

Financial Statements and Report of Independent  
Certified Public Accountants

**AUTRY MUSEUM OF THE AMERICAN WEST**

For the years ended December 31, 2017 and 2016

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## **Report of Independent Certified Public Accountants**

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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 of December 31, 2017 and 2016, and the related statements of activities and cash flows 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, 2017 and 2016, and the results of its operations 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  
June 15, 2018

**Autry Museum of the American West**  
**Statements of Financial Position**  
**As of December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,172,989	\$ 1,831,837
Accounts receivable	593,246	780,997
Prepaid expenses	79,771	176,649
Inventory, net	316,492	297,172
Contributions receivable, net	154,364,750	146,800,495
Investments	10,317,642	9,222,010
Property and equipment, net	62,011,162	61,813,616
Land lease	6,468,060	6,808,488
Other assets	<u>2,670,982</u>	<u>2,058,337</u>
Total assets	<u>\$ 238,995,094</u>	<u>\$ 229,789,601</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 655,269	\$ 1,760,554
Accrued liabilities	1,094,801	1,018,154
Notes payable	<u>29,145,152</u>	<u>27,500,000</u>
Total liabilities	<u>30,895,222</u>	<u>30,278,708</u>
<b>Net assets</b>		
Unrestricted	36,641,853	37,142,630
Temporarily restricted	98,917,125	96,194,320
Permanently restricted	<u>72,540,894</u>	<u>66,173,943</u>
Total net assets	<u>208,099,872</u>	<u>199,510,893</u>
Total liabilities and net assets	<u>\$ 238,995,094</u>	<u>\$ 229,789,601</u>

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, 2017 and 2016**

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues</b>								
Fundraising income								
Gifts and grants	\$ 1,736,462	\$ 13,415,626	\$ 6,366,951	\$ 21,519,039	\$ 3,945,838	\$ 25,649,746	\$ 1,500,760	\$ 31,096,344
Special events, net of expenses	433,494	-	-	433,494	932,221	-	-	932,221
Memberships	394,218	-	-	394,218	332,899	-	-	332,899
Total fundraising income	2,564,174	13,415,626	6,366,951	22,346,751	5,210,958	25,649,746	1,500,760	32,361,464
Eamed income								
Admissions	801,929	-	-	801,929	527,062	-	-	527,062
Program and other income	434,715	-	-	434,715	442,772	-	-	442,772
Auxiliary services, net of cost of goods sold	334,505	-	-	334,505	312,610	-	-	312,610
Total earned income	1,571,149	-	-	1,571,149	1,282,444	-	-	1,282,444
Endowment distribution	330,000	-	-	330,000	350,000	-	-	350,000
Total revenues	4,465,323	13,415,626	6,366,951	24,247,900	6,843,402	25,649,746	1,500,760	33,993,908
Net assets released from restrictions or redesignated	11,807,518	(11,807,518)	-	-	11,252,664	(11,252,664)	-	-
Total revenues and releases	16,272,841	1,608,108	6,366,951	24,247,900	18,096,066	14,397,082	1,500,760	33,993,908
<b>Expenses</b>								
Program services								
Exhibitions and research	8,923,770	-	-	8,923,770	9,808,287	-	-	9,808,287
Public programs and education	1,903,850	-	-	1,903,850	1,831,795	-	-	1,831,795
Total program services	10,827,620	-	-	10,827,620	11,640,082	-	-	11,640,082
Support services								
Administration	2,162,808	-	-	2,162,808	2,826,521	-	-	2,826,521
Marketing	1,413,647	-	-	1,413,647	1,387,624	-	-	1,387,624
Fundraising	1,862,616	-	-	1,862,616	1,647,680	-	-	1,647,680
Auxiliary services	499,119	-	-	499,119	453,424	-	-	453,424
Total support services	5,938,190	-	-	5,938,190	6,315,249	-	-	6,315,249
Total expenses	16,765,810	-	-	16,765,810	17,955,331	-	-	17,955,331
Change in net assets from operations	(492,969)	1,608,108	6,366,951	7,482,090	140,735	14,397,082	1,500,760	16,038,577

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

**Autry Museum of the American West**  
**Statements of Activities - Continued**  
**For the years ended December 31, 2017 and 2016**

