The Museum of Modern Art
Consolidated Financial Statements
June 30, 2019 and 2018

The Museum of Modern Art
Index
June 30, 2019 and 2018

Page(s)

Report of Independent Auditors

To the Board of Trustees of
The Museum of Modern Art

We have audited the accompanying consolidated financial statements of The Museum of Modern Art and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Museum of Modern Art and its subsidiaries as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

New York, New York
October 29, 2019

The Museum of Modern Art
Consolidated Statements of Financial Position
June 30, 2019 and 2018

(in thousands of dollars)	2019	2018
Assets		
Cash and cash equivalents	$ 132,664	$ 151,259
Receivables		
Accounts receivable and other	7,024	6,436
Contributions receivable, net	224,071	288,362
The Trust for Cultural Resources	31,232	32,082
Inventories	16,212	16,333
Prepaid expenses and other assets	14,762	13,279
Investments		
Accrued investment income and other receivables	1,157	678
Investments, at fair value	1,217,010	1,068,087
Interest in net assets of International Council	6,320	6,065
Property, plant and equipment, net	728,824	646,402
Total assets	$ 2,379,276	$ 2,228,983
Liabilities and Net Assets		
Accounts payable, accrued expenses and other liabilities	$ 70,136	$ 78,225
Deferred revenue	2,337	3,516
Loans payable, bond premium and deferred financing costs, net of accumulated amortization, of $33,775 in 2019 and $39,657 in 2018	329,975	335,857
Pension and postretirement benefit obligations	72,269	61,741
Total liabilities	474,717	479,339
Net assets		
Without donor restrictions	768,551	697,923
With donor restrictions	1,136,008	1,051,721
Total net assets	1,904,559	1,749,644
Total liabilities and net assets	$ 2,379,276	$ 2,228,983

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

The Museum of Modern Art
Consolidated Statements of Activities
Years Ended June 30, 2019 and 2018

	2019					2018				
	Without Donor Restrictions					Without Donor Restriction				
(in thousands of dollars)	Museum Operations	Plant and Equipment Funded by Designated Gifts	Total Without Donor Restrictions	With Donor Restrictions	Total	Museum Operations	Plant and Equipment Funded by Designated Gifts	Total Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other support										
Admissions	$ 29,640	$ -	$ 29,640	$ -	$ 29,640	$ 31,101	$ -	$ 31,101	$ -	$ 31,101
Membership	11,593	-	11,593	-	11,593	12,949	-	12,949	-	12,949
Investment income-spending policy	44,212	-	44,212	-	44,212	39,206	-	39,206	-	39,206
Annual fund contributions	11,811	-	11,811	-	11,811	11,659	-	11,659	-	11,659
Other grants and contributions	18,095	-	18,095	10,584	28,679	15,808	-	15,808	10,922	26,730
Circulating exhibition fees	1,090	-	1,090	-	1,090	3,135	-	3,135	-	3,135
Other	3,599	-	3,599	-	3,599	7,340	-	7,340	-	7,340
Revenue of auxiliary activities	59,196	-	59,196	-	59,196	62,126	-	62,126	-	62,126
Net assets released from restrictions	50,933	-	50,933	(50,933)	-	38,565	-	38,565	(38,565)	-
Total operating revenues and other support	230,169	-	230,169	(40,349)	189,820	221,889	-	221,889	(27,643)	194,246
Operating expenses										
Curatorial and related support services	47,409	-	47,409	-	47,409	47,329	-	47,329	-	47,329
Exhibitions	13,491	-	13,491	-	13,491	12,232	-	12,232	-	12,232
Other museum programs	5,340	-	5,340	-	5,340	5,837	-	5,837	-	5,837
Cost of sales/auxiliary activities	57,837	-	57,837	-	57,837	61,187	-	61,187	-	61,187
Depreciation (nonauxiliary)	5,144	21,597	26,741	-	26,741	5,021	30,225	35,246	-	35,246
Public services	5,365	-	5,365	-	5,365	4,419	-	4,419	-	4,419
Membership, development and cultivation	12,208	-	12,208	-	12,208	12,338	-	12,338	-	12,338
Facilities, security and other	37,247	-	37,247	-	37,247	32,958	-	32,958	-	32,958
Public information	6,943	-	6,943	-	6,943	5,531	-	5,531	-	5,531
Administration and other	32,575	-	32,575	-	32,575	30,675	-	30,675	-	30,675
Total operating expenses	223,559	21,597	245,156	-	245,156	217,527	30,225	247,752	-	247,752
Excess (deficit) of operating revenues and support over operating expenses	6,610	(21,597)	(14,987)	(40,349)	(55,336)	4,362	(30,225)	(25,863)	(27,643)	(53,506)
Nonoperating revenues, expenses and other support										
Sales of works of art	-	-	-	57,922	57,922	-	-	-	4,254	4,254
Acquisition of works of art	(40,332)	-	(40,332)	-	(40,332)	(47,620)	-	(47,620)	-	(47,620)
Net assets released from restrictions for art acquisitions	40,332	-	40,332	(40,332)	-	47,215	-	47,215	(47,215)	-
Net assets released from restrictions for debt service and reduction	-	-	-	-	-	250	-	250	(250)	-
Excess of investment income over amounts designated for operations and specific purposes	(644)	-	(644)	11,910	11,266	13,881	-	13,881	19,423	33,304
Contributions restricted for art acquisitions	-	-	-	13,769	13,769	-	-	-	26,235	26,235
Contributions restricted for capital acquisition and permanent endowment	-	-	-	81,367	81,367	-	-	-	61,701	61,701
Board-designated proceeds and other contributions	103,267	-	103,267	-	103,267	6,257	-	6,257	-	6,257
Defined benefit plan changes other than net periodic benefit cost	(10,797)	-	(10,797)	-	(10,797)	16,594	-	16,594	-	16,594
Interest expense, change in fair value of interest rate swap agreements and other financing costs	(6,211)	-	(6,211)	-	(6,211)	(5,543)	-	(5,543)	-	(5,543)
Total nonoperating revenues, expenses and other support	85,615	-	85,615	124,636	210,251	31,034	-	31,034	64,148	95,182
Change in net assets	92,225	(21,597)	70,628	84,287	154,915	35,396	(30,225)	5,171	36,505	41,676
Net Assets										
Beginning of year	570,276	127,647	697,923	1,051,721	1,749,644	534,880	157,872	692,752	1,015,216	1,707,968
End of year	$ 662,501	$ 106,050	$ 768,551	$ 1,136,008	$1,904,559	$ 570,276	$ 127,647	$ 697,923	$ 1,051,721	$ 1,749,644

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

The Museum of Modern Art
Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018

(in thousands of dollars)	**2019**	**2018**
Cash flows from operating activities		
Change in net assets	$ 154,915	$ 41,676
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	21,516	29,362
Defined benefit plan changes other than net periodic benefit cost	10,797	(16,594)
Change in interest in net assets of International Council	(255)	(417)
Net realized gains and unrealized appreciation on investments	(50,713)	(67,295)
Contributions restricted for capital acquisition and permanent endowment	(70,162)	(42,623)
Contributed securities	(9,196)	(14,711)
Proceeds from sales of contributed securities	6,898	6,054
Change in fair value of interest rate swap agreement	(240)	(689)
Sales of works of art	(57,922)	(4,254)
Acquisition of works of art	40,322	47,215
Changes in assets and liabilities		
Accounts receivable and other	(588)	1,881
Contributions receivable	(3,557)	(15,991)
Accrued investment income and other investment receivables	(479)	(152)
Inventories	121	(3,137)
Prepaid expenses and other assets	(1,483)	(1,712)
Accounts payable, accrued expenses and other liabilities	(3,901)	8,438
Pension and postretirement benefit obligations	(269)	(1,263)
Deferred revenue	(1,179)	1,270
Net cash provided by (used in) operating activities	34,625	(32,942)
Cash flows from investing activities		
Purchases of property, plant and equipment	(112,768)	(117,852)
Drawdown of bond proceeds for construction	-	51,371
Proceeds from disposition of investments	337,670	98,919
Purchase of investments	(435,880)	(146,172)
Distributions from Trust for Cultural Resources	850	1,150
Sales of works of art	57,922	4,254
Acquisition of works of art	(41,322)	(38,215)
Net cash used in investing activities	(193,528)	(146,545)
Cash flows from financing activities		
Contributions restricted for capital acquisition and permanent endowment	125,965	153,813
Proceeds from sales of contributed securities	14,343	16,582
Proceeds from line of credit borrowing	-	1,050
Payments on line of credit borrowing	-	(2,300)
Net cash provided by financing activities	140,308	169,145
Net decrease in cash and cash equivalents	(18,595)	(10,342)
Cash and cash equivalents		
Beginning of year	151,259	161,601
End of year	$ 132,664	$ 151,259
Supplemental disclosures		
Cash paid in the year for interest	$ 11,759	$ 11,523
Change in accruals of property, plant and equipment acquisitions	(2,948)	5,066
Change in accruals of acquisitions of works of art	(1,000)	9,000
Contributed securities	21,222	20,322

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

(in thousands of dollars)

1. Organization and Summary of Significant Accounting Policies

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and reflect the consolidation of the following entities:

- The Museum of Modern Art (the "Museum");
- P.S. 1 Contemporary Art Center ("MoMA PS1");
- Modern and Contemporary Art Support Corp. (the "Support Corp"); and
- AFE, LLC.

