

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Dallas Museum of Art

For the year ended June 30, 2018



LANE GORMAN TRUBITT, LLC
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DALLAS MUSEUM OF ART

JUNE 30, 2018

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LANE GORMAN TRUBITT, LLC
Accountants & Advisors

Report of Independent Certified Public Accountants

Board of Trustees
Dallas Museum of Art

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Dallas Museum of Art and its subsidiaries (collectively referred to as the “Museum”), which comprise the consolidated statement of financial position as of June 30, 2018, the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Museum’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Endowment Funds as of June 30, 2018 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

LANE GORMAN TRUBITT, LLC

Dallas, Texas

November 6, 2018

Dallas Museum of Art
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS

Cash and cash equivalents	\$ 1,666,132
Investments, at fair value	222,645,384
Contributions receivable, net	4,587,227
Other receivables, net	2,638,519
Accrued investment income	152,799
Inventories, net	423,070
Prepaid expenses and deposits	1,066,030
Beneficial interest in trusts	68,288
Books, net	552,084
Property and equipment, net	<u>11,370,135</u>
Total assets	<u>\$ 245,169,668</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 749,728
Accrued expenses	4,537,334
Revolving line of credit payable	2,385,000
Deferred revenue	817,892
Liability on annuity contracts	203,604
Note payable	<u>642,859</u>
Total liabilities	<u>9,336,417</u>

NET ASSETS

Unrestricted	10,962,224
Temporarily restricted	84,985,904
Permanently restricted	<u>139,885,123</u>
Total net assets	<u>235,833,251</u>
Total liabilities and net assets	<u>\$ 245,169,668</u>

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

Dallas Museum of Art
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support				
Appropriations from the City of Dallas	\$ 1,075,896	\$ -	\$ -	\$ 1,075,896
Contributed services	3,948,679	-	-	3,948,679
Exhibition support	7,351	-	-	7,351
Contributions	5,555,858	-	-	5,555,858
Government grants	22,000	-	-	22,000
Total support	10,609,784	-	-	10,609,784
Revenue				
Auxiliary activities	5,512,367	3,225	-	5,515,592
Education	888,151	-	-	888,151
Miscellaneous	82,976	66,056	-	149,032
Total revenue	6,483,494	69,281	-	6,552,775
Other support and revenue				
Gifts—other than art	1,681,869	7,666,954	3,358,797	12,707,620
Net investment return	960,541	19,093,345	-	20,053,886
Total other support and revenue	2,642,410	26,760,299	3,358,797	32,761,506
Net assets released from restrictions				
	9,972,096	(10,417,646)	445,550	-
Total support and revenue	29,707,784	16,411,934	3,804,347	49,924,065
Expenses				
Collections and exhibitions	12,536,453	-	-	12,536,453
Education	3,699,862	-	-	3,699,862
External affairs and development	4,803,760	-	-	4,803,760
General and administration	5,932,266	-	-	5,932,266
Auxiliary activities	1,771,503	-	-	1,771,503
Additional minimum pension asset	(640,874)	-	-	(640,874)
Total expenses	28,102,970	-	-	28,102,970
Change in net assets before change related to collection items not capitalized				
	1,604,814	16,411,934	3,804,347	21,821,095
Collection items sold	-	883,333	-	883,333
Collection items purchased	-	(4,722,365)	-	(4,722,365)
Change in net assets	1,604,814	12,572,902	3,804,347	17,982,063
Net assets at beginning of fiscal year	9,357,410	72,413,002	136,080,776	217,851,188
Net assets at end of fiscal year	\$ 10,962,224	\$ 84,985,904	\$ 139,885,123	\$ 235,833,251

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

Dallas Museum of Art
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2018

Cash flows from operating activities:	
Change in net assets	\$ 17,982,063
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Bad debt expense	1,000
Depreciation and amortization	1,251,345
Net realized and unrealized gains on investments	(15,712,718)
Contributions restricted for long-term purposes	(7,257,604)
Collection items purchased	4,722,365
Collection items sold	(883,333)
Change in operating assets and liabilities, net:	
Contributions and other receivables, net	(3,099,782)
Accrued investment income	(29,812)
Inventories, net	188,880
Prepaid expenses and deposits	204,220
Accounts payable	(785,499)
Accrued expenses	(806,959)
Deferred revenue	(51,449)
Liability on annuity contracts	(18,817)
Net cash used in operating activities	<u>(4,296,100)</u>
Cash flows from investing activities:	
Purchases of books, property, and equipment	(286,990)
Proceeds from sales of investments	21,377,826
Purchases of collection items	(4,722,365)
Proceeds from sales of collection items	883,333
Purchases of investments	<u>(20,013,836)</u>
Net cash used in investing activities	<u>(2,762,032)</u>
Cash flows from financing activities:	
Proceeds from contributions restricted for:	
Investment in endowment	3,358,797
Investment in plant	3,898,807
Payments on the line of credit	(500,000)
Payments on note payable	<u>(171,428)</u>
Net cash provided by financing activities	<u>6,586,176</u>
Decrease in cash and cash equivalents	(471,956)
Cash and cash equivalents at beginning of year	<u>2,138,088</u>
Cash and cash equivalents at end of year	<u>\$ 1,666,132</u>
Supplemental cash flow disclosure:	
Cash paid for interest	\$ 92,735

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

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NATURE OF OPERATIONS

Dallas Museum of Art (the “Museum”) is a Texas nonprofit corporation serving the Dallas, Texas area by providing art exhibits, education services, lectures, and other public programs to the community. The Museum’s mission is to promote research, dialogue, and public participation, helping to reveal the insights of artists from every continent over the last 5,000 years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements under accounting principles generally accepted in the United States of America (“GAAP”) is as follows:

Principles of Consolidation

The Museum consolidates the accounts of the Dallas Museum of Art Leagues (the “Leagues”), Museum Services Corporation (“MSC”), and Art-Facts, Inc. (“Art-Facts”). The Leagues are exempt from federal income tax under the Museum’s determination letter from the Internal Revenue Service and are controlled by the Museum. MSC and Art-Facts are wholly-owned taxable subsidiaries of the Museum.