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Other changes in net assets</b>								
Dividends and interest on investments, net	\$ 32,923	\$ 75,148	\$ -	\$ 108,071	\$ 31,464	\$ 71,617	\$ -	\$ 103,081
Realized and unrealized gains on investments, net	289,977	1,039,549	-	1,329,526	109,458	392,239	-	501,697
Gains (losses) on sales of assets, net	(708)	-	-	(708)	10,275	-	-	10,275
Endowment distribution	(330,000)	-	-	(330,000)	(350,000)	-	-	(350,000)
Other changes in net assets	(7,808)	1,114,697	-	1,106,889	(198,803)	463,856	-	265,053
Total change in net assets	(500,777)	2,722,805	6,366,951	8,588,979	(58,068)	14,860,938	1,500,760	16,303,630
Net assets, beginning of year	37,142,630	96,194,320	66,173,943	199,510,893	37,200,698	81,333,382	64,673,183	183,207,263
Net assets, end of year	\$ 36,641,853	\$ 98,917,125	\$ 72,540,894	\$ 208,099,872	\$ 37,142,630	\$ 96,194,320	\$ 66,173,943	\$ 199,510,893

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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 8,588,979	\$ 16,303,630
Adjustments to reconcile change in net assets to cash provided by operating activities		
Change in net present value discount on contributions receivable	(12,758,356)	(2,416,677)
Contributions restricted for capital acquisition and construction	5,655,258	21,768,864
Net realized and unrealized gains on investments	(1,329,526)	(501,697)
Depreciation of property and equipment	1,556,576	1,355,050
Amortization of land lease	340,428	340,428
Changes in operating assets and liabilities		
Accounts receivable	187,751	(563,215)
Prepaid expenses	96,878	64,447
Inventory	(19,320)	(2,531)
Contributions receivable	5,194,101	(13,883,062)
Other assets	(612,645)	(141,667)
Accounts payable	(1,105,285)	(2,734,588)
Accrued liabilities	76,647	(930,800)
Net cash provided by operating activities	<u>5,871,486</u>	<u>18,658,182</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales of investments	3,101,786	1,495,346
Purchases of investments	(2,867,893)	(1,236,929)
Purchases of property and equipment	(1,754,121)	(11,379,620)
Net cash used in investing activities	<u>(1,520,228)</u>	<u>(11,121,203)</u>
<b>Cash flows from financing activities</b>		
Contributions restricted for capital acquisition and construction	(5,655,258)	(21,768,864)
Borrowings under notes payable	2,345,152	10,900,000
Repayments of notes payable	(700,000)	-
Net cash used in financing activities	<u>(4,010,106)</u>	<u>(10,868,864)</u>
Net change in cash and cash equivalents	341,152	(3,331,885)
Cash and cash equivalents, beginning of year	<u>1,831,837</u>	<u>5,163,722</u>
Cash and cash equivalents, end of year	<u>\$ 2,172,989</u>	<u>\$ 1,831,837</u>
Supplemental disclosures		
Accounts payable for construction in progress	<u>\$ 25,832</u>	<u>\$ 836,320</u>
Interest paid	<u>\$ 562,037</u>	<u>\$ 293,859</u>

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



# Autry Museum of the American West

## Notes to Financial Statements

### As of and for the years ended December 31, 2017 and 2016

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#### 1. ORGANIZATION

The Autry Museum of the American West (“the Autry”) is a California not-for-profit public benefit corporation formed in 2003 by the merger of the Autry Museum of Western Heritage (founded in 1984 and opened in 1988), the Southwest Museum of the American Indian (founded in 1907) and the Women of the West Museum (founded in 1991). The Autry is a museum 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. Of an estimated 33,000 museums in the United States, approximately 1,075 are AAM-accredited.

Philanthropy is the primary source of revenue for the Autry. Fundraising income is realized from gifts and 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.

#### 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.

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

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, *Not-for Profit Entities – Presentation of Financial Statements*, the Autry reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Autry and changes therein are classified and reported as follows:

- ***Unrestricted net assets*** – Unrestricted net assets include operating net assets, which are not subject to donor-imposed stipulations, and are generally available for support of the Autry’s operations.
- ***Temporarily restricted net assets*** – Temporarily restricted net assets include resources resulting from contributions of assets whose use by the Autry is subject to donor-imposed restrictions that either expire by the passage of time or will be fulfilled by future actions of the Autry pursuant to those restrictions.

