

**Indianapolis Museum of Art
d/b/a Newfields**

Independent Auditor's Report and Consolidated Financial Statements
June 30, 2021 and 2020

**Indianapolis Museum of Art
d/b/a Newfields
June 30, 2021 and 2020**

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Independent Auditor's Report

Board of Directors
Indianapolis Museum of Art
Indianapolis, Indiana

We have audited the accompanying consolidated financial statements of Indianapolis of Art, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years 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 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 these 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 the auditor's 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, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 consolidated financial position of Indianapolis Museum of Art as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Indianapolis, Indiana
December 15, 2021

**Indianapolis Museum of Art
d/b/a Newfields**
Consolidated Statements of Financial Position
June 30, 2021 and 2020
(In Thousands)

	2021	2020
Assets		
Cash	\$ 7,369	\$ 2,829
Accounts and other receivables	198	604
Contributions receivable, net	12,442	13,991
Prepaid expenses and other assets	305	680
Inventory	473	461
Investments	437,972	345,976
Estate notes and charitable lead trusts	20,152	15,196
Library accessions	1,173	1,168
Property and equipment, net	90,303	88,419
Collections - Note 1	-	-
	<u>570,387</u>	<u>469,324</u>
Total assets	<u>\$ 570,387</u>	<u>\$ 469,324</u>
Liabilities		
Accounts payable	\$ 1,107	\$ 570
Accrued salaries, wages and employee benefits	1,629	618
Deferred revenue	820	746
Other liabilities	2,019	1,528
Paycheck Protection Program loan - refundable advance	2,000	2,879
Note payable	901	-
Tax-exempt bonds payable, net of bond issue costs (including bond premium of \$1,341 in 2021 and \$1,427 in 2020)	70,515	73,891
	<u>78,991</u>	<u>80,232</u>
Total liabilities	<u>78,991</u>	<u>80,232</u>
Net Assets		
Without donor restrictions	116,509	87,936
With donor restrictions	374,887	301,156
	<u>491,396</u>	<u>389,092</u>
Total net assets	<u>491,396</u>	<u>389,092</u>
Total liabilities and net assets	<u>\$ 570,387</u>	<u>\$ 469,324</u>

Indianapolis Museum of Art d/b/a Newfields

Consolidated Statements of Activities Years Ended June 30, 2021 and 2020

(In Thousands)

	Without Donor Restrictions	2021 With Donor Restrictions	Total
Revenue, Gains and Other Support			
Annual giving and other contributions	\$ 4,392	\$ 9,036	\$ 13,428
Government grants	3,563	360	3,923
Memberships	1,115	-	1,115
Admissions, fees and sales	7,372	-	7,372
Investment return designated for current operations, debt payments and art acquisitions	14,386	12,368	26,754
	<u>30,828</u>	<u>21,764</u>	<u>52,592</u>
Net assets released from restrictions	20,229	(20,229)	-
Total revenue, gains and other support	<u>51,057</u>	<u>1,535</u>	<u>52,592</u>
Expenses			
Curatorial	8,406	-	8,406
Educational	6,618	-	6,618
Horticultural	2,847	-	2,847
Museum stores	2,696	-	2,696
Management and general	3,053	-	3,053
Fundraising	2,563	-	2,563
Total expenses	<u>26,183</u>	<u>-</u>	<u>26,183</u>
Change in Net Assets Before Depreciation and Interest and Other Changes			
	<u>24,874</u>	<u>1,535</u>	<u>26,409</u>
Depreciation	5,977	-	5,977
Interest	2,502	-	2,502
Total depreciation and interest	<u>8,479</u>	<u>-</u>	<u>8,479</u>
Change in Net Assets Before Other Changes	16,395	1,535	17,930
Other Changes			
Investment return greater (less) than amounts designated for current operations and art acquisitions	11,850	69,140	80,990
Gain on disposal of equipment	585	-	585
Change in value of split interest agreements	(1,621)	511	(1,110)
Proceeds from sales of art	-	4,242	4,242
Purchases of art	(22)	(311)	(333)
Net assets released from restriction - art acquisition	1,386	(1,386)	-
Change in Net Assets	28,573	73,731	102,304
Net Assets, Beginning of Year	<u>87,936</u>	<u>301,156</u>	<u>389,092</u>
Net Assets, End of Year	<u>\$ 116,509</u>	<u>\$ 374,887</u>	<u>\$ 491,396</u>

See Notes to Consolidated Financial Statements

	2020		
Without Donor Restrictions	With Donor Restrictions	Total	
\$ 5,792	\$ 14,253	\$ 20,045	
111	360	471	
983	-	983	
5,987	31	6,018	
<u>4,703</u>	<u>12,073</u>	<u>16,776</u>	
<u>17,576</u>	<u>26,717</u>	<u>44,293</u>	
<u>15,692</u>	<u>(15,692)</u>	<u>-</u>	
<u>33,268</u>	<u>11,025</u>	<u>44,293</u>	
7,756	-	7,756	
6,254	-	6,254	
3,142	-	3,142	
2,687	-	2,687	
2,336	-	2,336	
2,606	-	2,606	
<u>24,781</u>	<u>-</u>	<u>24,781</u>	
<u>8,487</u>	<u>11,025</u>	<u>19,512</u>	
6,603	-	6,603	
2,608	-	2,608	
<u>9,211</u>	<u>-</u>	<u>9,211</u>	
(724)	11,025	10,301	
(4,160)	(11,555)	(15,715)	
20	-	20	
142	(464)	(322)	
97	-	97	
-	(37)	(37)	
<u>807</u>	<u>(807)</u>	<u>-</u>	
(3,818)	(1,838)	(5,656)	
<u>91,754</u>	<u>302,994</u>	<u>394,748</u>	
<u>\$ 87,936</u>	<u>\$ 301,156</u>	<u>\$ 389,092</u>	