All significant intercompany accounts and transactions have been eliminated.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets—net assets subject to donor-imposed stipulations that they be maintained permanently by the Museum. Generally, the donors of these assets permit the Museum to use all or part of the income earned on related investments for general or specified purposes.

Temporarily restricted net assets—net assets subject to donor-imposed stipulations that may or will be met by actions of the Museum and/or the passage of time.

Unrestricted net assets—net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Expenses are reported as decreases in unrestricted net assets. Gains and losses on non-endowment investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash and works of art are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved and the expected period of payment. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible receivables is provided upon management’s judgment including such factors as prior collection history, type of contribution, nature of fundraising activity and other relevant factors. The Museum writes off pledges when they become uncollectible.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Realized and unrealized gains (losses) and income on investments of endowment and similar funds are reported as follows:

- as increases (decreases) in permanently restricted net assets if the terms of the gift require that they be included in the principal of a permanent endowment fund;
- as increases (decreases) in temporarily restricted net assets if the terms of the gift impose restrictions on their uses or if the funds have not yet been appropriated for expenditure by the Museum in the case of donor-imposed endowments and;
- as increases (decreases) in unrestricted net assets in the case of board-designated endowments or in the event that a donor-restricted endowment's fair value falls beneath its corpus.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly-liquid investments purchased with an initial maturity of three months or less, including cash and cash equivalents in the investment portfolio. The Museum maintains its cash and cash equivalents with high credit quality financial institutions in Dallas, Texas, which at times may exceed federally insured limits. The Museum has not incurred any losses in these accounts and does not believe that they are exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments in equity and debt instruments are stated at fair value based on quoted market prices. The Museum also invests in alternative investments. The Museum's investment policy, as approved by the Board of Trustees, permits investments in hedge funds and funds-of-funds. Currently the Museum holds alternative investments with two managers. The carrying amounts of alternative investments are based on net asset value as a practical expedient in estimating fair value. The net asset values are determined by the management of the funds, and Museum management believes that the carrying value is a reasonable estimate of the fair value as of June 30, 2018. The net realized and unrealized gains (losses) in fair value of investments are reflected in the consolidated statement of activities and changes in net assets within net investment return.

Contributions Receivable

Contributions receivable are primarily due from foundations and individuals related to gift pledges and are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Receivables outstanding more than 90 days are generally considered past due. The Museum writes off receivables when deemed uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. At June 30, 2018 management feels that all outstanding amounts are fully collectible. As such there is no allowance for doubtful accounts.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Receivables

Other receivables include \$2,433,718 for legal fees incurred for litigation to protect the Museum's interests related to art bequeathed by a donor and now in the Museum's possession and matters related to disputes with foreign taxing authorities over various taxes on real estate formerly owned by the donor. These matters are complex and have been the subject of litigation for approximately 10 years. Management believes this receivable will be fully collected, but due to the complexities of these matters is unable to predict the ultimate outcome or the amount that will be collected.

Inventories

Inventories consist of Museum store inventory and are recorded at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs. Management provides for an allowance for obsolete and slow-moving merchandise based on their assessment of historical sales and other relevant factors affecting inventory. The Museum had a reserve for slow-moving inventory of \$44,961 at June 30, 2018.

Owned Art Collection

All works of art acquired by the Museum either through purchase or gift on or after October 1, 1984 are owned by the Museum. As of June 30, 2018, the Museum owned \$592,114,044 (unaudited) of artwork acquired after October 1, 1984. However, this does not include works of art on loan from private owners, the Foundation for the Arts, the Munger Fund, or the McDermott Art Fund. Pursuant to a contract between the Foundation for the Arts and the Museum, the art owned by the Foundation for the Arts is for the sole use of the Museum. All works of art acquired prior to October 1, 1984, are owned by the City of Dallas, Texas (the "City").

The Museum accounts for artistic and historic items as collection items if they meet the definition of a collection according to the criteria for recognition under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-360-25-3, *Not-for-Profit Entities—Property, Plant, and Equipment*. The criteria state that to be a collection the assets are (1) held for public exhibition, (2) protected and preserved, and (3) are subject to an organizational policy that requires proceeds from the sale of artifacts to be used to acquire other items for collections absent any donor imposed restrictions. The artifacts are made up of items of historical significance and art objects that are held for educational, research, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. As of June 30, 2018, the Museum has approximately \$371,591,553 (unaudited) of donated artifacts that have not been recorded in the accompanying financial statements.

The Museum has a policy of not capitalizing the collection of artistic and historic items in its financial statements. Accordingly, no collection items are recognized as assets, whether they are purchased or received as a donation. Purchases of works of art are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset class. The Museum added 196 individual objects to the collection during the year ended June 30, 2018 through gifts, transfers or purchases. The Museum purchased and expensed 38 individual objects during the year ended June 30, 2018. There was one deaccession during the year ended June 30, 2018.

Property and Equipment

Property and equipment are stated at cost or fair value at the date of gift if donated, less accumulated depreciation. The Museum capitalizes items in excess of \$5,000 with a useful life of at least three years. Depreciation is provided on the straight-line method over periods of three to 20 years.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Liability on Annuity Contracts

Under charitable gift annuity agreements, the Museum agrees to pay a donor an annuity in consideration for a specific gift. For charitable gift annuities, assets are recorded at fair value when received on the consolidated statement of financial position with liability recognized equal to the present value of amounts which the Museum expects to pay annuity beneficiaries. Changes in the calculated liability due to increases or decreases in the actuarially-determined life expectancy of annuity beneficiaries are reflected as changes in the value of split-interest agreements within general and administration on the consolidated statement of activities and changes in net assets. At June 30, 2018 there was one annuity, which was calculated using a discount rate of 7.2%. During the year ended June 30, 2018 the liability on annuity contract decreased by \$18,817.

