The Museum of Modern Art

Consolidated Financial Statements
June 30, 2016 and 2015

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Independent Auditor's Report

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 (the "Museum"), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of unrestricted revenues, expenses and changes in unrestricted net assets, of changes in net assets 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.

Auditor's 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 Museum'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 Museum'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.

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 at June 30, 2016 and 2015, and their changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

October 18, 2016

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The Museum of Modern Art
Consolidated Statements of Financial Position
June 30, 2016 and 2015

(in thousands of dollars)	**2016**	**2015**
Assets		
Cash and cash equivalents	$ 152,876	$ 83,882
Receivables		
Accounts receivable and other	4,995	7,852
Contributions receivable, net	282,726	191,310
The Trust for Cultural Resources	33,832	34,532
Inventories	13,831	12,680
Prepaid expenses and other assets	13,146	9,710
Investments		
Accrued investment income and other receivables	1,185	2,541
Investments, at fair value	838,520	907,428
Interest in net assets of International Council	6,002	6,632
Property, plant and equipment, net	498,343	480,163
Museum collections (Note 1)	-	-
Total assets	$ 1,845,456	$ 1,736,730
Liabilities and Net Assets		
Accounts payable, accrued expenses and other liabilities	$ 58,880	$ 42,708
Deferred revenue	7,345	2,310
Loans payable and bond premium, net of accumulated amortization, of $6,151 and $9,111 in 2016 and 2015, respectively	263,606	266,766
Pension and postretirement benefit obligations	78,323	65,181
Total liabilities	408,154	376,965
Net Assets		
Unrestricted	675,453	777,724
Temporarily restricted	480,146	310,571
Permanently restricted	281,703	271,470
Total net assets	1,437,302	1,359,765
Total liabilities and net assets	$ 1,845,456	$ 1,736,730

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

The Museum of Modern Art
Consolidated Statements of Unrestricted Revenues, Expenses and Changes in Unrestricted Net Assets
Years Ended June 30, 2016 and 2015

	2016			2015		
	Unrestricted Net Assets			Unrestricted Net Assets		
(in thousands of dollars)	Museum Operations	Plant and Equipment Funded by Designated Gifts	Total Unrestricted Net Assets	Museum Operations	Plant and Equipment Funded by Designated Gifts	Total Unrestricted Net Assets
Operating revenues and other support						
Admissions	$ 30,782	$ -	$ 30,782	$ 32,989	$ -	$ 32,989
Membership	16,927	-	16,927	18,042	-	18,042
Investment income-spending policy	36,161	-	36,161	29,628	-	29,628
Annual fund contributions	14,300	-	14,300	11,308	-	11,308
Other grants and contributions	19,237	-	19,237	20,929	-	20,929
Circulating exhibition fees	803	-	803	1,234	-	1,234
Other	8,792	-	8,792	8,030	-	8,030
Revenue of auxiliary activities	58,618	-	58,618	58,813	-	58,813
Total operating revenues and other support	185,620	-	185,620	180,973	-	180,973
Net assets released from restrictions to fund operations	21,261	-	21,261	20,690	-	20,690
Total operating revenues and other support and reclassifications	206,881	-	206,881	201,663	-	201,663
Operating expenses						
Curatorial and related support services	46,184	-	46,184	41,990	-	41,990
Exhibitions	12,285	-	12,285	12,955	-	12,955
Other museum programs	4,920	-	4,920	5,802	-	5,802
Cost of sales/auxiliary activities	55,104	-	55,104	54,471	-	54,471
Depreciation (nonauxiliary)	4,863	21,867	26,730	4,747	21,855	26,602
Public services	4,383	-	4,383	4,293	-	4,293
Membership, development and cultivation	12,249	-	12,249	11,646	-	11,646
Facilities, security and other	29,773	-	29,773	28,525	-	28,525
Public information	4,727	-	4,727	4,784	-	4,784
Administration and other	27,784	-	27,784	28,154	-	28,154
Total operating expenses	202,272	21,867	224,139	197,367	21,855	219,222
Excess (deficit) of operating revenues and support over operating expenses	4,609	(21,867)	(17,258)	4,296	(21,855)	(17,559)
Nonoperating revenues, expenses and other support						
Acquisition of works of arts	(40,625)	-	(40,625)	(25,249)	-	(25,249)
Net assets released from restrictions for art acquisitions	40,625	-	40,625	25,249	-	25,249
Net assets released from restrictions for debt service and reduction	250	-	250	3,144	-	3,144
(Deficit) excess of investment income (under) over amounts designated for operations and specific purposes	(70,416)	-	(70,416)	2,510	-	2,510
Board-designated and other contributions	3,000	-	3,000	2,215	-	2,215
Defined benefit plan changes other than net periodic benefit cost	(8,696)	-	(8,696)	(4,865)	-	(4,865)
Interest expense, change in fair value of interest rate swap agreements and other financing costs	(9,151)	- -	(9,151)	(8,565)	-	(8,565)
Gain on sale of development rights	-	-	-	95,908	-	95,908
Total nonoperating revenues, expenses and other support	(85,013)	-	(85,013)	90,347	-	90,347
Change in unrestricted net assets	(80,404)	(21,867)	(102,271)	94,643	(21,855)	72,788
Unrestricted net assets						
Beginning of year	576,201	201,523	777,724	481,558	223,378	704,936
End of year	$ 495,797	$ 179,656	$ 675,453	$ 576,201	$ 201,523	$ 777,724