**Indianapolis Museum of Art
d/b/a Newfields**
Consolidated Statements Functional Expenses
Years Ended June 30, 2021 and 2020
(In Thousands)

	2021							Total
	Curatorial	Education	Horticultural	Museum Stores	Program Total	Management and General	Fundraising	
Personnel	\$ 4,575	\$ 3,150	\$ 1,430	\$ 1,148	\$ 10,303	\$ 1,942	\$ 1,701	\$ 13,946
Benefits	1,016	705	339	240	2,300	390	317	3,007
Services	776	1,216	282	160	2,434	315	143	2,892
Plant repairs	74	73	88	25	260	13	15	288
Utilities	399	251	114	91	855	88	102	1,045
Supplies	339	253	266	758	1,616	37	31	1,684
Insurance	397	82	39	28	546	27	31	604
General	696	663	245	182	1,786	95	179	2,060
Financial	134	225	44	64	467	146	44	657
	<u>8,406</u>	<u>6,618</u>	<u>2,847</u>	<u>2,696</u>	<u>20,567</u>	<u>3,053</u>	<u>2,563</u>	<u>26,183</u>
Depreciation	2,033	1,535	697	558	4,823	532	622	5,977
Interest	852	642	291	234	2,019	223	260	2,502
Total expenses	<u>\$ 11,291</u>	<u>\$ 8,795</u>	<u>\$ 3,835</u>	<u>\$ 3,488</u>	<u>\$ 27,409</u>	<u>\$ 3,808</u>	<u>\$ 3,445</u>	<u>\$ 34,662</u>

	2020							Total
	Curatorial	Education	Horticultural	Museum Stores	Program Total	Management and General	Fundraising	
Personnel	\$ 4,329	\$ 3,267	\$ 1,430	\$ 1,139	\$ 10,165	\$ 1,375	\$ 1,669	\$ 13,209
Benefits	957	670	323	222	2,172	344	326	2,842
Services	653	707	651	226	2,237	221	148	2,606
Plant repairs	46	62	65	23	196	7	11	214
Utilities	401	266	116	93	876	86	123	1,085
Supplies	281	234	236	715	1,466	15	17	1,498
Insurance	259	81	37	26	403	24	35	462
General	803	857	278	217	2,155	177	270	2,602
Financial	27	110	6	26	169	87	7	263
	<u>7,756</u>	<u>6,254</u>	<u>3,142</u>	<u>2,687</u>	<u>19,839</u>	<u>2,336</u>	<u>2,606</u>	<u>24,781</u>
Depreciation	2,190	1,719	752	599	5,260	550	793	6,603
Interest	867	674	298	237	2,076	218	314	2,608
Total expenses	<u>\$ 10,813</u>	<u>\$ 8,647</u>	<u>\$ 4,192</u>	<u>\$ 3,523</u>	<u>\$ 27,175</u>	<u>\$ 3,104</u>	<u>\$ 3,713</u>	<u>\$ 33,992</u>

**Indianapolis Museum of Art
d/b/a Newfields**
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020
(In Thousands)

	2021	2020
Operating Activities		
Change in net assets	\$ 102,304	\$ (5,656)
Items not requiring (providing) cash		
Depreciation	5,977	6,603
Noncash contributions	(9)	(23)
Acquisition and sales of art, net	(3,909)	(60)
Gain on disposal of property and equipment	(585)	(20)
Contributions restricted for long-term investment	(1,832)	(4,741)
Realized gains on investments	(21,924)	(22,518)
Unrealized losses on investments	(86,828)	20,890
Forgiveness of Paycheck Protection Program loan - refundable advance	(2,879)	-
Proceeds from Paycheck Protection Program loan	2,000	2,879
Changes in		
Accounts and other receivables	406	(253)
Contributions receivable	1,549	390
Prepaid expenses and other assets	327	(349)
Estate notes and charitable lead trusts	(4,956)	2,349
Accounts payable	537	(296)
Accrued expenses and other liabilities	1,576	(269)
Net cash used in operating activities	(8,246)	(1,074)
Investing Activities		
Acquisitions of art	(333)	(37)
Proceeds from sale of art	4,242	97
Proceeds from disposition of property and equipment	2,462	-
Purchases of property and equipment	(9,743)	(4,035)
Purchases of investments	(393,329)	(283,368)
Sales and maturities of investments	401,615	280,537
Net cash provided by (used in) investing activities	4,914	(6,806)
Financing Activities		
Proceeds from contributions restricted for		
Investments in endowment	8,479	6,055
Investments subject to various purchases	1,832	4,741
Proceeds from note payable	901	-
Principal payments on bonds	(3,340)	(3,280)
Net cash provided by financing activities	7,872	7,516
Increase (Decrease) in Cash	4,540	(364)
Cash, Beginning of Year	2,829	3,193
Cash, End of Year	\$ 7,369	\$ 2,829
Supplemental Information		
Interest paid	\$ 2,503	\$ 2,628
Property and equipment in accounts payable	-	264

Indianapolis Museum of Art d/b/a Newfields

Notes to Consolidated Financial Statements June 30, 2021 and 2020

(Table Dollar Amounts in Thousands)

Note 1: Nature of Operations and Summary of Significant Accounting Policies

General

Indianapolis Museum of Art (Newfields) was incorporated as a not-for-profit organization in May 1892, under the laws of the State of Indiana. During 2018, Newfields filed a Certificate of Assumed Business Name with the Office of the Secretary of the State of Indiana to doing business as (d/b/a) Newfields.