Intercompany transactions have been eliminated in consolidation. The Museum is the sole member of MoMA PS1, the Support Corp, and AFE, LLC. In addition, the International Council of The Museum of Modern Art (the "Council") provides exhibition and programming support to the Museum. The Council exclusively supports the Museum in its international programs and activities. The Museum has recorded its interest in 100% of the Council's net assets of $6,320 and $6,065 in the consolidated statements of financial position as of June 30, 2019 and 2018, respectively. These net assets are classified as net assets with donor restrictions. The Council's net assets consist primarily of cash and cash equivalents and investments which were $461 and $6,553, respectively, at June 30, 2019 and $535 and $6,404, respectively, at June 30, 2018. All of the Council's investments (as of June 30, 2019 and 2018) are maintained within the Museum's investment portfolio (Notes 3 and 4).

The Museum, MoMA PS1, the Support Corp and the Council are not-for-profit organizations exempt from tax under Section 501(c)(3) of the Internal Revenue Code; AFE, LLC is a limited liability corporation.

The Museum's significant accounting policies are described below:

Collections

The Museum is chartered as an educational institution whose collection of modern and contemporary art is made available to its members and the public to encourage an ever-deeper understanding and enjoyment of such art by the diverse local, national, and international audiences that it serves. Through the leadership of its Board of Trustees (the "Board") and staff, the Museum strives to establish, preserve, and document a permanent collection of the highest order that reflects the vitality, complexity and unfolding patterns of modern and contemporary art; present exhibitions and educational programs of unparalleled significance; sustain a library, archives, and conservation laboratory that are recognized as international centers of research; and support scholarship and publications of preeminent intellectual merit.

(in thousands of dollars)

The Museum's collections, acquired through purchase and contributions, are not recognized as assets on the consolidated statements of financial position. Purchases of collection items are recorded in the year in which the items were acquired as decreases in net assets without donor restrictions. Contributed collection items are not reflected in the consolidated financial statements. Proceeds from sales of works of art, which are reflected as increases in net assets with donor restrictions, are used exclusively to acquire other items for the collection.

Net Assets

The Museum reports information regarding its consolidated financial position and change in net assets in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the museum. These net assets may be used at the discretion of the museum's management and the Board of Trustees. As reflected in the accompanying consolidated statements of financial position, the Museum and the Board of Trustees have designated net assets without donor restrictions into the following two categories:

  a. Museum operations comprise net assets that are an integral part of the Museum's programs and supporting activities, including fixed assets purchased from general operating support funds.

  b. Plant and equipment funded by designated gifts represents fixed assets constructed or acquired with donor specified contributions

- Net assets with donor restrictions are subject to stipulations imposed by donors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or by actions taken by the Museum. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Net assets maintained in perpetuity mainly include endowment contributions. Generally, the donors of these assets permit the Museum to use all or part of the income earned on the related investments for general or specific purposes. Appreciation and income earned on donor-restricted endowment funds are classified as net assets with donor restrictions until appropriated for spending, as more fully disclosed in Note 10.

Contributions

Contributions, including promises to give, are recorded as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions intended for capital projects are initially recorded as net assets with donor restrictions and released to net assets without donor restrictions when the asset is placed in service. When a time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year of contribution are reported as without donor restrictions. Investment income earned on donor-restricted contributions whose restrictions are met within the same year as received is reported in net assets without donor restrictions.

(in thousands of dollars)

Nonmonetary contributions are recorded at estimated fair value at date of receipt if the Museum received certain goods and services that meet criteria under generally accepted accounting principles ("GAAP") for recognition as contributions. No material nonmonetary contributions were received in the years ended June 30, 2019 and 2018. A substantial number of volunteers have contributed time to the Museum; however, no amounts have been reflected in the accompanying consolidated financial statements for such contributed services as these services do not meet the criteria for recognition as contributions under GAAP. The Museum recognized $9,196 and $14,816 of revenue related to contributed securities for the years ended June 30, 2019 and 2018, respectively.

Revenue Recognition from Exchange Transactions

The Museum has multiple revenue streams that are accounted for as exchange transactions including admissions, membership and auxiliary activities.

Because the Museum's performance obligations relate to contracts with a duration of less than one year, the Museum has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Admissions

The Museum charges stated admission fees, collects and recognizes revenue upon sale for access to the Museum's galleries, exhibitions, theaters and performance studio.

Membership

The Museum sells memberships of various categories that typically last for a one-year term. The Museum recognizes membership revenue ratably over the membership term. Payment is received at the point of membership sale.

Auxiliary

Revenue from auxiliary activities includes sales and other revenues derived from the Museum's retail (including stores, e-commerce, mail order, and trade operations), publishing, and restaurant operations. Revenues from retail and restaurant operations are recognized at a point in time upon sale to the customer. The Museum collects cash at point of sale or credit card receipts within a few days of the sale. Revenues from publishing are recognized when publications are shipped to customers or settled under consignment agreements.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, if purchased, or, if donated, at a fair value at date of gift. Depreciation is computed by the straight-line basis over the estimated useful life of the asset.

Buildings and building components	5 to 50 years
Leasehold improvements	Lesser of useful life or lease term
Equipment, machinery and other	5 to 20 years
Software	3 to 5 years

(in thousands of dollars)

Investments

The long-term focus of the Museum's investment portfolio is to support the Museum's mission by providing a reliable source of funds for current and future use.

Equity securities, registered mutual funds and exchange-traded funds are reported on the basis of quoted market value as reported on the last business day of the year on securities exchanges throughout the world. Government and corporate bonds are valued using market quotations. Income from pooled investments and realized gains and losses and unrealized appreciation and depreciation on security transactions are allocated among individual restricted and unrestricted funds on the basis of the respective percentage share in the fund balance which exists at the beginning of each month in which income and realized gains and losses and unrealized appreciation and depreciation are earned.

The Museum's investment funds, which include equity funds, fixed income funds, hedge funds, private equity funds and real assets, consist of the Museum's ownership interest in externally managed funds, which may be invested in less liquid investments. The fair value of these investments is determined based on the net asset value (the "NAV") provided by the external investment managers of the underlying funds. For all these investments fair value represents the Museum's original investment plus the Museum's allocated share of income, realized gains and losses and unrealized appreciation and depreciation, net of fees and distributions. The Museum believes that the NAV of these investments is a reasonable estimate of fair value as of June 30, 2019 and 2018. Because these investments may not be readily marketable, the fair value may be subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying consolidated financial statements.

Purchases and sales are reflected on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected in the consolidated statements of activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis. Investments denominated in foreign currency are translated at the year-end spot rate.

Inventories

The Museum values its inventories, consisting primarily of publishing and retailing merchandise, at the lower of weighted average cost or market.

Cash and Cash Equivalents

The Museum considers all highly liquid investments with maturities of three months or less and money market funds when purchased, other than those held for reinvestment in the investment portfolio, to be cash equivalents.

Measure of Operations

The Museum includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities. The measure of operations does not include sales and acquisition of art work, net assets released from restrictions for art and capital acquisitions and debt reduction, excess of investment income over amounts designated for operations and specific purposes, interest expense, change in fair value of interest rate swap agreements and other financing costs, contributions restricted for capital acquisitions and permanent endowment, board-

(in thousands of dollars)

designated and other contributions, and defined benefit plan changes other than net periodic benefit cost. The measure of operations also includes investment income pursuant to the spending policy (Note 4), but excludes investment return in excess of that amount.

Membership, Development and Cultivation
Membership, development and cultivation expenses were $12,208 and $12,338, respectively, for the years ended June 30, 2019 and 2018. These amounts include costs attributable to all fundraising activities including Museum operations, expansion and renovation, endowment, and art acquisitions. These costs include current and future donor cultivation, acquisition and retention of membership, membership fulfillment costs, fundraising events for the benefit of the Museum and contribution processing and acknowledgement.

Deferred Financing Costs
Deferred financing costs, included as a direct deduction from the carrying value of the associated debt liability in the consolidated statements of financial position, represent costs to obtain financing for various projects of the Museum. Amortization of these costs extends over the term of the applicable loans.

