
THE MUSEUM OF MODERN ART

ANNUAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2011

Dated December 19, 2011

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I. INTRODUCTION

The Museum of Modern Art (the “Museum”), pursuant to (a) the Continuing Disclosure Agreement dated November 20, 1996 relating to the Series 1996A Bonds described below, (b) the Continuing Disclosure Agreement dated December 13, 2001 relating to the Series 2001A Bonds described below, (c) the Continuing Disclosure Agreement dated December 13, 2001 relating to the Series 2001-One-D Bonds described below, (d) the Continuing Disclosure Agreement dated July 23, 2008 relating to the Series 2008-One-A Refunding Revenue Bonds described below, and (e) the Continuing Disclosure Agreement dated July 29, 2010 relating to the Series 2010-One-A Refunding Revenue Bonds described below, hereby provides its annual information for the fiscal year ended June 30, 2011 (the “Annual Report”).

Bond Issues

The Trust for Cultural Resources of The City of New York Revenue Refunding Bonds, Series 1996A (The Museum of Modern Art) dated November 1, 1996 (the “Series 1996A Bonds”).

The Trust for Cultural Resources of The City of New York Revenue Refunding Bonds, Series 2001A (The Museum of Modern Art) dated December 1, 2001 (the “Series 2001A Bonds”).

The Trust for Cultural Resources of The City of New York Revenue Bonds, Series 2001-One-D (The Museum of Modern Art), dated December 1, 2001 (the “Series 2001-One-D Bonds”).

The Trust for Cultural Resources of The City of New York Refunding Revenue Bonds, Series 2008-One-A (The Museum of Modern Art) dated July 23, 2008 (the “Series 2008 Bonds”).

The Trust for Cultural Resources of The City of New York Refunding Revenue Bonds, Series 2010-One-A (The Museum of Modern Art) dated July 29, 2010 (the “Series 2010 Bonds”).

Annual Report

The Museum's Annual Report includes this Introduction and all appendices attached hereto.

Other Matters

This Annual Report is provided solely for purposes of the Continuing Disclosure Agreements described above. The Continuing Disclosure Agreements require that an Annual Report regarding The Trust for Cultural Resources of The City of New York (the "Trust") be filed within 180 days after the end of its fiscal year (i.e., 180 days after June 30). The Trust's Annual Report was filed on June 30, 2011. This Annual Report of the Museum does not contain information with respect to the Trust or the information to be provided by the Trust in its Annual Report. The filing of this Annual Report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the Museum, the Series 1996A Bonds, the Series 2001A Bonds, the Series 2001-One-D Bonds, the Series 2008 Bonds, or the Series 2010 Bonds or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this Annual Report relates (other than as referred to in this Annual Report), or that no other information exists, which may have a bearing on the Museum's financial condition, the security for the Series 1996A Bonds, the Series 2001A Bonds, the Series 2001-One-D Bonds, the Series 2008 Bonds, or the Series 2010 Bonds or an investor's decision to buy, sell, or hold the Series 1996A Bonds, the Series 2001A Bonds, the Series 2001-One-D Bonds, the Series 2008 Bonds, or the Series 2010 Bonds. The information contained in this Annual Report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this Annual Report should be construed as a prediction or representation about future financial performance of the Museum.

Dated: December 19, 2011

The Museum Modern Art

By: 

Name: Jan Postma

Title: Chief Financial Officer

**II. AUDITED FINANCIAL STATEMENTS OF THE MUSEUM OF MODERN ART
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

III. A. INFORMATION OF THE TYPE INCLUDED IN THE OFFICIAL STATEMENT DATED OCTOBER 25, 1996 RELATING TO THE SERIES 1996A BONDS AND INFORMATION OF THE TYPE INCLUDED IN THE OFFICIAL STATEMENT DATED DECEMBER 7, 2001 RELATING TO THE SERIES 2001A BONDS UNDER THE HEADINGS “INTRODUCTION”; “PROPERTIES OF THE MUSEUM”; “BOARD OF TRUSTEES”; “ORGANIZATION AND ADMINISTRATION”; “CURATORIAL, PUBLICATIONS, AND EDUCATION PROGRAMS”; “PERSONNEL AND RELATED AREAS”; “STATEMENT OF ACTIVITY OF THE OPERATING FUND”; “SECURITY FOR BONDS - TAX EQUIVALENCY PAYMENTS” AND “DEBT SERVICE ON BONDS”.

Introduction

The Museum of Modern Art (the “Museum” or “MoMA”) is a private, non-profit institution chartered by the State of New York Department of Education in 1929 to foster public awareness of modern and contemporary art. In pursuit of this goal, the Museum has collected over 150,000 works of art, including works of painting, sculpture, drawing, prints, illustrated books, photography, film, media, performance art, architecture, and industrial and graphic design. The Museum also operates a publishing program, conducts an extensive education program, and maintains a major library and archives. Its exhibitions are circulated nationally and internationally.

The Museum’s primary sources of support are admission fees and membership dues, grants from individuals, foundations, and corporations, endowment income, and revenues from retail operations.

The Museum is managed by a Board of Trustees currently consisting of 40 voting members. A Director and an administrative and curatorial staff oversee its operations and implement policy set by the Board.

Properties of the Museum

Midtown Manhattan Museum

Main Facility. Although its first exhibition was held in 1929, the Museum did not have a permanent home until 1939 when it moved to the midtown Manhattan facility located on 53rd Street between Fifth Avenue and Avenue of the Americas. Since that time, the Museum has periodically expanded its facilities. The first expansion consisted of the addition of an office wing in 1951. In 1964, the construction of new galleries and study centers and the renovation of the garden of the Museum were undertaken. Further expansion occurred in 1968 when the Museum purchased a building on West 54th Street, which had been built, and was formerly used, by the Whitney Museum of American Art on land that had been originally donated by the Museum. This building was extensively remodeled to provide space for the Museum’s library, conservation laboratories, and art storage rooms.

West Wing Addition. In 1980, the Museum undertook the construction of the six-story West Wing facility (the “West Wing Facility”) adjacent to the Museum’s main facility and the renovation and improvement of the main facility (the “1980 Renovation”). The West Wing Facility and the 1980 Renovation, which were opened in 1984, significantly increased gallery space for Museum collections and temporary exhibitions, accommodated additional public service and other educational activities, and improved restaurant and retail facilities.

Main Facility Renovation and Expansion. In 1996, the Museum acquired three buildings located on West 54th Street and West 53rd Street to the west of the Museum, including property formerly known and operated as the Dorset Hotel (collectively, the “1996 Property”). Demolition of the 1996 Property commenced in the summer of 2000, and governmental and environmental approvals required to undertake the renovation and expansion of the main facility were obtained by December 2000. During the closing of the main facility, a facility in Queens was opened as exhibition space between 2002 and 2004. See “*MoMAQNS*” below.

After four years of construction, the renovated and expanded facility was opened to the public on November 20, 2004, with free opening day admission as a gift to patrons. The reopening commemorated the Museum’s 75th anniversary and heralded the completion of the most extensive rebuilding and renovation project in MoMA’s history. Approximately two years later, on November 28, 2006, the Museum also opened the Lewis B. and Dorothy Cullman Education and Research Center (“Education Center”), which frames the eastern side of the Sculpture Garden, thereby completing the expansion of the main facility.

The main facility of the Museum currently encompasses approximately 630,000 square feet of floor space, nearly double the capacity of the former building, and includes office, storage, education, and library facilities, in addition to exhibition areas. The Museum’s total exhibition space was increased from 85,000 to 125,000 square feet with galleries clustered around a soaring 110-foot-tall atrium (the Donald B. and Catherine C. Marron Atrium) that diffuses natural light throughout the building. The Museum’s facilities also include retail and restaurant operations, study centers, a 205-seat auditorium and a 407-seat auditorium, facilities for the reception and orientation of group visitors, and the expanded Abby Aldrich Rockefeller Sculpture Garden, which has been restored to its larger 1953 Philip Johnson design. The eight-story, 63,000 square-foot Education Center houses the Museum’s archives and

library, education program and classrooms, four curatorial departments, and several theatres (the 125-seat Celeste Bartos Theater, the 50-seat Warner Screening Room, and the 8-seat Mayer Screening Room).

There is one main retail shop within the Museum (MoMA Design and Book Store), a fine dining restaurant (*The Modern*), a casual restaurant and bar (*The Bar Room*), and *Cafe 2* and *Terrace 5*. The restaurants and cafés are operated by Danny Meyer's Art Food, LLC.

The majority of the costs of the main facility renovation and expansion project, including construction and planning, and the related increase in the endowment, were funded with contributions raised and cash received through the Museum's Capital Campaign, including funds it received from The City of New York and the State of New York. In November 1998, the Capital Campaign was publicly announced, with an initial goal of \$650 million. The Museum's Board of Trustees periodically reviewed the progress of the project and of the Capital Campaign. Based on a variety of factors, such as the estimated cost of the project and the strength of its Capital Campaign fundraising efforts, the Museum determined to increase the goal to \$859 million. The Campaign exceeded this goal with over \$900 million in pledges and contributions raised, including government support, of which over \$680 million had been collected in cash as of November 30, 2011. Included in the \$900 million pledge total is a \$100 million pledge to the endowment made in fiscal year 2005 by David Rockefeller in the form of a bequest as part of the Capital Campaign; in connection with this gift, Mr. Rockefeller has also pledged and paid \$5 million annually towards unrestricted museum operations, beginning in fiscal year 2006, until the \$100 million pledge is realized.

The property on which the West Wing Facility was developed was conveyed to The Trust for Cultural Resources of The City of New York (the "Trust") by the Museum in 1979 and leased back to the Museum pursuant to a long-term lease providing for nominal lease payments by the Museum. Similarly, the 1996 Property was also conveyed to the Trust by the Museum and is leased back to the Museum, pursuant to a long-term lease providing for nominal lease payments by the Museum. In 2007, the Trust conveyed one of the 1996 Property lots to the Museum. The Museum owns the remainder of its main facility.

West End Project. The Museum and certain of its affiliates closed on a sale in May 2007 of approximately 162,000 square feet of certain development rights it owned at 50 West 54th Street, 49-55 West 53rd Street, and 44 West 54th Street to W2005 / Hines West Fifty-Third Realty, LLC ("Hines"), an affiliate of international real estate developer Hines Interests LP, after a competitive bidding process. Sale proceeds of \$125 million were principally used to strengthen the Museum's endowment. The Museum retained certain development rights that will be used to create additional gallery space for the Museum in a mixed use facility to be constructed by Hines as part of the "West End Project."

The West End Project refers to the arrangement between the Museum and Hines through which the Museum's galleries will be extended on the 2nd, 4th, and 5th floor galleries (because the 2nd floor is a double-height floor, there is no 3rd floor in this part of the building) of the current building through and to a newly constructed mixed use facility, adding approximately 39,500 square feet of new gallery space, 18,250 square feet for mechanical spaces including stairs and elevator shafts, and 12,250 square feet for other non-public Museum uses including storage. Hines is responsible for the core and shell build-out of the MoMA space and will use the lobby and the floors above the MoMA space for a mixed use facility. It is too early to know total project costs, and the Museum is evaluating the balance between fundraising, financing, and use of existing cash reserves with respect to construction of the new space.

The project will enable MoMA to showcase more works of art from its world-renowned collection, as well as special exhibitions. The additional galleries—a 30% increase in MoMA's existing exhibition space on the second, fourth, and fifth floors—will be seamlessly integrated into the current exhibition galleries, creating an expanded and enhanced visitor experience. This possibility was anticipated in architect Yoshio Taniguchi's design for the 2004 MoMA expansion. There will be no change to the existing Museum entrances or lobby.

In addition, in December 2009, the Museum exercised an option it held since 2005 to purchase 136,000 square feet of air rights from the University Club, and the air rights were conveyed to the West End Project development site. As part of the transaction with Hines described above, Hines has the right to purchase the University Club air rights from the Museum.

After certification by the Department of City Planning of an application for Special Permits ("Special Permits") to begin the Uniform Land Use Review Process ("ULURP") and, pursuant to its approval thereof on September 9, 2009 and of the City Council of the City of New York on October 28, 2009, Special Permits were approved for zoning actions allowing for Hines to construct a mixed use building of 1,050 vertical square feet on the development site, including, amongst other things, the use of the University Club air rights. The Museum and Hines have agreed to delay the closing on the sale of the University Club air rights, in consideration of which the Museum has received a portion of the purchase price; however, there is no guarantee that the closing will occur or that the West End Project will be constructed as described above.

In July 2011, an affiliate corporation of the Museum purchased from The American Folk Art Museum ("AFAM") the land and building directly adjacent to the Museum and assumed a contract for the sale to Hines of certain air rights appurtenant to the property. AFAM is currently leasing the property from the Museum through the end of 2011. This acquisition complements and enhances the Museum's already planned West End Project by allowing for the potential design and construction of additional gallery space and resulting in improved visitor circulation.

Other Manhattan Facilities

The MoMA Design Store is currently located in space leased by the Museum, which is located across 53rd Street to the south of the Museum. An additional leased retail store is located at 81 Spring Street in the Soho neighborhood of Manhattan.

MoMAQNS

In 1999, the Museum purchased land and a building located at 45-20 32nd Place in Queens ("MoMAQNS") for the purpose of creating a state-of-the-art art storage and study facility within easy access of midtown Manhattan. Subsequent to the purchase of MoMAQNS, the Museum decided to use a portion of the facility for art exhibitions during the construction period of the main facility renovation and expansion project. In addition, the Museum purchased a building at 32-33 47th Avenue in Queens, contiguous to MoMAQNS, which was leased to a third party through September 2011; going forward, the Museum is contemplating the use of some or all of this space for its own mission related purposes.

MoMAQNS opened with an inaugural week of events in June 2002. It closed its exhibitions to the public in September 2004 in anticipation of the re-opening of the new museum in Manhattan on November 20, 2004. MoMAQNS was then converted to and continues to operate as a fully operational storage, study, and imaging facility, which consolidated art storage from fourteen commercial off-site facilities, housed certain sections of the Museum Library and Archives, and allowed for the operation of four dedicated digital imaging studios and an image archiving studio.

Non-New York Facilities

The Museum leases a retail distribution center in South River, New Jersey.

The Museum also owns a Film Preservation and Storage Center in Hamlin, Pennsylvania (the "Film Center"). The Film Center is used for the preservation, storage, and maintenance of preserved films and film related materials. The facility consists of two buildings: a 7,900 square foot facility for nitrate films and a 28,000 square foot facility for safety films. Both buildings contain custom-designed shelving, security, temperature, and humidity controls, and fire safety systems. The systems of the Film Center are linked to the Museum's Department of Film computer catalog, providing access to curators, cataloguers, study center and film guests, and management staff for the purposes of research, acquisitions, loans and inventory details, exhibition programming, and other collection management matters.

Insurance

The Museum maintains property and general liability insurance coverage. The property policy includes coverage for the building, business interruption, earthquake, flood, terrorism, construction, equipment, personal property, etc. The general liability coverage includes liability, automobile, and terrorism coverage. Both policies include coverage for all owned or rented locations. Additionally, the Museum maintains fine arts insurance coverage for its permanent collection of art and works of art on loan. Finally, the Museum maintains directors and officers liability insurance coverage.

Board of Trustees

The governing body of the Museum is the Board of Trustees (the “Board”) whose members (“Trustees”) serve staggered-three year terms. Of the Board’s 45 voting Trustee seats, 40 are presently filled.