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Basis of Presentation (continued)**

- ***Permanently restricted net assets*** – Permanently restricted net assets have been restricted by donors to be maintained by the Autry in perpetuity. Generally the Autry is permitted to use or expend part or all of the income and gains derived from the donated assets, restricted only by the donors' wishes.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits and highly liquid investments, including 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 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, 2017 and 2016, net inventory of \$316,492 and \$297,172 consisted of purchases of \$403,148 and \$388,689 less allowances of \$86,656 and \$91,517, 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, 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 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**  
**As of and for the years ended December 31, 2017 and 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Investments (continued)**

Investment return on restricted assets is reported as an increase in unrestricted net assets if the asset restriction expires in the reporting period in which the income is recognized. All other restricted investment return is reported as an increase in temporarily or permanently restricted net assets, 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
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 2017 or 2016.

**Collections**

The Autry's collections consist of paintings, sculptures, works of art 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 unrestricted or temporarily restricted net assets, 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 for acquisitions for the collections.

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**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.

**Contributions**

Contributions, including gifts of cash or marketable securities, 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 unrestricted, temporarily restricted or permanently restricted revenue 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 restricted revenue 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Temporarily restricted contributions are reported as unrestricted revenue 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 temporarily restricted revenue and are reclassified to unrestricted net assets when the asset has been acquired and placed in service.

Conditional promises to give are recorded as contributions in the period the condition is met. Conditional promises to give are not recognized as revenue until they become unconditional, that is when the conditions on which they depend have been met. If funds are received from such gifts, they are recorded as refundable advances until the contingency is satisfied. When the contingency has been satisfied, the gift is recognized as either unrestricted or temporarily restricted revenue depending on the intent of the donor.

**Outstanding Legacies**

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 and the proceeds are measurable.

**Contributed Services**

In accordance with FASB ASC 958-605, *Revenue Recognition*, 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 provided by donation. Contributed services received from donors that do qualify for recognition have been included as

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Contributed Services (continued)**

contribution revenue and are offset by equal amounts included in expense in the statements of activities.

In addition, volunteers have donated significant amounts of time in connection with the Autry's delivery of public programs and education, and with fundraising efforts. The value of donated volunteer services has not been recognized in the financial statements, as such services do not meet the criteria described above.

**Special Events**

Revenues from special events, which include the annual Masters of the West exhibition and art sale as well as the annual Gala celebration, are recorded net of the costs of direct benefits provided to donors, attendees and other participants in these fundraising events. For the years ended December 31, 2017 and 2016, net revenues from special events of \$433,494 and \$932,221 consisted of gross revenues of \$1,157,621 and \$1,702,168 less costs of direct benefits of \$724,127 and \$769,947, respectively.

**Revenue Recognition**

Admissions, program and other service 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.

**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 depreciation, interest, facilities maintenance, security, information technology, insurance and the land lease (Note 7).

**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.

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 has the ability to 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.

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Fair Value Measurements (continued)**

- *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, and equity funds for which observable inputs exist and which trade in markets not considered to be active.
- *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 ("the FDIC") up to \$250,000 per depositor, per insured financial institution, for each deposit insurance ownership category. At December 31, 2017 and 2016, the Autry held \$1,910,539 and \$1,569,386, 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 (Note 15).

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.

**Income Taxes**

The Autry is exempt from federal and state income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("IRC") and California Revenue and Taxation Code 23701d, respectively. The Autry's public charity status has been determined by the U.S. Internal Revenue Service to qualify under Section 170(b)(1)(A)(vi) of the IRC.

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Income Taxes (continued)**

In accordance with FASB ASC 740, *Income Taxes*, the Autry recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. The Autry has analyzed its uncertain material tax positions for its federal and state tax jurisdictions for the open tax year periods 2014 to 2016 and 2013 to 2016, respectively. The Autry is of the opinion that material positions taken would, more likely than not, be sustained by examination. As of December 31, 2017 and 2016, the Autry has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements or which may have an effect on its tax exempt status. The Autry does not expect a material change to its uncertain tax positions in the year following December 31, 2017. Penalties and interest, if any, would be included in income tax expense.

**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.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation without affecting previously reported classes of net assets in total.

**Redesignations of Net Assets**

Certain amounts received from donors in prior years may be transferred among net asset categories due to subsequent changes in donor designations.

**Recent Accounting Pronouncements**

In recent years, the FASB has issued three Accounting Standard Updates (“ASUs”) relevant to not-for-profit organizations which become effective for the Autry in 2018, 2019 and 2020, respectively. The Autry is in the process of evaluating the impact of these ASUs on its financial statements.