Beneficial Interest in Trusts

For charitable trusts of which the Museum is not the trustee, contributions are recognized in the year the Museum becomes aware of the existence of the agreement and are valued at the discounted present value of expected future cash flows. The Museum is a beneficiary of a charitable remainder trust. The expected future cash flows have been discounted at 3.02% over the life expectancy of the parties involved and calculated based upon the current fair value of the trust's assets and other factors stipulated in the agreements. The present value of the expected future cash flow has been reflected as a component of beneficial interest in trusts in the consolidated statement of financial position. The change in estimated present value is reflected as a change in value of the trusts in the consolidated statement of activities and changes in net assets.

Deferred Revenue and Charges

The Museum recognizes revenues and expenses of exhibitions during the periods in which the exhibitions are conducted.

Contributed Services

The Museum recognizes contributions of services received if such services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing such skills, and would typically need to be purchased if not contributed.

A substantial number of unpaid volunteers have made significant contributions of their time to the Museum. The value of this contributed time is not reflected in the consolidated financial statements since it does not meet the criteria discussed above.

Membership Revenue

Beginning in January 2013, the Museum returned to free general admission. In addition to providing free general admission for all visitors, the Museum offers memberships to further visitor engagement. The Dallas Museum of Art ("DMA") members program seeks the support of individuals, corporations, and foundations desiring to be a part of the Museum's efforts to deliver access to its extensive collection and diverse public programs. While DMA members receive benefits commensurate with their level of giving, their philanthropic involvement with the Museum enables the Museum to provide free admission to the community at large. DMA members can contribute at a variety of levels, starting at \$100 per year.

Auxiliary Activities Revenue

Auxiliary activities revenue is derived from parking fees, café sales, store sales, and box office sales. Revenue is recognized when the sale occurs and is net of any sales taxes charged to customers.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations from the City of Dallas

The City of Dallas has agreed to pay a portion of providing services such as utilities, grounds, and building maintenance to the Museum. These revenues are recognized during the period the service is performed.

Income Taxes

The Museum is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986 (“IRC”), as amended, and as a public charity described in Section 501(c)(3) of the IRC. However, income generated from activities unrelated to the Museum’s exempt purpose is subject to tax under the IRC Section 511.

The Museum has concluded that it does not have any unrecognized tax benefits resulting from current or prior period tax positions. Accordingly, no additional disclosures have been made in the consolidated financial statements regarding uncertain tax provisions. The Museum, including its underlying subsidiaries, does not have any outstanding interest or penalties, and none have been recorded in the consolidated statement of activities and changes in net assets for the year ended June 30, 2018. However, the conclusions regarding accounting for uncertainty in income taxes are subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

The Museum estimates that it incurred \$33,200 of income taxes on unrelated business income during the year ended June 30, 2018. The Museum’s returns are generally subject to examination for three years after the later of the due date or date of filing.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements

The Museum uses fair value guidance to measure assets and liabilities, including subsequent clarification for measurements in a market that is not active. The Museum considered this guidance with respect to the valuation of its financial and nonfinancial assets and liabilities and their corresponding designations within the fair value hierarchy described in Note 14.

Endowments

Under GAAP, a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) shall classify a portion of a donor-restricted endowment fund of perpetual duration as permanently restricted net assets. The amount classified as permanently restricted shall be the amount of the fund (a) that must be retained permanently in accordance with explicit donor stipulations, or (b) that in the absence of such stipulations, the organization’s governing board determines must be retained (preserved) permanently consistent with the relevant law. For each donor-restricted endowment fund for which the restriction exists until the donor-restricted assets are appropriated for expenditure, the Museum classifies the portion of the fund that is not classified as permanently restricted net assets as temporarily restricted net assets (time restricted) until appropriated for expenditure by the Board. The Museum is subject to the version of UPMIFA enacted by the State of Texas and adopted by its Board of Trustees, which is fully described in Note 15.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. INVESTMENTS

Investments at fair value consist of the following at June 30, 2018:

Short-term investments	\$ 2,967,986
Equity securities	153,966,895
Corporate bonds and other debt securities	27,748,235
Alternative investments	<u>37,962,268</u>
	<u>\$ 222,645,384</u>

The following summarizes total net investment return:

Dividends and interest income	\$ 4,341,168
Net realized gain on investments	3,931,447
Net unrealized gain on investments	<u>11,781,271</u>
Total net investment return	<u>\$ 20,053,886</u>

Investment fees and expenses are approximately \$45,000 for the year ended June 30, 2018.

3. RISKS AND UNCERTAINTIES

The Museum invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, overall market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Museum's account balances and the amounts reported in the consolidated statement of financial position.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following unconditional promises to give at June 30, 2018:

Endowments and specified purpose	\$ 4,475,000
Operating	<u>489,341</u>
	4,964,341
Less unamortized discount	<u>(377,114)</u>
Contributions receivable, net	<u>\$ 4,587,227</u>

Contributions receivable were discounted using rates ranging from 1.63% to 2.73%.

Contributions receivable expected to be collected in:

Less than one year	\$ 1,764,341
One to five years	3,200,000
After five years	<u>-</u>
	<u>\$ 4,964,341</u>

The Museum has been notified that it has been included in various wills of deceased individuals. A receivable has not been recorded as the amounts, which are receivable from the estate, are not known as of the date of the report.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2018:

Furniture, fixtures, and improvements	\$ 19,794,537
Equipment and software	<u>2,712,498</u>
	22,507,035
Less accumulated depreciation and amortization	<u>(11,298,330)</u>
	11,208,705
Construction in progress	<u>161,430</u>
	<u><u>\$ 11,370,135</u></u>

Under an agreement with the City of Dallas, all on-site land and buildings of the Museum are the property of the City and are, accordingly, not capitalized. Also, under the terms of the aforementioned agreement, the City has granted the Museum the full use of the Museum land and facility at no charge through May 1, 2021. In addition, the City has committed to provide maintenance of the building and grounds and electric, gas, and water utilities, as well as to pay for a portion of the costs related to the works of art belonging to the City. See Note 12 for further discussion.