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

The Museum of Modern Art
Consolidated Statements of Changes in Net Assets
June 30, 2016 and 2015

(in thousands of dollars)	**2016**	**2015**
Unrestricted net assets		
Change in unrestricted net assets	$ (102,271)	$ 72,788
Temporarily restricted net assets		
Capital gifts and other contributions	244,384	85,053
Interest in net assets of International Council	(188)	2
Investment return	(29,714)	7,687
Net assets released from restriction	(62,136)	(49,083)
Sales of works of art	17,229	18,691
Change in temporarily restricted net assets	169,575	62,350
Permanently restricted net assets		
Capital gifts and other contributions	9,996	1,131
Interest in net assets of International Council	42	34
Investment return	195	63
Change in permanently restricted net assets	10,233	1,228
Total change in net assets	77,537	136,366
Net assets		
Beginning of year	1,359,765	1,223,399
End of year	$ 1,437,302	$ 1,359,765

The Museum of Modern Art
Consolidated Statements of Cash Flows
June 30, 2016 and 2015

(in thousands of dollars)		2016		2015
Cash flows from operating activities				
Change in net assets	$	77,537	$	136,366
Adjustments to reconcile change in net assets to net cash used in operating activities				
Depreciation and amortization		24,397		24,377
Defined benefit plan changes other than net periodic benefit cost		8,696		4,865
Change in interest in net assets of International Council		291		(205)
Net realized gains and unrealized depreciation (appreciation) on investments		66,361		(40,574)
Contributions restricted for capital acquisition and permanent endowment		(215,855)		(65,842)
Contributed securities		(20,016)		(7,645)
Proceeds from sales of contributed securities		8,658		1,683
Change in fair value of interest rate swap agreement		(364)		(358)
Sales of works of art		(17,229)		(18,691)
Acquisition of works of art		40,625		25,249
Gain on sale of development rights		-		(95,908)
Changes in assets and liabilities				
Decrease (increase) in accounts receivable and other		2,857		(851)
(Increase) decrease in contributions receivable		(1,387)		7,495
Decrease in accrued investment income and other investment receivables		1,356		3,414
Increase in inventories		(1,151)		(1,470)
(Increase) decrease in prepaid expenses and other assets		(3,436)		2,336
Increase (decrease) in accounts payable, accrued expenses and other liabilities		5,582		(724)
Increase in pension and postretirement benefit obligations		4,446		5,398
Increase (decrease) in deferred revenue		5,035		(1,007)
Net cash used in operating activities		(13,597)		(22,092)
Cash flows from investing activities				
Purchases of property, plant and equipment		(43,637)		(23,882)
Proceeds from disposition of investments		228,192		209,876
Purchase of investments		(225,306)		(237,824)
Distributions from Trust for Cultural Resources		700		863
Sales of works of art		17,229		18,691
Acquisition of works of art		(31,571)		(25,249)
Proceeds from sale of development rights		-		62,086
Net cash (used in) provided by investing activities		(54,393)		4,561
Cash flows from financing activities				
Contributions restricted for capital acquisition and permanent endowment		106,771		43,642
Proceeds from sales of contributed securities		30,413		3,695
Proceeds from debt issuance		1,000		1,200
Repayment of debt		(1,200)		(1,200)
Net cash provided by financing activities		136,984		47,337
Net increase in cash and cash equivalents		68,994		29,806
Cash and cash equivalents				
Beginning of year		83,882		54,076
End of year	$	152,876	$	83,882
Supplemental disclosures				
Cash paid in the year for interest	$	12,192	$	12,157
Accruals of property, plant and equipment acquisitions		1,901		2,395
Accruals of acquisitions of works of art		9,054		-
Contributed securities		35,146		9,490

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. In 2014, the Council amended its by-laws to exclusively support the Museum in its international programs and activities. As a result of this amendment, the Museum has recorded its interest in 100% of the Council's net assets of $6,002 and $6,632 in the consolidated statements of financial position as of June 30, 2016 and 2015, respectively. These net assets are classified as either temporarily or permanently restricted due to timing or donor restrictions. The Council's net assets consist primarily of cash and cash equivalents and investments which were $441 and $5,622, respectively, at June 30, 2016 and $379 and $6,272, respectively, at June 30, 2015. All of the Council's investments (as of June 30, 2016 and 2015) 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.

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 unrestricted net assets. Contributed collection items are not reflected in the consolidated financial statements. Proceeds from sales of works of art, which are reflected as increases in temporarily restricted net assets, are used exclusively to acquire other items for the collection.

Net Assets

The Museum reports information regarding its consolidated financial position and changes in activities in one of three classes of net assets: permanently restricted, temporarily restricted, and unrestricted.

- Permanently restricted net assets contain donor-imposed restrictions stipulating that the resources be maintained permanently but permit the Museum to use or expend part or all of the investment return from the donated assets for specified or unspecified purposes (Note 10).

- Temporarily restricted net assets contain donor-imposed restrictions that permit the Museum to use up or expend the donated assets as specified. The restriction is satisfied either by the passage of time or by actions of the Museum. Investment income and gains/losses on permanently restricted net assets are reported as temporarily restricted until appropriated for expenditure in accordance with donor imposed stipulations. The appropriation and spending of such income is subject to a standard of prudence, as more fully disclosed in Note 10.