- In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958)*. The provisions of this ASU require a change in display from three classes of net assets to two, those with and those without donor restrictions, as well as enhanced disclosures related to liquidity of assets and to natural classification of expenses. The provisions in this ASU are effective for fiscal years beginning after December 15, 2017, i.e., in 2018 for the Autry.
- In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts and Customers*. The provisions of this ASU require accounting for the liability for each benefit provided to a donor as part of a contribution received for a membership or for an event sponsorship. The provisions in this ASU are effective for fiscal years beginning after December 15, 2018, i.e., in 2019 for the Autry.
- 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, 2019, i.e., in 2020 for the Autry.

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**3. ACCOUNTS RECEIVABLE**

Accounts receivable as of December 31, 2017 and 2016 included the following:

	<u>2017</u>	<u>2016</u>
Grants receivable	\$ 589,900	\$ 774,890
Other receivables	<u>3,346</u>	<u>6,107</u>
Accounts receivable	<u>\$ 593,246</u>	<u>\$ 780,997</u>

Management has assessed the collectability of accounts receivable and determined that no allowance for doubtful accounts is required at December 31, 2017 and 2016.

**4. CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of December 31, 2017 and 2016 included the following:

	<u>2017</u>	<u>2016</u>
Amounts due in		
Less than one year	\$ 9,470,212	\$ 9,795,695
One to five years	31,702,560	32,447,542
More than five years	<u>188,101,603</u>	<u>192,225,239</u>
Contributions receivable, gross	<u>229,274,375</u>	<u>234,468,476</u>
Less present value discount	(74,909,625)	(87,647,981)
Less allowance for uncollectible accounts	-	(20,000)
Contributions receivable, net	<u>\$ 154,364,750</u>	<u>\$ 146,800,495</u>

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 as of December 31, 2017 and 2016 range from 1.2% to 5.59% and from .56% to 6.36%, respectively.



**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
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**5. INVESTMENTS**

Investments as of December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Money market fund	\$ 160,935	\$ 130,910
Fixed income mutual funds	3,002,066	2,694,903
Equity mutual funds	<u>7,154,641</u>	<u>6,396,197</u>
Total	<u>\$ 10,317,642</u>	<u>\$ 9,222,010</u>

As of December 31, 2017 and 2016, the Autry's investments were classified within the valuation hierarchy as follows:

	<u>2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ -	\$ 160,935	\$ -	\$ 160,935
Fixed income mutual funds	3,002,066	-	-	3,002,066
Equity mutual funds - international	1,609,579	-	-	1,609,579
Equity mutual funds - domestic	<u>5,545,062</u>	<u>-</u>	<u>-</u>	<u>5,545,062</u>
Total	<u>\$ 10,156,707</u>	<u>\$ 160,935</u>	<u>\$ -</u>	<u>\$ 10,317,642</u>

	<u>2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ -	\$ 130,910	\$ -	\$ 130,910
Fixed income mutual funds	2,694,903	-	-	2,694,903
Equity mutual funds - international	1,416,962	-	-	1,416,962
Equity mutual funds - domestic	<u>4,979,235</u>	<u>-</u>	<u>-</u>	<u>4,979,235</u>
Total	<u>\$ 9,091,100</u>	<u>\$ 130,910</u>	<u>\$ -</u>	<u>\$ 9,222,010</u>

Investments in fixed income 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.

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**6. PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 5,305,189	\$ 5,305,189
Buildings	13,089,511	13,089,511
Leasehold improvements	40,097,122	35,715,477
Furniture, fixtures and equipment	5,257,139	5,026,169
Construction in progress	32,252,784	35,111,278
Automotive equipment	<u>87,615</u>	<u>87,615</u>
	96,089,360	94,335,239
Less accumulated depreciation	<u>(34,078,198)</u>	<u>(32,521,623)</u>
Property and equipment, net	<u>\$ 62,011,162</u>	<u>\$ 61,813,616</u>

Depreciation expense charged to operations was \$1,556,576 and \$1,355,050 in the years ended December 31, 2017 and 2016, respectively.

**7. 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 temporarily restricted revenue. 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 11) and recognizes an offsetting in-kind donation released from restriction of the same amount in the statement of activities. The value of the land lease asset as of December 31, 2017 and 2016 was \$6,468,060 and \$6,808,488, respectively.

**8. 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.

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**9. 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 \$87,208 and \$90,203 to the 403(b) Plan for 2017 and 2016, 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.

**10. 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 \$30,500,000 construction line of credit and 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.

When this credit facility expired in August 2017, the Autry converted \$29,145,152 of outstanding principal on the construction line of credit to a five-year note, bearing interest at the bank’s prime rate less 1.65% or at LIBOR plus 0.95%. Monthly principal payments of \$202,397 are due from October 2019 to August 2022, at which time any remaining principal becomes due in full in a balloon payment.

