500,000 unsecured credit facility, consisting of (a) a \$30,500,000 construction line of credit and (b) a \$4,000,000 revolving operating line of credit. Any amounts drawn under the lines of credit are guaranteed by a member of the Board and a related trust.

In August 2017, when this credit facility expired, the Autry converted \$29,145,152 of outstanding principal on the construction line of credit to a five-year construction note, bearing interest at the bank's prime rate less 1.65% or at LIBOR plus 0.95%. Monthly principal payments of approximately \$200,000 are due from October 2019 to August 2022, at which time any remaining principal becomes due in full in a balloon payment. In April 2019, the Autry renegotiated the construction loan with Wells Fargo, extending the maturity date to April 30, 2025. In June 2019 the Autry made a principal prepayment amounting to \$3,000,000 which as a result lowered the principal payments going forward to \$150,000 a month from May 5, 2021 to April 5, 2025, at which time any remaining principal becomes due in full in a balloon payment on April 30, 2025. At December 31, 2020 and 2019, there was \$25,145,152 of debt outstanding on the construction note.

The scheduled repayments of principal on the construction note outstanding as of December 31, 2020, are summarized as follows:

<u>Years</u>	
2021	\$ 1,125,000
2022	1,800,000
2023	1,800,000
2024	1,800,000
2025	<u>18,620,152</u>
Total	<u>\$ 25,145,152</u>

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

In April 2019, the Autry renewed the \$4,000,000 revolving operating line of credit for two years, payable in full on April 30, 2021 bearing interest at LIBOR plus 0.95%. At December 31, 2020 and 2019, there was \$2,230,000 and \$1,630,000, respectively, of debt outstanding on the operating line of credit.

The interest rates in effect on the Autry's borrowings at December 31, 2020 and 2019 ranged from 1.07% to 1.10% and from 2.61% to 2.75%, respectively.

Interest costs on the credit facilities in the years ended December 31, 2020 and 2019 were \$431,633 and \$905,255, respectively.

In April 2020, the Autry received loan proceeds in the amount of \$1,862,300 under the Paycheck Protection Program ("PPP") at an interest rate of 1%. The loan and accrued interest are forgivable as long as the loan proceeds are used for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Monthly payments of \$104,805 are due beginning November 10, 2020 over 18 months with the final payment for the outstanding principal and accrued interest not yet paid due on April 22, 2022. The Autry applied for the loan forgiveness of the PPP loan in November 2020 and as of December 31, 2020, \$1,862,300 remained outstanding.

The scheduled repayments of principal on the PPP loan outstanding as of December 31, 2020, are summarized as follows:

Years

2021		\$ 1,257,660
2022		604,640
Total		\$ 1,862,300

In June 2020, the Autry obtained an Economic Injury Disaster Loan ("EIDL") of \$150,000 from the Small Business Administration. Monthly payments, including principal and interest, of \$641 will be payable over 30 years beginning on June 14, 2021 at an interest rate of 2.75%.

The scheduled repayments of principal on the EIDL loan outstanding as of December 31, 2020, are summarized as follows:

Years

2021		\$ 2,500
2022		5,000
2023		5,000
2024		5,000
2025		5,000
Thereafter		127,500
Total		\$ 150,000

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

**Interest Rate Swap**

An interest rate swap is a contract whereby counterparties exchange different rates in a specified notional amount for a specified period of time. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

In April 2019, in connection with the renegotiated construction loan, the Autry entered into an interest rate swap agreement in the notional amount of \$20,000,000, amortized over the life of the swap, to effectively fix the interest rate on the loan at 2.46%. The interest rate swap agreement expires on April 30, 2024 and has not been designated as a hedge under ASC 815, *Derivatives and Hedging*, as the Autry entered into this instrument for purposes of managing its interest rate exposure.

Changes in the fair market value of the interest rate swap are reported as unrealized gains or losses on interest rate swap in the statement of activities. The change in value of the swap resulted in a net unrealized loss of \$(614,191) and \$(654,729) due to interest rates during the year ended December 31, 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, the Autry incurred \$365,517 and \$31,288, respectively, in total interest related to the swap.

**NOTE 12 - IN-KIND CONTRIBUTIONS OF GOODS AND SERVICES**

The Autry received in-kind contributions of goods and services during the years ended December 31, 2020 and 2019, for which expenses were recorded in the financial statements, as follows:

	2020	2019
Rent (Note 8)	\$ 340,428	\$ 340,428
Legal (Note 16)	110,952	66,230
Advertising	29,000	27,000
Entertainment	-	10,705
	<u>\$ 480,380</u>	<u>\$ 444,363</u>

**NOTE 13 - ENDOWMENT**

The Autry's endowment consists of 12 individual funds established for various purposes, including both endowment funds with donor restrictions and Board-designated funds without donor restrictions which function as endowment. The funds are maintained in a single pooled investment account with a financial institution. The Finance Committee of the Board is responsible for the oversight and the investment of the endowment funds.