Officers of the Museum are elected annually by the Board. All Officers other than the Secretary and Assistant Treasurer are also Trustees. The Museum Director serves as an *ex officio* Trustee. As of December 2011, the officers were as follows:

Honorary Chairman	David Rockefeller
Honorary Chairman	Ronald S. Lauder
Chairman Emeritus	Robert B. Menschel
President Emerita	Agnes Gund
President Emeritus	Donald B. Marron
Chairman	Jerry I. Speyer
President	Marie-Josée Kravis
Vice Chairmen	Sid R. Bass
	Leon D. Black
	Mimi Haas
	Richard E. Salomon
Director	Glenn D. Lowry
Treasurer	Richard E. Salomon
Assistant Treasurer	James Gara
Secretary	Patty Lipshutz

The Board is comprised of the following voting Trustees:

Wallis Annenberg	Ronald S. Lauder
Sid R. Bass	Thomas H. Lee
Lawrence B. Benenson	Michael Lynne
Leon D. Black	Donald B. Marron
Clarissa Alcock Bronfman	Philip S. Niarchos
Patricia Phelps de Cisneros	James G. Niven
Paula Crown	Peter Norton
David Dechman	Maja Oeri
Glenn Dubin	Michael S. Ovitz
John Elkann	Richard D. Parsons
Laurence D. Fink	David Rockefeller, Jr.
Kathleen Fuld	Sharon Percy Rockefeller
Howard Gardner	Richard E. Salomon
Anne Dias Griffin	Anna Marie Shapiro
Agnes Gund	Anna Deavere Smith
Mimi Haas	Jerry I. Speyer
Alexandra A. Herzan	Ricardo Steinbruch
Marlene Hess	Alice M. Tisch
Jill Kraus	Edgar Wachenheim III
Marie-Josée Kravis	Gary Winnick

In 1992, the Board of Trustees created the category of Life Trustee to honor voting Trustees who have rendered special and significant service to the Museum over a period of years. Generally, this occurs when the voting Trustee attains the age of 75. Life Trustees may continue to attend Board meetings and serve in a voting capacity on and/or chair Trustee Committees. At present, the Life Trustees are:

Celeste Bartos	Robert B. Menschel
Eli Broad	Peter G. Peterson
Douglas Cramer	Gifford Phillips
Joel S. Ehrenkranz	Emily Rauh Pulitzer
Gianluigi Gabetti	David Rockefeller
Barbara Jakobson	Jeanne C. Thayer
Werner H. Kramarsky	Joan Tisch
June Noble Larkin	

In recognition of special and significant service rendered to the Museum, certain individuals have been elected as Honorary Trustees. Their function is honorary and advisory. At present they are:

Marilyn Arison	Mrs. Milton Petrie
Mrs. Jan Cowles	Lord Rogers of Riverside
Lewis B. Cullman	Ted Sann
H.R.H. Duke Franz of Bavaria	Gilbert Silverman
Maurice R. Greenberg	Yoshio Taniguchi
Wynton Marsalis	David Teiger
Richard E. Oldenburg	Eugene V. Thaw

The Mayor, the Comptroller, and the Speaker of the Council of The City of New York, the Co-Chairmen of the Museum's Contemporary Arts Council, the President of the International Council, the Chairman of MoMA PS1 and the Director of the Museum serve as *ex officio* Trustees and as such are entitled to attend, in an advisory capacity, all meetings of the Board. Each of the Mayor, the Comptroller, and the Speaker may designate a representative to attend meetings in his or her absence. In addition to regular meetings held approximately five times each year, the Board operates through Board Trustee Committees. Members of the Executive Committee and the Finance Committee are elected annually by the Board as a whole. Members of the other standing committees are appointed by the Chairman of the Board. These committees determine policy for the individual curatorial and administrative departments of the Museum. The Chairman of the Board, the President, and the Director of the Museum are *ex-officio* members of all committees.

Organization and Administration

The operations of the Museum are overseen by the Director. The various departments of the Museum are overseen by the Chief Operating Officer and three Senior Deputy Directors. The Secretary and General Counsel oversees the legal affairs and provides advice on governance matters to the Museum and the Board of Trustees. Managerial and Administrative department head positions are:

Director	Glenn D. Lowry
Associate Director	Kathy Halbreich
Chief Operating Officer	James Gara
Senior Deputy Director for External Affairs	Michael Margitich
Senior Deputy Director for Curatorial Affairs	Peter Reed
Senior Deputy Director for Exhibitions and Collections	Ramona Bannayan
General Counsel	Patty Lipshutz
Chief Financial Officer	Jan Postma
Chief Investment Officer	Frank Ahimaz

As of December 31, 2011, Michael Margitich will be retiring from his position of Senior Deputy Director of External Affairs; he will remain on staff as Special Advisor to the Director through June 30, 2012. A search for his successor is underway. The biographies of certain management personnel follow:

GLENN D. LOWRY became the sixth Director of The Museum of Modern Art in 1995. He leads a staff of approximately 750 people and directs an active program of exhibitions, acquisitions, and publications. His major initiatives over the past 16 years include guiding MoMA's \$900 million capital campaign for the renovation and expansion of the Museum, building the Museum's endowment, reinvigorating MoMA's contemporary art program, and challenging conventional thinking about modern art.

A strong advocate of contemporary art, Mr. Lowry conceived and initiated the Museum's successful merger with P.S.1 Contemporary Art Center in 1999. He has lectured and written extensively in support of contemporary art and artists and the role of museums in society, among other topics.

Mr. Lowry is a member of the Williams College Board of Trustees, a fellow of the American Academy of Arts and Sciences, a resident member of American Philosophical Society, and serves on the advisory council of the Department of Art History and Archaeology at Columbia University. He is also a Steering Committee Member for the Aga Khan Award for Architecture. In 2004, the French government honored Mr. Lowry with the title of *Officier dans l'Ordre des Arts et des Lettres*. Mr. Lowry's most recent publications include *Design for the New Museum of Modern Art* (2004); *ARTnews: 'Gained in Translation'* (2006); *Oil and Sugar: Contemporary Art and Islamic Culture* (2009); and *The Museum of Modern Art in This Century* (2009).

Born in 1954 in New York City and raised in Williamstown, Massachusetts, Mr. Lowry received a B.A. degree (1976) magna cum laude from Williams College, Williamstown, and M.A. (1978) and Ph.D. (1982) degrees in the history of art from Harvard University. He has received honorary degrees from the Pennsylvania Academy of the Fine Arts, Pratt Institute, and The College of William and Mary.

KATHY HALBREICH joined the Museum in the newly created position of Associate Director in February 2008. Ms. Halbreich focuses on curatorial and strategic issues designed to amplify contemporary programs and initiatives at MoMA and MoMA PS1, both locally and globally. Prior to joining the Museum, Ms. Halbreich served as Director of the Walker Art Center for 16 years. Prior to her directorship at the Walker Art Center, Ms. Halbreich was Curator of Contemporary Art at the Museum of Fine Arts, Boston, and the Director and Curator at List Visual Arts Center at the Massachusetts Institute of Technology. Ms. Halbreich was inducted into the American Association of Museums Centennial Honor Roll, a recipient of the Award for Curatorial Excellence from Bard College, and named a Chevalier of the French Order of Arts and Letters. Ms. Halbreich has also served as Commissioner for North America and Cuba at the Gwangju Biennale and Curatorial Advisor for Carnegie International as well as a member of the Documenta X and Documenta XIII International Committee.

JAMES A. GARA, Chief Operating Officer and Assistant Treasurer of the Museum, has been part of the Museum staff since 1982. Mr. Gara oversees the Departments of Finance, Human Resources, Information Systems, Investments, Operations, Security, and Retail. Mr. Gara serves on the Board of Trustees of the Ethical Culture Fieldston Schools, of which he was formerly Chairman. He is also a Trustee of the Lily Auchincloss Foundation. Mr. Gara has an M.B.A. in Finance from the Wharton School, University of Pennsylvania, an M.A. in Middle Eastern Languages from Columbia University, and a B.A. in History from CUNY.

MICHAEL MARGITICH came to the Museum in 1995 as Deputy Director of Development, and is currently the Senior Deputy Director for External Affairs. Mr. Margitich oversees the Departments of Development, Membership, Special Programming and Events, Marketing, Communications, and Visitor Services. Mr. Margitich has taught and lectured on development concepts and fundraising at universities and other institutions nationally and internationally. Mr. Margitich's 30-year career in fundraising prior to the Museum includes being a member of the management teams for billion-dollar campaigns for Harvard University and Columbia University.

PETER REED was named Senior Deputy Director for Curatorial Affairs in 2005. Previously, he was Curator in the Department of Architecture and Design at MoMA from 1999 to 2005. He joined the staff in 1992 as an Assistant Curator, and was appointed Associate Curator in 1994. He oversees the Department of Publications, Library and Archives, Education, and Conservation and serves as a coordinator for all curatorial departments. Before joining the Museum, Mr. Reed taught art history at the University of Pennsylvania and was the Director of Research for Penn's Architectural Archives (1989-92). He holds an M.A. and Ph.D. in art history from the University of Pennsylvania.

RAMONA BRONKAR BANNAYAN has been with the Museum since 1990 and was named Senior Deputy Director, Exhibitions and Collections in 2011, after being named Deputy Director, Exhibitions and Collections in 2010. Previously, she was the Director of Collection Management and Exhibition Registration at MoMA. Ms. Bannayan oversees the Departments of Exhibitions, Exhibition Production, Registrar, Art Handling and Preparation, Imaging Services and Collection and Exhibition Technologies. Ms. Bannayan has an M.F.A. from Columbia University where she graduated with honors.

PATTY LIPSHUTZ has been Secretary and General Counsel of the Museum since 1998. Ms. Lipshutz oversees the Museum's legal affairs, monitors the activities of the Board, and monitors the Museum's copyright and trademark issues and litigation. She came to the Museum from St. Luke's-Roosevelt Hospital where she was Senior Vice-President for Legal Affairs, General Counsel and Secretary from 1987 to 1998.

JAN POSTMA has been with the Museum since 2001 and was named Chief Financial Officer in 2008. Prior to joining the Museum, Mr. Postma worked in investment banking at Merrill Lynch. He received an M.B.A. as a Baker Scholar from Harvard Business School (2005) and a B.A. degree (1999) in economics summa cum laude from Williams College.

FRANK AHIMAZ joined MoMA in November 2008 as the Chief Investment Officer. Prior to joining MoMA, Mr. Ahimaz was a director at Citigroup in the Investment Banking Department. Mr. Ahimaz has also worked at Merrill Lynch and Morgan Stanley in both alternative investments and investment banking. Mr. Ahimaz graduated with an M.B.A. in Finance from the Wharton School at University of Pennsylvania and a B.S. in aerospace engineering from the Massachusetts Institute of Technology.

Curatorial, Publications, and Education Programs

Curatorial. From an initial gift of eight prints and one drawing, the Museum's collection has grown to include more than 150,000 paintings, sculptures, drawings, prints, illustrated books, photographs, architectural models and drawings, and design objects. The Museum also owns some 22,000 films, videos, media, and performance art works, as well as film stills, scripts, posters, and historical documents. The Museum's library contains over 300,000 books, artist books, and periodicals, and the archives hold over 2,500 linear feet of historical documentation and a photographic archive of tens of thousands of photographs, including installation views of exhibitions and images of the Museum's building and grounds. Each year the Museum acquires numerous works for its collection, through donation or purchase, in each of its curatorial departments.

Acknowledged worldwide for its collection of 20th and now 21st century art, the Museum has been instrumental in introducing the art of this period into the mainstream of modern life. The range of the Museum's program of temporary exhibitions extends from retrospective studies of the work of major modern and contemporary artists to examinations of the cultural and aesthetic contexts of major historical moments, and also supports the work of less well known living artists through continuing exhibitions to review the latest trends in contemporary art.

In furtherance of its curatorial mission with regard to contemporary art, the Museum is also the sole member of P.S.1 Contemporary Art Center, Inc. ("MoMA PS1"), a support organization of the Museum, and appoints all members of the MoMA PS1 Board of Directors. In 2007, MoMA PS1 and the Museum entered into a Management Assistance and Services Agreement whereby the Museum provides management and administrative assistance to MoMA PS1's affairs and operations in certain areas, including accounting and payroll, fundraising and development, coordination of information technology, insurance, and legal affairs. An exhibition space rather than a collecting institution, MoMA PS1 devotes its energy and resources to displaying the most experimental art in the world. A catalyst and an advocate for new ideas, discourses, and trends in contemporary art, MoMA PS1 actively pursues emerging artists, new genres, and adventurous new work by recognized artists in an effort to support innovation in contemporary art.

An indication of the breadth and diversity of the Museum's curatorial program is the following list of exhibitions selected from among more than 150 exhibitions that it has presented over the last ten years: *Gerhard Richter: Forty Years of Painting; The Russian Avant-Garde Book 1910-1934; AUTObodies: speed, sport, transport; Drawing Now: Eight Propositions; Matisse Picasso; Max Beckmann; Ansel Adams at 100; Artist's Choice: Mona Hatoum, Here is Elsewhere; Kiki Smith: Prints, Books and Things; Roth Time: A Dieter Roth Retrospective; Tall*

Buildings; Lee Bontecou: A Retrospective; Friedlander; Pioneering Modern Painting: Cezanne and Pissarro 1865-1885; Safe: Design Takes on Risk; Elizabeth Murray; Beyond the Visible: The Art of Odilon Redon; Pixar: 20 Years of Animation; On-Site: New Architecture in Spain; Edvard Munch: The Modern Life of the Soul; Without Boundary: Seventeen Ways of Looking; Dada; Artists Choice: Herzog & Demeuron, Perception Restrained; Douglas Gordon: Timeline; Out of Time: A Contemporary View; Eye on Europe: Prints, Books, and Multiples / 1960 to Now; Brice Marden: A Retrospective of Paintings and Drawings; Manet and the Execution of Maximilian; Doug Aitken: sleepwalkers; Armando Reveron; Jeff Wall; Comic Abstraction: Image-Breaking, Image-Making; Richard Serra Sculpture: Forty Years; Georges Seurat: The Drawings; Design and the Elastic Mind; Home Delivery: Fabricating the Modern Dwelling; Van Gogh and the Colors of the Night; Joan Miro: Painting and Anti-Painting 1927 – 1937; Pipilotti Rist: Pour Your Body Out; Martin Kippenberger: The Problem Perspective; Into the Sunset: Photography's Image of the American West; Tangled Alphabets: Leon Ferrari and Mira Schendel; James Ensor; In and Out of Amsterdam: Travels in Conceptual Art, 1960 – 1976; Monet's Water Lilies; Bauhaus 1919 – 1933: Workshops for Modernity; Tim Burton; Gabriel Orozco; William Kentridge: Five Themes; Marina Abramovic: The Artist is Present; Henri Cartier Bresson: The Modern Century; Matisse: Radical Invention, 1913-1917; The Original Copy: Photography of Sculpture, 1839 to Today; Small Scale, Big Change: New Architectures of Social Engagement; On Line: Drawing Through the Twentieth Century; Abstract Expressionist New York; Counter Space: Design and the Modern Kitchen; Picasso Guitars: 1912 – 1914; German Expressionism: The Graphic Impulse; Francis Alys: A Story of Deception; Ryan Trecartin: Any Ever; Talk to Me: Design and the Communication between People and Objects; and Carlito Carvalhosa: Sum of Days.

The Museum's programs are organized through seven curatorial and a number of curatorial support departments. Peter Reed, the Senior Deputy Director for Curatorial Affairs, coordinates the Museum's curatorial activities (biography available herein). In addition, the position of Associate Director was created by the Museum in FY 2008 and filled by Kathy Halbreich in February 2008 (biography available herein). Among other activities, Ms. Halbreich has worked to amplify the Museum's contemporary art programs, initiatives, and global reach. Several new chief curators, an even deeper curatorial staff, and a new publications team have further enhanced the programming staff since opening of the renovated and expanded main facility in 2004. The curatorial support departments include audiovisual support, collection care, collection exhibition technology, conservation, exhibition administration, exhibition design and production, film operations and preservation, imaging, outgoing loans, provenance, and registrar.

The curatorial departments and their Chief Curators are listed below. Sabine Breitwieser joined the Museum in October 2010 as the new Chief Curator for Media and Performance. Additionally, Deborah Wye retired from her position as Chief Curator of Prints and Illustrated Books on September 1, 2010, and Christophe Cherix was appointed to succeed her. Peter Galassi retired from his position as Chief Curator of Photography on June 30, 2011, and a search is ongoing for his replacement.

Architecture and Design	Barry Bergdoll
Drawings	Connie Butler
Film	Rajendra Roy
Media and Performance	Sabine Breitwieser
Painting and Sculpture	Ann Temkin
Photography	Open
Prints and Illustrated Books	Christophe Cherix
Chief Curator at Large / Director of MoMA PS1	Klaus Biesenbach

Each year the Museum is anchored by a vibrant and dynamic program including a rich temporary exhibition schedule at MoMA and MoMA PS1, gallery rotations, a performance art series, the film program, many educational programs, publications, and online content. In FY 2012, the Museum is administering over ten major temporary exhibitions at MoMA and MoMA PS1. In addition, the quality and depth of the Museum's collections enable the Museum to maintain an active loan program, which serves institutions both in the United States and abroad: each year, the Museum lends a number of works beyond those exhibited in its own galleries. In FY 2012, five of the Museum's exhibitions are on tour (some to multiple venues) or part of content licensing arrangements. Along with the aforementioned tours and content licensing, in April 2009, the Museum entered into a four-year agreement with the High Museum in Atlanta, GA in order to collaborate on the development of exhibitions, to share knowledge and reach new audiences, and to foster the exchange of expertise, all in furtherance of each institution's

non-profit, educational mission; as part of the collaboration agreement, the Museum receives payments from the High Museum as certain activities are completed. *Picasso to Warhol: Twelve Modern Masters* is on view at the High Museum into April 2012 and will be followed by *Picturing New York* in July of 2012. In May 2011, the Museum also announced a multiyear collaboration agreement with the Art Gallery of Western Australia in Perth (the “Perth Collaboration”); as part of the agreement, the Museum receives payments as certain activities are completed. The Perth Collaboration will feature two large anchor exhibitions interspersed with four smaller focus exhibitions, each drawn from the Museum’s collections to explore the work of the most important art and artists of the twentieth century. The first exhibition will open in Perth in 2012 and the sixth will close in 2015.