The Autry also renewed the \$4,000,000 revolving operating line of credit for two years, bearing interest at the bank’s prime rate less 1.90% or at LIBOR plus .95%. At December 31, 2017 and 2016, there was no debt outstanding on the revolving operating line of credit.

The interest rates in effect at December 31, 2017 and 2016 on the Autry’s borrowings were 2.44% and 1.62%, respectively.

Interest expense on the credit facility in the years ended December 31, 2017 and 2016 were \$581,286 and \$311,116, respectively.

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**11. IN-KIND CONTRIBUTIONS OF GOODS AND SERVICES**

The Autry received in-kind contributions of goods and services during the years ended December 31, 2017 and 2016, for which expenses were recorded in the financial statements as follows:

	<u>2017</u>	<u>2016</u>
Rent (Note 7)	\$ 340,428	\$ 340,428
Legal (Note 15)	99,752	187,297
Fundraising gifts	62,850	72,950
Advertising	<u>40,651</u>	<u>86,356</u>
	<u>\$ 543,681</u>	<u>\$ 687,031</u>

**12. ENDOWMENT**

The Autry's endowment consists of twelve individual funds established for various purposes, including both donor-restricted endowment funds and Board-designated unrestricted funds functioning 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 donor-restricted endowment funds. 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 donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Autry classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 are classified as temporarily restricted 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. Any investment return classified as permanently restricted represents only those amounts required to be retained permanently as a result of explicit donor stipulation.

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**12. ENDOWMENT – Continued**

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 a donor-restricted endowment that is classified as permanently restricted 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 permanently restricted net assets 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 a donor-restricted endowment reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces unrestricted net assets.

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

- The duration and preservation of the fund.
- The purposes of the Autry and the donor-restricted endowment fund.
- 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.
- The investment policies of the Autry.

As of December 31, 2017 and 2016, endowment net assets by type consisted of the following:

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 2,764,762	\$ 5,302,553	\$ 8,067,315
Board-designated endowment funds	2,250,327	-	-	2,250,327
<b>Total endowment</b>	<b>\$ 2,250,327</b>	<b>\$ 2,764,762</b>	<b>\$ 5,302,553</b>	<b>\$ 10,317,642</b>

  

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,908,078	\$ 5,302,553	\$ 7,210,631
Board-designated endowment funds	2,011,379	-	-	2,011,379
<b>Total endowment</b>	<b>\$ 2,011,379</b>	<b>\$ 1,908,078</b>	<b>\$ 5,302,553</b>	<b>\$ 9,222,010</b>

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**12. ENDOWMENT – Continued**

For the years ended December 31, 2017 and 2016, the Autry’s endowment net assets changed as follows:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, Beginning of the year	\$ 2,011,379	\$ 1,908,078	\$ 5,302,553	\$ 9,222,010
Investment return				
Interest and dividends	32,923	118,027	-	150,950
Net realized and unrealized gains	289,977	1,039,549	-	1,329,526
Distributions	(71,990)	(258,010)	-	(330,000)
Fees	(11,962)	(42,882)	-	(54,844)
End of the year	<u>\$ 2,250,327</u>	<u>\$ 2,764,762</u>	<u>\$ 5,302,553</u>	<u>\$ 10,317,642</u>
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, Beginning of the year	\$ 1,958,972	\$ 1,717,205	\$ 5,302,553	\$ 8,978,730
Investment return				
Interest and dividends	31,464	112,776	-	144,240
Net realized and unrealized gains	109,458	392,239	-	501,697
Distributions	(77,028)	(272,972)	-	(350,000)
Fees	(11,487)	(41,170)	-	(52,657)
End of the year	<u>\$ 2,011,379</u>	<u>\$ 1,908,078</u>	<u>\$ 5,302,553</u>	<u>\$ 9,222,010</u>

**Endowment Funds with Deficits**

The fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts, resulting in a deficit. Donor-restricted endowment fund deficits are classified as a reduction of unrestricted net assets. Deficits associated with Board-designated unrestricted funds functioning as endowments are likewise classified as a reduction of unrestricted net assets. Subsequent gains that restore the fair value of the assets of the endowment funds to the required level are classified as an increase in unrestricted net assets. None of the endowment funds had deficits as of December 31, 2017 and 2016.