- Unrestricted net assets are neither permanently restricted nor temporarily restricted by donor-imposed restrictions. As reflected in the accompanying consolidated statements of financial position, the Museum and the Board of Trustees have designated unrestricted net assets 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 and net assets designated for long-term investments which include realized capital gains and unrealized appreciation on permanently restricted net assets which have no donor-imposed restrictions on either income or capital appreciation.

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

Contributions

Contributions, including promises to give, are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is satisfied either by the passage of time or the actions of the Museum, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of unrestricted revenues, expenses and changes in net assets as net assets released from restrictions. It is the Museum's policy to record temporarily restricted contributions and investment returns thereon that are received and expended in the same accounting period in the unrestricted net asset category.

It is the Museum's policy to recognize contributions restricted by a donor for the acquisition or construction of long-lived assets as temporarily restricted support and to reclassify such support to unrestricted net assets as net assets released from restriction when the asset has been acquired and placed in service.

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 made in the years ended June 30, 2016 and 2015. A substantial number of volunteers have contributed significant amounts of 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 $20,016 and $7,645 of revenue related to contributed securities for the years ended June 30, 2016 and 2015, respectively.

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

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

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 or 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, 2016 and 2015. 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 unrestricted revenues, expenses and changes in unrestricted net assets. 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.

Museum Operations
The Museum includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities. Museum operations do not include acquisition of art work, net assets released from restrictions for art and capital acquisitions and debt reduction, (deficit) excess of investment income (under) over amounts designated for operations and specific purposes, interest expense, change in fair value of interest rate swap agreements and other financing costs, board-designated and other contributions, defined benefit plan changes other than net periodic benefit cost, or gain on sale of development rights. The measure of operations also includes 5% of 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 $12,249 and $11,646, respectively, for the years ended June 30, 2016 and 2015. 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.

Bond Issuance Costs
Bond issuance costs, included in prepaid expenses and other assets 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.

Functional Allocation of Expenses
The cost of providing program and supporting services has been summarized in Note 15.

Advertising Expense
Advertising is recorded as expense in the period incurred. Advertising expense for the years ended June 30, 2016 and 2015 was $3,001 and $3,460, respectively.

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 unrestricted revenues, expenses and changes in unrestricted net assets.

Reclassifications
Certain prior year amounts have been reclassified to conform to the current period presentation.

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 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 standard is effective for fiscal years beginning after December 15, 2017 (fiscal year 2019 for the Museum). The Museum is evaluating the impact this standard will have on the consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03 (Subtopic 835-30) Imputation of Interest - Simplifying the Presentation of Debt Issuance Costs. This standard requires all costs incurred to issue debt to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability. The standard is effective for fiscal years beginning after December 15, 2015 (fiscal year 2017 for the Museum), with early application permitted. The Museum is evaluating the impact this standard will have on the consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, Disclosure for Investments in Certain Entities That Calculated Net Asset Value per Share (or its Equivalent). This ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the practical expedient. The ASU further removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the practical expedient. The Museum elected to early adopt this standard for fiscal year 2015.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. Per this guidance, entities that are not public business entities are not required to apply the fair value of financial instruments disclosure guidance in the General Subsection of Section 825-10-50. The Museum elected to early adopt this guidance for fiscal year 2016.

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, 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 of this standard will have 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) will be 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 will be 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 will be 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. This ASU is effective for fiscal years beginning after December 15, 2017 (fiscal year 2019 for the Museum), with early application permitted. This ASU should be applied on a retrospective basis in the year that the ASU is first applied. The Museum is evaluating the impact this standard will have on the consolidated financial statements.

2. Contributions Receivable

Contributions receivable at June 30, 2016 and 2015 are as follows:

	2016	2015
Museum operations and programs	$ 102,014	$ 124,488
Future periods-split interest agreements	1,418	1,418
Capital construction, acquisition and endowment	204,622	82,937
	308,054	208,843
Less: Discount for present value	(12,529)	(4,734)
Allowance for doubtful accounts	(12,799)	(12,799)
	$ 282,726	$ 191,310
Amounts due in		
Less than one year	$ 61,663	$ 39,994
One to five years	119,256	40,930
More than five years	127,135	127,919
	$ 308,054	$ 208,843

Multi-year pledges initially fair valued in fiscal year 2016 and 2015 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 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, registered mutual funds and futures contracts.

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 2016 and 2015, the Museum did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

The following tables summarize the financial instruments reported within the consolidated statements of financial position carried at fair value as of June 30, 2016 and 2015, 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, 2016 Total Fair Value
Assets				
Cash equivalents	$ -	$ 185,662	$ -	$ 185,662
Government and corporate bonds	-	45,111	-	45,111
Equity securities	169,380	-	-	169,380
Futures contracts	1,215	-	-	1,215
Investment funds				
Registered mutual funds	36,706	-	-	36,706
Fixed income	-	474	-	474
	$ 207,301	$ 231,247	$ -	438,548
Investments measured at NAV				548,594
Total assets at fair value				$ 987,142
Liabilities				
Interest rate swaps	$ -	$ 6,456	$ -	$ 6,456
Total liabilities at fair value	$ -	$ 6,456	$ -	$ 6,456

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	June 30, 2015 Total Fair Value
Assets				
Cash equivalents	$ -	$ 98,095	$ -	$ 98,095
Government and corporate bonds	-	43,382	-	43,382
Equity securities	223,972	-	-	223,972
Futures contracts	3,765	-	-	3,765
Investment funds				
Registered mutual funds	35,722	-	-	35,722
Fixed income	-	532	-	532
	$ 263,459	$ 142,009	$ -	405,468
Investments measured at NAV				584,962
Total assets at fair value				$ 990,430
Liabilities				
Interest rate swaps	$ -	$ 6,821	$ -	$ 6,821
Total liabilities at fair value	$ -	$ 6,821	$ -	$ 6,821

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.