As required by U.S. GAAP, the net assets associated with endowment funds, including Board-designated funds functioning as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions. The Autry's endowment investments represent the Autry's complete endowment fund. Contributions receivable restricted by donors for endowment are excluded from the Autry's endowment until received.

Effective January 2009, the State of California adopted the *Uniform Prudent Management of Institutional Funds Act* ("UPMIFA") which governs California not-for-profit organizations with respect to the management, investment and expenditure of endowment funds with donor restrictions. The Finance Committee has interpreted California's adoption of UPMIFA as requiring the Autry to follow investment and spending policies that preserve the fair value of the original gift as of the date of gift of the endowment funds

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with donor restrictions, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Autry classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations of net realized and unrealized investment returns to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net realized and unrealized returns on the investment of endowment assets, other than those referenced in (c) in the preceding paragraph, are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Autry in a manner consistent with the standard of prudence prescribed by UPMIFA, and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor.

With regard to endowment losses or appropriations in excess of the fair value of the original gift, in accordance with FASB ASC 958-320, *Investments – Debt and Equity Securities*, the portion of an endowment with donor restrictions representing the original value of gifts as well as donor-directed accumulations of net realized and unrealized investment returns is not reduced by losses on the investments of the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the Autry to hold in perpetuity. Similarly, the amount of net assets with donor restrictions is not reduced by the Autry's appropriations from the fund. In the absence of donor stipulations or law to the contrary, losses or appropriations of an endowment with donor restrictions reduce net assets with donor restrictions to the extent that donor-imposed restrictions on net appreciation of the fund have been satisfied or expired before the loss or appropriation occurs. Any remaining loss or appropriation reduces net assets without donor restrictions.

In accordance with UPMIFA, the Autry considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

- The duration and preservation of the fund;
- The purposes of the Autry and the endowment fund with donor restrictions;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and appreciation of investments;
- Other resources of the Autry; and
- The investment policies of the Autry.

For the years ended December 31, 2020 and 2019, the Autry's endowment net assets changed as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
Beginning of the year	\$ 2,201,296	\$ 7,891,572	\$ 10,092,868
Investment return	322,903	1,157,599	1,480,502
Distribution	(192,874)	(691,445)	(884,319)
End of the year	\$ 2,331,325	\$ 8,357,726	\$ 10,689,051



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	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
Beginning of the year	\$ 1,993,850	\$ 7,147,882	\$ 9,141,732
Investment return	403,740	1,447,396	1,851,136
Distribution	(196,294)	(703,706)	(900,000)
End of the year	<u>\$ 2,201,296</u>	<u>\$ 7,891,572</u>	<u>\$ 10,092,868</u>

***Endowment Funds with Deficits***

The fair value of assets associated with individual endowment funds with donor restrictions may fall below the value of the initial and subsequent donor gift amounts, resulting in a deficit. Deficits in endowment funds with donor restrictions are classified as a reduction of net assets without donor restrictions. Deficits associated with Board-designated funds functioning as endowments are likewise classified as a reduction of net assets without donor restrictions. None of the endowment funds had deficits at December 31, 2020 and 2019.

***Return Objective and Risk Parameters***

In accordance with UPMIFA, the Finance Committee has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for the Autry's programs and operations, while also seeking to maintain the long-term purchasing power of the endowment assets. Endowment assets include those assets of funds with donor restrictions that the Autry must hold in perpetuity or for a donor-specified period as well as Board-designated funds functioning as endowment. Under this policy, endowment assets are invested in a manner that is intended to produce results that achieve, over a five-year cycle, an average annual real rate of return of 5%. Actual returns in any given year may vary from this amount.

***Strategies Employed for Achieving Investment Objectives***

To achieve its long-term rate of return objectives, the Autry relies on a total return strategy, in which investment returns are achieved through both capital appreciation, i.e., realized and unrealized gains, and current yield, i.e., interest and dividends. The Autry targets a diversified asset allocation that places greater emphasis on investments in equities and fixed income to achieve its long-term objectives within prudent risk constraints, based on the following asset allocation ranges:

Equities	50% - 80%
Fixed income	20% - 50%
Cash equivalents	0% - 10%

***Relationship of Spending Policy to Investment Objectives***

The Finance Committee has approved a policy of appropriating for annual distributions for operations up to a maximum of 5% of the Autry's endowment funds' average fair value over the trailing eight quarters ending either March 31 or June 30 in the fiscal year in which the distribution is planned. During a capital fundraising campaign, the Finance Committee may approve annual distributions in excess of 5%. In establishing this policy, the Finance Committee considered the expected return on its endowment. Accordingly, the Finance Committee expects the current spending policy to allow the endowment to maintain its purchasing power by growing at a rate equal to or greater than planned distributions plus inflation over a complete market