The consolidated financial statements include the accounts of the Indianapolis Museum of Art and Oldfields, LLC, its wholly owned subsidiary. Oldfields, LLC was established during 2004 to hold certain real estate. The 2020 consolidated financial statements also include Newfields' affiliated organizations: Alliance of the Indianapolis Museum of Art, the Asian Art Society, the Contemporary Art Society, the Design Arts Society, the Fashion Arts Society and the Horticultural Society. The affiliated organizations are special interest groups within Newfields membership which operate for the benefit of Newfields donating cash and services of volunteers to various Newfields activities. No amounts are included in the consolidated financial statements for services of volunteers. As of July 1, 2020, the affiliated organizations were legally dissolved.

Newfields' mission is to enrich lives through exceptional experiences with art and nature. Newfields' primary sources of revenue and support are contributions, membership, admissions and earnings on investments.

Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

At June 30, 2021, Newfields' cash accounts exceeded federally insured limits by approximately \$6,755,000.

Inventories

Inventories consist of retail goods. Inventories are stated at the lower of cost or net realizable value. Costs of inventories are determined using the first-in, first-out (FIFO) method.

**Indianapolis Museum of Art
d/b/a Newfields**
Notes to Consolidated Financial Statements
June 30, 2021 and 2020
(Table Dollar Amounts in Thousands)

Contributions Receivable

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received.

While contributions, including promises to give, are required to be recorded as revenue in the year received, expenses funded by such contributions normally occur in subsequent years. This means fluctuations between years in the amount of contributions received or receivable can have a significant impact on the total change in net assets of Newfields, as can the timing of program expenses which result therefrom. Management reviews promises to give and writes off any promises at the time they become uncollectible past their due date. Newfields has estimated an allowance for uncollectible promises to give of \$590,000 and \$640,000 as of June 30, 2021 and 2020, respectively.

Investments and Investment Return

Investments are carried at fair value. For those investments without quoted market prices, the fair value was provided by the managers of the investment funds. These estimated values are subject to uncertainty, and therefore, may differ significantly from the value that would have been used had a market for such investments existed. Such differences could be material. Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction. Other investment return is reflected in the consolidated statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Newfields maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated quarterly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual date of transfer.

Indianapolis Museum of Art d/b/a Newfields

Notes to Consolidated Financial Statements June 30, 2021 and 2020

(Table Dollar Amounts in Thousands)

Property and Equipment

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Newfields provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

Furnishings and equipment	3 - 10 years
Buildings and grounds	10 - 50 years
Land improvements	20 years

Long-Lived Asset Impairment

Newfields evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2021 or 2020.

Collections - Art Objects

According to Newfields' policy, collections include all works of art, historical treasures, and similar assets that are (a) held for public service rather than financial gain, (b) protected, kept unencumbered, cared for and preserved, and (c) subject to Newfields' policy that requires the proceeds of items that are sold to be used for the acquisition or direct care of collection items.

The collections, which have been acquired through purchases and contributions since Newfields' inception, are not recognized as an asset on the consolidated statements of financial position. Purchases of collection items are recorded as decreases in net assets with or without donor restrictions in the year in which the items are acquired. Proceeds from deaccessions or insurance recoveries, if any, are reflected as increases in the appropriate net asset class.

The funds received from the sale of works of art will be used to enhance the collection through the acquisition of works of art. Deaccession funds will be used to cover the purchase price of new works of art for the collection and may also be used to pay for specific costs directly associated with such acquisitions. Such expenditures of deaccession funds may also be used on a case by case basis to cover the cost associated with the acquisitions and deaccessioning processes, including framing, mounting, photography, conservation, staffing, packing, transportation, evaluation, sales fees, and processing costs.

Indianapolis Museum of Art d/b/a Newfields

Notes to Consolidated Financial Statements June 30, 2021 and 2020

(Table Dollar Amounts in Thousands)

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. Newfields records these costs as direct deductions from the related debt consistent with debt premiums. Such costs are being amortized over the term of the respective debt using the effective interest method.

Income Taxes

Newfields is exempt from federal income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. Newfields is not considered to be a private foundation. However, Newfields is subject to federal income tax on any unrelated business taxable income. Newfields files tax returns in the U.S. federal jurisdiction.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Support and Revenue

Contributions are provided to Newfields either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on Newfields overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

Indianapolis Museum of Art d/b/a Newfields

Notes to Consolidated Financial Statements June 30, 2021 and 2020

(Table Dollar Amounts in Thousands)

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

In-Kind Contributions

In addition to receiving cash contributions, Newfields receives in-kind contributions of labor and material for repairs and event setup, equipment rental, and event supplies from various donors. It is the policy of Newfields to record the estimated fair value of certain in-kind donations as an expense in its consolidated financial statements, and similarly increase contribution revenue by the same amount. For the years ended June 30, 2021 and 2020, \$321,846 and \$281,360, respectively, were received in in-kind contributions.

