




Indianapolis Museum of Art dba Newfields

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2024 and 2023



**Indianapolis Museum of Art
dba Newfields
Contents
June 30, 2024 and 2023**

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Independent Auditor's Report

Board of Trustees
Indianapolis Museum of Art
Indianapolis, Indiana

Opinion

We have audited the consolidated financial statements of Indianapolis Museum of Art, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Indianapolis Museum of Art as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Indianapolis Museum of Art and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Indianapolis Museum of Art's ability to continue as a going concern within one year after the date that these consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Indianapolis Museum of Art's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indianapolis Museum of Art's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

**Indianapolis, Indiana
December 16, 2024**

**Indianapolis Museum of Art
dba Newfields
Consolidated Statements of Financial Position
June 30, 2024 and 2023
(In Thousands)**

	<u>2024</u>	<u>2023</u>
Assets		
Cash	\$ 3,755	\$ 3,301
Accounts and other receivables	1,318	297
Contributions receivable, net	8,745	10,258
Prepaid expenses and other assets	870	645
Inventory	740	743
Investments	421,619	407,448
Estate notes and charitable lead trusts	12,782	15,280
Library accessions	1,195	1,190
Property and equipment, net	84,797	87,365
Collections	-	-
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 535,821</u>	<u>\$ 526,527</u>
Liabilities		
Accounts payable	\$ 1,792	\$ 1,791
Accrued salaries, wages and employee benefits	882	692
Deferred revenue	963	911
Other liabilities	3,949	1,908
Note payable	719	1,014
	<u>50,856</u>	<u>53,958</u>
Tax-exempt bonds payable, net of bond issue costs (including bond premium of \$1,083 in 2024 and \$1,169 in 2023)	50,856	53,958
Total liabilities	<u>59,161</u>	<u>60,274</u>
Net Assets		
Without donor restrictions	116,753	120,718
With donor restrictions	359,907	345,535
Total net assets	<u>476,660</u>	<u>466,253</u>
Total liabilities and net assets	<u>\$ 535,821</u>	<u>\$ 526,527</u>

**Indianapolis Museum of Art
dba Newfields
Consolidated Statement of Activities
Year Ended June 30, 2024
(In Thousands)**

	Without Donor Restrictions	2024 With Donor Restrictions	Total
Revenue, Gains and Other Support			
Annual giving and other contributions	\$ 3,267	\$ 4,036	\$ 7,303
Government grants	-	186	186
Memberships	1,038	-	1,038
Admissions, fees and sales	12,805	-	12,805
Rental income and other income	686	-	686
Investment return designated for current operations, debt payments and art acquisitions	4,435	16,036	20,471
	<u>22,231</u>	<u>20,258</u>	<u>42,489</u>
Net assets released from restrictions	<u>15,324</u>	<u>(15,324)</u>	<u>-</u>
Total revenue, gains and other support	<u>37,555</u>	<u>4,934</u>	<u>42,489</u>
Expenses			
Curatorial	9,461	-	9,461
Educational	11,962	-	11,962
Horticultural	4,358	-	4,358
Museum stores	4,990	-	4,990
Management and general	5,332	-	5,332
Fundraising	2,690	-	2,690
Total expenses	<u>38,793</u>	<u>-</u>	<u>38,793</u>
Change in Net Assets Before Depreciation and Interest and Other Changes			
	<u>(1,238)</u>	<u>4,934</u>	<u>3,696</u>
Depreciation	6,142	-	6,142
Interest	1,887	-	1,887
Asset retirement obligation expense	1,659	-	1,659
Total	<u>9,688</u>	<u>-</u>	<u>9,688</u>
Change in Net Assets Before Other Changes			
	(10,926)	4,934	(5,992)
Other Changes			
Investment return greater than amounts designated for current operations and art acquisitions	6,618	10,481	17,099
Change in value of split interest agreements	(848)	477	(371)
Proceeds from sales of art	81	48	129
Purchases of art	(458)	-	(458)
Net assets released from restriction - art acquisition	1,568	(1,568)	-
Change in Net Assets			
	(3,965)	14,372	10,407
Net Assets, Beginning of Year			
	<u>120,718</u>	<u>345,535</u>	<u>466,253</u>
Net Assets, End of Year			
	<u>\$ 116,753</u>	<u>\$ 359,907</u>	<u>\$ 476,660</u>