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cycle. Additional real growth will be provided through new gifts and investment returns in excess of appropriations. Depending upon market conditions and the needs and available resources of the Autry, appropriations for expenditure from individual endowments may be temporarily suspended to facilitate preservation of the endowment. In accordance with the Autry's spending policy, \$884,319 and \$900,000 were appropriated for operations during the years ended December 31, 2020 and 2019, respectively.

**NOTE 14 - NET ASSETS**

***Net Assets without Donor Restrictions***

Net assets without donor restrictions consisted of the following at December 31, 2020 and 2019:

	2020	2019
Undesignated	\$ 29,341,385	\$ 33,527,847
Funds functioning as endowment	2,331,326	2,201,296
	\$ 31,672,711	\$ 35,729,143

The Board of Trustees occasionally designates proceeds from unique transactions as funds functioning as endowments. All other net assets without donor restrictions derive from operations and are undesignated.

***Net Assets with Donor Restrictions***

Net assets with donor restrictions were available for the following purposes at December 31, 2020 and 2019:

	2020	2019
Capital campaign	\$ 23,623,408	\$ 21,461,594
Annual operations	44,676,382	62,368,336
Special fundraising events		
Masters of the West art exhibition and sale	291,000	498,220
Fall celebration	-	20,000
Exhibitions and research		
Exhibitions and galleries	607,881	718,250
Collections	610,160	703,109
Public programs and education		
Native Voices resident theatre company	112,855	192,917
American Indian Arts Marketplace event	12,000	5,000
Education and outreach	55,000	48,500
Land lease (Note 8)	5,446,776	5,787,204
Endowments with donor restrictions (Note 13)		
Accumulated investment return	3,055,173	2,589,019
Original gift principal	5,302,553	5,302,553
Future endowments with donor restrictions	73,039,771	71,845,921
	\$ 156,832,959	\$ 171,540,623

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***Releases of Net Assets from Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of other events specified by donors, or by the passage of time.

**NOTE 15 - COMMITMENTS**

***Operating Leases***

The Autry has two operating leases for office equipment that expire in 2022. The expense for operating leases for the years ended December 31, 2020 and 2019 were \$24,185 and \$24,185, respectively.

Future minimum annual lease payments required under operating leases that have an initial or remaining lease term in excess of one year as of December 31, 2020 are as follows:

<u>Years</u>	
2021	\$ 24,185
2022	<u>14,441</u>
Total minimum lease payments	<u>\$ 38,626</u>

***Contractual Obligations***

The Autry has entered into multi-year contractual obligations with various parties for a collection sharing agreement (Note 9), for acquisition of items for the collections and for information technology services, expiring in 2020 and 2023, respectively. Future annual payments required under these contractual obligations at December 31, 2020 are as follows:

<u>Years</u>	
2021	\$ 60,715
2022	60,715
2023	<u>35,710</u>
Total contractual obligations	<u>\$ 157,140</u>

**NOTE 16 - RELATED PARTY TRANSACTIONS**

The Autry has received the following pledges of annual contributions and endowments from a member of the Board and a related trust:

- In March 2000, the Autry received a pledge of an annual contribution of \$6,000,000 per year, and a pledge of \$100,000,000 for its endowment. The annual pledge payments of \$6,000,000 will continue until the donor's passing, at which time the Autry will receive the \$100,000,000 pledge payment from the donor's estate.
- In May 2002, the Autry received an additional pledge of an annual contribution of \$50,000 for a curatorial position, which is to continue after the donor's passing pursuant to certain conditions.

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### NOTES TO FINANCIAL STATEMENTS - CONTINUED

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- In January 2007, the Autry received an additional pledge of \$25,000,000 for its endowment, which at the donor's passing the Autry will receive from the donor's estate.
- In April 2013, the Autry received a conditional pledge up to \$25,000,000, which is a matching pledge contingent upon campaign pledges received on or before March 31, 2019 from members of the Board and certain third parties. The matching pledge is on a 1:1 basis and is payable upon the donor's passing. In February 2019 the matching pledge was increased to \$30,000,000, at which point the matching pledge agreement will cease. As of December 31, 2020 and 2019, \$26,167,558 and \$24,095,488 has been matched of which \$17,567,558 and \$17,045,488 of the gross matching pledge remained outstanding, respectively.
- In November 2014, the Autry received a pledge which consolidated the prior annual commitments indicated above totaling \$6,050,000, together with a new annual commitment of \$1,400,000 commencing in 2015. The annual pledge payments of \$7,450,000 will continue until the donor's passing, at which time the Autry will receive the endowment pledges above totaling \$125,000,000 from the donor's estate.
- The annual pledge for Operating Support is \$10,000,000 per year. In 2019, the pledge was extended through 2023 and \$3,000,000 was prepaid for 3 years (2020, 2021 and 2022) at \$1,000,000 per year. The annual payment will be \$9,000,000 for 2020, 2021 and 2022.
- The Autry received payments of \$9,000,000 and \$10,000,000 pursuant to the above annual commitment pledges during the years ended December 31, 2020 and 2019, respectively.