Advertising Expense
Advertising is recorded as expense in the period incurred. Advertising expense for the years ended June 30, 2019 and 2018 was $3,288 and $3,986, respectively.

Functional expenses
The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Operating expenses are presented by functional classification in alignment with the overall mission of the Museum. Expenses that can be identified with a specific program are charged directly to that program. Expenses that are attributable to more than one functional program are allocated using reasonable techniques. Depreciation, facilities, and security are allocated on a square footage basis.

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant estimates include the valuation assumptions associated with investments without readily determinable fair values, net realizable value of contributions receivable, and pension and postretirement benefit liabilities. Actual results could differ from those estimates.

Derivative Instruments
The Museum records derivative instruments (e.g., interest rate swap agreements) at fair value in accordance with Derivatives and Hedges Accounting and Fair Value Accounting guidance. The change in fair value during the reporting period together with the net effect of the interest rate swap is recognized below the operating measure in the consolidated statements of activities.

New Accounting Pronouncements
In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) and Other

(in thousands of dollars)

Assets and Deferred Costs - Contracts with Customers (Subtopic 340-40). This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Museum adopted this standard in fiscal year 2019 using the modified retrospective method. The adoption of this standard did not have a material impact on the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update assists not-for-profit entities in evaluating whether transactions should be accounted for as contributions or as exchange transactions, and in determining whether a contribution is conditional. The Museum adopted this standard in fiscal year 2019. The adoption of this standard did not have a material impact on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which makes targeted changes to the not-for-profit financial reporting model. Under the new ASU, the existing three-category classification of net assets (i.e., unrestricted, temporarily restricted, and permanently restricted) has been replaced with a model that combines temporarily restricted and permanently restricted into a single category called “net assets with donor restrictions.” Differences in the nature of donor restrictions have been disclosed in the notes, with an emphasis on how and when the resources can be used. The guidance for classifying deficiencies in endowment funds (“underwater endowments”) and on accounting for the lapsing of restrictions on gifts to acquire property, plant and equipment have also been clarified. New disclosures will highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. Entities are required to disclose (on the face of the statement or in notes) the extent to which the balance sheet comprises financial assets, the extent to which those assets can be converted to cash within one year, and any limitations that would preclude their current use. The Museum adopted this standard in fiscal year 2019 on a retrospective basis. With the adoption of ASU 2016-14, certain prior year amounts were reclassified to conform to the presentation requirements. As a result of the adoption of ASU 2016-14, net assets as of June 30, 2018 were reclassified as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
As previously reported			
Unrestricted	$ 697,923	$ -	$ 697,923
Temporarily restricted	-	683,496	683,496
Permanently restricted	-	368,225	368,225
	$ 697,923	$ 1,051,721	$ 1,749,644

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). Under this guidance, lessees will need to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of,

(in thousands of dollars)

a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. This new standard is effective for fiscal years beginning after December 15, 2018 (fiscal year 2020 for the Museum), with early application permitted. The Museum is evaluating the impact this standard will have on the consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. Currently, there is diversity in practice in how transfers between cash and restricted cash are reflected in the statement of cash flows. The new guidance requires that the reconciliation of the beginning-of-period and end-of period amounts shown in the statement of cash flows include restricted cash and restricted cash equivalents. If restricted cash is presented separately from cash and cash equivalents on the balance sheet, companies will be required to reconcile the amounts presented on the statement of cash flows to the amounts on the balance sheet. Companies will also need to disclose information about the nature of the restrictions. This new guidance is effective for fiscal years beginning after December 15, 2018 (fiscal year 2020 for the Museum). Early adoption is permitted, including adoption in an interim period. The guidance should be applied retrospectively to all periods presented. The Museum is evaluating the impact of this standard will have on the consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. The amendments in this update require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. The amendments in this update also allow only the service cost component to be eligible for capitalization when applicable. This update is effective for the Museum for annual periods beginning after December 15, 2018 (fiscal year 2020 for the Museum). Early adoption is permitted as of the beginning of an annual period for which financial statements have not been issued or made available for issuance. Disclosures of the nature and reason for the change in accounting principle are required in the first annual period of adoption. The amendments in this update should be applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net period postretirement benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. The Museum is evaluating the impact this standard will have on the consolidated financial statements.

Reclassifications

Certain reclassifications have been made to amounts previously reported in the consolidated financial statements to conform to the current year’s presentation. Such reclassifications had no effect on the change in net assets.

(in thousands of dollars)

2. Contributions Receivable

Contributions receivable at June 30, 2019 and 2018 are as follows:

	2019	2018
Museum operations, programs and endowment	$ 73,417	$ 77,689
Future periods-split interest agreements	1,318	1,318
Capital construction and acquisition	171,869	234,726
	246,604	313,733
Less: Discount for present value	(9,734)	(12,572)
Allowance for doubtful accounts	(12,799)	(12,799)
	$ 224,071	$ 288,362
Amounts due in		
Less than one year	$ 88,402	$ 124,523
One to five years	156,884	177,834
More than five years	1,318	11,376
	$ 246,604	$ 313,733

Multi-year pledges initially fair valued in fiscal year 2019 and 2018 are computed using a risk free rate adjusted for a market risk premium or the credit worthiness of the donor.

3. Financial Instruments

The Museum follows guidance with respect to accounting and reporting for the fair value of its financial assets and liabilities. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between participants on the measurement date. Fair value requires an organization to determine the unit of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured.

This guidance also establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The three input levels are as follows:

Level 1 Quoted prices in active markets that the Museum has the ability to access for identical assets and liabilities for which significant observable inputs exist. Market price data is

(in thousands of dollars)

generally obtained from exchange or dealer markets. The Museum does not adjust the quoted price for such assets and liabilities. Investments included in Level 1 may include certain equity securities, and registered mutual funds.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of assets or liabilities. This includes use of model based valuations techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers.

Investments included in Level 2 may include certain U.S. government bonds, money market funds, fixed income, equity funds and other multi-strategy funds, for which observable inputs exist and trade in markets not considered to be active.

Level 3 Unobservable inputs, as they trade infrequently or not at all, that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors. The Museum considers observable data to be that market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to the Museum's perceived risk of that investment.

The Fair Value Option for financial assets and liabilities gives entities the option, at specific election dates, to measure certain financial assets and liabilities at fair value. The election may be applied to financial assets and liabilities on an instrument by instrument basis, is irrevocable, and may only be applied to entire instruments. Unrealized gains and losses on instruments for which the fair value option has been elected are reported in earnings at each subsequent reporting date. During fiscal year 2019 and 2018, the Museum did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

(in thousands of dollars)

The following tables summarize the financial instruments reported within the consolidated statements of financial position carried at fair value as of June 30, 2019 and 2018, by caption and level within the fair value accounting hierarchy:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	June 30, 2019 Total Fair Value
Assets				
Cash equivalents	$ 177,855	$ 13,860	$ -	$ 191,715
Government and corporate bonds	-	49,340	-	49,340
Equity securities	346,272	-	-	346,272
Investment funds				
Registered mutual funds	44,120	-	-	44,120
Fixed income	-	414	-	414
	$ 568,247	$ 63,614	$ -	631,861
Investments measured at NAV				719,243
Total assets at fair value				$ 1,351,104
Liabilities				
Interest rate swaps	$ -	$ 4,998	$ -	$ 4,998
Total liabilities at fair value	$ -	$ 4,998	$ -	$ 4,998

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	June 30, 2018 Total Fair Value
Assets				
Cash equivalents	$ 189,798	$ 8,590	$ -	$ 198,388
Government and corporate bonds	-	45,014	-	45,014
Equity securities	231,628	-	-	231,628
Futures contracts	82	-	-	82
Investment funds				
Registered mutual funds	59,216	-	-	59,216
Fixed income	-	464	-	464
	$ 480,724	$ 54,068	$ -	534,792
Investments measured at NAV				684,706
Total assets at fair value				$ 1,219,498
Liabilities				
Interest rate swaps	$ -	$ 5,238	$ -	$ 5,238
Total liabilities at fair value	$ -	$ 5,238	$ -	$ 5,238

(in thousands of dollars)

There were no significant transfers in or out of Level 1 and Level 2 of the fair value hierarchy.

Financial instruments such as those above, involve, to varying degrees, elements of market risk and credit risk in excess of the amounts recorded on the consolidated statements of financial position. For the Museum, market risk represents the potential loss due to the decrease in the value of financial instruments; credit risk represents the maximum potential loss due to possible nonperformance of contract terms by obligors and counter parties.

Interest rate swap arrangements have inputs which can generally be corroborated by market data and are therefore classified as Level 2. Interest rate swaps are valued using both observable and unobservable inputs, such as quotations from the counter party, whenever available, and considered reliable. The value of the interest rate swap depends upon the contractual terms of and specific risks inherent in the instrument as well as the availability and reliability of observable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The Museum uses NAV to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement policies of an investment company or have the attributes of an investment company.