As of June 30, 2016

Investment Strategy	Adjusted Fair Value Determined Using NAV in (000's)	Number of Funds	Remaining Life[1]	Unfunded Commitments (in 000's)	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions and Terms in Place at Year End
Fixed Income - Investment funds	$ 31,943	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	226,153	6	N/A	N/A	Bimonthly: 16% (with 3 days notice) Month-end: 24% (with 15 days notice) Quarterly: 39% (with 30 days notice) Annual at 12/31: 10% (with 90 days notice) 12/31/17 and then annual: 10% (with 90 days notice) 12/31/18 and then annual: 1% (with 90 days notice)	See redemption terms.	None
Absolute Return - Multi-strategy and other	66,833	5	N/A	N/A	Quarterly: 22% Annual at 12/31: 63% Sidepocket (> 3 Yrs): 15% (All funds require notice periods that range from 60 to 180 days)	1 fund, representing 21% of assets has a Gate, triggered at 33% of original investment over a rolling 12-month period.	Full redemption requests made for two funds (representing 5% of assets), with remaining balances comprised of special investments to be liquidated over time.
Absolute Return - Equity long/short	22,920	2	N/A	N/A	Quarterly: 100% (with 30 days notice) Pending final redemption: <1%	2 funds, representing 100% of assets have Gates. Gates are triggered at 25% of fund-level NAV for both funds.	None
Absolute Return - Credit	93,146	6	N/A	$ 7,000	Annual at 12/31: 45% Quarterly: 12% 6/30/16 and relocking for 36 months: 16% 3/31/17 and relocking for 24 months: 5% 12/31/17 and relocking for 36 months: 16% 3/31/18 and relocking for 24 months: 5% Sidepocket (> 3 Yrs): <1% Pending final redemption: <1% 6 funds, representing 100% of assets, require 90 days notice. The remaining fund is pending final redemption.	1 fund, representing 23% 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	25,126	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	73,519	31	0-3 Years: 31% 3-5 Years: 30% >5 Years: 39%	181,056	N/A	N/A	N/A
Real Assets	8,954	6	0-3 Years: 27% 3-5 Years: 0% >5 Years: 73%	11,672	N/A	N/A	N/A
	$ 548,594			$ 199,728			

[1] Defined as the period between June 30, 2016 and the initial Termination Date of the fund as defined in legal documentation.

(in thousands of dollars)

As of June 30, 2015

Investment Strategy	Adjusted Fair Value Determined Using NAV in (000's)	Number of Funds	Remaining Life[1]	Unfunded Commitments (in 000's)	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions and Terms in Place at Year End
Fixed Income - Investment funds	$ 31,794	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	239,591	5	N/A	N/A	Bimonthly: 14% (with 3 days notice) Month-end: 26% (with 15 days notice) Quarterly: 41% (with 30 days notice) Annual at 12/31: 10% (with 90 days notice) 12/31/17 and then annual: 9% (with 90 days notice)	None	None
Absolute Return - Multi-strategy and other	67,178	5	N/A	N/A	Quarterly: 23% Annual at 12/31: 62% Sidepocket (> 3 Yrs): 15% (All funds require notice periods that range from 60 to 180 days)	1 fund, representing 23% of assets has a Gate, triggered at 33% of original investment over a rolling 12-month period.	Full redemption requests made for two funds (representing 5% of assets), with remaining balances comprised of special investments to be liquidated over time.
Absolute Return - Equity long/short	23,122	3	N/A	N/A	Quarterly: 100% (with 30 days notice) Pending final redemption: <1%	2 funds, representing 100% of assets have Gates. Gates are triggered at 25% of fund-level NAV for both funds.	The remaining fund (<1% of assets) is pending final redemption.
Absolute Return - Credit	93,487	6	N/A	N/A	Annual at 12/31: 47% Quarterly: 12% 6/30/16 and relocking for 36 months: 17% 3/31/17 and relocking for 24 months: 3% 12/31/17 and relocking for 36 months: 17% 3/31/18 and relocking for 24 months: 3% Sidepocket (> 3 Yrs): <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 24% 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	41,016	2	N/A	N/A	Quarterly: 100% (All funds require notice periods that range from 45 to 60 days)	2 funds, representing 100% of assets have Gates. One Gate is triggered at 25% of investor-level NAV / quarter, and the other is triggered at 25% of fund-level NAV / quarter.	None
Private Equity	80,240	27	0-3 Years: 42% 3-5 Years: 37% >5 Years: 21%	$ 98,989	N/A	N/A	N/A
Real Assets	8,534	7	0-3 Years: 30% 3-5 Years: 0% >5 Years: 70%	13,726	N/A	N/A	N/A
	$ 584,962			$ 112,715			

[1] Defined as the period between June 30, 2015 and the initial Termination Date of the fund as defined in legal documentation.