The Autry received contributions of \$3,549,009 and \$8,377,016 during the years ended December 31, 2020 and 2019, respectively, from members of the Board and their related foundations and trusts. The contributions include donated legal services from a member of the Board, totaling \$110,952 and \$66,230, for the years ended December 31, 2020 and 2019, respectively.

At December 31, 2020 and 2019, gross contributions receivable includes \$136,556,408 and \$153,586,886, respectively, due from members of the Board and their related foundations and trusts, of which approximately 96% is pledged by one member of the Board and a related trust.

#### NOTE 17 - CONTINGENCIES AND OTHER RISKS

Grants and contracts awarded to the Autry are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged and are subject to audit under such criteria, terms and regulations. Occasionally, such audits may determine that certain costs charged to grants or contracts do not comply with the established criteria. In such cases, the Autry could be held responsible for repayments to the funding agency for the costs or be subject to the reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for grants and contracts administered during the years ended December 31, 2020 and 2019.

In the normal course of business, the Autry may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the financial statements of the Autry at December 31, 2020 and 2019.

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### NOTES TO FINANCIAL STATEMENTS - CONTINUED

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#### COVID-19

In March 2020, the Autry had to close its facilities due to government stay-in-place orders as a result of the COVID-19 pandemic. In April 2021, the stay-in-place order were lifted, and the Autry reopened for public use. As operations continue, there are still ongoing uncertainties surrounding the pandemic and future closures and as such, the Autry's activities, cash flows and financial condition could be negatively impacted in the future, the extent of which cannot be reasonably estimated at this time.

#### NOTE 18 - SUBSEQUENT EVENTS

As required by FASB ASC 855, *Subsequent Events*, the Autry evaluated its December 31, 2020 financial statements for subsequent events through October 21, 2021, the date the financial statements were available to be issued, noting no events that affect the financial statements at December 31, 2020 other than as discussed below.

In January 2021, the Autry received a second draw of PPP funds in the amount of \$1,737,252 under the Paycheck Protection Program. The PPP allowed for eligible borrowers that previously received a PPP loan to apply for a Second Draw PPP loan with the same general terms as the First Draw PPP loan. The maximum loan amount of a Second Draw PPP loan is 2.5 times the average monthly 2019 or 2020 payroll costs up to \$2,000,000. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes. The Autry intends to use the proceeds for purposes consistent with the PPP. While the Autry currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, Autry cannot be assured that it will not take actions that could cause the Autry to be ineligible for forgiveness of the loan, in whole or in part.

In February 2021, the Autry modified its term note with Wells Fargo. Monthly principal payments of \$75,000 shall be due and payable on the 5<sup>th</sup> of each month commencing on July 5, 2021 through December 5, 2022 and thereafter monthly principal payments of \$162,500 beginning on January 5, 2023 through December 5, 2025, with a final settlement consisting of all remaining unpaid principal due and payable in full on January 5, 2026. The interest rate on the note was modified to 1.05% above LIBOR.

In February 2021, the revolving line credit note with Wells Fargo was modified. The principal amount was increased to \$6,000,000 and the maturity date was extended to January 5, 2024. The fixed interest rate was modified to 1.05% above LIBOR and the variable interest rate was modified to 1.75% below the Prime Rate.

In March 2021, California Bank & Trust notified the Autry that the Small Business Administration ("SBA") approved the forgiveness of the 1st PPP loan for the total amount of \$1,879,035. The SBA loan forgiveness is inclusive of the 1<sup>st</sup> PPP loan principal amount of \$1,862,300 and interest of \$16,735.

In May 2021, the Autry received a \$25,000 grant pursuant to the California Small Business COVID-19 Relief Grant Program administered by the California Office of the Small Business Advocate within the Governor's Office of Business and Economic Development. The grant will be used to cover expenses relating to operations and complying with COVID-19 federal, state or local guidelines for reopening businesses. The grant does not need to be repaid however, the Autry must maintain disbursement records on eligible expenditures for two years from the date of disbursement.