(in thousands of dollars)

The following tables list investments in other investment companies (in partnership format) by major category. All percentages are based on NAV as of the fiscal year-end.

June 30, 2019

Investment Strategy	Adjusted Fair Value Determined Using NAV in (000's)	Number of Funds	Remaining Life*	Unfunded Commitments (in 000's)	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions and Terms in Place at Year End
Fixed Income - Investment funds	$ 38,155	3	N/A	N/A	Monthly: 55% (with 30 days notice) Quarterly: 45% (with 60 days notice)	Full redemption made from 1 fund with remaining balances representing cash holdback until after the fund completes its FY 2019 audit.	None
Equity - Investment funds	199,424	5	N/A	N/A	Month-end: 21% and 21% (with 15 days notice and 30 days notice, respectively) Quarterly: 22% (with 30 days notice) 12/31/19 and then annual: 21% (with 90 days notice) 5/1/20 and then annual: 7% (with 90 days notice) 12/31/2020 and then annual: 3% (with 90 days notice) 2/1/21 and then annual: 2% (with 90 days notice) 12/31/2021 and then annual: 3% (with 90 days notice)	See redemption terms.	None
Absolute Return - Multi-strategy and other	84,919	5	N/A	N/A	Annual at 12/31: 53% Month-end: 34% (with 45 days notice) Sidepocket (> 3 Yrs): 14% (All funds require notice periods that range from 60 to 180 days.)	See redemption terms.	Full redemption requests made for two funds (representing 4% of assets), with remaining balances comprised of special investments to be liquidated over time. Remaining investments in third redeemed fund will be distributed when realized.
Absolute Return - Credit	124,720	6	N/A	N/A	Annual at 12/31: 38% Quarterly: 52% 3/31/20 and relocking for 24 months: 3% 6/30/20 and relocking for 24 months: 1% 3/31/21 and relocking for 24 months: 3% 6/30/21 and relocking for 24 months: 1% Pending final redemption: <1% 5 funds, representing 100% of assets, require 90 days notice. The remaining fund is pending final redemption.	1 fund, representing 20% of assets has a 20% annual fund-level gate. 1 fund, representing 31% of assets has a 25% quarterly investor-level gate.	<1% (one fund) was fully redeemed on 6/30/11. An investor-level gate was imposed, and the investment will be fully redeemed over several quarters.
Absolute Return - Event driven	31,130	1	N/A	N/A	Quarterly: 100% (All funds require notice periods that range from 45 to 60 days.)	1 fund, representing 100% of assets has a gate, triggered at 25% of investor-level NAV / quarter.	None
Private Equity	229,596	38	0-3 Years: 15% 3-5 Years: 2% >5 Years: 83%	173,549	N/A	N/A	N/A
Real Assets	11,299	5	0-3 Years: 18% 3-5 Years: 81% >5 Years: 1%	4,113	N/A	N/A	N/A
	$ 719,243			$ 177,662			

* Defined as the period between June 30, 2019 and the initial termination date of the fund as defined in legal documentation.

(in thousands of dollars)

June 30, 2018

Investment Strategy	Adjusted Fair Value Determined Using NAV in (000's)	Number of Funds	Remaining Life*	Unfunded Commitments (in 000's)	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions and Terms in Place at Year End
Fixed Income - Investment funds	$ 35,688	2	N/A	N/A	Monthly: 67% (with 30 days notice) Quarterly: 33% (with 60 days notice)	1 fund, representing 67% of assets has a Gate, triggered at 10% of fund-level NAV monthly or 40% annually.	None
Equity - Investment funds	241,905	6	N/A	N/A	Bimonthly: 15% (with 3 days notice) Month-end: 34% (with 15 days notice) Quarterly: 25% (with 30 days notice) Annual at 12/31: 8% (with 90 days notice) 12/31/18 and then annual: 11% (with 90 days notice) 5/1/20 and then annual: 4% (with 90 days notice) 2/1/21 and then annual: 2% (with 90 days notice)	See redemption terms.	None
Absolute Return - Multi-strategy and other	76,249	5	N/A	N/A	Annual at 12/31: 56% Sidepocket (> 3 Yrs): 16% (All funds require notice periods that range from 60 to 180 days.) Month-end (with 45 days notice): 28%	See redemption terms.	Full redemption requests made for two funds (representing 4% of assets), with remaining balances comprised of special investments to be liquidated over time.
Absolute Return - Credit	115,077	6	N/A	NA	Annual at 12/31: 44% Quarterly: 13% 6/30/18 and relocking for 18 months: 16% 3/31/19 and relocking for 24 months: 5% 12/31/19 and relocking for 18 months: 16% 3/31/20 and relocking for 24 months: 5% Pending final redemption: <1% 5 funds, representing 100% of assets, require 90 days notice. The remaining fund is pending final redemption.	1 fund, representing 21% of assets has a Gate, triggered at 20% of fund-level NAV annually.	<1% (one fund) was fully redeemed on 6/30/11. An investor-level gate was imposed, and the investment will be fully redeemed over several quarters.
Absolute Return - Event driven	29,954	1	N/A	N/A	Quarterly: 100% (All funds require notice periods that range from 45 to 60 days.)	1 fund, representing 100% of assets has a gate, triggered at 25% of investor-level NAV / quarter.	None.
Private Equity	170,574	31	0-3 Years: 22% 3-5 Years: 4% >5 Years: 74%	142,169	N/A	N/A	N/A
Real Assets	15,259	5	0-3 Years: 14% 3-5 Years: 73% >5 Years: 13%	5,355	N/A	N/A	N/A
	$ 684,706			$ 147,524			

* Defined as the period between June 30, 2018 and the initial termination date of the fund as defined in legal documentation.

(in thousands of dollars)

4. Investments

Investments at June 30, 2019 and 2018 are as follows:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	$ 65,560	$ 65,650	$ 54,927	$ 54,926
Equity securities	302,189	346,272	188,215	231,628
Government and corporate bonds	48,064	49,200	46,208	44,853
Investment funds				
Registered mutual funds	42,580	43,198	43,594	58,296
Fixed income	37,398	38,155	34,572	35,688
Equity (long only)	185,656	199,424	214,114	241,905
Credit	106,732	124,720	91,189	115,077
Multi-strategy and other	55,039	84,919	37,399	76,249
Event-driven	25,000	31,130	25,000	29,954
Private equity	188,890	229,596	147,324	170,574
Real assets	8,808	11,299	11,864	15,259
Investments	$ 1,065,916	1,223,563	$ 894,406	1,074,409
Futures contracts		-		82
		1,223,563		1,074,491
Less: Investments maintained for the Council		(6,553)		(6,404)
Investments per the consolidated statements of financial position		$ 1,217,010		$ 1,068,087

Equity and fixed income investments consist of investments in publicly traded U.S. equities, mutual funds, government and corporate bonds and funds that invest in equity and fixed income based strategies. The fair values of publicly traded investments are based on quoted market prices. Investments that are listed on an exchange are valued, in general, at the last reported sale price (or, if there is no sales price, at the last reported bid price, or, in the absence of reported bid prices, at the mean between the last reported bid and asked prices thereof). Fund investments in equity and fixed income based strategies that are not exchange traded are valued based upon NAV provided by the investment managers of the underlying funds. Some of these funds may not have readily ascertainable market values and may be subject to withdrawal restrictions. The fair value of the funds represents the amount the Museum expects to receive at June 30, 2019 and 2018, if it had liquidated its investments in the funds on these dates.

Private equity fund holdings include investments in buyouts, credit and venture capital. Hedge funds include credit, equity long/short, multi-strategy and other. Real assets include fund holdings in real estate and energy. The Museum values these investments based upon NAV provided by the investment managers of the underlying funds. As a general rule, investment managers of hedge funds, private equity and real asset funds value investments based upon the best information available for a given circumstance and may incorporate assumptions that are the investment manager's best estimates after consideration of a variety of internal and external factors. Hedge funds, private equity and real asset funds may make investments in securities that are publicly traded, which are generally valued based on observable market prices, unless a restriction exists. Investments for which observable market prices do not exist are reported at fair value as determined by the fund's investment manager. The Museum's management may consider

(in thousands of dollars)

other factors in assessing the fair value of these investments. Some of these funds may not have readily ascertainable market values and may be subject to withdrawal restrictions. The fair value of the funds represents the amount the Museum expects to receive at June 30, 2019 and 2018, if it had liquidated its investments in the funds on these dates.