**Indianapolis Museum of Art
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Consolidated Statement of Activities
Year Ended June 30, 2023
(In Thousands)**

	Without Donor Restrictions	2023 With Donor Restrictions	Total
Revenue, Gains and Other Support			
Annual giving and other contributions	\$ 5,055	\$ 3,936	\$ 8,991
Government grants	3,135	172	3,307
Memberships	1,157	-	1,157
Admissions, fees and sales	13,020	-	13,020
Rental income and other income	638	-	638
Investment return designated for current operations, debt payments and art acquisitions	4,416	14,671	19,087
	<u>27,421</u>	<u>18,779</u>	<u>46,200</u>
Net assets released from restrictions	19,593	(19,593)	-
Total revenue, gains and other support	<u>47,014</u>	<u>(814)</u>	<u>46,200</u>
Expenses			
Curatorial	10,646	-	10,646
Educational	10,573	-	10,573
Horticultural	3,771	-	3,771
Museum stores	4,852	-	4,852
Management and general	3,362	-	3,362
Fundraising	2,399	-	2,399
Total expenses	<u>35,603</u>	<u>-</u>	<u>35,603</u>
Change in Net Assets Before Depreciation and Interest and Other Changes			
	11,411	(814)	10,597
Depreciation	5,905	-	5,905
Interest	1,991	-	1,991
Total	<u>7,896</u>	<u>-</u>	<u>7,896</u>
Change in Net Assets Before Other Changes	3,515	(814)	2,701
Other Changes			
Investment return greater than amounts designated for current operations and art acquisitions	2,388	1,788	4,176
Change in fair value of interest rate swap agreements	(29)	284	255
Proceeds from sales of art	-	321	321
Purchases of art	(690)	-	(690)
Net assets released from restriction - art acquisition	2,084	(2,084)	-
Change in Net Assets	7,268	(505)	6,763
Net Assets, Beginning of Year	<u>113,450</u>	<u>346,040</u>	<u>459,490</u>
Net Assets, End of Year	<u>\$ 120,718</u>	<u>\$ 345,535</u>	<u>\$ 466,253</u>

**Indianapolis Museum of Art
dba Newfields
Consolidated Statements Functional Expenses
Years Ended June 30, 2024 and 2023
(In Thousands)**