6. REVOLVING LINE OF CREDIT PAYABLE

On August 18, 2009, the Museum entered into a Credit Agreement with Bank of America, N.A. to create a \$5,000,000 revolving credit facility. The line matures in March 2019 and may be drawn on (subject to availability) or repaid at any time. All advances under the line are unsecured. As of June 30, 2018, \$2,385,000 was outstanding on the line. Interest charged on advances under this facility is based on LIBOR plus 1.20 percentage points. The interest rate at June 30, 2018 was 3.27%. The line of credit contains various provisions and restrictions including limitations on liens and additional indebtedness and the maintaining of certain financial ratios. The Museum was in compliance with related loan covenants as of June 30, 2018.

7. NOTE PAYABLE

On April 3, 2015 the Museum executed a \$1,200,000 note payable to Bank of America N.A. due in quarterly installments of \$42,857, plus interest, at an annual rate equal to the lesser of LIBOR plus 0.90 percentage points or the statutory maximum lawful rate. The interest rate at June 30, 2018 was 2.97%. The note matures April 3, 2022 and is secured by certain investments held in U.S. equity securities. The note contains various provisions and restrictions including limitations on liens and additional indebtedness and the maintaining of certain financial ratios. The Museum was in compliance with related loan covenants as of June 30, 2018. Future scheduled maturities of the note are as follows:

Years ending June 30:

2019	\$ 171,428
2020	171,428
2021	171,428
2022	<u>128,575</u>
	<u><u>\$ 642,859</u></u>

8. RESTRICTIONS ON NET ASSETS

Permanently restricted net assets consist of funds which are available to support the following purposes at June 30, 2018:

Operations and other	\$ 41,471,948
Education	25,708,975
Exhibitions, curatorial, and conservation	46,527,947
Acquisitions	<u>26,176,253</u>
	<u><u>\$ 139,885,123</u></u>

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. RESTRICTIONS ON NET ASSETS (Continued)

Temporarily restricted net assets are restricted to support the following purposes at June 30, 2018:

Operations and other	\$ 22,928,016
Education	18,422,776
Exhibitions, curatorial, and conservation	23,075,159
Acquisitions	<u>20,559,953</u>
	<u>\$ 84,985,904</u>

9. NET ASSETS RELEASED FROM RESTRICTIONS

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors during the year ended June 30, 2018 are as follows:

Operations and other	\$ 3,205,942
Education	2,431,998
Exhibitions, curatorial, and conservation	3,335,198
Acquisitions	<u>1,444,508</u>
	<u>\$ 10,417,646</u>

10. PENSION PLAN

The Museum has a noncontributory, defined benefit pension plan (the "Plan") covering substantially all personnel. Effective April 1, 2015, the Board of Trustees voted to "freeze" the Plan. Before the freeze, benefits were based on the employee's years of service and average monthly compensation over the previous five successive calendar years, out of the last 10 completed calendar years, which gives the highest average. Generally, the Museum's funding policy was to contribute annually the minimum allowed by applicable regulations. Contributions were intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

The following table sets out the Plan's funded status as of June 30, 2018:

Actuarial present value of projected benefit obligation:	
Projected benefit obligation	\$ (11,895,736)
Plan assets at fair value	<u>9,300,780</u>
Net statement of financial position liability	<u>\$ (2,594,956)</u>
Unrestricted net assets:	
Net loss	<u>\$ 3,849,060</u>
Additional minimum liability	<u>\$ 3,849,060</u>
Employer contributions	<u>\$ 62,000</u>
Benefits paid	<u>\$ 507,663</u>
Net period benefit cost	<u>\$ 146,064</u>

A pension benefit obligation was recognized by the Museum as of June 30, 2018 due to the unfunded status of the plan. The unfunded status as of June 30, 2018 of \$2,594,956 is included within accrued expenses in the consolidated statement of financial position. The accumulated benefit obligation as of June 30, 2018 was \$11,895,736.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. PENSION PLAN (Continued)

Assumptions Used in Determining Net Period Benefit Cost

The weighted average discount rate used in determining the net period benefit cost for June 30, 2018 was 4.17%. There was no weighted average compensation increase for June 30, 2018. The expected long-term rate of return on plan assets was 7.5% for June 30, 2018.

Assumptions Used in Determining Projected Benefit Obligations

The weighted average discount rate used in determining the actuarial present value of the projected benefit obligation at June 30, 2018 was 4.17%. There was no weighted average compensation increase for June 30, 2018. The expected long-term rate of return on plan assets was 7.5% for the year ended June 30, 2018.

The expected long-term rate of return assumption reflects the average return expected based on the investment strategies and asset allocation on the assets invested to provide for the Plan's liabilities. The Museum considered the broad equity and bond indices, long-term return projections, and actual long-term historical Plan performance when evaluating the expected long-term rate of return assumption. Based on the Plan's recent 61% equity, 10% hedge funds, 9% REITs and 20% fixed income asset allocation, the 2018 Gallagher Fiduciary Advisors Investment Model provides a weighted average expected return of 5.60% with standard deviation of 11.49%. The estimated probability distributions of geometric returns for 20 years show that the 40th percentile is 7.5%.