The Museum invests in investment funds that are not registered under the Investment Company Act of 1940, as amended, and invests in other financial instruments employing various investment strategies and techniques, including leverage that may involve significant market, credit, and operational risks. Such investments may allocate a high percentage of their assets in specific sectors of the market in order to achieve a potentially greater investment return. As a result, the investments may be susceptible to economic, political, and regulatory developments in a particular sector of the market, positive or negative, and may experience increased volatility in net asset values.

Investment Income

Pursuant to the Museum's updated spending policy, an amount equal to a combination of 25% determined by calculating 5% of the ending annual market value and 75% determined based on the previous year's draw adjusted for inflation (for those funds not governed by contrary donor-imposed restrictions) was made available for operations in fiscal 2019 and 2018.

The following schedules summarize the investment return and its classification in the consolidated statements of activities for 2019 and 2018:

	Without Restrictions	With Restrictions	Total 2019
Dividends and interest, net of investment management and related fees of $14,578	$ 1,869	$ 3,254	$ 5,123
Net realized gains, changes in unrealized appreciation	42,343	8,656	50,999
Total return on long-term investments	44,212	11,910	56,122
Museum operations (spending policy)	(44,212)	-	(44,212)
Investment return in excess of spending policy	-	11,910	11,910
Auxiliary activities	(644)	-	(644)
Amounts designated for operations and specific purposes in excess of investment return	$ (644)	$ 11,910	$ 11,266

(in thousands of dollars)

	Without Restrictions	With Restrictions	Total 2018
Dividends and interest, net of investment management and related fees of $13,207	$ 3,370	$ 2,489	$ 5,859
Net realized gains, changes in unrealized appreciation	50,381	16,934	67,315
Total return on long-term investments	53,751	19,423	73,174
Museum operations (spending policy)	(39,206)	-	(39,206)
Investment return in excess of spending policy	14,545	19,423	33,968
Auxiliary activities	(664)	-	(664)
Amounts designated for operations and specific purposes in excess of investment return	$ 13,881	$ 19,423	$ 33,304

5. Inventories

At June 30, 2019 and 2018, inventories are as follows:

	2019	2018
Publishing and retail		
Available for sales	$ 14,362	$ 15,046
Work in process	1,813	1,246
	16,175	16,292
All other	37	41
	$ 16,212	$ 16,333

6. Property, Plant and Equipment

At June 30, 2019 and 2018, property, plant and equipment are as follows:

	2019	2018
Buildings	$ 565,083	$ 555,495
Leasehold improvements	4,752	8,565
Software, equipment, machinery and furniture and fixtures	72,792	96,015
Total property, plant and equipment at cost	642,627	660,075
Less: Accumulated depreciation	364,518	372,453
Property, plant and equipment, net	278,109	287,622
Land, at cost	90,420	90,420
Construction-in-progress	360,295	268,360
	$ 728,824	$ 646,402

(in thousands of dollars)

Capitalized interest primarily related to bond financing from the Museum's prior expansion project (Note 8) was included in fixed assets for the years ended June 30, 2019 and 2018 and totaled $13,173 and $14,348, respectively.

Construction-in-progress includes costs related to a multi-year project comprised of development, construction and integration of a Museum-owned condominium unit (part of a mixed use facility adjacent to the Museum) into the current galleries of the Museum's main facility, construction and equipping new galleries at an adjacent property, and planning and design renovation changes to the Museum's main facility.

7. Deferred Revenue

At June 30, 2019 and 2018, deferred revenue is as follows:

	2019	2018
Deferred membership revenues	$ 1,751	$ 3,023
Other	586	493
	$ 2,337	$ 3,516

8. Loans Payable

Loans payable at June 30, 2019 and 2018 are as follows:

	2019	2018
Series 2016 One E bonds	$ 278,400	$ 278,400
Revolvers	8,000	8,000
Line of credit	9,800	9,800
Total debt	296,200	296,200
Bond premium, net of amortization	34,403	40,339
Deferred financing costs, net of amortization	(628)	(682)
Total debt and bond premium	$ 329,975	$ 335,857

In August 2016, the Museum issued fixed rate bonds (Series 2016 One E) with proceeds totaling $330,117 (par of $278,400 and premium of $51,717) with a coupon rate of 4.00% and blended yield of 1.65% across the various maturities (years 2023 to 2031). All outstanding bond issues at June 30, 2016 totaling $238,655 (Series 2008 One A, 2010 One A and 2012 One D) were extinguished. A portion of the bond proceeds was used for the multi-year construction and expansion project described in Note 6.

(in thousands of dollars)

The Series 2016 One E bonds consisted of the following amounts and maturities at June 30, 2019:

	Principal	Yield at Issuance	Rate	Maturity
Revenue Bonds, Series 2016-One-E				
Revenue bonds	$110,725,000	1.26%	4.0%	Feb 1, 2023
Revenue bonds	167,675,000	1.51% - 2.14%	4.0%	April 1, 2025-2031
	$278,400,000			

The Museum received bond proceeds of $75,750 in March 2000 (Series 2000 One A/B) and bond proceeds of $235,000 in December 2001 (Series 2001 One A/B/C/D). The bonds were issued by the Trust for Cultural Resources (the "Trust"), a public benefit organization created by the State of New York. The Series 2000 One A/B bonds and Series 2001 One A/B/C bonds were redeemed by the Series 2008 One A bonds issued by the Trust for the benefit of the Museum in July 2008. A portion of these bonds was subsequently redeemed by the Series 2010 One A bonds issued in July 2010. The Series 2001 One D bonds callable on July 1, 2012 were redeemed in July 2012 through a combination of refinancing proceeds from the Series 2012 One D bonds and a $43,000 short term bridge loan, which the Museum repaid shortly after issuance. All outstanding tranches of the Series 2008 One A Bonds, the Series 2010 One A Bonds, and the Series 2012 One D Bonds were redeemed or defeased as part of the August 2016 transaction.

As part of the July 2008 transaction, the Museum terminated a swap that was entered into as part of the December 2001 bond transaction (notional amount of $85,000) and reversed a swap entered into in August 2005 (notional amount at the time of reversal of $50,000) with an offsetting swap. The counterparty for the two remaining offsetting swap agreements is Goldman Sachs Bank USA (the "Counterparty"). Notional amount schedules, 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 contract for an agreed upon cash settlement amount based on market conditions. Under certain triggering events tied to the Museum's overall credit ratings, the Museum may be required to post collateral to the Counterparty or the Counterparty may terminate the swap contracts, provided both are terminated simultaneously.

The accounting guidance for accounting and reporting derivatives and hedging requires that all derivatives be recognized in the consolidated statements of financial position as either an asset or liability and be measured at fair value. Under GAAP, certain criteria must be satisfied in order for derivative financial instruments to be classified and accounted for as either a cash flow or a fair value hedge. Accounting for gains and losses on derivatives that are not elected for hedge accounting treatment or that do not meet hedge accounting requirements are recorded in the consolidated statements of activities.

At June 30, 2019 and 2018, the fair value of the Museum's derivative financial instruments were in a liability position of $4,998 and $5,238, respectively, and included in other liabilities on the consolidated statements of financial position. The total gain recognized on these derivatives for the years ended June 30, 2019 and 2018 was $240 and $689, respectively, and was included in interest expense, change in fair value of interest rate swap agreement and other financing costs in the consolidated statements of activities. Payments on the swaps totaled $606, for the years ended June 30, 2019 and 2018.

(in thousands of dollars)

In January 2019, the Museum renewed its $20,000 revolving note agreement. This revolver will mature in January 2020 and has an interest rate based on various LIBOR maturities that was 2.8% at June 29, 2019. In June 2019, MoMA PS1 renewed a $2,000 revolving note agreement with a commercial bank. This revolver will mature in January 2020 and has an interest rate based on various LIBOR maturities that was 3.5% as of June 30, 2019. Borrowings under these two facilities totaled $8,000, for the years ended June 30, 2019 and 2018.

At June 30, 2019, the Museum has available a $50,000 line of credit with a commercial bank. The line of credit expires in November 2019. Borrowings under the line of credit totaled $9,800 as of June 30, 2019 and 2018 at an interest rate based on LIBOR maturities that was 2.6% and 3.0% respectively.

Annual principal payments as of June 30, 2019 due during the next five fiscal years and in total thereafter under all of the aforementioned loans payable are approximately as follows:

2020	$	17,800
2021		-
2022		-
2023		110,725
2024		-
Thereafter		167,675
	$	296,200

The Museum's revolver and line of credit agreements contain financial covenants, the most restrictive of which requires a certain ratio of net assets without restrictions to its principal amount of outstanding debt. The Museum was in compliance with all financial covenants as of June 30, 2019 and 2018.

9. Endowment Funds

The Museum's endowment consists of approximately 150 individual funds established for a variety of purposes. As required by GAAP, net assets associated with donor restricted endowment funds, and funds designated by the Board of Trustees to function as endowments ("Board Designated"), are classified and reported based on the existence or absence of donor-imposed restrictions.