	2024							
	Curatorial	Education	Horticultural	Museum Stores	Program Total	Management and General	Fundraising	Total
Personnel	\$ 4,787	\$ 4,988	\$ 2,090	\$ 2,051	\$ 13,916	\$ 2,807	\$ 1,520	\$ 18,243
Benefits	1,101	1,090	497	410	3,098	506	305	3,909
Services	1,807	2,388	755	318	5,268	958	474	6,700
Plant repairs	102	106	50	46	304	48	26	378
Utilities	403	396	166	163	1,128	194	106	1,428
Supplies	396	735	362	1,557	3,050	65	33	3,148
Insurance	232	104	45	40	421	48	26	495
General	586	1,877	372	346	3,181	259	176	3,616
Financial	47	278	21	59	405	447	24	876
	<u>9,461</u>	<u>11,962</u>	<u>4,358</u>	<u>4,990</u>	<u>30,771</u>	<u>5,332</u>	<u>2,690</u>	<u>38,793</u>
Depreciation	1,614	1,751	733	719	4,817	856	469	6,142
Interest	496	538	225	221	1,480	263	144	1,887
Asset retirement obligation	446	464	218	204	1,332	211	116	1,659
Total expenses	<u>\$ 12,017</u>	<u>\$ 14,715</u>	<u>\$ 5,534</u>	<u>\$ 6,134</u>	<u>\$ 38,400</u>	<u>\$ 6,662</u>	<u>\$ 3,419</u>	<u>\$ 48,481</u>
	2023							
	Curatorial	Education	Horticultural	Museum Stores	Program Total	Management and General	Fundraising	Total
Personnel	\$ 5,117	\$ 4,387	\$ 1,756	\$ 1,861	\$ 13,121	\$ 1,526	\$ 1,327	\$ 15,974
Benefits	1,249	1,036	421	348	3,054	421	299	3,774
Services	1,775	2,129	524	207	4,635	857	303	5,795
Plant repairs	283	268	121	110	782	67	63	912
Utilities	563	430	172	182	1,347	125	118	1,590
Supplies	545	526	397	1,573	3,041	48	95	3,184
Insurance	222	91	38	36	387	25	23	435
General	822	1,423	324	446	3,015	119	157	3,291
Financial	70	283	18	89	460	174	14	648
	<u>10,646</u>	<u>10,573</u>	<u>3,771</u>	<u>4,852</u>	<u>29,842</u>	<u>3,362</u>	<u>2,399</u>	<u>35,603</u>
Depreciation	1,905	1,674	671	711	4,961	486	458	5,905
Interest	642	565	226	240	1,673	164	154	1,991
Total expenses	<u>\$ 13,193</u>	<u>\$ 12,812</u>	<u>\$ 4,668</u>	<u>\$ 5,803</u>	<u>\$ 36,476</u>	<u>\$ 4,012</u>	<u>\$ 3,011</u>	<u>\$ 43,499</u>

**Indianapolis Museum of Art
dba Newfields
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023
(In Thousands)**

	<u>2024</u>	<u>2023</u>
Operating Activities		
Change in net assets	\$ 10,407	\$ 6,763
Items not requiring (providing) cash		
Depreciation	6,142	5,905
Noncash contributions	2	(6)
Acquisition and sales of art, net	329	369
Contributions restricted for long-term investment	(4,437)	(4,577)
Realized gains on investments	(25,454)	(5,640)
Unrealized gains on investments	(10,908)	(16,635)
Changes in		
Accounts and other receivables	(1,021)	(181)
Contributions receivable	1,513	64
Prepaid expenses and other assets	(274)	(214)
Estate notes and charitable lead trusts	2,498	4,810
Accounts payable	1	520
Accrued expenses and other liabilities	2,283	(177)
Net cash used in operating activities	<u>(18,919)</u>	<u>(8,999)</u>
Investing Activities		
Acquisitions of art	(458)	(690)
Proceeds from sale of art	129	321
Purchases of property and equipment	(3,579)	(2,860)
Purchases of investments	(786,781)	(391,528)
Sales and maturities of investments	802,015	399,145
Net cash provided by investing activities	<u>11,326</u>	<u>4,388</u>
Financing Activities		
Proceeds from contributions restricted for		
Investments in endowment	6,955	2,720
Investments subject to various purchases	4,437	4,577
Principal payments on note payable	(295)	(288)
Principal payments on bonds	(3,050)	(3,050)
Net cash provided by financing activities	<u>8,047</u>	<u>3,959</u>
Increase (Decrease) in Cash	454	(652)
Cash, Beginning of Year	<u>3,301</u>	<u>3,953</u>
Cash, End of Year	<u>\$ 3,755</u>	<u>\$ 3,301</u>
Supplemental Information		
Interest paid	\$ 1,882	\$ 1,991
Property and equipment in accounts payable	-	67

**Indianapolis Museum of Art
dba Newfields
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(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 (dba) 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.

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, 2024, Newfields' cash accounts exceeded federally insured limits by approximately \$7,478,000.

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.

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 \$700,000 and \$560,000 as of June 30, 2024 and 2023, 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.