Government Grants

Support funded by grants is recognized as Newfields performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Indianapolis Museum of Art d/b/a Newfields

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Table Dollar Amounts in Thousands)

Functional Expenses

Expenses have been classified as program services, management and general, fundraising and membership development based on the actual direct expenditures and cost allocations based upon estimates of salaries incurred by Newfields personnel.

Subsequent Events

Subsequent events have been evaluated through December 15, 2021, which is the date the consolidated financial statements were issued.

Note 2: Revenue From Contracts With Customers

Membership Dues Revenue

Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which Newfields expects to be entitled in exchange for providing member benefits. These amounts are due from members and do not include variable consideration. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. Newfields memberships are noncancellable and, accordingly, has not recorded a refund liability.

Admissions

Revenue from contracts with members for admissions is reported at the amount that reflects the consideration to which Newfields expects to be entitled in exchange for providing admission to Newfields or other applicable Newfields event. These amounts are due from visitors and do not include variable consideration. Revenue is recognized as performance obligations are satisfied, which is when the visit occurs. Newfields has not realized significant cancellations of admissions and, accordingly, has not recorded a refund liability.

Indianapolis Museum of Art d/b/a Newfields

Notes to Consolidated Financial Statements June 30, 2021 and 2020

(Table Dollar Amounts in Thousands)

Other Contract Revenue

Performance obligations are determined based on the nature of the goods or services provided by Newfields in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. Newfields believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to customers at a single point in time and Newfields does not believe it is required to provide additional goods or services related to that sale.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Newfields has contracts that are unsatisfied or partially unsatisfied as of June 30, 2021, 2020 and 2019, in the amounts of \$820,000; \$746,000 and \$786,000, respectively. As of June 30, 2021, Newfields expects to recognize these amounts as revenue over the next fiscal year. During the years ended June 30, 2021 and 2020, Newfields recognized revenue of \$651,000 and \$753,000, respectively, that was recognized as a contract liability at the beginning of the year.

Financing Component and Contract Costs

Newfields' revenue streams do not have significant financing components or contract costs and are generally due on the transaction date.

Significant Judgments

Newfields determines the transaction price based on standard charges for goods and services provided, discounts provided in accordance with Newfields' policy. Newfields determines its estimates of explicit price concessions based on its discount policies.

Newfields has not incurred material refunds in the past and, accordingly, has not provided for a refund liability at June 30, 2021 or 2020.

Indianapolis Museum of Art d/b/a Newfields

Notes to Consolidated Financial Statements June 30, 2021 and 2020

(Table Dollar Amounts in Thousands)

Disaggregation of Revenue

The composition of contract revenue by type for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020
Memberships	\$ 1,115	\$ 983
Admissions	4,310	2,858
Retail sales	1,231	737
Concessions income	1,074	727
Program and event income	139	224
Other income	228	245
	\$ 8,097	\$ 5,774

The composition of revenue recognition for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020
Timing of revenue and recognition		
Services transferred over time	\$ 1,157	\$ 1,092
Sales and services as a point in time	6,940	4,682
	\$ 8,097	\$ 5,774

Note 3: Contributions Receivable

	With Donor Restrictions	
	2021	2020
Due within one year	\$ 3,296	\$ 3,980
Due in one to five years	10,845	11,823
	14,141	15,803
Discount	(1,109)	(1,172)
Allowance	(590)	(640)
	\$ 12,442	\$ 13,991

Discount rates utilized ranged from 0.14% to 2.86% and 0.18% to 2.86% for 2021 and 2020, respectively.

Indianapolis Museum of Art d/b/a Newfields

Notes to Consolidated Financial Statements June 30, 2021 and 2020

(Table Dollar Amounts in Thousands)

Note 4: Conditional Gifts

During 2020, Newfields received a \$9 million conditional promise to give from a donor. To date, Newfields has received \$4.5 million towards this promise. The remaining \$4.5M is not recognized in the consolidated financial statements as the conditions to the gift were not met as of June 30, 2021. Conditions include the donor continuing to serve as the board of directors of another organization and to the matching terms of that organization, which are subject to change.

Note 5: Investments

The fair value of Newfields' investments is as follows:

	2021	2020
Short-term investments	\$ 31,260	\$ 30,351
Governmental agencies	11,136	4,955
Corporate bonds	13,601	10,025
Corporate stocks	4,619	-
Fixed income mutual funds	21,559	20,311
Alternative investments		
Absolute return marketable alternatives	36,189	29,437
Equity-oriented marketable alternatives	12,492	23,945
Inflation hedging	121,261	88,679
Private equity/venture capital	185,855	134,346
Real estate held for investment	-	3,927
Total	\$ 437,972	\$ 345,976

Newfields' invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market 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 amounts reported in the accompanying consolidated statements of financial position.

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The following schedules summarize the investment return and its classification in the consolidated statements of activities for the years ended June 30, 2021 and 2020:

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Dividends and interest, net of expenses	\$ 9	\$ (1,017)	\$ (1,008)
Net realized gains on investments	5,224	16,700	21,924
Net unrealized gain on investments	21,003	65,825	86,828
Total return on investments	<u>26,236</u>	<u>81,508</u>	<u>107,744</u>
Investment return designated for			
Current operations	(14,386)	(11,565)	(25,951)
Art acquisitions	<u>-</u>	<u>(803)</u>	<u>(803)</u>
Investment return greater than amounts designated for current operations and art acquisitions	<u>\$ 11,850</u>	<u>\$ 69,140</u>	<u>\$ 80,990</u>

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Dividends and interest, net of expenses	\$ 110	\$ (677)	\$ (567)
Net realized gains on investments	5,945	16,573	22,518
Net unrealized losses on investments	(5,512)	(15,378)	(20,890)
Total return on investments	<u>543</u>	<u>518</u>	<u>1,061</u>
Investment return designated for			
Current operations	(4,703)	(11,425)	(16,128)
Art acquisitions	<u>-</u>	<u>(648)</u>	<u>(648)</u>
Investment return less than amounts designated for current operations and art acquisitions	<u>\$ (4,160)</u>	<u>\$ (11,555)</u>	<u>\$ (15,715)</u>

Note 6: Estate Notes and Charitable Lead Trusts

Newfields is the beneficiary under various estate notes and charitable lead trusts.