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA contains provisions that govern charitable institutions' appropriation and use, among other things, of donor-restricted endowment funds. NYPMIFA updated certain provisions of prior endowment management law that had become outdated. Most significantly, under prior law, charitable institutions were required to maintain the "historic dollar value" of endowment funds, meaning that institutions could appropriate only: a prudent portion of a fund if the value of the fund were greater than the dollar value of the donor's contribution(s) to the fund (i.e., the "historic dollar value"), and the appropriation would not take the fund below that amount; or a prudent portion only of the income from the fund, if the value of the fund were less than the historic dollar value.

(in thousands of dollars)

Under NYPMIFA, a detailed prudence standard governs appropriation from endowment funds, and there is no longer a requirement to maintain historic dollar value. Prudent appropriation from a fund whose value is less than its historic dollar value is permitted. In particular, NYPMIFA provides that, unless a donor expresses a contrary intention in a gift instrument, a charitable institution may appropriate as much of an endowment fund as it "determines is prudent for the uses, benefits, purposes and duration for which the fund is established," without regard for historic dollar value. As with prior law, NYPMIFA retains the requirement that in making any decision to appropriate, "the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances." It further provides a new requirement that the institution "shall consider, if relevant" the following eight factors in deciding whether or not to appropriate from a fund:

- The duration and preservation of the endowment fund;
- The purposes of the Museum and the endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Museum;
- Alternatives to expenditure of the endowment fund; and
- The investment policy of the Museum.

The provisions of NYPMIFA allowing prudent appropriation without regard to historic dollar value apply to funds created after its effective date of September 17, 2010. Donors of funds created before that date were given the option of requiring institutions to continue to observe the historic dollar value restrictions contained in prior law. Some donors of Museum funds have elected this option. Moreover, as with prior law, a donor may incorporate in a gift instrument specific restrictions on appropriation that are different from either NYPMIFA or prior law. Certain of the Museum's funds are governed by such instruments. Thus the Museum has funds that fall into three categories with respect to appropriation: those from which it may prudently appropriate without regard to historic dollar value; those from which it may prudently appropriate appreciation only above historic dollar value; and those whose appropriation is governed by specific instructions in the constitutive gift instrument.

For both fiscal years 2019 and 2018, the draw is derived based on 25% determined by calculating 5% of the ending annual market value and 75% determined based on the previous year's draw adjusted for inflation (for those funds not governed by contrary donor-imposed restrictions). The total spending rate is limited to a minimum of 4.00% and maximum of 5.75% of the ending market value.

(in thousands of dollars)

The Museum's spending policies are consistent with the Museum's objectives to utilize income to support mission-critical programs while preserving capital and ensuring future growth of the endowment and investment portfolio. Under these policies, and as approved by the Museum's Board, the long-term focus of the endowment and unrestricted investments is to support the Museum's mission by providing a reliable source of funds for current and future use.

Under the direction and approval of the Investment Committee and the Board of Trustees, the endowment and unrestricted investments will seek to maximize long term returns consistent with prudent levels of risk.

10. Financial Reporting of Endowments

Consistent with endowment accounting for not-for-profit organizations for funds subject to an enacted version of NYPMIFA, the Museum retains in perpetuity and classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) the net realizable value of future payments to net assets with donor restrictions in accordance with the donor's gift instrument (outstanding endowment pledges net of applicable discount), and (d) accumulations, including appreciation, gains and income, to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

For financial reporting purposes, donor-restricted endowment fund appreciation, gains and income exceeding donor restrictions are classified as net assets with donor restrictions 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 net assets without restrictions.

Funds share in the overall earnings rate of the Museum's portfolio except for two funds totaling $43,198 and $41,176 as of June 30, 2019 and 2018, respectively, which are managed by third parties. Earnings are utilized in accordance with donor stipulations.

Endowment net asset composition by type of fund as of June 30, 2019 and 2018:

	With Restrictions	Without Restrictions	Total 2019
Donor-restricted endowment funds	$ 523,734	$ -	$ 523,734
Board-designated endowment funds	-	137,016	137,016
Total endowment funds	$ 523,734	$ 137,016	$ 660,750

	With Restrictions	Without Restrictions	Total 2018
Donor-restricted endowment funds	$ 476,828	$ -	$ 476,828
Board-designated endowment funds	-	30,282	30,282
Total endowment funds	$ 476,828	$ 30,282	$ 507,110

(in thousands of dollars)

The composition of the Museum's endowment by net asset class and purpose at the end of the period is:

	2019	2018
Net assets with restrictions		
Museum programs	$ 159,605	$ 135,993
Acquisition of works of art	74,590	73,310
Museum operations and other activities	273,293	250,957
Support of exhibitions	16,246	16,568
Total endowment funds classified as net assets with restrictions	523,734	476,828
Net assets without restrictions	137,016	30,282
Total endowment funds classified as net assets without restrictions	137,016	30,282
Total endowment funds	$ 660,750	$ 507,110

As a result of unfavorable market fluctuations the fair market value of assets associated with some individual donor-restricted endowment funds are below historic dollar value. The aggregate amount by which fair value was below historic dollar value at June 30, 2019 was $42, and included 3 funds with original donor contributions totaling $8,525. The aggregate amount by which fair value was below historic dollar value at June 30, 2018 was $10, and included 3 fund with original donor contributions totaling $1,425. When donor-restricted endowment fund deficits exist, they are classified as a reduction of net assets with donor restrictions. The Museum has interpreted NYPMIFA to permit spending from endowments with a deficit in accordance with prudent measures required under law. Continued future appropriations from underwater endowment funds will be considered based on current facts and circumstances on the next appropriation decision date.

Reconciliation from endowment net assets to investments, at fair value, as of June 30, 2019 and 2018 is as follows:

	2019	2018
Endowment net assets	$ 660,750	$ 507,110
Subtract		
Contributions receivable, net, and other adjustments included in endowment net assets	(68,260)	(64,372)
Add		
Without and with restrictions investments, at fair value	624,520	625,349
Investments, at fair value	$ 1,217,010	$ 1,068,087

(in thousands of dollars)

A reconciliation of the beginning and ending balance of the Museum's endowment, in total and by net asset class are as follows:

	With Restrictions	Without Restrictions	Total
Endowment net assets as of June 30, 2017	$ 443,162	$ 29,966	$ 473,128
Investment return			
Investment income	19,423	763	20,186
Net appreciation	3,897	171	4,068
Total investment return	23,320	934	24,254
Contributions	23,879	-	23,879
Appropriation of endowment assets for expenditure	(13,533)	(618)	(14,151)
Endowment net assets as of June 30, 2018	476,828	30,282	507,110
Investment return			
Investment income	24,396	4,330	28,726
Net (depreciation) appreciation	(7,277)	2,110	(5,167)
Total investment return	17,119	6,440	23,559
Contributions	45,977	103,250	149,227
Appropriation of endowment assets for expenditure	(16,190)	(2,956)	(19,146)
Endowment net assets as of June 30, 2019	$ 523,734	$ 137,016	$ 660,750

(in thousands of dollars)

11. Net Assets

At June 30, 2019 and 2018, net assets were available for the following purposes:

	2019	2018
Net assets with donor restrictions		
Subject to time or purpose restrictions		
Museum programs	$ 58,125	$ 37,377
Acquisitions of works of art	58,598	23,996
Maintaining art collections	14,765	13,736
Support of exhibitions	37,791	21,107
Expansion and renovation	488,484	486,425
Operating support and other purposes	64,042	100,855
Time or purpose restricted	721,805	683,496
Held in perpetuity		
Museum programs	138,812	115,059
Acquisition of works of art	63,564	61,805
Museum operations and other activities	211,827	191,361
Amounts required to be held in perpetuity	414,203	368,225
Total net assets with donor restrictions	$ 1,136,008	$ 1,051,721
Net assets without donor restrictions		
Undesignated	$ 631,535	$ 667,641
Board-designated endowment	137,016	30,282
Total net assets without donor restrictions	768,551	697,923
Total net assets	$ 1,904,559	$ 1,749,644

During fiscal 2019 and 2018, net assets were released from donor restrictions as a result of either satisfying the restricted purpose or by the occurrence of other events specified by donors, as follows:

	2019	2018
Museum programs, exhibitions and other	$ 50,933	$ 38,565
Debt service and reduction	-	250
Acquisitions of works of art	40,332	47,215
Total net assets released from restrictions	$ 91,265	$ 86,030

12. Pension Plans and Other Postretirement Benefits

In fiscal year 2009, as part of the Museum's proactive plan to stabilize operations in response to the global economic and financial crisis, the Museum approved changes to its pension plans, effective November 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 remain in the defined benefit pension plan and forgo future matching contributions from the Museum in the

(in thousands of dollars)

Museum's 403(b) defined contribution plan, or receive an enhanced match in the Museum's 403(b) defined contribution plan and forgo future accruals in the defined benefit plan. New employees hired after June 30, 2009 are eligible to participate in the enhanced 403(b) Plan only, thereby freezing the number of participants in the defined benefit plan.