The following exhibitions, among others, are currently on view or are planned at the Museum in the remainder of FY 2012:

- *de Kooning: a Retrospective*
- *Diego Rivera: Murals for The Museum of Modern Art*
- *Clifford Owens: Anthology* (at MoMA PS1)
- *Sanja Ivekovic: Sweet Violence*
- *Foreclosed: Rehousing the American Dream*
- *Print/Out*
- *Cindy Sherman*
- *Ecstatic Alphabets*

Publications. Since its founding, the Museum has published some 1,350 editions appearing in 20 languages. Approximately twenty new books are published each year, and several of them, including out-of-print titles, are now available in digital format for download to personal computers and tablets. Readers can zoom in on high resolution reproductions of artworks to study details. Among the best known of the Museum’s publications are the following:

- *The Family of Man* by Edward Steichen
- *Complexity and Contradiction in Architecture* by Robert Venturi
- *Looking at Photographs* by John Szarkowski
- *Jackson Pollock* by Kirk Varnedoe with Pepe Karmel
- *Henri Cartier-Bresson: The Modern Century* by Peter Galassi
- *Mies in Berlin* by Terence Riley and Barry Bergdoll
- *Machine Art* by Philip Johnson
- *Gerhard Richter: Forty Years of Painting* by Robert Storr
- *Matisse Picasso* by John Elderfield, Kirk Varnedoe, et al.
- *The Photographer's Eye* by John Szarkowski
- *Richard Serra Sculpture: Forty Years* by Kynaston McShine et al.
- *Contemporary Chinese Art: Primary Documents* by Wu Hung
- *Bauhaus 1919-1933: Workshops in Modernity* by Barry Bergdoll and Leah Dickerman
- *de Kooning: a Retrospective* by John Elderfield

Education. The Museum was founded in 1929 as an educational institution and maintains a vast breadth of educational programming, which increased in the years after the opening of the renovated and expanded main facility in 2004. In FY 2011, over 3 million children, students, and adults, of all abilities, were served by the Education Department: 129,000 through participation in programs, over 2.7 million visitors who accessed free interpretative resources including labels and audio guides (offered in nine languages) to support their learning in the galleries, and over 1 million by using on-line educational resources. Educational resources include informational labels, family guides, interactive games, public tours, audio tours in nine languages, visual description tours for the blind and partially sighted, and resources for other individuals with special needs. The Education Center provides a central location for a wide array of educational resources including three classrooms, a theater, a publicly accessible library, an archives reading room, three curatorial study centers, and programmed “laboratory” spaces such as the interactive space for families, *Material Lab*. Educational programs take place throughout the weekdays from 9 a.m. through 10 p.m. and on weekends as well. The following is a selected sampling of the programming offered by the education department:

- Interpretation and Research (audioguides for all audiences in nine languages; labels and other in-gallery support for visitor learning; digital resources on-line; interactive games; visitor research projects; evaluation projects)
- Digital Learning (free online resources such as an informal learning site for teachers, students, and educators; audio, video, and multimedia content creation for online learning experiences; instructor-led online courses; self-guided versions of online course content to extend the reach of content and experience; communication and social media outlets for online and onsite visitors)
- Family programs (free gallery conversations; art workshops; artist talks; film screenings; activity guides; websites; interactive spaces for families)
- School Visits for Kindergarten through High School seniors (free admission for New York City public Title 1 K-8 schools; free admission for all New York City public high schools; customized school partnerships)
- High School programs (*MoMA After School; In the Making Art Programs*)
- Teacher programs (weekend teacher workshops; *Modern Teachers; Modern Teachers On-Line Educator Guides*; customized teacher workshops)
- Selected Internships and Fellowships
- Adult and Academic Programs (*Conversations with Contemporary Artists; Modern Poets; Gallery Conversations; Brown Bag Lunch Lectures*; interactive spaces offering hands-on workshops; a wide range of exhibition-related lectures, symposia, and panel discussions; a variety of art history and studio courses); sign language interpretation and captioning is available for selected programs
- Access Programs (customized programs for visitors of all ages with disabilities, including families of children with developmental disabilities; programs for individuals who are deaf, hard of hearing, blind or partially sighted; *Meet Me At MoMA* for persons living with dementia and their caregivers)
- Community Programs (library programs; community and school partnerships)

Personnel and Related Areas

Staffing. As of December 2011, a staff of approximately 750 employees was responsible for the operation of the Museum; a cap of this approximate staff level was put in place in FY 2011 at the conclusion of the hiring freeze that began in FY 2009. Personnel policies and benefits were reviewed during FY 2009 as part of overall cost reduction efforts. For FY 2010, which began on July 1, 2009, the Museum implemented one year salary reductions of varying percentages for the most highly compensated staff and one year salary freezes for most other staff. Additionally, as discussed herein, the Museum implemented changes to its pension plans, effective November 1, 2009, and health and welfare plans effective July 1, 2009. Finally, the Museum's Voluntary Exit Incentive Plan took effect on October 1, 2009 and resulted in 20 employees leaving the Museum, generating one-time higher expenses in FY 2010 but savings thereafter.

Labor Relations. As of December 1, 2011, the Museum was party to the following five collective bargaining agreements covering approximately 60% of the Museum's permanent employees:

<u>Covered Staff</u>	<u>Union</u>	<u>% of Employees</u>	<u>Contract Expiration</u>
Unionized non-management staff	Professional and Administrative Staff Association, Local 2110, U.A.W.	36	May 20, 2015
Unionized security guards	Local 32-BJ, Service and Employees International Union, AFL-CIO	15	December 31, 2012
Unionized engineers, carpenters	Local 30	7	July 31, 2014
Unionized AV technicians, projectionists	Local 306	2	October 31, 2014
Unionized painters	Local 1456	<1	July 31, 2014

In May 2009, the Museum reached agreement on mid-contract adjustments to the collective bargaining agreement with Local 2110 related to maintaining salary levels and making certain changes to the Museum's Pension Plan, 403(b) Plan, and health plan design. After the collective bargaining agreement expired in May 2010, the Museum and Local 2110 negotiated and reached an amicable agreement in June 2010, and the new contract

expires in May 2015. In July 2009, the Museum also reached agreements on mid-contract adjustments to the collective bargaining agreements of Local 30 and Local 306 related to health plan contributions and health plan design. During FY 2011, Local 30 and Local 1456 each ratified newly negotiated collective bargaining agreements which will expire on July 31, 2014, and Local 306 ratified a newly negotiated collective bargaining agreement which will expire October 31, 2014. The five current collective bargaining agreements include annual salary increases for the duration of the contracts.

Pension Plans. In FY 2009, as part of Museum-wide cost-reduction efforts, the Museum approved changes to its pension plans, effective November 1, 2009, and froze future accruals for those certain senior management employees who participated in the Supplemental Executive Retirement Plan, effective July 1, 2009. Generally, with certain differences amongst the Museum's non-union and various union staff, all employees in the Museum's defined benefit plan opted either to: 1) remain in the defined benefit pension plan and forgo future 403(b) matching contributions from the Museum, or 2) receive an enhanced 403(b) match and forgo future accruals in the defined benefit plan. New employees are eligible to participate in the enhanced 403(b) Plan only, thereby freezing the number of participants in the defined benefit plan.

As of October 31, 2011, the assets of the Museum's defined benefit pension plan totaled approximately \$53 million. As of June 30, 2011, the accumulated benefit obligation was \$58.8 million and the projected benefit obligation, which includes all future service estimates, was \$67.8 million. The Museum contributed \$2 million to the plan in early FY 2011, \$2 million during FY 2010, and \$520,000 during FY 2009; no cash contributions are expected to be made into the plan during FY 2012.

Health and Welfare Plans. To help counteract the rising cost of healthcare, and to lower the Museum's projected out-of-pocket expenses, changes to the Museum's healthcare plan were implemented, effective July 1, 2009, to require that most non-union and certain union employees contribute to the plan, based on salary and coverage level. Plan design changes affecting all staff on the Museum's healthcare plan were also effective as of July 1, 2009.

Postretirement health and welfare benefit costs are funded by the Museum on a pay-as-you-go basis. The Museum's postretirement benefit liability was \$21.2 million at June 30, 2011. Employees hired after February 1, 2003 are not eligible for the retiree medical plan. Additionally, based on recent changes, employees who retire after November 1, 2009 share the cost of postretirement health coverage by contributing the same percentage of the cost as they contributed while they were active employees just prior to retirement. These actions have lowered the projected growth in the Museum's postretirement benefit liability.

A financial summary of the Museum's Pension Plan and other Postretirement Benefits is included in Footnote 13 to the Museum's FY 2011 Audited Consolidated Financial Statements attached hereto as Section II.

Statement of Activity of the Operating Fund

The following table sets forth certain financial data of the Museum's operations as derived from its Consolidated Statements of Unrestricted Revenues, Expenses and Changes in Unrestricted Net Assets for the period from FY 2009 through FY 2011. The financial data only depicts certain operations of the Museum and does not represent the Museum's consolidated results for any period presented. The financial data for this period were derived from the Museum's financial statements, which were prepared in accordance with accounting principles generally accepted in the United States of America, and should be read in accordance with the Museum's Consolidated Financial Statements for the years ended June 30, 2011 and 2010, and notes thereto, attached hereto as Section II.

To ensure observance of limitations and restrictions placed on the use of resources available to the Museum, the accounts of the Museum are maintained in accordance with the principles of not-for-profit accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into net assets based on donor restrictions. Separate accounts are maintained for each fund and funds that have similar characteristics are combined into three net asset categories: permanently restricted, temporarily restricted, and unrestricted.

The Museum of Modern Art
 Financial Data of the Museum Operations of The Museum of Modern Art
 for the years ended June 30, 2011, 2010, and 2009
 (000's)

	<u>FY 11</u>	<u>FY 10</u>	<u>FY 09</u>
Revenue and Support:			
Admissions	\$ 22,695	\$ 24,792	\$ 22,373
Membership	14,991	15,211	14,151
Investment Income Allocated from Endowment and Restricted Funds	26,005	24,977	30,959
Board-designated (Decrease) / Increase in Spending Policy	0	(3,250)	2,885
Annual Fund Contributions	8,564	7,924	7,738
Program Grants, Contributions, Other Revenue from Restricted Funds	7,589	11,348	11,208
Other Grants and Contributions	17,406	11,606	9,962
Government Support	0	0	275
Circulation Exhibition Fees	3,508	2,898	749
Other	6,364	6,980	5,895
Revenue of Auxiliary Activities	<u>50,493</u>	<u>53,245</u>	<u>51,700</u>
Total Operating Revenue and Other Support	157,615	155,731	157,895
Operating Expenses:			
Curatorial and Related Support Services	26,603	24,933	27,083
Exhibitions	7,835	10,284	12,885
Other Programs	3,771	4,931	3,897
Membership, Development, and Cultivation	10,705	10,000	11,215
Public Information	4,205	3,634	3,536
Public Services	4,530	4,475	4,628
Facilities, Security, and Other Operating	25,950	25,533	26,023
Depreciation (Non-Auxiliary)	2,295	2,136	1,713
Administration and Other	21,549	20,174	18,856
Cost of Sales/Other Auxiliary Activities	<u>47,507</u>	<u>47,754</u>	<u>47,739</u>
Total Museum Operations Operating Expenses	154,950	153,854	157,575
Excess of Revenue and Support over Operating Expenses	<u>\$2,665</u>	<u>\$1,877</u>	<u>\$320</u>

Management Discussion and Analysis

The Museum believes that its exhibition schedule, admission fees, membership dues, and general economic conditions in New York City, the nation, and the world are factors that influence its operating results. The first seven fiscal years in the Museum's expanded midtown Manhattan facility were successful across all revenue areas, particularly in the areas of attendance, membership, and retail. In FY 2011, the Museum balanced its operating budget for the sixteenth consecutive year, instituting investments for future revenue growth while maintaining a focus on expense management, each designed to achieve multiyear stabilization. The FY 2012 budget built on actions from prior years as described below.

To address the challenging financial and economic environment that developed in 2008, the Museum proactively instituted a temporary hiring freeze and a 10 percent cut in its discretionary budget in October 2008 (FY 2009). These actions and active expense management, along with then record levels of attendance and membership, allowed the Museum to finish FY 2009 with a balanced budget, offsetting declines in certain fundraising categories and in its retail operation; net operating revenue for FY 2009 was \$320,000. In planning for FY 2010, the Museum expected that the economic environment would remain challenging; therefore, the hiring freeze continued along with an additional cut in discretionary expenses. Additionally, the Museum implemented changes to its personnel and related costs as described herein and prioritized capital spending. These changes, combined with a focus on programming quality and record levels of earned revenue and attendance and membership, allowed the Museum to

finish FY 2010 with a balanced budget; net operating revenue of \$1.9 million was used to offset a portion of interest expense, as planned.

In FY 2011, while continuing the focus on programming quality as well as recurring expense reductions implemented during the prior two years, the Museum allocated resources to investments for future revenue growth. These investments ranged across many revenue categories and included the redesigned MoMAStore.org (launched in July 2011), the implementation of a new Customer Relationship Management system that will enhance membership and development activities (September 2011), and a new Digital Member Lounge (November 2011). Further, the Museum launched a revenue growth initiative to create a multi-year plan for growing existing and new sources of revenue. One such initiative was the pilot of online courses in FY 2011 which will be expanded in FY 2012 with new instructor-led online courses as well as self-guided course options. In FY 2011, the Museum's attendance and membership levels were again strong, meeting projections, though slightly below the record levels set in FY 2010. The Museum finished FY 2011 with a balanced operating budget; net operating revenue of \$2.7 million was used to offset a portion of interest expense, as planned.

Continuing efforts on the part of the Board of Trustees and Museum management are directed toward achieving balanced budgets in the future. In May 2011, the Board approved the Museum's balanced operating budget for FY 2012.

However, the occurrence of unanticipated events may have an adverse impact on whether forecasted surpluses or deficits are realized and the levels at which they may be realized. Many factors could adversely affect demands for the Museum's programs and available funds, including, but not limited to, macroeconomic conditions, a change in discretionary income for travel, ticket or membership prices at other attractions, the construction of other attractions, a change in the patterns of domestic and international leisure travel, changes in the economic or tax landscape that adversely impact philanthropy, currency exchange rates, and the costs or outcome of pending or future litigation. The Museum also budgets for certain levels of investment revenue derived from the investment of its endowment and other funds. Market turbulence affects the value of the Museum's endowment assets and, consequently, the value of, and the amount of revenue from, the Museum's investments may be negatively affected by adverse events in the financial markets.

Interest costs totaling \$16.4 million in FY 2009 were paid on a cash basis through receipts of campaign pledges, as planned. In FY 2010, \$14.1 million of interest expense was paid on a cash basis through a combination of receipts of operating revenues and campaign pledges, as planned. In FY 2011, \$15.0 million of interest expense was paid on a cash basis through a combination of operating revenues, receipts of campaign pledges, and other sources of revenue, as planned. Going forward, debt service is expected to be paid from receipts of campaign pledges, other fundraising, operating revenues, and/or other sources of revenue.

Revenue and Support

Admissions; Membership. The Museum charges set fees for admissions and sells memberships of various categories. On September 1, 2011, the Museum changed its admission ticket prices and added discounted online prices: adult prices increased from \$20 to \$25 (\$22.50 online), senior prices increased from \$16 to \$18 (\$16 online), and student prices increased from \$12 to \$14 (\$12 online). Children under the age of seventeen continue to receive free admission. On November 1, 2011, the Museum changed its membership prices, raising the individual membership price from \$75 to \$85. From July to October 2011, the Museum allowed existing and new members to lock-in one or two year memberships at existing prices. The following chart shows approximate annual attendance and membership for FY 2007 through FY 2011. In FY 2008, FY 2009, and again in FY 2010, attendance and membership set new records for the Museum. As of December 15, 2011, attendance is tracking to reach approximately 2.8 million visitors for FY 2012, and the Museum's membership count stands at 137,000.

<u>Fiscal Year (ending June 30)</u>	<u>Approximate Attendance</u>	<u>Approximate Membership</u>
2007	2,340,000	100,000
2008	2,640,000	105,000
2009	2,840,000	119,000
2010	3,090,000	135,000
2011	2,760,000	128,000

In addition to the on-site attendance noted above, approximately 17 million people visited the Museum’s website in FY 2011. In November 2009, the Museum launched the MoMA / MoMA PS1 blog INSIDE / OUT, a forum for informal conversations involving MoMA and MoMA PS1 staff, artists, invited guests, and visitors. In addition to the Museum’s own website, the Museum has a presence on other social media sites including Facebook (900,000 fans), Twitter (800,000 followers), Foursquare, YouTube, iTunesU, and Flickr. Further, the Museum’s iPhone application has received over 600,000 downloads, the Android version has received nearly 100,000 downloads, and the iPad application associated with *Abstract Expressionist New York* has received over 150,000 downloads.