Estate notes represent an irrevocable pledge (or debt) against a donor's estate, to the extent the pledge is not satisfied during the donor's lifetime. Estate notes are initially recorded at fair value determined by using the discounted present value of the amounts to be received in the future. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. The discount rate utilized was 0.18% for 2021 and 2020.

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Charitable lead trusts are arrangements in which a donor establishes and funds a trust to provide distributions to a designated beneficiary organization for a specified period of time. Upon termination of the trust, the remainder of the trust assets is paid to the donor or to another beneficiary designated by the donor. Charitable lead trusts administered by Newfields are recorded at fair value only upon initial recognition, while those being administered by third parties are adjusted to fair value annually using discount rates based on current market conditions.

The following schedule summarizes estate notes and charitable lead trusts at June 30, 2021 and 2020:

	2021	2020
Estate notes	\$ 25,953	\$ 21,363
Discount	(7,115)	(7,580)
	18,838	13,783
Charitable lead trusts	1,314	1,413
	\$ 20,152	\$ 15,196

Note 7: Property and Equipment

Newfields' property and equipment are as follows:

	2021	2020
Buildings and grounds	\$ 167,231	\$ 170,456
Furnishings and equipment	29,511	28,242
Land improvements	13,468	13,468
	210,210	212,166
Accumulated depreciation	(130,470)	(127,620)
	79,740	84,546
Construction in progress	8,740	2,951
Land	922	922
	\$ 89,402	\$ 88,419

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Notes to Consolidated Financial Statements June 30, 2021 and 2020

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Note 8: Tax-Exempt Bonds Payable

	2021	2020
Facility Revenue Refunding Bonds, Series 2013B (A)	\$ 29,700	\$ 30,990
Educational Facilities Revenue Refunding Bonds, Series 2017A (B)	10,000	10,000
Educational Facilities Revenue Refunding Bonds, Series 2017B (C)	9,800	9,850
Educational Facilities Revenue Refunding Bonds, Series 2017C (D)	20,105	22,105
Unamortized premium on Series 2013B Bonds	1,341	1,426
Unamortized bond issue costs	(431)	(480)
	\$ 70,515	\$ 73,891

- (A) During 2013, the Indiana Finance Authority (Authority) issued \$39,950,000 of Educational Facilities Revenue Refunding Bonds, Series 2013B, the proceeds of which were loaned to Newfields to refund the 2002 bonds and cover bond issuance costs. The bonds consist of a mix of serial maturities and term bonds with sinking fund installments and bear fixed interest rates that range from 2.00% to 5.00%, depending on the maturity date. Principal payments commence on February 1, 2014 with a final maturity date of February 1, 2037. Bonds maturing on or after February 1, 2024 are subject to optional redemption at the discretion of Newfields at par beginning February 1, 2023. \$28,245,000 of the 2013B bonds mature on or after February 1, 2024 and bear interest rates between 4.00% and 5.00%.
- (B) During 2018, the Authority issued \$10,000,000 of Educational Facilities Revenue Refunding Bonds, Series 2017A, the proceeds of which were loaned to Newfields to refund the Series 2014 bonds and cover certain issuance costs. These bonds were issued at an initial fixed interest rate of 2.09% through December 31, 2017 and a rate of 2.54% through October 15, 2021. Subsequent to year end, these bonds matured on October 15, 2021 with a \$10,000,000 principal payment made by Newfields.
- (C) During 2018, the Authority issued \$10,000,000 of Educational Facilities Revenue Refunding Bonds, Series 2017B, the proceeds of which were loaned to Newfields to refund the Series 2014 bonds and cover certain issuance costs. These bonds were issued at an initial fixed interest rate of 2.28% through December 31, 2017 and a rate of 2.77% through October 15, 2024. These bonds are due in annual principal payments of \$50,000 annually through fiscal year 2024 with a final payment of \$9,650,000 due October 15, 2024.
- (D) During 2018, the Authority issued \$26,105,000 of Educational Facilities Revenue Refunding Bonds, Series 2017C, the proceeds of which were loaned to Newfields to refund the Series 2013A bonds and cover certain issuance costs. These bonds were issued at an initial fixed interest rate of 2.42% through December 31, 2017 and a rate of 2.94% through October 15, 2024. These bonds are due in annual principal payments of \$2,000,000 annually through fiscal year 2024 with a final payment of \$14,105,000 due October 15, 2024.

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Aggregate annual maturities of tax-exempt bonds payable at June 30, 2021 are:

2022	\$ 13,405
2023	3,050
2024	3,050
2025	24,755
2026	1,645
Thereafter	<u>23,700</u>
	69,605
Unamortized bond issue costs	(431)
Unamortized premium on Series 2013B Bonds	<u>1,341</u>
	<u><u>\$ 70,515</u></u>

Costs associated with executing the loan and other agreements with the aforementioned parties are being amortized over the life of the bonds using a method that approximates the level yield method. Unamortized bond issue costs are included in tax-exempt bonds payable.