For those remaining in the trusteed defined benefit pension plan, future benefits are based, among other factors, on years of service, age, and average monthly compensation during the final years of service. The Museum's funding policy is to contribute annually amounts to meet ERISA's minimum requirements, although it may make additional contributions beyond these requirements.

For those eligible for matching contributions in the 403(b) retirement savings plan based on the choice noted above, the Museum matches up to a percentage of compensation dependent on an employee's compensation, contribution and length of service. In addition, the Museum provides a nondiscretionary contribution for employees under certain base compensation levels dependent on length of service. The Museum contributed $1,897 and $1,542 to the Plan for the years ended June 30, 2019 and 2018, respectively. Regardless of match eligibility, the 403(b) retirement savings plan is open for all non-union employees and employees in several unions under collective bargaining agreements. Employees may contribute up to Internal Revenue code limits.

Postretirement health and welfare benefit costs are funded by the Museum on a pay-as-you-go basis. Only employees hired before February 1, 2003 are eligible for these benefits. Additionally, as part of the package of changes in fiscal year 2009, employees who retire after November 1, 2009 share the cost of health coverage at the same percentage level as an active employee. Effective July 1, 2009, the Museum required that, for active employees, most non-union and certain union employees contribute to the Museum-provided healthcare plan based on salary and coverage level. Plan design changes affecting all staff on the Museum's active healthcare plan and future retirees were also effective as of July 1, 2009. Additional plan design changes applicable to both current and retired employees were implemented in fiscal year 2016, lowering the expected future cost projections of the plan.

In fiscal year 2015, the Society of Actuaries released updated mortality tables which reflect longer actuarial life expectancies. The Museum has incorporated these updated mortality tables in its underlying estimates and financial obligations associated with the Museum's defined pension plans and other postretirement benefits as required as of and for the years ended June 30, 2019 and 2018.

In fiscal year 2017 the Museum completed a Voluntary Retirement Plan for employees meeting specific service and age criteria. Employees that elected the plan terminated from the Museum on July 31, 2016 or were extended in appropriate cases at the discretion of the Museum. The actuarial costs and payments related to this plan totaled $4,066 and are included in defined benefit plan changes other than net periodic benefit cost in the consolidated statement of activities.

(in thousands of dollars)

The following table sets forth the amounts recognized in the consolidated statements of financial position, the change in the benefit obligation, the change in plan assets, and the funded status for the plans:

	Pension Benefits		Postretirement Benefits	
	June 30,		June 30,	
	2019	2018	2019	2018
Change in benefit obligation				
Benefit obligation at beginning of year	$ 117,922	$ 122,369	$ 23,169	$ 30,556
Service cost	2,290	2,399	626	731
Interest cost	5,150	4,851	996	1,132
Actuarial loss (gain)	12,166	(7,167)	2	(8,154)
Benefits paid	(3,912)	(4,530)	(1,247)	(1,206)
Employee contributions	-	-	82	74
Medicare Part D reimbursements	-	-	42	36
Benefit obligation at end of year	133,616	117,922	23,670	23,169
Change in plan assets				
Fair value of plan assets at beginning of year	79,350	73,327	-	-
Actual return on plan assets	5,952	5,070	-	-
Employer contributions	3,627	5,483	1,123	1,096
Employee contributions	-	-	82	74
Medicare Part D reimbursements	-	-	42	36
Benefits paid	(3,912)	(4,530)	(1,247)	(1,206)
Fair value of plan assets at end of year	85,017	79,350	-	-
Funded status at end of year	$ (48,599)	$ (38,572)	$ (23,670)	$ (23,169)
Amounts recognized in the consolidated statements of financial position consist of				
Pension and postretirement benefit obligations	$ (48,599)	$ (38,572)	$ (23,670)	$ (23,169)
Amounts recognized in net assets without restrictions consist of				
Net (loss) gain	$ (36,060)	$ (25,561)	$ 657	$ 3,427
Prior service (cost) credit	(1,063)	(1,615)	3,299	1,378
	$ (37,123)	$ (27,176)	$ 3,956	$ 4,805
Defined benefit plan changes other than net periodic benefit cost				
Net (loss) gain	$ (11,956)	$ 6,750	$ (2)	$ 8,154
Amortization of net loss (gain)	1,457	1,959	(123)	-
Amortization of prior service cost (credit)	552	552	(725)	(821)
	$ (9,947)	$ 9,261	$ (850)	$ 7,333

(in thousands of dollars)

The discount rate using the bond matching method was calculated at 3.84%. The rate was determined with an analysis of bonds available at June 30, 2019 with an "AA" or better rating by at least two of the three bond rating agencies, Moody's S&P and Fitch. A hypothetical bond portfolio was constructed to match the expected monthly benefit payments under the plans.

In selecting the expected long-term rate of return on assets, the Museum considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of the plan. This included considering the trust's asset allocation and the expected returns likely to be earned over the life of the plan.

The following table includes the weighted-average assumptions for the plans:

	2019	2018	2019	2018
Weighted-average assumptions as of June 30				
Discount rate	3.84 %	4.41 %	3.84 %	4.41 %
Expected return on plan assets	7.25	7.50	-	-
Rate of compensation increase	3.50	3.50	-	-

Amounts in net assets without donor restrictions expected to be recognized in net periodic benefit cost in 2020	**Pension Benefits**	**Postretirement Benefits**
Net (loss) gain	$ (2,249)	$ 104
Prior service (cost) credit	(552)	622
	$ (2,801)	$ 726

The accumulated benefit obligation for the pension plan at June 30, 2019 and 2018 was $114,827 and $103,045, respectively. Detail of the changes in the accumulated benefit obligation for the pension plan is as follows:

	2019	2018
Accumulated benefit obligation at beginning of year	$ 103,045	$ 105,399
Accumulation of benefits, including experience gains/losses	2,355	2,776
Change in average discount period	4,459	4,219
Benefit payments	(3,912)	(4,530)
Change in actuarial assumptions	8,880	(4,819)
Accumulated benefit obligation at end of year	$ 114,827	$ 103,045

The accumulated benefit obligation for the Supplemental Executive Retirement Plan at June 30, 2019 and 2018 was $3,478 and $3,098, respectively. The plan was frozen in fiscal year 2009.

(in thousands of dollars)

The following table sets forth the components of the net periodic pension and postretirement benefits cost for the years ended June 30, 2019 and 2018:

	Pension Benefits		Postretirement Benefits	
	2019	**2018**	**2019**	**2018**
Service cost	$ 2,290	$ 2,399	$ 626	$ 731
Interest cost	5,150	4,851	996	1,131
Expected return on plan assets	(5,742)	(5,487)	-	-
Amortization of prior service cost (credit)	552	552	(725)	(821)
Amortization of net loss (gain)	1,457	1,959	(123)	-
Net periodic benefit cost	$ 3,707	$ 4,274	$ 774	$ 1,041

The health care cost trend rate assumption used in determining the accumulated postretirement benefit obligation for the coming year is 6.9% and 5.6% at June 30, 2019 and 2018, respectively.

The following data shows the effect of a one percentage point health care cost trend rate increase (decrease) for 2019, inclusive of the impact of a higher discount rate in fiscal 2019:

	Percentage Point Increase	Percentage Point (Decrease)
Effect on total of service and interest cost	$ 332	$ (260)
Effect on postretirement benefit obligation	3,708	(3,023)

Target allocations at June 30, 2019, by asset category are as follows:

Asset category	
Equity securities	75 %
Fixed income	25 %

The composition of asset categories and valuation techniques used to measure fair value are described in Note 3.

(in thousands of dollars)

Fair Value Measurements

Within the fair value hierarchy, the pension plan's investments at fair value by level as of June 30, 2019 and 2018 are as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value 2019
Assets				
Cash and cash equivalents	$ 894	$ -	$ -	$ 894
Fixed income				
Fixed income – other	-	3,139	-	3,139
Government & corporate	-	16,999	-	16,999
Equities				
Securities	11,186	-	-	11,186
Registered mutual funds	48,136	-	-	48,136
Investment funds	-	4,663	-	4,663
Total investments and cash equivalents	$ 60,216	$ 24,801	$ -	$ 85,017

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value 2018
Assets				
Cash and cash equivalents	$ 616	$ -	$ -	$ 616
Fixed income				
Fixed income – other	-	2,575	-	2,575
Government & corporate	-	17,273	-	17,273
Equities				
Securities	2,413	-	-	2,413
Registered mutual funds	51,673	-	-	51,673
Investment funds	-	4,800	-	4,800
Total investments and cash equivalents	$ 54,702	$ 24,648	$ -	$ 79,350

The investment funds categorized as Level 2 have monthly redemptions with a 15 day notice period. There were no significant transfers between Level 1 and Level 2 in fiscal years 2019 and 2018.