Investment Income. “Investment income allocated from Endowment and Restricted Funds” appearing in the preceding Statement of Activity of the Operating Fund section reflects transfers of investment income and realized gains from the Museum’s endowment to support operations of the Museum. Pursuant to a policy adopted by the Board of Trustees (which policy may be amended by the Board at any time), the Board has limited the amount of available unrestricted endowment that can be budgeted for use in operations of the Museum to 5% of the adjusted average market value of available endowment at the end of the three fiscal years preceding the year for which the budget is being prepared. This policy is intended to permit a larger portion of funds to remain in the endowment to build for the future. In addition, certain endowment funds designated for specific operating, program, or acquisition purposes are utilized in an amount equal to 5% of the average market value of endowment assets over a multi-year period. For FY 2012 and beyond, the Board of Trustees approved a revised spending policy by which the Museum will draw 5% of a twelve quarter average based on a calendar year schedule, aligning more closely with comparable institutions’ policies.

In fiscal year 2010, to further long term goals, the Board authorized a transfer to Board-designated reserves of \$3,250,000 through a reduction in the spending policy. In fiscal year 2009, in order to protect donor restricted endowment funds and programmatic activities, the Board authorized an increase in the spending policy of \$2,885,000, which decreased Board-designated reserves. In fiscal year 2011, there were no Board designated transfers.

In September 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). This law governs management spending of donor-restricted endowment funds and permanently restricted gifts. For financial reporting purposes, donor-restricted endowment fund appreciation, gains, and income exceeding donor restrictions are classified as temporarily restricted assets until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by law. Upon appropriation, appreciation and earnings are reclassified as unrestricted net assets. As a result, a reclassification to temporarily restricted net assets of approximately \$30.8 million measured at June 30, 2010 was reflected within the statements of Unrestricted Revenues, Expenses and Changes in Unrestricted Net Assets until such time as they are appropriated for expenditure.

Program Grants, Contributions, and Other Revenue from Restricted Funds; Other Grants and Contributions; Government Support. “Program Grants, Contributions, and Other Revenue From Restricted Funds” and “Other Grants and Contributions” appearing in the preceding Statement of Activity of the Operating Fund section reflect restricted contributions to support the Museum’s temporary exhibitions and other projects. The amounts raised in these categories are dependent on the scale of individual exhibitions and programs and vary from year to year. Whenever possible, expenses for a given program or exhibition are matched by grants and other contributions to such program or exhibition.

Auxiliary Activities. “Revenue of Auxiliary Activities,” appearing in the preceding Statement of Activity of the Operating Fund section, includes gross sales and other revenues derived from the Museum’s retail (including stores, e-commerce, mail order, and trade operations), publishing, and restaurant operations. The Museum’s retail

operations generate the largest portion of the revenue from Auxiliary Activities. In addition to the Museum Design and Bookstore within the main facility, the Museum maintains a Design Store on the south side of 53rd Street and visible from the Museum entrance. The Museum also operates a retail store at 81 Spring Street in the Soho neighborhood of Manhattan and an e-commerce site. The Museum currently licenses three restaurant facilities at its 53rd Street facility as a service to Museum visitors, members, and the general public.

In addition to the above arrangements, in FY 2011, the Museum received royalties from SANYO Sales and Marketing Corporation and HyundaiCard, Inc. related to retail operations and Knoll, Inc. related to furniture designed by Mies van der Rohe. As of October 2011, the Museum's arrangement with SANYO Sales and Marketing Corporation ended, and the Museum entered into a new licensing and distribution partnership with Shaddy Co., Ltd., which will maintain the Museum's retail presence in Japan. Finally, Scala Archives of Florence, Italy, and its New York representative Art Resource, handle other third-party requests related to the licensing and reproduction of images of works in the Museum's collections. The Museum continues to explore licensing and other ventures or arrangements to increase revenues.

Expenses

The Museum continues to review cost reduction opportunities as part of its effort to maintain a balanced budget. In October 2008, as a proactive response to the financial and economic environment, the Museum instituted a temporary hiring freeze and a 10 percent cut in its discretionary budget, complementing ongoing expense-reduction initiatives, such as active contract negotiation and energy conservation efforts. For FY 2010, the hiring freeze continued, along with the changes to personnel and related areas described herein; when the hiring freeze concluded, the staff count was capped at approximately 750 in FY 2011. Additionally, the Museum reduced programmatic expenses while maintaining the quality of the overall program, implemented an additional cut in discretionary expenses, and prioritized capital spending. These efforts stabilized the Museum's expense base as the recurring savings extended into FY 2011 and beyond. The FY 2011 budget included capital investments designed to enhance the platform for future revenue growth. The FY 2012 budget continues certain capital investments and also includes investments in new initiatives such as digital content.

On a monthly basis the Museum prepares financial statements that compare actual expenses to the Museum's operating budget; a monthly dashboard of key performance indicators is also included as part of this review. These statements serve to alert management to possible variances from budget so that corrective measures, whenever possible, can be implemented.

Management and Financial Controls

A formal Planning Committee guides resource allocation decisions and reviews annual operating and capital budgets, quarterly financial reports, and monthly financial results. The committee also works on formulating assumptions and goals for the Museum's long-term financial forecast, which is revised annually or in response to a material change in conditions. This committee is made up of, among others, the Director of the Museum and deputy directors representing the various functional areas of the Museum as well as several representatives from the curatorial staff; the Planning Committee is chaired by the Chief Financial Officer. After review by the Planning Committee, budgets, quarterly reports, and long term financial forecasts are presented to the Finance Committee of the Board of Trustees, and then, when applicable, to the full Board of Trustees for review, commentary, revision, if necessary, and approval.

Outstanding Indebtedness and Related Commitments

After the refunding of certain bonds issued by the Trust for the benefit of the Museum in July 2008 by the Series 2008 Bonds and a subsequent remarketing in August 2009 and July 2010, the following bonds issued by the Trust were outstanding:

<u>Outstanding Series of Bonds</u>	<u>Outstanding Principal Amount</u>
Series 1996A TEP Fixed Rate Bonds	\$28,530,000
Series 2001A TEP Fixed Rate Bonds	\$18,290,000
Series 2001-One-D Fixed Rate Bonds	\$100,000,000
Series 2008-One-A Fixed Rate Bonds	\$130,825,000
Series 2010-One-A Fixed Rate Bonds	\$55,285,000
Total	\$332,930,000

The Series 1996A TEP Bonds and Series 2001A TEP Bonds are payable with tax equivalency payments made by owners of the condominium units in a 44-story, 247 unit tower above the West Wing Facility. For further detail, see Official Statement – Other Bonds of the Trust Issued for the Benefit of the Museum – Tax Equivalency Payment Bonds, and Footnote 14 to the Consolidated Financial Statements of the Museum for FY 2011 attached hereto as Section II.

In addition to the Payment Agreement whereby the Museum agrees to cover any shortfalls in the collection of TEPs necessary to pay interest and principal on the TEP bonds and the 1996 Loan Agreement, as amended, whereby the Museum agrees to cover the other outstanding non-TEP bonds issued by the Trust for the benefit of the Museum, the Museum currently maintains a revolving credit facility totaling \$35 million with a financial institution. The proceeds are available for general working capital purposes, capital expenditures, and to bridge finance capital campaign proceeds. As of November 30, 2011, \$13 million was outstanding on this facility. The Museum also has in place a \$20 million taxable fixed rate term loan with a financial institution that matures in January 2012; the Museum expects to make another one year extension of this term loan. All of the taxable borrowing was incurred in connection with the renovation and expansion of the main facility.

During 2008, the Museum reevaluated its debt portfolio based on conditions in the auction-rate securities market. Based on this review, in July 2008, the Trust issued fixed rate bonds for the benefit of the Museum to refinance all of its outstanding auction rate securities totaling \$198,875,000, including the Series 2000-One A and B issues totaling \$63,875,000 and Series 2001-One A, B and C issues totaling \$135,000,000. As part of the transaction, the Museum terminated a swap that was entered into as part of the December 2001 bond transaction (notional amount of \$85,000,000) and reversed a swap entered into in August 2005 (notional amount of \$50,000,000) with an offsetting swap. The counterparty for the two remaining offsetting swap agreements is Goldman Sachs Bank USA (the “Counterparty”); notional amounts, payment dates, and final maturity dates are identical under each agreement, but the Museum is a fixed rate-payer under one and a floating rate-payer under the other. The Museum has the right to optionally terminate each swap agreement for an agreed upon cash settlement amount based on market conditions. Under certain triggering events tied to overall credit ratings, the Counterparty may also terminate the swap agreements, provided it terminates both transactions. Were a triggering event to occur and the Counterparty elect to exercise its termination rights, the estimated net payment from the Museum to Counterparty based on the market value of the swap agreements as of November 30, 2011 would be \$8.4 million.

Investments

The Museum’s investments as of June 30, 2011 are summarized in the table below. The Museum adopted Statement of Financial Accounting Standards 157 in fiscal year 2009. The fair value of investments is defined as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between participants on the measurement date. The assets themselves are invested as a fungible pool, and are not segregated except by explicit donor stipulation. The value and earnings of the Museum’s investments are subject to changes in the financial markets, and are subject to various other risks, including, but not limited to, credit, interest rate and liquidity risk, lack of a ready market for certain securities or investments, and reliance upon third party investment advisors. Past investment performance cannot be relied upon as an indicator of future results.

<u>Investments at Fair Value (\$000s)</u>	<u>June 30, 2011</u>
Unrestricted investments (1)	\$ 465,104
Temporarily restricted investments (2)	105,660
Permanently restricted investments (3)	<u>177,284</u>
Total	<u>\$ 748,048</u>
 Annual rate of return during FY 2011 (4)	 17.5%

(1) Unrestricted investments are neither permanently restricted nor temporarily restricted by donor-imposed restrictions.

(2) Temporarily restricted investments contain donor-imposed restrictions that permit the Museum to use up or expend the donated assets as specified. The restriction is satisfied either by the passage of time or by actions of the Museum. Neither principal nor interest is available for payment of any debt of the Museum, including the bonds issued by the Trust for the benefit of the Museum.

(3) Permanently restricted investments contain donor-imposed restrictions that stipulate that the resources be maintained permanently but permit the Museum to use or expend all or part of the income from the donated assets for specified or unspecified purposes. Neither principal nor interest is available for payment of any debt of the Museum, including the bonds issued by the Trust for the benefit of the Museum.

(4) Total return includes interest and dividends received as well as realized and unrealized gains based upon fair value.

The Museum's investments are supervised by the Investment Committee of the Board of Trustees. The Investment Committee governs and reviews the performance of the Museum's investments and makes recommendations to the Board concerning the Museum's investment policies. All investments are professionally managed. The Museum currently retains 40 professional managers and has invested a portion of its funds with partnerships.

The Museum's portfolio (including the Museum's private equity and real estate investments) gained 17.5% in FY 2011. Over the trailing 5-year period ending June 30, 2011, the endowment generated a compounded average annual gain of 5.3%.

The approximate fair value and composition of all the Museum's investments as of June 30, 2011 are shown below.

<u>At June 30, 2011</u>	<u>Fair Value (1)</u> <u>(\$000s)</u>	<u>Percent of</u> <u>Portfolio (1)</u>
Liquid reserves	\$ 33,544	4%
Fixed income funds	97,121	13%
Equity investment funds	271,159	36%
Alternate Investments		
Hedge funds / Absolute return (2)(3)	216,962	29%
Private equity (3)	108,727	15%
Real assets (3)	<u>20,535</u>	<u>3%</u>
Total investments	<u>\$ 748,048</u>	<u>100%</u>

(1) The Museum periodically moves funds between categories in the portfolio. The fair value of the fund balances is based upon a number of factors including publicly reported prices, valuations provided by each of the Museum's external portfolio managers, and valuation of other assets which are available periodically.

(2) The Museum makes these investments by acquiring limited partnership interests in partnerships that acquire the investments. Investments may include convertible arbitrage, market neutral or hedged equity investments (long and short stock), risk arbitrage situations, intracapital arbitrage, and other investments involving securities of distressed high-yield companies, including debt and equity of financially distressed and recently reorganized companies, and those in the process of restructuring. The partnerships may also engage in short sales of securities of distressed and high-yield companies. Certain of these partnerships may use leverage.

(3) Fair values in certain limited partnerships and trusts have been estimated by the general partners. Because of the inherent uncertainties of valuation of assets of these types, these estimated values may differ from the values that would have been determined if a ready market for the assets existed. Furthermore, these investments cannot be liquidated except with the consent of the general partners. Accordingly, they are considered illiquid.

For a complete description of the cost and fair value of these funds at June 30, 2011, see Footnote 4 of the Consolidated Financial Statements of the Museum for FY 2011 attached hereto as Section II.

Security for Bonds – Tax Equivalency Payments

The West Wing Facility was constructed in coordination with a 44-story residential tower of 247 condominium units, which is located over the West Wing Facility (the "Residential Tower"). The West Wing Project and the Residential Tower comprise a combined-use facility which was developed by the Trust in accordance with the New York State Cultural Resources Act (the "Act"). The Residential Tower did not constitute a part of the West Wing Project and was constructed by a private developer unrelated to the Museum or the Trust. Financing for the construction of the Residential Tower and the construction thereof were the sole responsibility of the developer. Under the terms of the Act, the Residential Tower is not subject to real estate taxation; however, the Act requires that tax equivalency payments be made to the Trust by the owners of the condominium units in the Residential Tower. Any tax equivalency payments received by the Trust from the owners of the Residential Tower are required by the Act to be applied first to the payment of the administrative costs of the Trust allocable to the combined-use facility and second to the payment to the City of certain amounts specified in the Act. Owners of condominium units in the Residential Tower began to make tax equivalency payments ("TEPs") to the Trust in July 1984 and the 1996A Bonds and 2001A Bonds (together referred to herein as "TEP Bonds") are payable from these tax equivalency payments and, to the extent that such tax equivalency payments are insufficient therefore, from payments made by the Museum pursuant to a Payment Agreement with the Trust (the "Payment Agreement"). The obligation of the Museum under the Payment Agreement is a general unsecured obligation of the Museum ranking on a parity with all other senior unsecured indebtedness of the Museum, including the Museum's payment obligation under the Loan Agreement in respect of the Series 2001-One-D Bonds, the Series 2008 Bonds, and the Series 2010 Bonds. As with the Series 2001-One-D Bonds, the Series 2008 Bonds, and the Series 2010 Bonds, none of the Property, the Collections or the Restricted Assets of the Museum will be available to satisfy the obligations of the Museum under the Payment Agreement.

Tax equivalency payments, like real estate taxes, are calculated by multiplying the current tax or mill rate by the lower of the actual assessed value of the property and its transitional assessed value. The assessed value and the transitional assessed value are determined annually by the City of New York. Pursuant to the New York State Real Property Tax Law, increases in the actual assessed value of property are required to be phased in over five years, resulting in a "transitional assessed value" of the property which reflects the phasing in of the increase. Decreases in the actual assessed value are phased in immediately. The table below shows the actual assessed value and the transitional assessed value for each of the fiscal years from fiscal year 2009 through 2011, reflecting lowered assessments communicated to the Museum in November 2011.

Fiscal Year (June 30)	Actual Assessed Value	Transitional Assessed Value	Gross Tax Equivalency Payments (1)	Museum Funding Required (2)
2009	46,800,005	46,152,647	5,541,000	0
2010	47,200,913	46,687,231	6,181,000	0
2011	47,200,853	47,465,070	6,303,000	0

- (1) Gross Tax Equivalency Payments are used first to pay certain administration costs of the Trust, second, to make payments to The City of New York in lieu of real estate taxes, and third, to pay debt service on the Bonds. Gross Tax Equivalency Payments billed for 2011 amounted to approximately \$6.3 million, of which approximately \$101,000 was paid for administration expenses for The Trust for Cultural Resources of The City of New York and approximately \$1.6 million was paid to The City of New York.
- (2) Museum funding is also affected by the timing of the receipt of tax equivalency payments. To the extent that tax equivalency payments were received after January 1, they were not available for scheduled January 1 debt service payment on the outstanding Bonds. As of December 15, 2011, approximately \$350,000 in prior tax equivalency payments pertaining to three units in the Residential Tower had not been collected.

In connection with the 1980 expansion, the Museum agreed to advance funds to the Trust to the extent that TEPs and the proceeds of the TEP Bonds are not sufficient to pay debt service due from time to time from the Trust to the holders of the TEP Bonds and to complete the 1980 expansion project. Such advances totaled \$35.6 million at June 30, 2011 and bore interest at a rate of 9% annually through June 30, 2004. These advances, as well as accrued interest, represent an obligation from the Trust to the Museum, to be paid from future excess TEPs.