(in thousands of dollars)

4. Investments

Investments at June 30, 2016 and 2015 are as follows:

	2016		2015	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Cash equivalents	$ 44,250	$ 44,250	$ 23,122	$ 23,122
Equity securities	156,528	169,380	174,736	223,972
Government and corporate bonds	44,621	44,951	43,597	43,196
Investment funds				
Registered mutual funds	25,151	35,752	25,891	34,683
Fixed income	32,747	31,943	32,450	31,794
Equity (long only)	218,742	226,153	207,732	239,591
Equity long/short	3,184	22,920	3,186	23,122
Credit	90,939	93,146	87,046	93,487
Multi-strategy and other	30,406	66,833	30,624	67,178
Event-driven	25,000	25,126	39,665	41,016
Private equity	60,074	73,519	56,080	80,240
Real assets	8,857	8,954	8,330	8,534
Investments	$ 740,499	842,927	$ 732,459	909,935
Futures contracts		1,215		3,765
		844,142		913,700
Less: Investments maintained for the Council		(5,622)		(6,272)
Investments per the consolidated statements of financial position		$ 838,520		$ 907,428

For fiscal year 2016 and 2015, the total investment (loss) return was approximately (6.8)% and 5.1%, respectively. The Museum's investment return is calculated as a time weighted internal rate of return for all of the investments over the 2016 fiscal year.

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, 2016 and 2015, if it had liquidated its investments in the funds on these dates.

(in thousands of dollars)

Private equity fund holdings include investments in buyouts, distressed companies and venture capital. Hedge funds include credit, equity long/short, multi-strategy and other. Real Assets include fund holdings in real estate. 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 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, 2016 and 2015, 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 spending policy, an amount equal to 5% of a lagged average market value of the endowment assets and unrestricted investments for the preceding year twelve quarters was made available in fiscal 2016 and 2015 for operating the Museum.

The following schedules summarize the investment return and its classification in the consolidated statements of unrestricted revenues, expenses and other changes in unrestricted net assets for 2016 and 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016
Dividends and interest, net of investment management and related fees of $10,986	$ 3,042	$ 50	$ 156	$ 3,248
Net realized (losses) gains, changes in unrealized (depreciation) appreciation	(36,636)	(29,764)	39	(66,361)
Total return on long-term investments	(33,594)	(29,714)	195	(63,113)
Museum operations (spending policy)	(36,161)	-	-	(36,161)
Spending policy in excess of investment return	(69,755)	(29,714)	195	(99,274)
Auxiliary activities	(661)	-	-	(661)
Amounts designated for operations and specific purposes in excess of investment return	$ (70,416)	$ (29,714)	$ 195	$ (99,935)

(in thousands of dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015
Dividends and interest, net of investment management and related fees of $11,208	$ 240	$ 712	$ 63	$ 1,015
Net realized gains, changes in unrealized appreciation	32,476	6,975	-	39,451
Total return on long-term investments	32,716	7,687	63	40,466
Museum operations (spending policy)	(29,628)	-	-	(29,628)
Investment return in excess of spending policy	3,088	7,687	63	10,838
Auxiliary activities	(578)	-	-	(578)
Investment return in excess of amounts designated for operations and specific purposes	$ 2,510	$ 7,687	$ 63	$ 10,260

5. Inventories

At June 30, 2016 and 2015, inventories are as follows:

	2016	2015
Publishing and retail		
Available for sales	$ 13,060	$ 11,971
Work in process	744	677
	13,804	12,648
All other	27	32
	$ 13,831	$ 12,680

(in thousands of dollars)

6. Property, Plant and Equipment

At June 30, 2016 and 2015, property, plant and equipment are as follows:

	2016	2015
Buildings	$ 554,199	$ 549,181
Leasehold improvements	4,312	4,427
Software, equipment, machinery and furniture and fixtures	86,875	89,667
Total property, plant and equipment at cost	645,386	643,275
Less: Accumulated depreciation	344,024	325,144
Property, plant and equipment, net	301,362	318,131
Land, at cost	91,352	91,352
Undeveloped property	105,629	70,680
	$ 498,343	$ 480,163

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, 2016 and 2015 and totaled $16,699 and $17,875, respectively.

Undeveloped property includes costs related to a multi-year project comprised of development, construction and integration of a to-be-constructed 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.

In 2007 the Museum sold development rights to a developer to construct a building adjacent to the Museum on undeveloped property. The Museum retained certain development rights that will be used to add gallery space within the building when construction is completed. In addition, in 2009, the Museum exercised an option to purchase additional development rights that were conveyed to the development site; the developer contracted to purchase these additional development rights from the Museum. In December 2009, the Museum and the developer agreed to delay the closing of the sale of the additional development rights over undeveloped property to 2013 with additional extensions to 2015. As of June 30, 2014, the developer had exercised an extension through 2015. In consideration of these extensions the Museum had received deposits of the purchase price totaling $54,440 which was reflected in deferred revenue on the consolidated statements of financial position.

In September 2014, the Museum and a developer completed the sale of the additional development rights over the undeveloped property, at which point the developer paid the Museum approximately $62,000 to complete the transaction, for a total of approximately $116,000. At the time of closing, all consideration affecting a sale had been exchanged between the parties and the Museum surrendered title of the development rights to the developer. As a result, the Museum recognized a gain on sale of development rights of $95,908. Since the development rights were

(in thousands of dollars)

considered an investment in real property, this gain was included in non-operating revenues in the 2015 consolidated statement of unrestricted revenues, expenses and changes in unrestricted net assets.