The Museum's primary investment objective is to maximize the total rate of return, subject to the preservation of capital. The primary means by which capital preservation is to be achieved is

(in thousands of dollars)

through diversification of the Plan's assets across asset classes. The assets are viewed as a having a long term horizon with high liquidity needs.

Cash flows for the fiscal year ending June 30, 2019 are as follows:

		Pension Benefits		Postretirement Benefits
Expected employer contributions				
2020	$	5,385	$	-
Projected benefit payments for the fiscal year ending June 30				
2020	$	5,719	$	1,111
2021		5,551		1,026
2022		5,474		1,024
2023		5,788		1,069
2024		5,771		1,105
2025-2029		32,431		6,039

The Medicare Prescription Drug Act (The "Act") introduced a prescription drug benefit under Medicare Part D as well as a federal subsidy to employers whose plans provide an "actuarial equivalent" prescription drug benefit. The Museum's postretirement prescription drug benefit qualified for this subsidy and consequently the Museum treats the effects of the Act as an actuarial gain. The effects of the Act are not significant. Accordingly, there was minimal impact on the net periodic postretirement benefit cost for fiscal years 2019 and 2018.

13. Advances to the Trust

The Museum, together with the Trust and a private developer, completed construction of a combined-use building in 1980, providing renovated and expanded facilities for the Museum and a condominium project using development rights from the Museum's real estate ("Museum Tower").

In connection with the 1980 expansion, real property used for part of the expansion was transferred to the Trust, and a portion of the new construction was leased back to the Museum under a renewable 99-year net lease for a payment of one dollar annually. The lease also provides for the Museum's right to purchase the leased premises for one dollar under certain circumstances. Under this arrangement, as further described below, related expenditures, cumulative interest, and the associated debt for the 1980 expansion and renovation of the Museum are not reflected in these consolidated financial statements.

Over the years, the Trust has issued serial bonds to the public for the purpose of refinancing earlier bond issues in 1980, 1984, 1991, 1993, 1996 and 2001. In May 2012, the Trust refinanced the remaining 1996 and 2001 bond issues with Series 2012A Refunding Revenue Bonds of $38,360 with a final maturity in 2023. The Series 2012A bonds did not extend the maturity of the 1996 and 2001 bond issues and are the only outstanding bonds with respect to the 1980 expansion.

In accordance with the New York State legislation pertaining to the Trust, the Museum Tower is exempt from real property taxation, but the Trust collects the equivalent of real property taxes from the owners of individual condominium units in the Museum Tower. These tax-equivalency payments ("TEPs") are based on the real property tax assessment of the Museum Tower.

(in thousands of dollars)

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 Serial Bonds are not sufficient to pay debt service due from time to time from the Trust to the holders of the Serial Bonds and to complete the 1980 expansion project. Such advances totaled $31,232 and $32,082, respectively, at June 30, 2019 and 2018.

The advances bore interest at a rate of 9% annually through June 30, 2004. Pursuant to an agreement in January 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. Cumulative interest totaled $145,735 and $141,094 at June 30, 2019 and 2018, respectively.

Commencing on July 1, 2009 and thereafter, the unpaid balance of any outstanding advances will accrue interest at a floating rate equal to the 3-year Treasury rate in effect on July 1 of that year. The rate was 2.7 % and 1.6 % for fiscal years 2019 and 2018, respectively. 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 of New York. These authorizations were obtained in August 2006 and the new instruments evidencing the Trust's obligations have now been issued.

Pursuant to the New York Arts and Cultural Affairs Law, the Trust uses TEPs to pay administrative expenses, the portion of the TEPs due to the City of New York, and debt service on the Serial Bonds. Any TEPs that remain after such payments have been made are applied to repay the Museum advances made to the Trust described above and interest earned thereon.

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.

TEPs available in accordance with the Arts and Cultural Affairs Law described above to reimburse the Museum for its advances were $850 and $1,150 in 2019 and 2018, respectively. The amounts were paid to the Museum, decreasing the receivable from the Trust. The Museum receives annual audited financial statements of the Trust. In addition, the Museum reviews the tax equivalency billings, subsequent collection and allocation of proceeds.

(in thousands of dollars)

14. Commitments

The Museum is obligated under lease agreements, which generally require the payment of base rents plus escalations. Rent expense under these leases amounted to $3,138 in 2019 and 2018.

Minimum lease payments under noncancelable operating leases as of June 30, 2019 are as follows:

2020	$ 3,435
2021	3,504
2022	2,648
2023	2,697
2024	2,748
Thereafter	18,854
Total minimum lease payments	$ 33,886

15. Functional Expenses

Expenses by functional and natural classification for the year ended June 30, 2019 are as follows:

	Cost of Goods	Depreciation	Occupancy, Utilities and Repairs	Professional Fees	Salaries & Benefits	Supplies & Other	Travel and Research Related Expenses	Communications	Total
Program Expenses:									
Auxiliary	$ 28,998	$ 806	$ 4,348	$ 1,608	$ 16,189	$ 2,169	$ 274	$ 3,445	$ 57,837
Curatorial & Support	-	-	1,450	2,002	39,478	3,629	730	120	47,409
Exhibitions	-	-	201	2,996	1,292	7,342	810	850	13,491
Facilities, Security & Other	-	20,048	14,126	370	22,034	704	12	2	57,296
Other Museum Programs	-	-	4	1,153	3,768	-	372	43	5,340
Public Information	-	-	3	1,277	4,414	160	1	1,088	6,943
Public Services	-	-	-	201	3,522	1,160	113	369	5,365
Management and General:									
Admin & Other	-	5,088	2,389	6,331	17,276	5,981	530	68	37,663
Fundraising:									
Membership, Development & Cultivation	-	1,605	111	723	8,124	1,365	262	1,622	13,812
	$ 28,998	$ 27,547	$ 22,632	$ 16,661	$ 116,097	$ 22,510	$ 3,104	$ 7,607	$ 245,156

(in thousands of dollars)

16. Liquidity

The Museum's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the consolidated statements of financial position were as follows:

	2019	2018
Financial Assets		
Total assets at year-end	$ 2,379,276	$ 2,228,983
Less non-financial assets:		
Property, plant and equipment, net	(728,824)	(646,402)
The Trust for Cultural Resources receivable	(31,232)	(32,082)
Prepaid expenses and other assets	(14,762)	(13,279)
Interest in net assets of International Council	(6,320)	(6,065)
Contributions receivable (with restriction)	(217,596)	(258,582)
Financial assets, at year-end	1,380,542	1,272,573
Less amounts unavailable for general expenditure within one year:		
Restricted by donor with time or purpose restrictions	(74,304)	(79,585)
Subject to appropriation and satisfaction of donor restrictions	(415,631)	(438,559)
Financial assets available to meet cash needs for general expenditures within one year	890,607	754,429
Liquidity resources:		
Available bank lines of credit and revolvers	54,200	39,200
Total financial assets and resources available within one year	$ 944,807	$ 793,629

As an integral part of the Museum's liquidity management strategy, the Museum structures its financial assets to be available as general expenditures, liabilities including debt service, and other obligations come due. The Museum invests cash in excess of daily requirements in short–term money market funds. Cash withdrawals from the investment pool are in sync with the museum's spending policy, but may be adjusted periodically based on the timing of gifts received, capital calls, income and capital distributions, operating expenses and other factors affecting available cash. Endowment funds appropriated for spending are distributed to Museum departments quarterly or held for general operating purposes. To manage potential liquidity needs, the Museum also has bank revolvers and lines of credit which totaled $72,000 and $57,000 at 2019 and 2018, respectively, which it could draw upon. Available bank revolvers and lines of credit are $54,200 and $39,200 at June 30, 2019 and 2018, respectively.

The Museum also has board designated endowments funds of $137,106 and $30,282 at June 30, 2019 and 2018, respectively. The Museum does not intend to spend from its board designated endowment funds other than amounts appropriated for expenditure as part of the annual budget process approval; however, amounts from its board designated endowment could be made available, if necessary.

(in thousands of dollars)

17. Subsequent Events

The Museum has performed an evaluation of subsequent events through October 29, 2019, which is the date the consolidated financial statements were issued. The Museum reopened to the general public on October 21, 2019. Assets placed in service totaled $360,295 with a corresponding release of restriction from net assets available for expansion and renovation.