Expected benefit payments for the next 10 years are as follows for the years ending June 30:

2019	\$	572,000
2020		586,000
2021		575,000
2022		563,000
2023		390,000
2024 through 2028		<u>3,108,000</u>
	\$	<u>5,794,000</u>

Plan assets are allocated as follows at June 30, 2018:

Equity securities:		
Pooled, common and collective funds		75.6%
Fixed income securities:		
Pooled, common and collective funds		16.3%
Other:		
Real estate funds		<u>8.1%</u>
Total plan assets		<u>100.0%</u>

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. PENSION PLAN (Continued)

Assumptions Used in Determining Projected Benefit Obligations (Continued)

The following table summarizes the carrying amounts and estimated fair values (fully described in Note 14), of the Plan's financial instruments measured at fair value at June 30, 2018:

	Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Short-term investments (a):				
Money market funds	\$ 1,520	\$ 1,520	\$ -	\$ -
Total assets in fair value hierarchy	1,520	<u>1,520</u>	<u>-</u>	<u>-</u>
Pooled separate account funds (b)				
Total investments at fair value	<u>9,299,260</u>			
	<u>\$ 9,300,780</u>			

The following methods and assumptions were used to estimate the fair value of each class of financial instruments within the pension plan:

- (a) *Short-term investments*: Valued based on quoted market prices or at cost plus accrued dividend and interest income, which approximates fair value.
- (b) *Pooled separate account funds*: These investments are valued using net asset value as a practical expedient, and therefore have not been classified in the fair value hierarchy

The methods described above could produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan 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 fair value measurement at the reporting date.

Multiple asset classes are implemented in order to obtain the benefits of diversification and maximize long-term return for a given level of risk. Risk tolerance is developed by reviewing the funded status of the Plan, duration of the Plan's liabilities, the income and liquidity requirements, and the financial condition of the Museum. The investment portfolio comprises a diversified combination of short-term investments, equity securities funds and fixed income securities funds. The allocation among equity securities funds, fixed income securities funds, and short-term investments is determined by prevailing market conditions and relative valuations among asset classes. The Plan's financial condition is monitored on an ongoing basis by means of investment portfolio reviews and an annual independent actuarial valuation.

11. EXPENSES

Expenses consist of the following for the year ended June 30, 2018:

Program expenses	\$ 16,236,315
General and administrative	5,291,392
Supporting services	3,067,651
Fundraising	<u>3,507,612</u>
Total expenses	<u>\$ 28,102,970</u>

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. CONTRIBUTED GOODS AND SERVICES

As discussed in Note 5, the City provides facilities, utilities, and certain other services, such as grounds and building maintenance, without charge to the Museum. The costs, as determined by the City, of rent, utilities, services, and maintenance provided to the Museum are recorded as revenue and expense in the consolidated statement of activities and changes in net assets and amounted to \$3,388,685 for the year ended June 30, 2018. The Museum received an additional \$559,994 of contributed goods and services from other sources during the year ended June 30, 2018.

13. ADVERTISING EXPENSES

During the year ended June 30, 2018, the Museum incurred approximately \$657,000, in advertising expenses. Amounts are expensed as incurred. These expenses are included in collections and exhibitions and external affairs and development in the accompanying consolidated statement of activities and changes in net assets.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

GAAP emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability.

As a basis for considering market participant assumptions in fair value measurements, GAAP establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of the Museum's financial instruments. The inputs are summarized in three levels as outlined below:

Level 1 Inputs—Quoted prices (unadjusted) in active markets for identical assets and liabilities. Valuations of these instruments do not require a high degree of judgment since the valuations are based on readily available quoted prices in active markets.

Level 2 Inputs—Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 Inputs—Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement. The Museum's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table summarizes the carrying amounts and estimated fair values, of the Museum's financial instruments measured at fair value in the consolidated statement of financial position at June 30, 2018:

	Carrying Amount	Measured at Fair Value	Level 1	Level 2	Level 3
Investments:					
Equity securities	\$ 153,966,895	\$ 153,966,895	\$153,966,895	\$ -	\$ -
Mutual funds—fixed income	14,446,627	14,446,627	14,446,627	-	-
Short-term investments	<u>2,967,986</u>	<u>2,967,986</u>	<u>2,967,986</u>	-	-
Total assets in fair value hierarchy	171,381,508	171,381,508	<u>\$171,381,508</u>	<u>\$ -</u>	<u>\$ -</u>
Other fixed income (a)	13,301,608	13,301,608			
Alternative investments (a)	<u>37,962,268</u>	<u>37,962,268</u>			
Total investments at fair value	<u>\$ 222,645,384</u>	<u>\$ 222,645,384</u>			
Beneficial interest in trusts	<u>\$ 68,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,288</u>

(a) These investments are valued using net asset value as a practical expedient, and therefore have not been classified in the fair value hierarchy

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair 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 fair value measurement at the reporting date.

The schedule below summarizes the activity for the items above, which have been classified as Level 3 measurements:

	Split-interest Agreements
Ending balance, June 30, 2017	\$ 68,288
Total gains (losses):	
Included in realized/unrealized	-
Purchases, issuances, and redemptions, net	-
Ending balance, June 30, 2018	<u>\$ 68,288</u>

Total Level 3 gains or losses, if any are all included in the consolidated statement of activities and changes in net assets and all relate to assets still held at year end.