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**12. ENDOWMENT – Continued**

**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 donor-restricted funds that the Autry must hold in perpetuity or for a donor-specified period as well as Board-designated funds. 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. 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 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, \$330,000 and \$350,000 were appropriated for operations during the years ended December 31, 2017 and 2016, respectively.

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
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**13. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

**Temporarily Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Capital campaign	\$ 19,666,122	\$ 17,206,462
Operations	67,762,470	68,134,854
Special events		
Masters of the West	593,735	539,257
Gala	80,000	115,000
Exhibitions and research		
Exhibitions, galleries and research	742,446	1,015,395
Collections	620,008	129,117
Public programs and education		
Native Voices	159,000	248,700
American Indian Arts Marketplace	20,346	15,000
Education and outreach	40,176	73,969
Accumulated investment returns		
on permanently restricted endowments (Note 12)	2,764,762	1,908,078
Land lease (Note 7)	6,468,060	6,808,488
	<u>\$ 98,917,125</u>	<u>\$ 96,194,320</u>

**Permanently Restricted Net Assets**

Permanently restricted net assets as of December 31, 2017 and 2016 amounted to \$72,540,894 and \$66,173,943, of which \$67,238,341 and \$60,871,390 are contributions receivable, net, and \$5,302,553 and \$5,302,553 are endowments, respectively. The principal of the endowments is restricted by donors for investment in perpetuity, while the earnings are either available for general operating purposes or temporarily restricted for specific purposes.

**Released 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.



**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**14. 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, 2017 and 2016 were \$46,840 and \$30,203, 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, 2017 are as follows:

<u>Years</u>	
2018	\$ 24,185
2019	24,185
2020	24,185
2021	24,185
2022	14,441
Thereafter	<u>-</u>
Total minimum lease payments	<u>\$ 111,181</u>

**Contractual Obligations**

The Autry has entered into contractual obligations with various parties for a collection sharing agreement (Note 8), for acquisition of items for the collections and for information technology services. Future annual payments required under these contractual obligations as of December 31, 2017 are as follows:

<u>Years</u>	
2018	\$ 469,945
2019	482,364
2020	382,075
2021	35,715
2022	35,715
Thereafter	<u>35,710</u>
Total contractual obligations	<u>\$ 1,441,524</u>

**15. RELATED PARTY TRANSACTIONS**

In March 2000, the Autry received pledges of an annual contribution totaling \$6,000,000 per year, and a long-term capital contribution totaling \$100,000,000 for its endowment from a member of the Board and a related trust. The annual pledge payments of \$6,000,000 will continue until the donor's passing at which time the long-term capital contribution will be received. In May 2002, the Autry received another pledge from the same party of an annual contribution of \$50,000 for a curatorial position, which is to continue after the donor's passing pursuant to certain conditions. In January 2007, the Autry received an additional pledge of \$25,000,000 for its endowment from the same party.

**Autry Museum of the American West**  
**Notes to Financial Statements - Continued**  
**As of and for the years ended December 31, 2017 and 2016**

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**15. RELATED PARTY TRANSACTIONS - Continued**

In April 2013, the Autry received a conditional pledge up to \$25,000,000 from the same party, 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 passing of the donor. Cumulative revenues of \$16,176,603 and \$12,850,239 have been recorded related to this matching pledge as of December 31, 2017 and 2016, respectively.

In November 2014, the Autry received a pledge from the same party 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 long-term capital contribution indicated above totaling \$125,000,000 will be received. The Autry received payments of \$7,450,000 and \$7,450,000 pursuant to the above pledges during the years ended December 31, 2017 and 2016, respectively.

The Autry received contributions of \$18,037,725 and \$25,153,291 during the years ended December 31, 2017 and 2016, respectively, from members of the Board and their affiliates. The contributions include donated legal services from two members of the Board or their respective law firms, totaling \$99,752 and \$187,297 for the years ended December 31, 2017 and 2016, respectively.

As of December 31, 2017 and 2016, gross contributions receivable include \$154,110,980 and \$147,073,483 due from members of the Board and their affiliates, of which approximately 94% and 93%, respectively, is pledged by one member of the Board and a related trust account.

**16. CONTINGENCIES**

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, 2017 and 2016.

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 as of December 31, 2017 and 2016.

**17. SUBSEQUENT EVENTS**

As required by FASB ASC 855, *Subsequent Events*, the Autry evaluated its December 31, 2017 financial statements for subsequent events through June 15, 2018, the date the financial statements were available to be issued, noting no events that affect the financial statements as of December 31, 2017.