The bonds are subject to certain covenants, including a financial coverage ratio. At June 30, 2021, management is not aware of any violations of the covenants.

Note 9: Paycheck Protection Program (PPP) Loan - Refundable Advance

During 2021, Newfields received a second PPP loan established by the CARES Act in the amount of \$2,000,000 and elected to account for the funding as a conditional contribution by applying Topic ASC 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting full-time equivalent (FTE) and salary reduction requirements and incurring eligible expenditures. Any portion of the loan not forgiven bears interest at a fixed rate of 1%, is due in monthly payments and matures on April 5, 2026. Currently, Newfields anticipates all of the loan will be forgiven. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. Newfields did not recognize any revenue on this loan during fiscal year 2021.

During fiscal year 2021, Newfield's PPP loan in the amount of \$2,878,500 dated April 17, 2020 was forgiven by the SBA and grant revenue was recognized in the amount of \$2,878,500 when the conditions were met.

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Note 10: Note Payable

Newfields entered into a note payable to acquire information technology equipment. Interest is charged at a rate of 2.5% and the note has a term of 5 years. Subsequent to year-end, Newfields purchased additional IT equipment of approximately \$500,000, which led to an increase in the note payable after year-end. As of June 30, 2021, future minimum payments are as follows:

2022	\$	117
2023		179
2024		183
2025		188
2026		192
Thereafter		<u>42</u>
	\$	<u><u>901</u></u>

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Note 11: Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	2021								Total
	Subject to Expenditure for a Specified Purpose	Contributions Receivable	Contributions Receivable to be Held in Perpetuity When Received	Estate Notes and Charitable Lead Trusts	Estate Notes and Charitable Lead Trusts to be Held in Perpetuity When Received	Accumulated Earnings on Endowment Funds	Endowments to be Held in Perpetuity	Other Amounts to be Held in Perpetuity	
Art purchases	\$ 14,164	\$ -	\$ -	\$ 1,314	\$ 6,671	\$ 18,528	\$ 18,461	\$ -	\$ 59,138
Educational programs	1,849	61	-	-	-	-	-	-	1,910
Capital	360	446	-	-	-	2,570	7,074	-	10,450
Miller house and gardens	-	-	-	-	-	3,456	5,002	-	8,458
Art and nature park	1,132	6,264	1,403	-	-	3,982	13,715	-	26,496
Lilly house	-	-	659	-	-	450	1,820	-	2,929
Innovation	-	-	-	-	-	5,658	9,100	-	14,758
Facility operations and personnel	5,161	2,123	823	-	3,867	124,286	96,749	300	233,309
Other program activities	795	507	-	485	-	3,984	3,671	-	9,442
For periods after June 30	26	156	-	7,815	-	-	-	-	7,997
	<u>\$ 23,487</u>	<u>\$ 9,557</u>	<u>\$ 2,885</u>	<u>\$ 9,614</u>	<u>\$ 10,538</u>	<u>\$ 162,914</u>	<u>\$ 155,592</u>	<u>\$ 300</u>	<u>\$ 374,887</u>

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Subject to Expenditure for a Specified Purpose	2020								Total
	Contributions Receivable	Contributions Receivable to be Held in Perpetuity When Received	Estate Notes and Charitable Lead Trusts	Estate Notes and Charitable Lead Trusts to be Held in Perpetuity When Received	Accumulated Earnings on Endowment Funds	Endowments to be Held in Perpetuity	Other Amounts to be Held in Perpetuity		
Art purchases	\$ 12,203	\$ -	\$ -	\$ 802	\$ 3,383	\$ 6,553	\$ 18,438	\$ 1,141	\$ 42,520
Educational programs	3,605	49	-	-	-	-	-	-	3,654
Capital	850	487	-	-	-	373	7,074	-	8,784
Miller house and gardens	-	-	-	-	-	1,635	5,002	-	6,637
Art and nature park	1,458	6,263	1,403	-	-	239	13,615	-	22,978
Lilly house	-	-	839	-	-	(1)	1,570	-	2,408
Innovation	-	-	-	-	-	2,123	9,100	-	11,223
Facility operations and personnel	9,640	2,458	1,675	-	3,665	77,446	93,377	300	188,561
Other program activities	817	429	143	471	-	1,713	3,671	-	7,244
For periods after June 30	27	245	-	6,875	-	-	-	-	7,147
	<u>\$ 28,600</u>	<u>\$ 9,931</u>	<u>\$ 4,060</u>	<u>\$ 8,148</u>	<u>\$ 7,048</u>	<u>\$ 90,081</u>	<u>\$ 151,847</u>	<u>\$ 1,441</u>	<u>\$ 301,156</u>

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(Table Dollar Amounts in Thousands)

Note 12: Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2021	2020
Art purchases	\$ 1,386	\$ 807
Educational programs	1,936	2,391
Capital	434	446
Miller house and gardens	355	354
Art and nature park	962	686
Facility operations and personnel	10,347	9,084
Curatorial	5,583	446
Other program activities	612	2,285
	\$ 21,615	\$ 16,499

Note 13: Endowment

Newfields' endowment consists of approximately 140 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