The following table summarizes the fair value measurement of the Museum's investments in certain entities that calculate net asset value per share:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Investments in:				
Alternative				
Investments (2018)	\$ 37,962,268	\$ -	Quarterly/Monthly	60 Days
(a)(b)(c)				90 Days

(a) This category includes investments in three hedge funds organized as limited partnerships. These funds pursue multiple strategies to diversify risks and reduce volatility. Investment strategies include event driven, relative value, macroeconomic, and equity long/short. One fund restricts redemptions to a quarterly basis with 90 days' notice, subject to 25% maximum per quarter; one fund allows for monthly redemptions with 60 days' notice; and the other fund allows for quarterly redemptions with 60 days' notice or monthly redemptions with 60 days' notice, subject to a 1.5% redemption charge.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

- (b) The amounts reported for the Museum’s investments in the alternative investments are the estimates of the Museum’s alternative investment managers, based on using the net asset value of the Museum’s ownership interest in the alternative investment. The net asset values are determined by the fund manager based upon the latest investee information available, using fair value estimation techniques substantiated in part, by the investments’ audited financial statements and supported by the due diligence of the Museum’s investment management. However, given the inherent limitations in any estimation technique, the values presented herein are not necessarily indicative of the amount that the Museum could realize in a current transaction. Future events could affect the estimates of fair value and could be material to the financial statements.
- (c) The marketable alternative investments are carried at fair value. The Museum believes that fair value accurately reflects the value of these investments and is a preferable method of accounting for these investments and records the change in fair value in net investment return in the consolidated statements of activities and changes in net assets.

15. ENDOWMENT

The Museum’s endowment consists of individual endowment funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments, including donor-restricted charitable gift annuities.

Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted endowment funds represent the Board-designated endowment.

Interpretation of Relevant Law

The Board of Trustees of the Museum has interpreted UPMIFA, adopted by the State of Texas, as allowing the Museum, absent donor stipulations to the contrary as stated in the gift instrument, to appropriate so much of a donor-restricted endowment fund as the Museum determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. The Board of Trustees passed a resolution adopting UPMIFA as enacted by the State of Texas. The assets in the endowment fund remain restricted until appropriated for expenditure by the Museum.

The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds: 1) the duration and preservation of the fund; 2) the purposes of the Museum and the donor-restricted endowment fund; 3) general economic conditions; 4) the possible effect of inflation and deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the Museum; and 7) the investment policies of the Museum.

Endowment Net Asset Composition by Type of Fund at June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-restricted endowment funds	\$ 9,799,439	\$ -	\$ -	\$ 9,799,439
Donor-designated endowment funds	-	59,344,231	139,885,123	199,229,354
Total funds	<u>\$ 9,799,439</u>	<u>\$ 59,344,231</u>	<u>\$ 139,885,123</u>	<u>\$ 209,028,793</u>

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. ENDOWMENT (Continued)

Changes in Endowment Net Assets for the year ended June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of period	\$ 9,283,470	\$ 48,561,001	\$ 136,080,776	\$ 193,925,247
Investment return:				
Investment income	207,595	4,133,573	-	4,341,168
Net appreciation (unrealized and realized)	<u>753,309</u>	<u>14,958,346</u>	-	<u>15,711,655</u>
Total investment returns	960,904	19,091,919	-	20,052,823
Contributions	-	-	3,358,797	3,358,797
Reclassification from specified purpose funds	-	-	445,550	445,550
Appropriation of endowment assets for expenditure	<u>(444,935)</u>	<u>(8,308,689)</u>	-	<u>(8,753,624)</u>
Endowment net assets, end of period	<u>\$ 9,799,439</u>	<u>\$ 59,344,231</u>	<u>\$ 139,885,123</u>	<u>\$ 209,028,793</u>

Funds with Deficiencies

From time to time the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor under UPMIFA requires the Museum to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs deemed prudent by the Board of Trustees. There were no funds with deficiencies at June 30, 2018.

Return Objective and Risk Parameters

The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations, programs, and other specified purposes supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowments include those assets of donor-restricted funds that the Museum must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

Strategies Employed for Achieving Objectives

Under its investment policy, as approved by the Board of Trustees, the assets of the endowment are invested in accordance with the following objectives: achieve a long-term real return to provide a stable source of support for the financial needs of the Museum, while preserving the purchasing power of the underlying assets; generate, over a long period of time, a total investment return equal to or greater than the annual distribution rate plus the rate of inflation as measured by the Consumer Price Index; maximize return within reasonable and prudent levels of risk; and maintain sufficient liquidity to meet distribution needs on a timely basis.

While there are no assurances that these objectives will be realized, guidelines for endowment investments were developed using estimates of future gifts and expenditures by the endowment and on projected investment returns by asset class. Endowment objectives were based on a 10-year investment horizon, so interim fluctuations should be viewed with appropriate perspective.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment's investment earnings are allocated in a reasonable and balanced way between current distribution and reinvestment for future earnings. Distributions should provide a reasonably stable and predictable source of funds for the activities of the Museum that are supported by the endowment. Subject to UPMIFA (to the extent applicable), the annual distributable funds from the endowment will be 4.83% of the average end-of-quarter market value of the endowment for the previous twelve (12) quarters, to be determined at the end of each year for the ensuing year. This distribution rate is scheduled to decline to 4% over the next six years. Total distributions from these funds to operations were \$8,402,814 for the year ended June 30, 2018. Gifts received are subject to the averaging and distribution rules, unless the donor directs differently. New gifts received are withheld from the distributable funds calculation until they have been held by the Museum for four quarters. Specific gifts may be excluded from averaging and/or be subject to other distribution rules, when donors so direct. This is consistent with the Museum's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

16. COMMITMENTS AND CONTINGENCIES

Leases

The Museum leases office equipment and an automobile under various non-cancelable operating lease agreements. It is expected that as current leases expire they will be replaced by new leases. Future minimum lease commitments are payable as follows for the years ending June 30:

2019	\$ 119,856
2020	90,387
	<u>\$ 210,243</u>

Rent expense for the year ended June 30, 2018 was \$131,596.

Litigation

The Museum is involved in litigation surrounding the receipt of artifacts from the estate of a donor. As of June 30, 2018, it is not possible to determine if there is a loss potential or what that amount might be. The Museum has retained legal counsel and is vigorously defending its claim. See Note 20 for subsequent events regarding this litigation.