Pursuant to an agreement dated January 10, 2006 between the Museum and the Trust, the interest rate on the outstanding advances from the Museum was converted to a market-based floating rate. The Museum also agreed that no additional interest would accrue on the advances for a five-year period beginning July 1, 2004 through June 30, 2009. Commencing on July 1, 2009 and thereafter, the unpaid balance of any outstanding advances accrues interest at a floating rate equal to the 3-year Treasury rate in effect on July 1 of that year. The rate was 1.01% through June 30, 2011 and will be 0.85% through June 30, 2012. This agreement provided for the issuance of new instruments to the Museum to evidence the obligations of the Trust, which required the authorization of the Comptroller of the State of New York and of the Comptroller of the City. These authorizations were obtained in August 2006, and the new instruments evidencing the Trust's obligations have now been issued.

In the event that the Museum is required to make further advances to cover debt service on the Serial Bonds described above, the Trust has agreed to issue to the Museum instruments for the amount of each such advance, which will be subject to the same terms and conditions as the instruments currently outstanding with respect to the previous advances from the Museum.

Statutory law limits the Museum's right to collect unpaid interest and principal with respect to any advance not paid within 57 years from the date of the original advance. Accordingly, to the extent that any advance and all accrued interest are not repaid in full within 57 years, the obligation of the Trust to the Museum will be extinguished and the Museum will thereafter have no right to collect from the Trust with respect to such obligations. The earliest expiration date for any advance will occur in 2039.

During fiscal year 2011, there were no excess TEPs available in accordance with the Arts and Cultural Affairs Law described above to reimburse the Museum for its advances. Interest on the aggregate advances from the Museum is presently accruing as described above. Cumulative interest totaled \$130.5 and \$128.8 million at June 30, 2011 and 2010, respectively.

Debt Service on Bonds

Set forth below is a schedule of outstanding Bonds at December 16, 2011. Debt service on the 1996A Bonds and 2001A Bonds totaled \$4 million in FY 2011 and was paid with available tax equivalency receipts after deduction of Trust expenses and amounts payable to New York City. Principal repayment of the 2001A Bonds began in 2008 and the applicable portion is included in the prior debt service number; principal repayment of the 1996A Bonds will begin in 2013.

	<i>Issued Amount (\$000's)</i>	<i>Defeased</i>	<i>Paid (\$000's)</i>	<i>Interest Rate</i>	<i>Outstanding (\$000's)</i>
<i>Series 1996A</i>	28,530			5.50%	28,530
<i>Series 2001A</i>	23,090		4,8000	5.00%	18,290
<i>Series 2001-One-D</i>	100,000			5.125%	100,000
<i>Series 2008-One-A</i>	195,035		64,210	5.00%	130,825
<i>Series 2010-One-A</i>	55,285			5.00%	55,285

III. B. INFORMATION OF THE TYPE INCLUDED IN THE OFFICIAL STATEMENT DATED DECEMBER 7, 2001 RELATING TO THE SERIES 2001-ONE-D BONDS AND INFORMATION OF THE TYPE INCLUDED IN THE OFFICIAL STATEMENT DATED JULY 23, 2008 RELATING TO THE SERIES 2008-ONE-A BONDS AND INFORMATION OF THE TYPE INCLUDED IN THE OFFICIAL STATEMENT DATED JULY 29, 2010 RELATING TO THE SERIES 2010-ONE-A REFUNDING REVENUE BONDS EACH UNDER THE HEADINGS “INTRODUCTION”; “PROPERTIES OF THE MUSEUM”; “BOARD OF TRUSTEES”; “ORGANIZATION AND ADMINISTRATION”; “CURATORIAL, PUBLICATIONS, AND EDUCATION PROGRAMS”; “PERSONNEL AND RELATED AREAS”; “STATEMENT OF ACTIVITY OF THE OPERATING FUND”; “FUTURE FINANCING”; AND “OTHER BONDS OF THE TRUST ISSUED FOR THE BENEFIT OF THE MUSEUM”.

Introduction

The Museum of Modern Art (the “Museum” or “MoMA”) is a private, non-profit institution chartered by the State of New York Department of Education in 1929 to foster public awareness of modern and contemporary art. In pursuit of this goal, the Museum has collected over 150,000 works of art, including works of painting, sculpture, drawing, prints, illustrated books, photography, film, media, performance art, architecture, and industrial and graphic design. The Museum also operates a publishing program, conducts an extensive education program, and maintains a major library and archives. Its exhibitions are circulated nationally and internationally.

The Museum’s primary sources of support are admission fees and membership dues, grants from individuals, foundations, and corporations, endowment income, and revenues from retail operations.

The Museum is managed by a Board of Trustees currently consisting of 40 voting members. A Director and an administrative and curatorial staff oversee its operations and implement policy set by the Board.

Properties of the Museum

Midtown Manhattan Museum

Main Facility. Although its first exhibition was held in 1929, the Museum did not have a permanent home until 1939 when it moved to the midtown Manhattan facility located on 53rd Street between Fifth Avenue and Avenue of the Americas. Since that time, the Museum has periodically expanded its facilities. The first expansion consisted of the addition of an office wing in 1951. In 1964, the construction of new galleries and study centers and the renovation of the garden of the Museum were undertaken. Further expansion occurred in 1968 when the Museum purchased a building on West 54th Street, which had been built, and was formerly used, by the Whitney Museum of American Art on land that had been originally donated by the Museum. This building was extensively remodeled to provide space for the Museum’s library, conservation laboratories, and art storage rooms.

West Wing Addition. In 1980, the Museum undertook the construction of the six-story West Wing facility (the “West Wing Facility”) adjacent to the Museum’s main facility and the renovation and improvement of the main facility (the “1980 Renovation”). The West Wing Facility and the 1980 Renovation, which were opened in 1984, significantly increased gallery space for Museum collections and temporary exhibitions, accommodated additional public service and other educational activities, and improved restaurant and retail facilities.

Main Facility Renovation and Expansion. In 1996, the Museum acquired three buildings located on West 54th Street and West 53rd Street to the west of the Museum, including property formerly known and operated as the Dorset Hotel (collectively, the “1996 Property”). Demolition of the 1996 Property commenced in the summer of 2000, and governmental and environmental approvals required to undertake the renovation and expansion of the main facility were obtained by December 2000. During the closing of the main facility, a facility in Queens was opened as exhibition space between 2002 and 2004. See “*MoMAQNS*” below.

After four years of construction, the renovated and expanded facility was opened to the public on November 20, 2004, with free opening day admission as a gift to patrons. The reopening commemorated the Museum’s 75th anniversary and heralded the completion of the most extensive rebuilding and renovation project in MoMA’s history. Approximately two years later, on November 28, 2006, the Museum also opened the Lewis B. and Dorothy Cullman Education and Research Center (“Education Center”), which frames the eastern side of the Sculpture Garden, thereby completing the expansion of the main facility.

The main facility of the Museum currently encompasses approximately 630,000 square feet of floor space, nearly double the capacity of the former building, and includes office, storage, education, and library facilities, in addition to exhibition areas. The Museum’s total exhibition space was increased from 85,000 to 125,000 square feet with galleries clustered around a soaring 110-foot-tall atrium (the Donald B. and Catherine C. Marron Atrium) that diffuses natural light throughout the building. The Museum’s facilities also include retail and restaurant operations, study centers, a 205-seat auditorium and a 407-seat auditorium, facilities for the reception and orientation of group visitors, and the expanded Abby Aldrich Rockefeller Sculpture Garden, which has been restored to its larger 1953 Philip Johnson design. The eight-story, 63,000 square-foot Education Center houses the Museum’s archives and

library, education program and classrooms, four curatorial departments, and several theatres (the 125-seat Celeste Bartos Theater, the 50-seat Warner Screening Room, and the 8-seat Mayer Screening Room).

There is one main retail shop within the Museum (MoMA Design and Book Store), a fine dining restaurant (*The Modern*), a casual restaurant and bar (*The Bar Room*), and *Cafe 2* and *Terrace 5*. The restaurants and cafés are operated by Danny Meyer's Art Food, LLC.

The majority of the costs of the main facility renovation and expansion project, including construction and planning, and the related increase in the endowment, were funded with contributions raised and cash received through the Museum's Capital Campaign, including funds it received from The City of New York and the State of New York. In November 1998, the Capital Campaign was publicly announced, with an initial goal of \$650 million. The Museum's Board of Trustees periodically reviewed the progress of the project and of the Capital Campaign. Based on a variety of factors, such as the estimated cost of the project and the strength of its Capital Campaign fundraising efforts, the Museum determined to increase the goal to \$859 million. The Campaign exceeded this goal with over \$900 million in pledges and contributions raised, including government support, of which over \$680 million had been collected in cash as of November 30, 2011. Included in the \$900 million pledge total is a \$100 million pledge to the endowment made in fiscal year 2005 by David Rockefeller in the form of a bequest as part of the Capital Campaign; in connection with this gift, Mr. Rockefeller has also pledged and paid \$5 million annually towards unrestricted museum operations, beginning in fiscal year 2006, until the \$100 million pledge is realized.

The property on which the West Wing Facility was developed was conveyed to The Trust for Cultural Resources of The City of New York (the "Trust") by the Museum in 1979 and leased back to the Museum pursuant to a long-term lease providing for nominal lease payments by the Museum. Similarly, the 1996 Property was also conveyed to the Trust by the Museum and is leased back to the Museum, pursuant to a long-term lease providing for nominal lease payments by the Museum. In 2007, the Trust conveyed one of the 1996 Property lots to the Museum. The Museum owns the remainder of its main facility.

West End Project. The Museum and certain of its affiliates closed on a sale in May 2007 of approximately 162,000 square feet of certain development rights it owned at 50 West 54th Street, 49-55 West 53rd Street, and 44 West 54th Street to W2005 / Hines West Fifty-Third Realty, LLC ("Hines"), an affiliate of international real estate developer Hines Interests LP, after a competitive bidding process. Sale proceeds of \$125 million were principally used to strengthen the Museum's endowment. The Museum retained certain development rights that will be used to create additional gallery space for the Museum in a mixed use facility to be constructed by Hines as part of the "West End Project."

The West End Project refers to the arrangement between the Museum and Hines through which the Museum's galleries will be extended on the 2nd, 4th, and 5th floor galleries (because the 2nd floor is a double-height floor, there is no 3rd floor in this part of the building) of the current building through and to a newly constructed mixed use facility, adding approximately 39,500 square feet of new gallery space, 18,250 square feet for mechanical spaces including stairs and elevator shafts, and 12,250 square feet for other non-public Museum uses including storage. Hines is responsible for the core and shell build-out of the MoMA space and will use the lobby and the floors above the MoMA space for a mixed use facility. It is too early to know total project costs, and the Museum is evaluating the balance between fundraising, financing, and use of existing cash reserves with respect to construction of the new space.

The project will enable MoMA to showcase more works of art from its world-renowned collection, as well as special exhibitions. The additional galleries—a 30% increase in MoMA's existing exhibition space on the second, fourth, and fifth floors—will be seamlessly integrated into the current exhibition galleries, creating an expanded and enhanced visitor experience. This possibility was anticipated in architect Yoshio Taniguchi's design for the 2004 MoMA expansion. There will be no change to the existing Museum entrances or lobby.

In addition, in December 2009, the Museum exercised an option it held since 2005 to purchase 136,000 square feet of air rights from the University Club, and the air rights were conveyed to the West End Project development site. As part of the transaction with Hines described above, Hines has the right to purchase the University Club air rights from the Museum.

After certification by the Department of City Planning of an application for Special Permits ("Special Permits") to begin the Uniform Land Use Review Process ("ULURP") and, pursuant to its approval thereof on September 9, 2009 and of the City Council of the City of New York on October 28, 2009, Special Permits were approved for zoning actions allowing for Hines to construct a mixed use building of 1,050 vertical square feet on the development site, including, amongst other things, the use of the University Club air rights. The Museum and Hines have agreed to delay the closing on the sale of the University Club air rights, in consideration of which the Museum has received a portion of the purchase price; however, there is no guarantee that the closing will occur or that the West End Project will be constructed as described above.

In July 2011, an affiliate corporation of the Museum purchased from The American Folk Art Museum ("AFAM") the land and building directly adjacent to the Museum and assumed a contract for the sale to Hines of certain air rights appurtenant to the property. AFAM is currently leasing the property from the Museum through the end of 2011. This acquisition complements and enhances the Museum's already planned West End Project by allowing for the potential design and construction of additional gallery space and resulting in improved visitor circulation.

Other Manhattan Facilities

The MoMA Design Store is currently located in space leased by the Museum, which is located across 53rd Street to the south of the Museum. An additional leased retail store is located at 81 Spring Street in the Soho neighborhood of Manhattan.

MoMAQNS

In 1999, the Museum purchased land and a building located at 45-20 32nd Place in Queens ("MoMAQNS") for the purpose of creating a state-of-the-art art storage and study facility within easy access of midtown Manhattan. Subsequent to the purchase of MoMAQNS, the Museum decided to use a portion of the facility for art exhibitions during the construction period of the main facility renovation and expansion project. In addition, the Museum purchased a building at 32-33 47th Avenue in Queens, contiguous to MoMAQNS, which was leased to a third party through September 2011; going forward, the Museum is contemplating the use of some or all of this space for its own mission related purposes.

MoMAQNS opened with an inaugural week of events in June 2002. It closed its exhibitions to the public in September 2004 in anticipation of the re-opening of the new museum in Manhattan on November 20, 2004. MoMAQNS was then converted to and continues to operate as a fully operational storage, study, and imaging facility, which consolidated art storage from fourteen commercial off-site facilities, housed certain sections of the Museum Library and Archives, and allowed for the operation of four dedicated digital imaging studios and an image archiving studio.

Non-New York Facilities

The Museum leases a retail distribution center in South River, New Jersey.

The Museum also owns a Film Preservation and Storage Center in Hamlin, Pennsylvania (the "Film Center"). The Film Center is used for the preservation, storage, and maintenance of preserved films and film related materials. The facility consists of two buildings: a 7,900 square foot facility for nitrate films and a 28,000 square foot facility for safety films. Both buildings contain custom-designed shelving, security, temperature, and humidity controls, and fire safety systems. The systems of the Film Center are linked to the Museum's Department of Film computer catalog, providing access to curators, cataloguers, study center and film guests, and management staff for the purposes of research, acquisitions, loans and inventory details, exhibition programming, and other collection management matters.

Insurance

The Museum maintains property and general liability insurance coverage. The property policy includes coverage for the building, business interruption, earthquake, flood, terrorism, construction, equipment, personal property, etc. The general liability coverage includes liability, automobile, and terrorism coverage. Both policies include coverage for all owned or rented locations. Additionally, the Museum maintains fine arts insurance coverage for its permanent collection of art and works of art on loan. Finally, the Museum maintains directors and officers liability insurance coverage.

Board of Trustees

The governing body of the Museum is the Board of Trustees (the “Board”) whose members (“Trustees”) serve staggered-three year terms. Of the Board’s 45 voting Trustee seats, 40 are presently filled.

Officers of the Museum are elected annually by the Board. All Officers other than the Secretary and Assistant Treasurer are also Trustees. The Museum Director serves as an *ex officio* Trustee. As of December 2011, the officers were as follows:

Honorary Chairman	David Rockefeller
Honorary Chairman	Ronald S. Lauder
Chairman Emeritus	Robert B. Menschel
President Emerita	Agnes Gund
President Emeritus	Donald B. Marron
Chairman	Jerry I. Speyer
President	Marie-Josée Kravis
Vice Chairmen	Sid R. Bass
	Leon D. Black
	Mimi Haas
	Richard E. Salomon
Director	Glenn D. Lowry
Treasurer	Richard E. Salomon
Assistant Treasurer	James Gara
Secretary	Patty Lipshutz

The Board is comprised of the following voting Trustees:

Wallis Annenberg	Ronald S. Lauder
Sid R. Bass	Thomas H. Lee
Lawrence B. Benenson	Michael Lynne
Leon D. Black	Donald B. Marron
Clarissa Alcock Bronfman	Philip S. Niarchos
Patricia Phelps de Cisneros	James G. Niven
Paula Crown	Peter Norton
David Dechman	Maja Oeri
Glenn Dubin	Michael S. Ovitz
John Elkann	Richard D. Parsons
Laurence D. Fink	David Rockefeller, Jr.
Kathleen Fuld	Sharon Percy Rockefeller
Howard Gardner	Richard E. Salomon
Anne Dias Griffin	Anna Marie Shapiro
Agnes Gund	Anna Deavere Smith
Mimi Haas	Jerry I. Speyer
Alexandra A. Herzan	Ricardo Steinbruch
Marlene Hess	Alice M. Tisch
Jill Kraus	Edgar Wachenheim III
Marie-Josée Kravis	Gary Winnick

In 1992, the Board of Trustees created the category of Life Trustee to honor voting Trustees who have rendered special and significant service to the Museum over a period of years. Generally, this occurs when the voting Trustee attains the age of 75. Life Trustees may continue to attend Board meetings and serve in a voting capacity on and/or chair Trustee Committees. At present, the Life Trustees are:

Celeste Bartos	Robert B. Menschel
Eli Broad	Peter G. Peterson
Douglas Cramer	Gifford Phillips
Joel S. Ehrenkranz	Emily Rauh Pulitzer
Gianluigi Gabetti	David Rockefeller
Barbara Jakobson	Jeanne C. Thayer
Werner H. Kramarsky	Joan Tisch
June Noble Larkin	

In recognition of special and significant service rendered to the Museum, certain individuals have been elected as Honorary Trustees. Their function is honorary and advisory. At present they are:

Marilyn Arison	Mrs. Milton Petrie
Mrs. Jan Cowles	Lord Rogers of Riverside
Lewis B. Cullman	Ted Sann
H.R.H. Duke Franz of Bavaria	Gilbert Silverman
Maurice R. Greenberg	Yoshio Taniguchi
Wynton Marsalis	David Teiger
Richard E. Oldenburg	Eugene V. Thaw

The Mayor, the Comptroller, and the Speaker of the Council of The City of New York, the Co-Chairmen of the Museum's Contemporary Arts Council, the President of the International Council, the Chairman of MoMA PS1 and the Director of the Museum serve as *ex officio* Trustees and as such are entitled to attend, in an advisory capacity, all meetings of the Board. Each of the Mayor, the Comptroller, and the Speaker may designate a representative to attend meetings in his or her absence. In addition to regular meetings held approximately five times each year, the Board operates through Board Trustee Committees. Members of the Executive Committee and the Finance Committee are elected annually by the Board as a whole. Members of the other standing committees are appointed by the Chairman of the Board. These committees determine policy for the individual curatorial and administrative departments of the Museum. The Chairman of the Board, the President, and the Director of the Museum are *ex-officio* members of all committees.