7. Deferred Revenue

At June 30, 2016 and 2015, deferred revenue is as follows:

	2016	2015
Deferred membership revenues	$ 1,720	$ 1,802
Other, principally deaccession proceeds	4,921	353
Deferred exhibition fees	704	155
	$ 7,345	$ 2,310

8. Loans Payable

Loans payable at June 30, 2016 and 2015 are as follows:

	2016	2015
Series 2008 One A bonds	$ 130,825	$ 130,825
Series 2010 One A bonds	55,285	55,285
Series 2012 One D bonds	52,545	52,545
Revolvers	18,000	18,200
Line of credit	800	800
Total debt	257,455	257,655
Bond premium on 2008, 2010 One A, and 2012 One D bonds, net of amortization	6,151	9,111
Total debt and bond premium	$ 263,606	$ 266,766

Loans payable by the Museum relate primarily to both the renovation and expansion project of its main facility, which reopened to the public in November 2004, and to the construction project of MoMAQNS, the Museum's storage facility in Long Island City, New York.

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.

(in thousands of dollars)

The Series 2008 One A bonds, 2010 One A bonds, and 2012 One D bonds consisted of the following amounts and matured at June 30, 2016:

	Principal	Yield at Issuance	Rate	Maturity
Refunding Bonds, Series 2008 One A				
Serial bonds (callable in 2018)	$ 67,570	4.36% - 4.51%	5.0%	April 1, 2025-2028
Term Bonds (callable in 2018)	63,255	4.63%	5.0%	April 1, 2031
Refunding Bonds, Series 2010 One A				
Term bonds	55,285	2.43%	5.0%	October 1, 2017
Refunding Bonds, Series 2012 One D				
Term bonds	52,545	1.21%	4.0%	August 1, 2017
	$ 238,655			

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 unrestricted revenues, expenses and changes in unrestricted net assets.

(in thousands of dollars)

At June 30, 2016 and 2015, the fair value of the Museum's derivative financial instruments were in a liability position of $6,456 and $6,821, 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, 2016 and 2015 was $364 and $358, 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 unrestricted revenues, expenses, and changes in unrestricted net assets. Payments on the swaps totaled $607 and $608, respectively, for the years ended June 30, 2016 and 2015.

In January 2016, the Museum refinanced its $20,000 revolving note agreement. This revolver will mature in January 2017 and has an interest rate based on various LIBOR maturities that was 0.8% at June 30, 2016. In June 2016, MoMA PS1 entered into a $2,000 revolving note agreement with a commercial bank. This revolver will mature in January 2017 and has an interest rate based on various LIBOR maturities that was 3.5% as of June 30, 2016. Borrowings under these two facilities totaled $18,000 and $18,200, respectively, for the years ended June 30, 2016 and 2015.

At June 30, 2016, the Museum has available a $35,000 line of credit with a commercial bank. The line of credit expires in November 2016. Borrowings under the line of credit totaled $800, for the years ended June 30, 2016 and 2015 at an interest rate based on LIBOR maturities that was 1.0%.

Annual principal payments as of June 30, 2016 due during the next five fiscal years and in total thereafter under all of the aforementioned loans payable are approximately as follows:

2017	$ 18,800
2018	107,830
2019	-
2020	-
2021	-
Thereafter	130,825
	$ 257,455

The Museum's revolver and line of credit agreements contain financial covenants, the most restrictive of which requires a certain ratio of unrestricted net assets to its principal amount of outstanding debt. The Museum was in compliance with all financial covenants as of June 30, 2016 and 2015.

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

(in thousands of dollars)

"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.

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.

Distributions available for spending are now drawn at 5% annually of a lagged average market value of endowment assets for the preceding year twelve quarters (for those funds not governed by contrary donor-imposed restrictions).

(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 UPMIFA, the Museum classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) the net realizable value of future payments to permanently restricted net assets 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 temporarily restricted net assets until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by law. Upon appropriation, appreciation and earnings are reclassified as unrestricted net assets.

Funds share in the overall earnings rate of the Museum's portfolio except for two funds totaling $17,999 and $18,297 as of June 30, 2016 and 2015, 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, 2016 and 2015:

	Permanently Restricted	Temporarily Restricted	Unrestricted	Total 2016
Donor-restricted endowment funds	$ 280,467	$ 76,409	$ -	$ 356,876
Board-designated endowment funds	-	-	28,897	28,897
Donor-restricted funds below historic dollar value	108	-	(108)	-
Total funds	$ 280,575	$ 76,409	$ 28,789	$ 385,773

	Permanently Restricted	Temporarily Restricted	Unrestricted	Total 2015
Donor-restricted endowment funds	$ 270,383	$ 103,700	$ -	$ 374,083
Board-designated endowment funds	-	-	30,394	30,394
Total funds	$ 270,383	$ 103,700	$ 30,394	$ 404,477

(in thousands of dollars)

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

	2016	2015
Permanently restricted net assets		
Museum programs	$ 63,628	$ 55,808
Acquisition of works of art	58,891	58,685
Museum operations and other activities	158,056	155,890
Total endowment funds classified as permanently restricted net assets	280,575	270,383
Temporarily restricted net assets		
Museum programs	12,829	21,571
Acquisitions of works of art	8,158	12,143
Support of exhibitions	13,104	15,201
Operating support and other purposes	42,318	54,785
Total endowment funds classified as temporarily restricted net assets	76,409	103,700
Unrestricted net assets		
Unrestricted purposes	28,789	30,394
Total endowment funds classified as unrestricted net assets	28,789	30,394
Total endowment funds	$ 385,773	$ 404,477

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, 2016 was $108, and included 10 funds with original donor contributions totaling $5,670. There were no funds with a fair value below historic dollar value at June 30, 2015. Deficiencies of this nature are recorded in unrestricted net assets to the extent that temporarily restricted resources associated with these funds have been reduced to zero.