17. RELATED PARTY TRANSACTIONS

The Museum has received contributions, other than artwork, of approximately \$8,731,000 for the year ended June 30, 2018 from various related parties, which includes members of the Board of Trustees.

A member of the Board of Trustees is also on the Board of Trustees of an unrelated not-for-profit organization. The unrelated not-for-profit organization holds an annual art auction. During the year ended June 30, 2018, a portion of the net proceeds were contributed to the Museum in the amount of \$3,171,000.

Certain board members are owners or directors of certain entities that are vendors to the Museum. During the year ended June 30, 2018, the Museum received in-kind services of approximately \$205,000 from these vendors.

A member of the Board of Trustees is also the Managing Director at an affiliate of Bank of America, N.A. During the year ended June 30, 2018, the Museum utilized \$2,385,000 of the \$5 million line of credit granted. The Museum also has a note payable through Bank of America, N.A. of approximately \$643,000 as of June 30, 2018 that will mature in 2022. The line of credit and note payable are disclosed in further detail in Notes 6 and 7 above.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. RELATED PARTY TRANSACTIONS (Continued)

The Museum has received contributions, other than artwork, of approximately \$300,000 for the year ended June 30, 2018 from certain entities where a board member serves as the senior vice president for that entity.

A member of the Board of Trustees is also an officer of an unrelated organization. This organization stored and shipped various pieces of art throughout the year for the Museum. During the year ended June 30, 2018, approximately \$321,000 was paid to this organization for these services.

18. CONCENTRATIONS

Within other accounts receivable, approximately 92% of the amount owed to the Museum at June 30, 2018 relates to the advance of legal costs stemming from shared joint expenses in defending claims to works of art. Approximately 81% of gross pledges receivable at June 30, 2018 are from one donor and 27% of total contributions are from two donors.

19. RETIREMENT PLAN

Effective April 1, 2015, the Museum offered a 401(k) retirement plan (the "Plan"). The Plan covers employees who have completed one year of service and have worked 1,000 hours. Museum contributions are voluntary and at the discretion of management. The Museum contribution for the Plan for the year ended June 30, 2018 was approximately \$390,100.

20. SUBSEQUENT EVENTS

The heir of a decedent's estate has filed a petition to have the case reheard based on new evidence. The Paris Court of Appeals rejected the petition to appeal on June 13, 2018, however the heir has filed a second petition with the French Supreme Court (the Cour de Cassation). The ongoing dispute defense seeks to affirm the exclusion of the artifacts from the donor's estate. The Museum retains the artifacts as part of their collection.

Management has evaluated subsequent events through November 6, 2018, the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL SCHEDULE

Dallas Museum of Art
SCHEDULE OF ENDOWMENT FUNDS
June 30, 2018

Endowment funds include both donor-restricted and board-designated funds and earnings thereon which have not yet been expended for the purposes stipulated by the donor or board. The endowment funds are comprised of the following as of June 30, 2018:

	<u>Total Net Assets</u>
Acquisitions Endowment Funds	
Marguerite and Robert Hoffman Endowment	\$ 16,084,128
Cecil and Ida Green Art Acquisition Fund	4,782,134
Amelia Lay Hodges Acquisition Fund	3,962,448
Decorative Arts Discretionary Endowment Fund	2,902,082
General Acquisitions Endowment Fund	2,824,842
Roberta Coke Camp Endowment Fund	1,973,808
African Art Acquisitions Endowment Fund	1,626,993
Gayle and Paul Stoffel Fund for Contemporary Art Acquisition	1,476,070
Textile Acquisitions Endowment Fund	1,115,789
Otis and Velma Davis Dozier Endowment Fund	557,257
Beatrice M. and Patrick E. Haggerty Endowment Fund	483,758
Mary Margaret Munson Wilcox Fund	391,456
E.E. Fogelson and Greer Garson Fogelson Charitable Fund	350,600
Charron and Peter Denker Fund for Contemporary Texas Art	348,948
Theodore and Iva Hochstim Endowment Fund	224,099
Texas Artists Endowment Fund	199,964
Laura and Walter Elcock Contemporary Art Endowment Fund	144,619
Susan Mead Contemporary Art Acquisition Endowment Fund	140,652
Total Acquisitions	39,589,647
Exhibition, Curatorial, and Conservation Endowment Funds	
Exhibition Endowment Fund	18,455,823
The Hoffman Family Senior Curator of Contemporary Art	5,479,816
Marguerite and Robert Hoffman Operating Fund	4,109,102
Modern and Contemporary Sculpture Endowment Fund	3,493,757
Marcus-Rose Family Deputy Director Endowment Fund	3,000,000
Pauline G. Sullivan Curator of American Art Endowment Fund	2,853,332
Cecil and Ida Green Curator of Ancient and South Asian Art	2,852,995
The Ellen and Harry S. Parker III Curator of the Arts of the Americas and the Pacific	2,846,715
Margaret McDermott Curator of African Art Endowment Fund	2,718,277
The Nancy & Tim Hanley Associate Curator of Contemporary Art	2,157,437
Melba Davis Whatley Endowment Fund	2,112,610
NEH Chief Conservator	1,773,090
Margot B. Perot Curator of Decorative Arts and Design Fund	1,551,908
Barbara Thomas Lemmon Curator of European Art Endowment Fund	1,517,437
Lupe Murchison Curator of Contemporary Art Endowment Fund	2,269,973
Lillian Clark Curatorship for Paintings and Sculpture	1,393,218
The John Wilcox Contemporary Art Exhibition Endowment Fund	1,313,622
Rosine Foundation Decorative Art Endowment Fund	737,289
Conservation Endowment Fund	647,538
Howard and Fanchon Hallam Endowment for Contemporary Art	572,355
Steven G. Alpert and Family Indonesian Art Fund	491,405
Charles Dee Mitchell Photography Fund	173,590
Exhibitionists Endowment Fund	153,052
Jean and Bill Booziotis Fund for Design and Architecture	152,406
Total Exhibition, Curatorial, and Conservation	62,826,747

See Report of Independent Certified Public Accountants.