Organization and Administration

The operations of the Museum are overseen by the Director. The various departments of the Museum are overseen by the Chief Operating Officer and three Senior Deputy Directors. The Secretary and General Counsel oversees the legal affairs and provides advice on governance matters to the Museum and the Board of Trustees. Managerial and Administrative department head positions are:

Director	Glenn D. Lowry
Associate Director	Kathy Halbreich
Chief Operating Officer	James Gara
Senior Deputy Director for External Affairs	Michael Margitich
Senior Deputy Director for Curatorial Affairs	Peter Reed
Senior Deputy Director for Exhibitions and Collections	Ramona Bannayan
General Counsel	Patty Lipshutz
Chief Financial Officer	Jan Postma
Chief Investment Officer	Frank Ahimaz

As of December 31, 2011, Michael Margitich will be retiring from his position of Senior Deputy Director of External Affairs; he will remain on staff as Special Advisor to the Director through June 30, 2012. A search for his successor is underway. The biographies of certain management personnel follow:

GLENN D. LOWRY became the sixth Director of The Museum of Modern Art in 1995. He leads a staff of approximately 750 people and directs an active program of exhibitions, acquisitions, and publications. His major initiatives over the past 16 years include guiding MoMA's \$900 million capital campaign for the renovation and expansion of the Museum, building the Museum's endowment, reinvigorating MoMA's contemporary art program, and challenging conventional thinking about modern art.

A strong advocate of contemporary art, Mr. Lowry conceived and initiated the Museum's successful merger with P.S.1 Contemporary Art Center in 1999. He has lectured and written extensively in support of contemporary art and artists and the role of museums in society, among other topics.

Mr. Lowry is a member of the Williams College Board of Trustees, a fellow of the American Academy of Arts and Sciences, a resident member of American Philosophical Society, and serves on the advisory council of the Department of Art History and Archaeology at Columbia University. He is also a Steering Committee Member for the Aga Khan Award for Architecture. In 2004, the French government honored Mr. Lowry with the title of Officier dans l'Ordre des Arts et des Lettres. Mr. Lowry's most recent publications include *Design for the New Museum of Modern Art* (2004); *ARTnews: 'Gained in Translation'* (2006); *Oil and Sugar: Contemporary Art and Islamic Culture* (2009); and *The Museum of Modern Art in This Century* (2009).

Born in 1954 in New York City and raised in Williamstown, Massachusetts, Mr. Lowry received a B.A. degree (1976) magna cum laude from Williams College, Williamstown, and M.A. (1978) and Ph.D. (1982) degrees in the history of art from Harvard University. He has received honorary degrees from the Pennsylvania Academy of the Fine Arts, Pratt Institute, and The College of William and Mary.

KATHY HALBREICH joined the Museum in the newly created position of Associate Director in February 2008. Ms. Halbreich focuses on curatorial and strategic issues designed to amplify contemporary programs and initiatives at MoMA and MoMA PS1, both locally and globally. Prior to joining the Museum, Ms. Halbreich served as Director of the Walker Art Center for 16 years. Prior to her directorship at the Walker Art Center, Ms. Halbreich was Curator of Contemporary Art at the Museum of Fine Arts, Boston, and the Director and Curator at List Visual Arts Center at the Massachusetts Institute of Technology. Ms. Halbreich was inducted into the American Association of Museums Centennial Honor Roll, a recipient of the Award for Curatorial Excellence from Bard College, and named a Chevalier of the French Order of Arts and Letters. Ms. Halbreich has also served as Commissioner for North America and Cuba at the Gwangju Biennale and Curatorial Advisor for Carnegie International as well as a member of the Documenta X and Documenta XIII International Committee.

JAMES A. GARA, Chief Operating Officer and Assistant Treasurer of the Museum, has been part of the Museum staff since 1982. Mr. Gara oversees the Departments of Finance, Human Resources, Information Systems, Investments, Operations, Security, and Retail. Mr. Gara serves on the Board of Trustees of the Ethical Culture Fieldston Schools, of which he was formerly Chairman. He is also a Trustee of the Lily Auchincloss Foundation. Mr. Gara has an M.B.A. in Finance from the Wharton School, University of Pennsylvania, an M.A. in Middle Eastern Languages from Columbia University, and a B.A. in History from CUNY.

MICHAEL MARGITICH came to the Museum in 1995 as Deputy Director of Development, and is currently the Senior Deputy Director for External Affairs. Mr. Margitich oversees the Departments of Development, Membership, Special Programming and Events, Marketing, Communications, and Visitor Services. Mr. Margitich has taught and lectured on development concepts and fundraising at universities and other institutions nationally and internationally. Mr. Margitich's 30-year career in fundraising prior to the Museum includes being a member of the management teams for billion-dollar campaigns for Harvard University and Columbia University.

PETER REED was named Senior Deputy Director for Curatorial Affairs in 2005. Previously, he was Curator in the Department of Architecture and Design at MoMA from 1999 to 2005. He joined the staff in 1992 as an Assistant Curator, and was appointed Associate Curator in 1994. He oversees the Department of Publications, Library and Archives, Education, and Conservation and serves as a coordinator for all curatorial departments. Before joining the Museum, Mr. Reed taught art history at the University of Pennsylvania and was the Director of Research for Penn's Architectural Archives (1989-92). He holds an M.A. and Ph.D. in art history from the University of Pennsylvania.

RAMONA BRONKAR BANNAYAN has been with the Museum since 1990 and was named Senior Deputy Director, Exhibitions and Collections in 2011, after being named Deputy Director, Exhibitions and Collections in 2010. Previously, she was the Director of Collection Management and Exhibition Registration at MoMA. Ms. Bannayan oversees the Departments of Exhibitions, Exhibition Production, Registrar, Art Handling and Preparation, Imaging Services and Collection and Exhibition Technologies. Ms. Bannayan has an M.F.A. from Columbia University where she graduated with honors.

PATTY LIPSHUTZ has been Secretary and General Counsel of the Museum since 1998. Ms. Lipshutz oversees the Museum's legal affairs, monitors the activities of the Board, and monitors the Museum's copyright and trademark issues and litigation. She came to the Museum from St. Luke's-Roosevelt Hospital where she was Senior Vice-President for Legal Affairs, General Counsel and Secretary from 1987 to 1998.

JAN POSTMA has been with the Museum since 2001 and was named Chief Financial Officer in 2008. Prior to joining the Museum, Mr. Postma worked in investment banking at Merrill Lynch. He received an M.B.A. as a Baker Scholar from Harvard Business School (2005) and a B.A. degree (1999) in economics summa cum laude from Williams College.

FRANK AHIMAZ joined MoMA in November 2008 as the Chief Investment Officer. Prior to joining MoMA, Mr. Ahimaz was a director at Citigroup in the Investment Banking Department. Mr. Ahimaz has also worked at Merrill Lynch and Morgan Stanley in both alternative investments and investment banking. Mr. Ahimaz graduated with an M.B.A. in Finance from the Wharton School at University of Pennsylvania and a B.S. in aerospace engineering from the Massachusetts Institute of Technology.

Curatorial, Publications, and Education Programs

Curatorial. From an initial gift of eight prints and one drawing, the Museum's collection has grown to include more than 150,000 paintings, sculptures, drawings, prints, illustrated books, photographs, architectural models and drawings, and design objects. The Museum also owns some 22,000 films, videos, media, and performance art works, as well as film stills, scripts, posters, and historical documents. The Museum's library contains over 300,000 books, artist books, and periodicals, and the archives hold over 2,500 linear feet of historical documentation and a photographic archive of tens of thousands of photographs, including installation views of exhibitions and images of the Museum's building and grounds. Each year the Museum acquires numerous works for its collection, through donation or purchase, in each of its curatorial departments.

Acknowledged worldwide for its collection of 20th and now 21st century art, the Museum has been instrumental in introducing the art of this period into the mainstream of modern life. The range of the Museum's program of temporary exhibitions extends from retrospective studies of the work of major modern and contemporary artists to examinations of the cultural and aesthetic contexts of major historical moments, and also supports the work of less well known living artists through continuing exhibitions to review the latest trends in contemporary art.

In furtherance of its curatorial mission with regard to contemporary art, the Museum is also the sole member of P.S.1 Contemporary Art Center, Inc. ("MoMA PS1"), a support organization of the Museum, and appoints all members of the MoMA PS1 Board of Directors. In 2007, MoMA PS1 and the Museum entered into a Management Assistance and Services Agreement whereby the Museum provides management and administrative assistance to MoMA PS1's affairs and operations in certain areas, including accounting and payroll, fundraising and development, coordination of information technology, insurance, and legal affairs. An exhibition space rather than a collecting institution, MoMA PS1 devotes its energy and resources to displaying the most experimental art in the world. A catalyst and an advocate for new ideas, discourses, and trends in contemporary art, MoMA PS1 actively pursues emerging artists, new genres, and adventurous new work by recognized artists in an effort to support innovation in contemporary art.

An indication of the breadth and diversity of the Museum's curatorial program is the following list of exhibitions selected from among more than 150 exhibitions that it has presented over the last ten years: *Gerhard Richter: Forty Years of Painting; The Russian Avant-Garde Book 1910-1934; AUTObodies: speed, sport, transport; Drawing Now: Eight Propositions; Matisse Picasso; Max Beckmann; Ansel Adams at 100; Artist's Choice: Mona Hatoum, Here is Elsewhere; Kiki Smith: Prints, Books and Things; Roth Time: A Dieter Roth Retrospective; Tall*

Buildings; Lee Bontecou: A Retrospective; Friedlander; Pioneering Modern Painting: Cezanne and Pissarro 1865-1885; Safe: Design Takes on Risk; Elizabeth Murray; Beyond the Visible: The Art of Odilon Redon; Pixar: 20 Years of Animation; On-Site: New Architecture in Spain; Edvard Munch: The Modern Life of the Soul; Without Boundary: Seventeen Ways of Looking; Dada; Artists Choice: Herzog & Demeuron, Perception Restrained; Douglas Gordon: Timeline; Out of Time: A Contemporary View; Eye on Europe: Prints, Books, and Multiples / 1960 to Now; Brice Marden: A Retrospective of Paintings and Drawings; Manet and the Execution of Maximilian; Doug Aitken: sleepwalkers; Armando Reveron; Jeff Wall; Comic Abstraction: Image-Breaking, Image-Making; Richard Serra Sculpture: Forty Years; Georges Seurat: The Drawings; Design and the Elastic Mind; Home Delivery: Fabricating the Modern Dwelling; Van Gogh and the Colors of the Night; Joan Miro: Painting and Anti-Painting 1927 – 1937; Pipilotti Rist: Pour Your Body Out; Martin Kippenberger: The Problem Perspective; Into the Sunset: Photography's Image of the American West; Tangled Alphabets: Leon Ferrari and Mira Schendel; James Ensor; In and Out of Amsterdam: Travels in Conceptual Art, 1960 – 1976; Monet's Water Lilies; Bauhaus 1919 – 1933: Workshops for Modernity; Tim Burton; Gabriel Orozco; William Kentridge: Five Themes; Marina Abramovic: The Artist is Present; Henri Cartier Bresson: The Modern Century; Matisse: Radical Invention, 1913-1917; The Original Copy: Photography of Sculpture, 1839 to Today; Small Scale, Big Change: New Architectures of Social Engagement; On Line: Drawing Through the Twentieth Century; Abstract Expressionist New York; Counter Space: Design and the Modern Kitchen; Picasso Guitars: 1912 – 1914; German Expressionism: The Graphic Impulse; Francis Alys: A Story of Deception; Ryan Trecartin: Any Ever; Talk to Me: Design and the Communication between People and Objects; and Carlito Carvalhosa: Sum of Days.

The Museum's programs are organized through seven curatorial and a number of curatorial support departments. Peter Reed, the Senior Deputy Director for Curatorial Affairs, coordinates the Museum's curatorial activities (biography available herein). In addition, the position of Associate Director was created by the Museum in FY 2008 and filled by Kathy Halbreich in February 2008 (biography available herein). Among other activities, Ms. Halbreich has worked to amplify the Museum's contemporary art programs, initiatives, and global reach. Several new chief curators, an even deeper curatorial staff, and a new publications team have further enhanced the programming staff since opening of the renovated and expanded main facility in 2004. The curatorial support departments include audiovisual support, collection care, collection exhibition technology, conservation, exhibition administration, exhibition design and production, film operations and preservation, imaging, outgoing loans, provenance, and registrar.

The curatorial departments and their Chief Curators are listed below. Sabine Breitwieser joined the Museum in October 2010 as the new Chief Curator for Media and Performance. Additionally, Deborah Wye retired from her position as Chief Curator of Prints and Illustrated Books on September 1, 2010, and Christophe Cherix was appointed to succeed her. Peter Galassi retired from his position as Chief Curator of Photography on June 30, 2011, and a search is ongoing for his replacement.

Architecture and Design	Barry Bergdoll
Drawings	Connie Butler
Film	Rajendra Roy
Media and Performance	Sabine Breitwieser
Painting and Sculpture	Ann Temkin
Photography	Open
Prints and Illustrated Books	Christophe Cherix
Chief Curator at Large / Director of MoMA PS1	Klaus Biesenbach

Each year the Museum is anchored by a vibrant and dynamic program including a rich temporary exhibition schedule at MoMA and MoMA PS1, gallery rotations, a performance art series, the film program, many educational programs, publications, and online content. In FY 2012, the Museum is administering over ten major temporary exhibitions at MoMA and MoMA PS1. In addition, the quality and depth of the Museum's collections enable the Museum to maintain an active loan program, which serves institutions both in the United States and abroad: each year, the Museum lends a number of works beyond those exhibited in its own galleries. In FY 2012, five of the Museum's exhibitions are on tour (some to multiple venues) or part of content licensing arrangements. Along with the aforementioned tours and content licensing, in April 2009, the Museum entered into a four-year agreement with the High Museum in Atlanta, GA in order to collaborate on the development of exhibitions, to share knowledge and reach new audiences, and to foster the exchange of expertise, all in furtherance of each institution's

non-profit, educational mission; as part of the collaboration agreement, the Museum receives payments from the High Museum as certain activities are completed. *Picasso to Warhol: Twelve Modern Masters* is on view at the High Museum into April 2012 and will be followed by *Picturing New York* in July of 2012. In May 2011, the Museum also announced a multiyear collaboration agreement with the Art Gallery of Western Australia in Perth (the “Perth Collaboration”); as part of the agreement, the Museum receives payments as certain activities are completed. The Perth Collaboration will feature two large anchor exhibitions interspersed with four smaller focus exhibitions, each drawn from the Museum’s collections to explore the work of the most important art and artists of the twentieth century. The first exhibition will open in Perth in 2012 and the sixth will close in 2015.