(in thousands of dollars)

Reconciliation from endowment net assets to investments, at fair value for June 30, 2016 and 2015 is as follows:

	2016	2015
Endowment net assets	$ 385,773	$ 404,477
Subtract		
Contributions receivable, net, and other adjustments included in endowment net assets	(103,752)	(130,094)
Add		
Unrestricted and temporarily restricted investments, at fair value	556,499	633,045
Investments, at fair value	$ 838,520	$ 907,428

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

	Permanently Restricted	Temporarily Restricted	Unrestricted	Total
Endowment net assets as of June 30, 2014	$ 269,187	$ 102,791	$ 30,428	$ 402,406
Investment return				
Investment income	63	16,692	945	17,700
Net appreciation (depreciation)	2	(6,234)	(410)	(6,642)
Total investment return	65	10,458	535	11,058
Contributions	1,131	-	-	1,131
Appropriation of endowment assets for expenditure	-	(9,549)	(569)	(10,118)
Endowment net assets as of June 30, 2015	270,383	103,700	30,394	404,477
Investment return				
Investment income	195	3,631	210	4,036
Net appreciation (depreciation)	(106)	(20,403)	(1,149)	(21,658)
Total investment return	89	(16,772)	(939)	(17,622)
Contributions	9,995	-	-	9,995
Appropriation of endowment assets for expenditure	-	(10,519)	(558)	(11,077)
Donor-restricted funds below historic dollar value	108	-	(108)	-
Endowment net assets as of June 30, 2016	$ 280,575	$ 76,409	$ 28,789	$ 385,773

(in thousands of dollars)

11. Temporarily Restricted Net Assets

At June 30, 2016 and 2015, temporarily restricted net assets were available for the following purposes:

	2016	2015
Museum programs	$ 36,633	$ 43,043
Acquisitions of works of art	15,461	27,415
Maintaining art collections	12,269	13,634
Support of exhibitions	19,760	21,054
Expansion and renovation	325,005	115,060
Operating support and other purposes	71,018	90,365
	$ 480,146	$ 310,571

During fiscal 2016 and 2015, 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:

	2016	2015
Museum programs and other	$ 19,659	$ 18,354
Exhibitions	1,602	2,336
Debt service and reduction	250	3,144
Acquisitions of works of art	40,625	25,249
Total releases from restriction	$ 62,136	$ 49,083

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 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.

(in thousands of dollars)

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 $1,461 and $1,243 to the Plan for the years ended June 30, 2016 and 2015, 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. Effective January 1, 2016, there were further plan design changes that impacted the level of coverage for all retirees and this amendment decreased the postretirement benefit obligation by $3,183 for fiscal year 2016.

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, 2016 and 2015.

(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, the funded status, and weighted-average assumptions for the plans:

	Pension Benefits		Postretirement Benefits	
	June 30,		June 30,	
	2016	2015	2016	2015
Change in benefit obligation				
Benefit obligation at beginning of year	$ 105,742	$ 94,458	$ 30,114	$ 31,874
Service cost	2,613	2,470	745	1,053
Interest cost	4,660	4,299	1,131	1,503
Amendments	-	-	(3,183)	-
Actuarial loss (gain)	9,416	7,379	(1,023)	(3,659)
Benefits paid	(3,087)	(2,864)	(798)	(718)
Employee contributions	-	-	34	28
Medicare Part D reimbursements	-	-	31	34
Benefit obligation at end of year	119,344	105,742	27,051	30,115
Change in plan assets				
Fair value of plan assets at beginning of year	70,676	71,414	-	-
Actual return on plan assets	207	2,126	-	-
Employer contributions	276	-	733	656
Employee contributions	-	-	34	28
Medicare Part D reimbursements	-	-	31	34
Benefits paid	(3,087)	(2,864)	(798)	(718)
Fair value of plan assets at end of year	68,072	70,676	-	-
Funded status at end of year	$ (51,272)	$ (35,066)	$ (27,051)	$ (30,115)
Amounts recognized in the consolidated statements of financial position consist of				
Pension and postretirement benefit obligations	$ (51,272)	$ (35,066)	$ (27,051)	$ (30,115)
Amounts recognized in unrestricted net assets consist of				
Net loss	$ (43,904)	$ (31,500)	$ (4,208)	$ (5,222)
Prior service (cost) credit	(257)	(333)	3,396	787
	$ (44,161)	$ (31,833)	$ (812)	$ (4,435)
Defined benefit plan changes other than net periodic benefit cost				
Net (loss) gain	$ (14,476)	$ (10,835)	$ 1,023	$ 3,659
Prior service credit	-	-	3,183	-
Amortization of net gain	2,072	1,446	-	1,013
Amortization of prior service credit (cost)	76	76	(574)	(224)
	$ (12,328)	$ (9,313)	$ 3,632	$ 4,448

	2016	2015	2016	2015
Weighted-average assumptions as of June 30				
Discount rate	3.89 %	4.47 %	3.89 %	4.47 %
Expected return on plan assets	8.00	8.00	N/A	N/A
Rate of compensation increase	3.50	3.50	N/A	N/A

(in thousands of dollars)

Amounts in unrestricted net assets expected to be recognized in net periodic benefit cost in 2017	Pension Benefits	Postretirement Benefits
Net loss	$ 3,078	$ 167
Prior service cost (credit)	73	(1,022)
	$ 3,151	$ (855)

The accumulated benefit obligation for the pension plan at June 30, 2016 and 2015 was $100,760 and $91,506, respectively. Detail of the changes in the accumulated benefit obligation for the pension plan is as follows:

	2016	2015
Accumulated benefit obligation at beginning of year	$ 91,506	$ 81,679
Accumulation of benefits, including experience gains/losses	3,109	3,444
Change in average discount period	4,022	3,700
Benefit payments	(3,087)	(2,864)
Change in actuarial assumptions	5,210	5,547
Accumulated benefit obligation at end of year	$ 100,760	$ 91,506

The accumulated benefit obligation for the Supplemental Executive Retirement Plan at June 30, 2016 and 2015 was $2,951 and $2,832, respectively. The plan was frozen in fiscal year 2009.