Dallas Museum of Art
 SCHEDULE OF ENDOWMENT FUNDS (Continued)
 June 30, 2018

Education Endowment Funds	
McDermott Education Endowment Fund	\$ 4,229,134
The Kelli and Allen Questrom Director of the Center for Creative Connections	3,268,078
DMA League Director of Education Endowment Fund	3,037,084
Office of Digital Archivist	3,029,841
Mayer Library Endowment Fund	2,957,200
Anonymous Program Endowment Fund	2,199,084
The Bonnie Pitman Education Endowment to Do Something New	1,763,475
Education Endowment Fund for Interpretation	1,580,339
Pollock Foundation Education Endowment Fund	1,428,418
The Alex, Charlie, Grey, Jack and Rosey Fund	1,422,883
Mildred R. and Frederick M. Mayer Librarian Endowment Fund	1,417,266
Robert J. O'Donnell Endowment Fund	992,184
Gayle Hysinger Endowment Fund for Education	743,612
Nancy Cain Marcus Education Endowment Fund	714,487
Freeman Family Endowment Fund	713,700
Jeffrey A. Marcus Education Endowment Fund	713,477
Anonymous Endowment Fund	703,538
Boshell Lecture Series Endowment Fund	674,244
Rosewood Corporation Teacher Education Fund	655,205
Prothro Education Endowment Fund	648,270
The Martha McCarty Kimmerling Fund for Education	636,253
William Randolph Hearst Endowment Fund for Education Programs	507,415
Christopher and Sue Bancroft Education Endowment Fund	468,045
Marilyn R. and Leo F. Corrigan, Jr. Endowment Fund	408,562
Dr. Anson L. Clark Endowment Fund	393,357
Arch and Anne Giles Kimbrough Endowment Fund	376,841
Bank of America Education and Outreach Endowment Fund	373,396
Andrea Brenner-McMullen Arts Support Endowment Fund	294,616
Selma Parrill Children's Education Endowment Fund	286,612
Kay Cattarulla Endowment Fund for Literary and Performing Arts	277,739
Clara and Leo Corrigan, Sr. Endowment Fund	265,676
JC Penney Teaching Resource Center Endowment Fund	233,150
Albert and Minnie Susman Education Endowment Fund	224,363
King Foundation Education Endowment Fund	224,336
Jane Du Pont and Barron U. Kidd Endowment	200,513
Dozier Travel Endowment Fund	196,147
Bromberg Endowment Fund	184,938
Brettell Lecture Series Endowment Fund	172,504
Shirley Philipson Pollock Internship in Art Librarianship Endowment	170,583
DeGolyer Endowment Fund	167,897
Levy Endowment Fund for Music	155,957
Nancy and Jeffrey Marcus Endowment Fund	145,996
Karen and Richard Pollock Endowment Fund	142,232
Collins Lecture Series Endowment Fund	139,246
Hobson Education Endowment Fund	138,824
Betty Moroney Norsworthy Endowment Fund	138,502
Education Endowment Fund	132,298
Arthur Andersen Education Endowment Fund	122,513
McGee Endowment for Arts & Letters Live	119,122
Rick and Diana Strauss Special Education Endowment	37,553

See Report of Independent Certified Public Accountants.

Dallas Museum of Art
SCHEDULE OF ENDOWMENT FUNDS (Continued)
June 30, 2018

Education Endowment Funds (Continued)	
Gateway Gallery Endowment Fund	\$ 29,199
Print and Drawing Endowment Fund	<u>20,028</u>
Total education endowment funds	<u>40,275,932</u>
Operations and Other Specified Purpose Endowment Funds	
Expansion Campaign Endowment Fund	15,866,014
Family Fund Endowment Fund	11,294,147
Anonymous Endowment Fund 1	4,997,112
Edward W. and Deedie Rose Endowment	4,935,925
The Eugene McDermott Director's Endowment	4,885,076
Fannie and Stephen Kahn Fund	3,979,551
Edmund J. and Louise W. Kahn Endowment Fund	3,699,014
Anonymous Endowment Fund 2	2,759,224
McDermott Challenge Endowment	2,141,365
Program Endowment Fund	1,441,629
Anonymous Endowment Fund 3	1,362,415
McDermott Garden Endowment Fund	1,278,562
Sarah M. & Charles E. Seay Fund in honor of Jack R. Munger	1,010,575
Anne Marie & Thomas Walker Fund	996,630
NEA Challenge Grant Endowment Fund	814,195
DMA League Museum Beautification Endowment Fund	669,764
The Clarence and Ruth Roy Endowment Fund	593,132
Anonymous Director's Assistants Endowment Fund	570,679
Ernest and Irene Wadel Endowment Fund	496,137
Frank and Binswanger Fresh Flower Fund	451,558
S. T. Harris Endowment Fund	425,261
Fay and Newt Walker Endowment Fund	372,950
Gayle David Fogelson Endowment Fund	326,107
Shirley Pollock Endowment Fund	268,718
General Operations Endowment Fund	262,796
Harry and Ellen Parker Endowment Fund	255,667
Patsy Nasher Endowment Fund	145,802
Fleischner Courtyard Maintenance Endowment Fund	<u>36,462</u>
Total operations and other specified purpose endowment funds	<u>66,336,467</u>
Total endowment funds	<u>\$ 209,028,793</u>
Permanently restricted net assets	\$ 139,885,123
Temporarily restricted net assets	84,985,904
Less temporarily restricted net assets for specified purposes and purchases of fixed assets	(25,641,673)
Unrestricted net assets	10,962,224
Unrestricted, undesignated operating funds	<u>(1,162,785)</u>
	<u>\$ 209,028,793</u>

See Report of Independent Certified Public Accountants.