The following exhibitions, among others, are currently on view or are planned at the Museum in the remainder of FY 2012:

- *de Kooning: a Retrospective*
- *Diego Rivera: Murals for The Museum of Modern Art*
- *Clifford Owens: Anthology* (at MoMA PS1)
- *Sanja Ivekovic: Sweet Violence*
- *Foreclosed: Rehousing the American Dream*
- *Print/Out*
- *Cindy Sherman*
- *Ecstatic Alphabets*

Publications. Since its founding, the Museum has published some 1,350 editions appearing in 20 languages. Approximately twenty new books are published each year, and several of them, including out-of-print titles, are now available in digital format for download to personal computers and tablets. Readers can zoom in on high resolution reproductions of artworks to study details. Among the best known of the Museum’s publications are the following:

- *The Family of Man* by Edward Steichen
- *Complexity and Contradiction in Architecture* by Robert Venturi
- *Looking at Photographs* by John Szarkowski
- *Jackson Pollock* by Kirk Varnedoe with Pepe Karmel
- *Henri Cartier-Bresson: The Modern Century* by Peter Galassi
- *Mies in Berlin* by Terence Riley and Barry Bergdoll
- *Machine Art* by Philip Johnson
- *Gerhard Richter: Forty Years of Painting* by Robert Storr
- *Matisse Picasso* by John Elderfield, Kirk Varnedoe, et al.
- *The Photographer's Eye* by John Szarkowski
- *Richard Serra Sculpture: Forty Years* by Kynaston McShine et al.
- *Contemporary Chinese Art: Primary Documents* by Wu Hung
- *Bauhaus 1919-1933: Workshops in Modernity* by Barry Bergdoll and Leah Dickerman
- *de Kooning: a Retrospective* by John Elderfield

Education. The Museum was founded in 1929 as an educational institution and maintains a vast breadth of educational programming, which increased in the years after the opening of the renovated and expanded main facility in 2004. In FY 2011, over 3 million children, students, and adults, of all abilities, were served by the Education Department: 129,000 through participation in programs, over 2.7 million visitors who accessed free interpretative resources including labels and audio guides (offered in nine languages) to support their learning in the galleries, and over 1 million by using on-line educational resources. Educational resources include informational labels, family guides, interactive games, public tours, audio tours in nine languages, visual description tours for the blind and partially sighted, and resources for other individuals with special needs. The Education Center provides a central location for a wide array of educational resources including three classrooms, a theater, a publicly accessible library, an archives reading room, three curatorial study centers, and programmed “laboratory” spaces such as the interactive space for families, *Material Lab*. Educational programs take place throughout the weekdays from 9 a.m. through 10 p.m. and on weekends as well. The following is a selected sampling of the programming offered by the education department:

- Interpretation and Research (audioguides for all audiences in nine languages; labels and other in-gallery support for visitor learning; digital resources on-line; interactive games; visitor research projects; evaluation projects)
- Digital Learning (free online resources such as an informal learning site for teachers, students, and educators; audio, video, and multimedia content creation for online learning experiences; instructor-led online courses; self-guided versions of online course content to extend the reach of content and experience; communication and social media outlets for online and onsite visitors)
- Family programs (free gallery conversations; art workshops; artist talks; film screenings; activity guides; websites; interactive spaces for families)
- School Visits for Kindergarten through High School seniors (free admission for New York City public Title 1 K-8 schools; free admission for all New York City public high schools; customized school partnerships)
- High School programs (*MoMA After School; In the Making Art Programs*)
- Teacher programs (weekend teacher workshops; *Modern Teachers; Modern Teachers On-Line Educator Guides*; customized teacher workshops)
- Selected Internships and Fellowships
- Adult and Academic Programs (*Conversations with Contemporary Artists; Modern Poets; Gallery Conversations; Brown Bag Lunch Lectures*; interactive spaces offering hands-on workshops; a wide range of exhibition-related lectures, symposia, and panel discussions; a variety of art history and studio courses); sign language interpretation and captioning is available for selected programs
- Access Programs (customized programs for visitors of all ages with disabilities, including families of children with developmental disabilities; programs for individuals who are deaf, hard of hearing, blind or partially sighted; *Meet Me At MoMA* for persons living with dementia and their caregivers)
- Community Programs (library programs; community and school partnerships)

Personnel and Related Areas

Staffing. As of December 2011, a staff of approximately 750 employees was responsible for the operation of the Museum; a cap of this approximate staff level was put in place in FY 2011 at the conclusion of the hiring freeze that began in FY 2009. Personnel policies and benefits were reviewed during FY 2009 as part of overall cost reduction efforts. For FY 2010, which began on July 1, 2009, the Museum implemented one year salary reductions of varying percentages for the most highly compensated staff and one year salary freezes for most other staff. Additionally, as discussed herein, the Museum implemented changes to its pension plans, effective November 1, 2009, and health and welfare plans effective July 1, 2009. Finally, the Museum’s Voluntary Exit Incentive Plan took effect on October 1, 2009 and resulted in 20 employees leaving the Museum, generating one-time higher expenses in FY 2010 but savings thereafter.

Labor Relations. As of December 1, 2011, the Museum was party to the following five collective bargaining agreements covering approximately 60% of the Museum’s permanent employees:

<u>Covered Staff</u>	<u>Union</u>	<u>% of Employees</u>	<u>Contract Expiration</u>
Unionized non-management staff	Professional and Administrative Staff Association, Local 2110, U.A.W.	36	May 20, 2015
Unionized security guards	Local 32-BJ, Service and Employees International Union, AFL-CIO	15	December 31, 2012
Unionized engineers, carpenters	Local 30	7	July 31, 2014
Unionized AV technicians, projectionists	Local 306	2	October 31, 2014
Unionized painters	Local 1456	<1	July 31, 2014

In May 2009, the Museum reached agreement on mid-contract adjustments to the collective bargaining agreement with Local 2110 related to maintaining salary levels and making certain changes to the Museum’s Pension Plan, 403(b) Plan, and health plan design. After the collective bargaining agreement expired in May 2010, the Museum and Local 2110 negotiated and reached an amicable agreement in June 2010, and the new contract

expires in May 2015. In July 2009, the Museum also reached agreements on mid-contract adjustments to the collective bargaining agreements of Local 30 and Local 306 related to health plan contributions and health plan design. During FY 2011, Local 30 and Local 1456 each ratified newly negotiated collective bargaining agreements which will expire on July 31, 2014, and Local 306 ratified a newly negotiated collective bargaining agreement which will expire October 31, 2014. The five current collective bargaining agreements include annual salary increases for the duration of the contracts.

Pension Plans. In FY 2009, as part of Museum-wide cost-reduction efforts, the Museum approved changes to its pension plans, effective November 1, 2009, and froze future accruals for those certain senior management employees who participated in the Supplemental Executive Retirement Plan, effective July 1, 2009. Generally, with certain differences amongst the Museum's non-union and various union staff, all employees in the Museum's defined benefit plan opted either to: 1) remain in the defined benefit pension plan and forgo future 403(b) matching contributions from the Museum, or 2) receive an enhanced 403(b) match and forgo future accruals in the defined benefit plan. New employees are eligible to participate in the enhanced 403(b) Plan only, thereby freezing the number of participants in the defined benefit plan.

As of October 31, 2011, the assets of the Museum's defined benefit pension plan totaled approximately \$53 million. As of June 30, 2011, the accumulated benefit obligation was \$58.8 million and the projected benefit obligation, which includes all future service estimates, was \$67.8 million. The Museum contributed \$2 million to the plan in early FY 2011, \$2 million during FY 2010, and \$520,000 during FY 2009; no cash contributions are expected to be made into the plan during FY 2012.

Health and Welfare Plans. To help counteract the rising cost of healthcare, and to lower the Museum's projected out-of-pocket expenses, changes to the Museum's healthcare plan were implemented, effective July 1, 2009, to require that most non-union and certain union employees contribute to the plan, based on salary and coverage level. Plan design changes affecting all staff on the Museum's healthcare plan were also effective as of July 1, 2009.

Postretirement health and welfare benefit costs are funded by the Museum on a pay-as-you-go basis. The Museum's postretirement benefit liability was \$21.2 million at June 30, 2011. Employees hired after February 1, 2003 are not eligible for the retiree medical plan. Additionally, based on recent changes, employees who retire after November 1, 2009 share the cost of postretirement health coverage by contributing the same percentage of the cost as they contributed while they were active employees just prior to retirement. These actions have lowered the projected growth in the Museum's postretirement benefit liability.

A financial summary of the Museum's Pension Plan and other Postretirement Benefits is included in Footnote 13 to the Museum's FY 2011 Audited Consolidated Financial Statements attached hereto as Section II.

Statement of Activity of the Operating Fund

The following table sets forth certain financial data of the Museum's operations as derived from its Consolidated Statements of Unrestricted Revenues, Expenses and Changes in Unrestricted Net Assets for the period from FY 2009 through FY 2011. The financial data only depicts certain operations of the Museum and does not represent the Museum's consolidated results for any period presented. The financial data for this period were derived from the Museum's financial statements, which were prepared in accordance with accounting principles generally accepted in the United States of America, and should be read in accordance with the Museum's Consolidated Financial Statements for the years ended June 30, 2011 and 2010, and notes thereto, attached hereto as Section II.

To ensure observance of limitations and restrictions placed on the use of resources available to the Museum, the accounts of the Museum are maintained in accordance with the principles of not-for-profit accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into net assets based on donor restrictions. Separate accounts are maintained for each fund and funds that have similar characteristics are combined into three net asset categories: permanently restricted, temporarily restricted, and unrestricted.

The Museum of Modern Art
Financial Data of the Museum Operations of The Museum of Modern Art
for the years ended June 30, 2011, 2010, and 2009
(000's)

	<u>FY 11</u>	<u>FY 10</u>	<u>FY 09</u>
Revenue and Support:			
Admissions	\$ 22,695	\$ 24,792	\$ 22,373
Membership	14,991	15,211	14,151
Investment Income Allocated from Endowment and Restricted Funds	26,005	24,977	30,959
Board-designated (Decrease) / Increase in Spending Policy	0	(3,250)	2,885
Annual Fund Contributions	8,564	7,924	7,738
Program Grants, Contributions, Other Revenue from Restricted Funds	7,589	11,348	11,208
Other Grants and Contributions	17,406	11,606	9,962
Government Support	0	0	275
Circulation Exhibition Fees	3,508	2,898	749
Other	6,364	6,980	5,895
Revenue of Auxiliary Activities	<u>50,493</u>	<u>53,245</u>	<u>51,700</u>
Total Operating Revenue and Other Support	157,615	155,731	157,895
Operating Expenses:			
Curatorial and Related Support Services	26,603	24,933	27,083
Exhibitions	7,835	10,284	12,885
Other Programs	3,771	4,931	3,897
Membership, Development, and Cultivation	10,705	10,000	11,215
Public Information	4,205	3,634	3,536
Public Services	4,530	4,475	4,628
Facilities, Security, and Other Operating	25,950	25,533	26,023
Depreciation (Non-Auxiliary)	2,295	2,136	1,713
Administration and Other	21,549	20,174	18,856
Cost of Sales/Other Auxiliary Activities	<u>47,507</u>	<u>47,754</u>	<u>47,739</u>
Total Museum Operations Operating Expenses	154,950	153,854	157,575
Excess of Revenue and Support over Operating Expenses	<u>\$2,665</u>	<u>\$1,877</u>	<u>\$320</u>

Management Discussion and Analysis

The Museum believes that its exhibition schedule, admission fees, membership dues, and general economic conditions in New York City, the nation, and the world are factors that influence its operating results. The first seven fiscal years in the Museum's expanded midtown Manhattan facility were successful across all revenue areas, particularly in the areas of attendance, membership, and retail. In FY 2011, the Museum balanced its operating budget for the sixteenth consecutive year, instituting investments for future revenue growth while maintaining a focus on expense management, each designed to achieve multiyear stabilization. The FY 2012 budget built on actions from prior years as described below.

To address the challenging financial and economic environment that developed in 2008, the Museum proactively instituted a temporary hiring freeze and a 10 percent cut in its discretionary budget in October 2008 (FY 2009). These actions and active expense management, along with then record levels of attendance and membership, allowed the Museum to finish FY 2009 with a balanced budget, offsetting declines in certain fundraising categories and in its retail operation; net operating revenue for FY 2009 was \$320,000. In planning for FY 2010, the Museum expected that the economic environment would remain challenging; therefore, the hiring freeze continued along with an additional cut in discretionary expenses. Additionally, the Museum implemented changes to its personnel and related costs as described herein and prioritized capital spending. These changes, combined with a focus on programming quality and record levels of earned revenue and attendance and membership, allowed the Museum to

finish FY 2010 with a balanced budget; net operating revenue of \$1.9 million was used to offset a portion of interest expense, as planned.

In FY 2011, while continuing the focus on programming quality as well as recurring expense reductions implemented during the prior two years, the Museum allocated resources to investments for future revenue growth. These investments ranged across many revenue categories and included the redesigned MoMAStore.org (launched in July 2011), the implementation of a new Customer Relationship Management system that will enhance membership and development activities (September 2011), and a new Digital Member Lounge (November 2011). Further, the Museum launched a revenue growth initiative to create a multi-year plan for growing existing and new sources of revenue. One such initiative was the pilot of online courses in FY 2011 which will be expanded in FY 2012 with new instructor-led online courses as well as self-guided course options. In FY 2011, the Museum's attendance and membership levels were again strong, meeting projections, though slightly below the record levels set in FY 2010. The Museum finished FY 2011 with a balanced operating budget; net operating revenue of \$2.7 million was used to offset a portion of interest expense, as planned.

Continuing efforts on the part of the Board of Trustees and Museum management are directed toward achieving balanced budgets in the future. In May 2011, the Board approved the Museum's balanced operating budget for FY 2012.

However, the occurrence of unanticipated events may have an adverse impact on whether forecasted surpluses or deficits are realized and the levels at which they may be realized. Many factors could adversely affect demands for the Museum's programs and available funds, including, but not limited to, macroeconomic conditions, a change in discretionary income for travel, ticket or membership prices at other attractions, the construction of other attractions, a change in the patterns of domestic and international leisure travel, changes in the economic or tax landscape that adversely impact philanthropy, currency exchange rates, and the costs or outcome of pending or future litigation. The Museum also budgets for certain levels of investment revenue derived from the investment of its endowment and other funds. Market turbulence affects the value of the Museum's endowment assets and, consequently, the value of, and the amount of revenue from, the Museum's investments may be negatively affected by adverse events in the financial markets.

Interest costs totaling \$16.4 million in FY 2009 were paid on a cash basis through receipts of campaign pledges, as planned. In FY 2010, \$14.1 million of interest expense was paid on a cash basis through a combination of receipts of operating revenues and campaign pledges, as planned. In FY 2011, \$15.0 million of interest expense was paid on a cash basis through a combination of operating revenues, receipts of campaign pledges, and other sources of revenue, as planned. Going forward, debt service is expected to be paid from receipts of campaign pledges, other fundraising, operating revenues, and/or other sources of revenue.

Revenue and Support

Admissions; Membership. The Museum charges set fees for admissions and sells memberships of various categories. On September 1, 2011, the Museum changed its admission ticket prices and added discounted online prices: adult prices increased from \$20 to \$25 (\$22.50 online), senior prices increased from \$16 to \$18 (\$16 online), and student prices increased from \$12 to \$14 (\$12 online). Children under the age of seventeen continue to receive free admission. On November 1, 2011, the Museum changed its membership prices, raising the individual membership price from \$75 to \$85. From July to October 2011, the Museum allowed existing and new members to lock-in one or two year memberships at existing prices. The following chart shows approximate annual attendance and membership for FY 2007 through FY 2011. In FY 2008, FY 2009, and again in FY 2010, attendance and membership set new records for the Museum. As of December 15, 2011, attendance is tracking to reach approximately 2.8 million visitors for FY 2012, and the Museum's membership count stands at 137,000.

<u>Fiscal Year (ending June 30)</u>	<u>Approximate Attendance</u>	<u>Approximate Membership</u>
2007	2,340,000	100,000
2008	2,640,000	105,000
2009	2,840,000	119,000
2010	3,090,000	135,000
2011	2,760,000	128,000

In addition to the on-site attendance noted above, approximately 17 million people visited the Museum’s website in FY 2011. In November 2009, the Museum launched the MoMA / MoMA PS1 blog INSIDE / OUT, a forum for informal conversations involving MoMA and MoMA PS1 staff, artists, invited guests, and visitors. In addition to the Museum’s own website, the Museum has a presence on other social media sites including Facebook (900,000 fans), Twitter (800,000 followers), Foursquare, YouTube, iTunesU, and Flickr. Further, the Museum’s iPhone application has received over 600,000 downloads, the Android version has received nearly 100,000 downloads, and the iPad application associated with *Abstract Expressionist New York* has received over 150,000 downloads.