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Newfields' governing body is subject to the State of Indiana's Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing body of Newfields has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Newfields considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Newfields has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, Newfields considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of Newfields and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Newfields
7. Investment policies of Newfields

The composition of net assets by type of endowment fund at June 30, 2021 and 2020, was:

	Without Donor Restrictions	2021 With Donor Restrictions	Total
Board-designated endowment funds	\$ 99,895	\$ -	\$ 99,895
Donor-restricted endowment funds			
Amounts to be held in perpetuity	-	155,592	155,592
Accumulated investment gains, net	-	162,914	162,914
Total endowment funds	\$ 99,895	\$ 318,506	\$ 418,401

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	Without Donor Restrictions	2020 With Donor Restrictions	Total
Board-designated endowment funds	\$ 85,465	\$ -	\$ 85,465
Donor-restricted endowment funds			
Amounts to be held in perpetuity	-	151,847	151,847
Accumulated investment gains, net	<u>-</u>	<u>90,081</u>	<u>90,081</u>
Total endowment funds	<u>\$ 85,465</u>	<u>\$ 241,928</u>	<u>\$ 327,393</u>

Changes in endowment net assets for the years ended June 30, 2021 and 2020 was:

	Without Donor Restrictions	2021 With Donor Restrictions	Total
Endowment net assets, beginning of year	<u>\$ 85,465</u>	<u>\$ 241,928</u>	<u>\$ 327,393</u>
Investment return			
Investment loss	(326)	(1,017)	(1,343)
Net appreciation	<u>26,187</u>	<u>81,484</u>	<u>107,671</u>
Total investment return	<u>25,861</u>	<u>80,467</u>	<u>106,328</u>
Contributions	2,955	8,479	11,434
Appropriation of endowment assets for expenditure	<u>(14,386)</u>	<u>(12,368)</u>	<u>(26,754)</u>
Endowment net assets, end of year	<u>\$ 99,895</u>	<u>\$ 318,506</u>	<u>\$ 418,401</u>

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	Without Donor Restrictions	2020 With Donor Restrictions	Total
Endowment net assets, beginning of year	<u>\$ 88,293</u>	<u>\$ 247,428</u>	<u>\$ 335,721</u>
Investment return			
Investment loss	(244)	(677)	(921)
Net appreciation	<u>433</u>	<u>1,195</u>	<u>1,628</u>
Total investment return	<u>189</u>	<u>518</u>	<u>707</u>
Contributions	1,686	6,055	7,741
Appropriation of endowment assets for expenditure	<u>(4,703)</u>	<u>(12,073)</u>	<u>(16,776)</u>
Endowment net assets, end of year	<u><u>\$ 85,465</u></u>	<u><u>\$ 241,928</u></u>	<u><u>\$ 327,393</u></u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level Newfields is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. At June 30, 2021 and 2020, funds with original gift values of \$3,202,000 and \$25,594,000, fair values of \$3,036,000 and \$23,878,000, and deficiencies of \$166,000 and \$1,716,000, respectively, were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

Newfields has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for current operations, capital additions and artifact acquisitions supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds Newfields must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under Newfields' policies, endowment assets are invested in a manner that is intended to produce results that exceed the spending rate plus inflation. Newfields expects its endowment funds to provide an annual average rate of return of approximately 5.5% above the rate of inflation. Actual returns in any given year may vary from this amount.

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To satisfy its long-term rate of return objectives, Newfields relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). Newfields targets a diversified asset allocation to assure no single security, class of securities or individual investment will have a disproportionate negative impact on the endowment's overall return.

Newfields has a policy (the spending policy) which provides a target for the annual dollar spend from the aggregate endowment. The spending policy limits annual dollar spend from the endowment to the prior year's budgeted dollar spend plus an inflationary rate so long as the calculated aggregate draw rate would not exceed six percent (6%) of the endowment value calculated at the December 31 preceding the start of such fiscal year. Additionally, dollar spend from the endowment may increase by an amount equal to four percent (4%) of any new endowment contributions received by Newfields. Under the policy, Newfields continues to target a draw rate of no more than 4.50% of the endowment value as calculated at the December 31 preceding the start of a fiscal year.

In establishing this policy, Newfields considered the long-term expected return on its endowment. Accordingly, over the long-term, Newfields expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with Newfields' objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns. For the years ended June 30, 2021 and 2020, the Board of Trustees approved a spending rate in excess of this target to support current operations. Accordingly, over the long-term, Newfields expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with Newfields' objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

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Note 14: Employee Benefits

Newfields has a defined-contribution employee's retirement savings plan covering all full-time employees meeting certain eligibility requirements. Newfields makes contributions to the plan to match employee contributions and pays the cost of administering the plan. Employee benefit expense under this plan was approximately \$475,000 and \$367,000 for 2021 and 2020, respectively.