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 sets forth the components of the net pension and postretirement benefits cost for the years ended June 30, 2016 and 2015:

	Pension Benefits		Postretirement Benefits	
	2016	2015	2016	2015
Service cost	$ 2,613	$ 2,470	$ 745	$ 1,053
Interest cost	4,660	4,299	1,131	1,503
Expected return on plan assets	(5,528)	(5,582)	-	-
Amortization of prior service cost (credit)	76	76	(574)	(224)
Amortization of accumulated loss	2,333	1,446	-	1,013
Net periodic benefit cost	$ 4,154	$ 2,709	$ 1,302	$ 3,345

The health care cost trend rate assumption used in determining the accumulated postretirement benefit obligation for the coming year is 7.8% and 9.3% at June 30, 2016 and 2015, respectively.

(in thousands of dollars)

The following data shows the effect of a one percentage point health care cost trend rate increase (decrease) for 2016, inclusive of the impact of a lower discount rate in fiscal 2016:

	Percentage Point Increase	Percentage Point (Decrease)
Effect on total of service and interest cost	$ 409	$ (318)
Effect on postretirement benefit obligation	4,733	(3,812)

Target allocations at June 30, 2016, by asset category are as follows:

Asset category	
Equity securities	77 %
Fixed income	23 %

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

Fair Value Measurements
Within the fair value hierarchy, the pension plan's investments at fair value by level as of June 30, 2016 and 2015 are as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value 2016
Assets				
Cash and cash equivalents	$ 285	$ 149	$ -	$ 434
Fixed income				
Fixed income – other	-	4,409	-	4,409
Government & corporate	-	10,936	-	10,936
Equities				
Securities	8,141	-	-	8,141
Registered mutual funds	40,504	-	-	40,504
Investment funds	-	3,648	-	3,648
Total investments and cash equivalents	$ 48,930	$ 19,142	$ -	$ 68,072

(in thousands of dollars)

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value 2015
Assets				
Cash and cash equivalents	$ 146	$ 191	$ -	$ 337
Fixed income				
Fixed income – other	-	6,151	-	6,151
Government & corporate	-	9,712	-	9,712
Equities				
Securities	15,894	-	-	15,894
Registered mutual funds	28,689	-	-	28,689
Investment funds	-	9,893	-	9,893
Total investments and cash equivalents	$ 44,729	$ 25,947	$ -	$ 70,676

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 2016 and 2015.

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 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, 2016 are as follows:

	Pension Benefits	Postretirement Benefits
Expected employer contributions		
2017	$ 598	$ 807
Projected benefit payments for the fiscal year ending June 30		
2017	$ 3,621	$ 807
2018	3,994	908
2019	4,256	975
2020	5,405	1,039
2021	5,138	1,081
2022–2026	29,564	6,169

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

(in thousands of dollars)

gain. The effects of the Act are not significant. Accordingly, there was minimal impact on the net periodic postretirement benefit cost for fiscal year 2016.

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 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 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 $33,832 and $34,532, respectively, at June 30, 2016 and 2015.

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 $137,090 and $135,236 at June 30, 2016 and 2015, 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 1.08% and 0.90% for fiscal years 2016 and 2015, 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.

(in thousands of dollars)

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 $700 and $863 in 2016 and 2015, 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.

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 $2,064 and $1,777 in 2016 and 2015, respectively.

Minimum lease payments under noncancelable operating leases as of June 30, 2016 are as follows:

2017	$	2,601
2018		2,844
2019		2,900
2020		2,958
2021		3,026
Thereafter		26,947
Total minimum lease payments	$	41,276

(in thousands of dollars)

15. Expenses by Functional Classification

Expenses by functional classification for fiscal year 2016 and 2015 are as follows:

	2016	2015
Museum operating expenses excluding depreciation	$ 197,409	$ 192,620
Depreciation	26,730	26,602
Interest and other expenses (nonoperating)	9,151	8,565
	$ 233,290	$ 227,787
Museum program expenses		
Curatorial and related program expenses	$ 85,961	$ 77,447
Exhibitions	22,865	23,894
Other museum programs	4,920	5,802
Public services	4,383	4,293
Cost of sales and expenses of auxiliary activities	55,104	54,471
	173,233	165,907
Supporting services		
Management and general	45,189	47,233
Fundraising (including membership and fulfillment costs)	14,868	14,647
	60,057	61,880
	$ 233,290	$ 227,787

For the years ended June 30, 2016 and 2015, cost of sales and expenses of auxiliary activities included $627 and $734 of depreciation expense, respectively, relating solely to such activities.

16. Subsequent Events

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

The Museum has performed an evaluation of subsequent events through October 18, 2016, which is the date the consolidated financial statements were issued.