Investment Income. “Investment income allocated from Endowment and Restricted Funds” appearing in the preceding Statement of Activity of the Operating Fund section reflects transfers of investment income and realized gains from the Museum’s endowment to support operations of the Museum. Pursuant to a policy adopted by the Board of Trustees (which policy may be amended by the Board at any time), the Board has limited the amount of available unrestricted endowment that can be budgeted for use in operations of the Museum to 5% of the adjusted average market value of available endowment at the end of the three fiscal years preceding the year for which the budget is being prepared. This policy is intended to permit a larger portion of funds to remain in the endowment to build for the future. In addition, certain endowment funds designated for specific operating, program, or acquisition purposes are utilized in an amount equal to 5% of the average market value of endowment assets over a multi-year period. For FY 2012 and beyond, the Board of Trustees approved a revised spending policy by which the Museum will draw 5% of a twelve quarter average based on a calendar year schedule, aligning more closely with comparable institutions’ policies.

In fiscal year 2010, to further long term goals, the Board authorized a transfer to Board-designated reserves of \$3,250,000 through a reduction in the spending policy. In fiscal year 2009, in order to protect donor restricted endowment funds and programmatic activities, the Board authorized an increase in the spending policy of \$2,885,000, which decreased Board-designated reserves. In fiscal year 2011, there were no Board designated transfers.

In September 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). This law governs management spending of donor-restricted endowment funds and permanently restricted gifts. For financial reporting purposes, donor-restricted endowment fund appreciation, gains, and income exceeding donor restrictions are classified as temporarily restricted assets until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by law. Upon appropriation, appreciation and earnings are reclassified as unrestricted net assets. As a result, a reclassification to temporarily restricted net assets of approximately \$30.8 million measured at June 30, 2010 was reflected within the statements of Unrestricted Revenues, Expenses and Changes in Unrestricted Net Assets until such time as they are appropriated for expenditure.

Program Grants, Contributions, and Other Revenue from Restricted Funds; Other Grants and Contributions; Government Support. “Program Grants, Contributions, and Other Revenue From Restricted Funds” and “Other Grants and Contributions” appearing in the preceding Statement of Activity of the Operating Fund section reflect restricted contributions to support the Museum’s temporary exhibitions and other projects. The amounts raised in these categories are dependent on the scale of individual exhibitions and programs and vary from year to year. Whenever possible, expenses for a given program or exhibition are matched by grants and other contributions to such program or exhibition.

Auxiliary Activities. “Revenue of Auxiliary Activities,” appearing in the preceding Statement of Activity of the Operating Fund section, includes gross sales and other revenues derived from the Museum’s retail (including stores, e-commerce, mail order, and trade operations), publishing, and restaurant operations. The Museum’s retail

operations generate the largest portion of the revenue from Auxiliary Activities. In addition to the Museum Design and Bookstore within the main facility, the Museum maintains a Design Store on the south side of 53rd Street and visible from the Museum entrance. The Museum also operates a retail store at 81 Spring Street in the Soho neighborhood of Manhattan and an e-commerce site. The Museum currently licenses three restaurant facilities at its 53rd Street facility as a service to Museum visitors, members, and the general public.

In addition to the above arrangements, in FY 2011, the Museum received royalties from SANYO Sales and Marketing Corporation and HyundaiCard, Inc. related to retail operations and Knoll, Inc. related to furniture designed by Mies van der Rohe. As of October 2011, the Museum's arrangement with SANYO Sales and Marketing Corporation ended, and the Museum entered into a new licensing and distribution partnership with Shaddy Co., Ltd., which will maintain the Museum's retail presence in Japan. Finally, Scala Archives of Florence, Italy, and its New York representative Art Resource, handle other third-party requests related to the licensing and reproduction of images of works in the Museum's collections. The Museum continues to explore licensing and other ventures or arrangements to increase revenues.

Expenses

The Museum continues to review cost reduction opportunities as part of its effort to maintain a balanced budget. In October 2008, as a proactive response to the financial and economic environment, the Museum instituted a temporary hiring freeze and a 10 percent cut in its discretionary budget, complementing ongoing expense-reduction initiatives, such as active contract negotiation and energy conservation efforts. For FY 2010, the hiring freeze continued, along with the changes to personnel and related areas described herein; when the hiring freeze concluded, the staff count was capped at approximately 750 in FY 2011. Additionally, the Museum reduced programmatic expenses while maintaining the quality of the overall program, implemented an additional cut in discretionary expenses, and prioritized capital spending. These efforts stabilized the Museum's expense base as the recurring savings extended into FY 2011 and beyond. The FY 2011 budget included capital investments designed to enhance the platform for future revenue growth. The FY 2012 budget continues certain capital investments and also includes investments in new initiatives such as digital content.

On a monthly basis the Museum prepares financial statements that compare actual expenses to the Museum's operating budget; a monthly dashboard of key performance indicators is also included as part of this review. These statements serve to alert management to possible variances from budget so that corrective measures, whenever possible, can be implemented.

Management and Financial Controls

A formal Planning Committee guides resource allocation decisions and reviews annual operating and capital budgets, quarterly financial reports, and monthly financial results. The committee also works on formulating assumptions and goals for the Museum's long-term financial forecast, which is revised annually or in response to a material change in conditions. This committee is made up of, among others, the Director of the Museum and deputy directors representing the various functional areas of the Museum as well as several representatives from the curatorial staff; the Planning Committee is chaired by the Chief Financial Officer. After review by the Planning Committee, budgets, quarterly reports, and long term financial forecasts are presented to the Finance Committee of the Board of Trustees, and then, when applicable, to the full Board of Trustees for review, commentary, revision, if necessary, and approval.

Outstanding Indebtedness and Related Commitments

After the refunding of certain bonds issued by the Trust for the benefit of the Museum in July 2008 by the Series 2008 Bonds and a subsequent remarketing in August 2009 and July 2010, the following bonds issued by the Trust were outstanding:

<u>Outstanding Series of Bonds</u>	<u>Outstanding Principal Amount</u>
Series 1996A TEP Fixed Rate Bonds	\$28,530,000
Series 2001A TEP Fixed Rate Bonds	\$18,290,000
Series 2001-One-D Fixed Rate Bonds	\$100,000,000
Series 2008-One-A Fixed Rate Bonds	\$130,825,000
Series 2010-One-A Fixed Rate Bonds	\$55,285,000
Total	\$332,930,000

The Series 1996A TEP Bonds and Series 2001A TEP Bonds are payable with tax equivalency payments made by owners of the condominium units in a 44-story, 247 unit tower above the West Wing Facility. For further detail, see Official Statement – Other Bonds of the Trust Issued for the Benefit of the Museum – Tax Equivalency Payment Bonds, and Footnote 14 to the Consolidated Financial Statements of the Museum for FY 2011 attached hereto as Section II.

In addition to the Payment Agreement whereby the Museum agrees to cover any shortfalls in the collection of TEPs necessary to pay interest and principal on the TEP bonds and the 1996 Loan Agreement, as amended, whereby the Museum agrees to cover the other outstanding non-TEP bonds issued by the Trust for the benefit of the Museum, the Museum currently maintains a revolving credit facility totaling \$35 million with a financial institution. The proceeds are available for general working capital purposes, capital expenditures, and to bridge finance capital campaign proceeds. As of November 30, 2011, \$13 million was outstanding on this facility. The Museum also has in place a \$20 million taxable fixed rate term loan with a financial institution that matures in January 2012; the Museum expects to make another one year extension of this term loan. All of the taxable borrowing was incurred in connection with the renovation and expansion of the main facility.

During 2008, the Museum reevaluated its debt portfolio based on conditions in the auction-rate securities market. Based on this review, in July 2008, the Trust issued fixed rate bonds for the benefit of the Museum to refinance all of its outstanding auction rate securities totaling \$198,875,000, including the Series 2000-One A and B issues totaling \$63,875,000 and Series 2001-One A, B and C issues totaling \$135,000,000. As part of the transaction, the Museum terminated a swap that was entered into as part of the December 2001 bond transaction (notional amount of \$85,000,000) and reversed a swap entered into in August 2005 (notional amount of \$50,000,000) with an offsetting swap. The counterparty for the two remaining offsetting swap agreements is Goldman Sachs Bank USA (the “Counterparty”); notional amounts, payment dates, and final maturity dates are identical under each agreement, but the Museum is a fixed rate-payer under one and a floating rate-payer under the other. The Museum has the right to optionally terminate each swap agreement for an agreed upon cash settlement amount based on market conditions. Under certain triggering events tied to overall credit ratings, the Counterparty may also terminate the swap agreements, provided it terminates both transactions. Were a triggering event to occur and the Counterparty elect to exercise its termination rights, the estimated net payment from the Museum to Counterparty based on the market value of the swap agreements as of November 30, 2011 would be \$8.4 million.

Investments

The Museum’s investments as of June 30, 2011 are summarized in the table below. The Museum adopted Statement of Financial Accounting Standards 157 in fiscal year 2009. The fair value of investments is defined as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between participants on the measurement date. The assets themselves are invested as a fungible pool, and are not segregated except by explicit donor stipulation. The value and earnings of the Museum’s investments are subject to changes in the financial markets, and are subject to various other risks, including, but not limited to, credit, interest rate and liquidity risk, lack of a ready market for certain securities or investments, and reliance upon third party investment advisors. Past investment performance cannot be relied upon as an indicator of future results.

<u>Investments at Fair Value (\$000s)</u>	<u>June 30, 2011</u>
Unrestricted investments (1)	\$ 465,104
Temporarily restricted investments (2)	105,660
Permanently restricted investments (3)	177,284
Total	<u>\$ 748,048</u>
 Annual rate of return during FY 2011 (4)	 17.5%

(1) Unrestricted investments are neither permanently restricted nor temporarily restricted by donor-imposed restrictions.

(2) Temporarily restricted investments contain donor-imposed restrictions that permit the Museum to use up or expend the donated assets as specified. The restriction is satisfied either by the passage of time or by actions of the Museum. Neither principal nor interest is available for payment of any debt of the Museum, including the bonds issued by the Trust for the benefit of the Museum.

(3) Permanently restricted investments contain donor-imposed restrictions that stipulate that the resources be maintained permanently but permit the Museum to use or expend all or part of the income from the donated assets for specified or unspecified purposes. Neither principal nor interest is available for payment of any debt of the Museum, including the bonds issued by the Trust for the benefit of the Museum.

(4) Total return includes interest and dividends received as well as realized and unrealized gains based upon fair value.

The Museum's investments are supervised by the Investment Committee of the Board of Trustees. The Investment Committee governs and reviews the performance of the Museum's investments and makes recommendations to the Board concerning the Museum's investment policies. All investments are professionally managed. The Museum currently retains 40 professional managers and has invested a portion of its funds with partnerships.

The Museum's portfolio (including the Museum's private equity and real estate investments) gained 17.5% in FY 2011. Over the trailing 5-year period ending June 30, 2011, the endowment generated a compounded average annual gain of 5.3%.

The approximate fair value and composition of all the Museum's investments as of June 30, 2011 are shown below.

<u>At June 30, 2011</u>	<u>Fair Value (1)</u> <u>(\$000s)</u>	<u>Percent of</u> <u>Portfolio (1)</u>
Liquid reserves	\$ 33,544	4%
Fixed income funds	97,121	13%
Equity investment funds	271,159	36%
Alternate Investments		
Hedge funds / Absolute return (2)(3)	216,962	29%
Private equity (3)	108,727	15%
Real assets (3)	20,535	3%
Total investments	<u>\$ 748,048</u>	<u>100%</u>

(1) The Museum periodically moves funds between categories in the portfolio. The fair value of the fund balances is based upon a number of factors including publicly reported prices, valuations provided by each of the Museum's external portfolio managers, and valuation of other assets which are available periodically.

(2) The Museum makes these investments by acquiring limited partnership interests in partnerships that acquire the investments. Investments may include convertible arbitrage, market neutral or hedged equity investments (long and short stock), risk arbitrage situations, intracapital arbitrage, and other investments involving securities of distressed high-yield companies, including debt and equity of financially distressed and recently reorganized companies, and those in the process of restructuring. The partnerships may also engage in short sales of securities of distressed and high-yield companies. Certain of these partnerships may use leverage.

(3) Fair values in certain limited partnerships and trusts have been estimated by the general partners. Because of the inherent uncertainties of valuation of assets of these types, these estimated values may differ from the values that would have been determined if a ready market for the assets existed. Furthermore, these investments cannot be liquidated except with the consent of the general partners. Accordingly, they are considered illiquid.

For a complete description of the cost and fair value of these funds at June 30, 2011, see Footnote 4 of the Consolidated Financial Statements of the Museum for FY 2011 attached hereto as Section II.

Future Financing

The Museum is evaluating the balance between fundraising, financing, and existing cash reserves with respect to the West End Project. At this time, no bond issuances are planned.

Other Bonds of the Trust Issued for the Benefit of the Museum

The Trust has issued several series of its revenue bonds (the "TEP Bonds") for the benefit of the Museum in order to finance, and refinance, the West Wing Project (see "Properties of the Museum"). The West Wing Facility (1980 expansion) was constructed in coordination with a 44-story residential tower of 247 condominium units, which is located over the West Wing Facility (the "Residential Tower"). The West Wing Project and the Residential Tower comprise a combined-use facility which was developed by the Trust in accordance with the Act. The Residential Tower did not constitute a part of the West Wing Project and was constructed by a private developer unrelated to the Museum or the Trust. Financing for the construction of the Residential Tower and the construction thereof were the sole responsibility of the developer. Under the terms of the Act, the Residential Tower is not subject to real estate taxation; however, the Act requires that tax equivalency payments ("TEPs") be made to the Trust by the owners of the condominium units in the Residential Tower. Owners of condominium units in the Residential Tower began to make tax equivalency payments to the Trust in July 1984.

The TEP Bonds are payable from the tax equivalency payments made by the owners of the condominium units in the Residential Tower and, to the extent that such tax equivalency payments are insufficient therefor, from payments made by the Museum pursuant to a Payment Agreement with the Trust (the "Payment Agreement"). The obligation of the Museum under the Payment Agreement is a good unsecured obligation of the Museum ranking on a parity with all other senior unsecured indebtedness of the Museum, including the Museum's payment obligation under the Loan Agreement in respect of the Series 2001-One-D Bonds, the Series 2008 Bonds, and the Series 2010 Bonds. As with the Series 2001-One-D Bonds, the Series 2008 Bonds, and the Series 2010 Bonds, none of the Property, the Collections or the Restricted Assets of the Museum will be available to satisfy the obligations of the Museum under the Payment Agreement. There are currently outstanding two series of TEP Bonds, \$18,290,000 of the Trust's Revenue Refunding Bonds, Series 2001A (Museum of Modern Art) and \$28,530,000 of the Trust's Revenue Refunding Bonds, Series 1996A (Museum of Modern Art). Tax equivalency payments made to the Trust pursuant to the Act will not be available to pay principal of or interest on the Series 2001-One-D Bonds, the Series 2008 Bonds, or the Series 2010 Bonds.

In connection with the 1980 expansion, the Museum agreed to advance funds to the Trust to the extent that TEPs and the proceeds of the TEP Bonds are not sufficient to pay debt service due from time to time from the Trust to the holders of the TEP Bonds and to complete the 1980 expansion project. Such advances totaled \$35.6

million at June 30, 2011 and bore interest at a rate of 9% annually through June 30, 2004. These advances, as well as accrued interest, represent an obligation from the Trust to the Museum, to be paid from future excess TEPs.

Pursuant to an agreement dated January 10, 2006 between the Museum and the Trust, the interest rate on the outstanding advances from the Museum was converted to a market-based floating rate. The Museum also agreed that no additional interest would accrue on the advances for a five-year period beginning July 1, 2004 through June 30, 2009. Commencing on July 1, 2009 and thereafter, the unpaid balance of any outstanding advances accrues interest at a floating rate equal to the 3-year Treasury rate in effect on July 1 of that year. The rate was 1.01% through June 30, 2011 and will be 0.85% through June 30, 2012. This agreement provided for the issuance of new instruments to the Museum to evidence the obligations of the Trust, which required the authorization of the Comptroller of the State of New York and of the Comptroller of the City. These authorizations were obtained in August 2006, and the new instruments evidencing the Trust's obligations have now been issued.

In the event that the Museum is required to make further advances to cover debt service on the Serial Bonds described above, the Trust has agreed to issue to the Museum instruments for the amount of each such advance, which will be subject to the same terms and conditions as the instruments currently outstanding with respect to the previous advances from the Museum.

Statutory law limits the Museum's right to collect unpaid interest and principal with respect to any advance not paid within 57 years from the date of the original advance. Accordingly, to the extent that any advance and all accrued interest are not repaid in full within 57 years, the obligation of the Trust to the Museum will be extinguished and the Museum will thereafter have no right to collect from the Trust with respect to such obligations. The earliest expiration date for any advance will occur in 2039.

During fiscal year 2011, there were no excess TEPs available in accordance with the Arts and Cultural Affairs Law described above to reimburse the Museum for its advances. Interest on the aggregate advances from the Museum is presently accruing as described above. Cumulative interest totaled \$130.5 and \$128.8 million at June 30, 2011 and 2010, respectively.