Note 15: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, 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 full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities
- NAV** Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

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Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021 and 2020:

	2021				
	Fair Value	Fair Value Measurements Using			
Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets					
Investments					
Short-term investments	\$ 31,260	\$ 31,260	\$ -	\$ -	\$ -
Governmental agencies	11,136	11,136	-	-	-
Corporate bonds	13,601	13,601	-	-	-
Corporate stocks	4,619	4,619	-	-	-
Fixed income mutual funds	21,559	21,559	-	-	-
Alternative investments					
Absolute return marketable alternatives	36,189	-	-	-	36,189
Equity-oriented marketable alternatives	12,492	-	-	-	12,492
Inflation hedging	121,261	-	-	-	121,261
Private equity/venture capital	185,855	-	-	-	185,855
Total investments	<u>\$ 437,972</u>	<u>\$ 82,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,797</u>

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	2020				
	Fair Value	Fair Value Measurements Using			Investments Measured at (NAV)
Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets					
Investments					
Short-term investments	\$ 30,351	\$ 30,351	\$ -	\$ -	\$ -
Governmental agencies	4,955	4,955	-	-	-
Corporate bonds	10,025	10,025	-	-	-
Fixed income mutual funds	20,311	20,311	-	-	-
Alternative investments					
Absolute return marketable alternatives	29,437	-	-	-	29,437
Equity-oriented marketable alternatives	23,945	-	-	-	23,945
Inflation hedging	88,679	-	-	-	88,679
Private equity/venture capital	134,346	-	-	-	134,346
Real estate held for investment	3,927	-	3,927	-	-
Total investments	<u>345,976</u>	<u>65,642</u>	<u>3,927</u>	<u>-</u>	<u>276,407</u>
Interest in charitable lead trust	611	-	-	611	-
	<u>\$ 346,587</u>	<u>\$ 65,642</u>	<u>\$ 3,927</u>	<u>\$ 611</u>	<u>\$ 276,407</u>

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2021.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by a third-party pricing service using quoted market prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2.

Charitable Lead Trust Held by a Third Party

The fair value is estimated using a discounted cash flow model. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

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The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs:

	Interest in Charitable Lead Trust
Balance, July 1, 2019	\$ 1,075
Receipts on charitable lead trust	(464)
Balance, June 30, 2020	611
Receipts on charitable lead trust	(611)
Balance, June 30, 2021	\$ -

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements:

	Fair Value at June 30, 2020	Valuation Technique	Unobservable Inputs	Range
Interest in charitable lead trust	\$ 611	Discounted cash flow model	Discount rates utilized	2.37%

Alternative Investments

Investments in certain entities measured at fair value using the net asset value per share as a practical expedient consist of the following:

Absolute return marketable alternative funds consist of funds of funds and limited partnerships that seek to achieve maximum capital appreciation through diversified investments. Many of the funds had lock-up periods, which have expired. Redemptions vary between quarterly, annually and every two years with notice periods between 30 days and 180 days. There were no unfunded commitments at June 30, 2021.

Indianapolis Museum of Art d/b/a Newfields

Notes to Consolidated Financial Statements June 30, 2021 and 2020

(Table Dollar Amounts in Thousands)

Equity-oriented marketable alternative funds consist of funds of funds and limited partnerships that seek to achieve capital appreciation primarily through trading, investing in and selling equity securities. Many of the funds had lock-up periods, which have expired. Redemptions vary between quarterly, annually and every three years with notice periods between 30 days and 180 days. There were no unfunded commitments at June 30, 2021.

Inflation hedging funds consist of real estate funds, natural resources and hedge funds. Inflation hedging - real estate funds totaling \$31,498,000 and \$27,035,000 at June 30, 2021 and 2020, respectively, invest across the major four categories of commercial real estate: office, industrial, multi-family and retain. These are limited partnerships with 10 to 12 year lives and cannot be sold. The underlying investments in the real estate funds are valued using comparable sales, dividend discount and income approach methods. Distributions are made as underlying investments are sold.

Inflation hedging - natural resource funds totaling \$24,677,000 and \$18,623,000 at June 30, 2021 and 2020, respectively, primarily invest in mid-stream and down-stream oil and gas opportunities and timber opportunities. Most partnerships have a 10 to 12 year lives and valuation techniques include, but are not limited to, the income approach and public market equivalent methods. Funds cannot be sold, but distributions are received as underlying investments are liquidated.

Inflation hedging - hedge funds totaling \$65,086,000 and \$43,021,000 at June 30, 2021 and 2020, respectively, consist of credit and equity funds. Underlying equity positions are valued using market quotes or dealer pricing. These funds can be redeemed either monthly or annually. Newfields is committed to investing approximately \$13,141,000 of additional funds in these investments at June 30, 2021.

Private equity/venture capital funds consist of venture capital and special situations. The venture capital funds have lives that range from 10 to 12 years and cannot be sold. Distributions are received as individual portfolio holdings are liquidated. Newfields is committed to investing approximately \$44,207,000 of additional funds in these investments at June 30, 2021.

Note 16: Significant Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations.

Approximately 30% of all contributions were received from two donors in 2021. In 2020, 51% of all contributions were received from one donor.

Indianapolis Museum of Art d/b/a Newfields

Notes to Consolidated Financial Statements June 30, 2021 and 2020

(Table Dollar Amounts in Thousands)

Note 17: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020, comprise the following:

	2021	2020
Total financial assets		
Cash	\$ 7,369	\$ 2,829
Accounts and other receivables	198	604
Investments	437,972	345,976
Appropriation of endowed funds	15,908	16,984
	461,447	366,393
Donor-imposed restrictions		
Restricted funds	23,787	30,041
Endowments	318,506	241,928
	342,293	271,969
Internal designations		
Quasi-endowment	99,895	85,465
Financial assets available to meet cash needs for general expenditures within one year	\$ 19,259	\$ 8,959

Newfields' endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of \$99,895 is subject to an annual spending policy as described in Note 13. Although Newfields does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Newfields manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these principles, Newfields forecasts its future cash flows and monitors its liquidity and reserves.

Note 18: Other Discrete Event

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of Newfields. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.