**Indianapolis Museum of Art
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Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(Table Dollar Amounts in Thousands)**

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.

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, 2024 and 2023.

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.

**Indianapolis Museum of Art
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Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(Table Dollar Amounts in Thousands)**

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.

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
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Notes to Consolidated Financial Statements
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(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, 2024 and 2023, \$102,505 and \$19,721, 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.

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

In August 2024, Newfields issued \$43.5 million Series 2024 Educational Facilities Revenue Bonds to refund the Facility Revenue Refunding Bonds, Series 2013B and Educational Facilities Revenue Refunding Bonds, Series 2017B and 2017C. Two principal payments are due in February 2029 and 2034. Annual interest payments are due beginning in 2025. The bonds mature in February 2029 and 2034.

Subsequent events have been evaluated through December 16, 2024, which is the date the consolidated financial statements were issued.

**Indianapolis Museum of Art
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Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(Table Dollar Amounts in Thousands)**

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.

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, 2024, 2023 and 2022, in the amounts of \$963,000, \$911,000 and \$1,052,000, respectively. As of June 30, 2024, Newfields expects to recognize these amounts as revenue over the next fiscal year. During the years ended June 30, 2024 and 2023, Newfields recognized revenue of \$770,000 and \$962,000, 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, 2024 and 2023.

**Indianapolis Museum of Art
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Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(Table Dollar Amounts in Thousands)**

Disaggregation of Revenue

The composition of contract revenue by type for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Memberships	\$ 1,038	\$ 1,157
Admissions	8,186	7,538
Retail sales	2,125	3,075
Concessions income	1,720	1,710
Program and event income	383	248
Other income	391	449
	<u>\$ 13,843</u>	<u>\$ 14,177</u>

The composition of revenue recognition for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Timing of revenue and recognition		
Services transferred over time	\$ 1,081	\$ 1,208
Sales and services as a point in time	12,762	12,969
	<u>\$ 13,843</u>	<u>\$ 14,177</u>

Note 3. Contributions Receivable

	With Donor Restrictions	
	<u>2024</u>	<u>2023</u>
Due within one year	\$ 3,829	\$ 4,189
Due in one to five years	6,330	7,396
	10,159	11,585
Discount	(714)	(767)
Allowance	(700)	(560)
	<u>\$ 8,745</u>	<u>\$ 10,258</u>

Discount rates utilized ranged from 0.14% to 5.12% and 0.14% to 4.43% for 2024 and 2023, respectively.

Note 4. Conditional Gifts

During 2020, Newfields received a \$9 million conditional promise to give from a donor. During fiscal year 2023, all remaining conditions were met and remaining revenue was recognized.

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Note 5. Investments

The fair value of Newfields' investments is as follows:

	<u>2024</u>	<u>2023</u>
Short-term investments	\$ 43,806	\$ 41,703
Governmental agencies	19,004	11,834
Corporate bonds	1,682	1,798
Corporate stocks	35,366	22,551
Fixed income mutual funds	8,585	7,278
Alternative investments		
Absolute return marketable alternatives	34,164	33,900
Equity-oriented marketable alternatives	54	60
Inflation hedging	117,905	123,362
Private equity/venture capital	161,053	164,962
	<u> </u>	<u> </u>
Total	<u>\$ 421,619</u>	<u>\$ 407,448</u>

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.

The following schedules summarize the investment return and its classification in the consolidated statements of activities for the years ended June 30, 2024 and 2023:

	<u>Without Donor Restrictions</u>	<u>2024 With Donor Restrictions</u>	<u>Total</u>
Dividends and interest, net of expenses	\$ 1,537	\$ (329)	\$ 1,208
Net realized gains on investments	6,396	19,058	25,454
Net unrealized gains on investments	3,120	7,788	10,908
Total return on investments	<u>11,053</u>	<u>26,517</u>	<u>37,570</u>
Investment return designated for			
Current operations	(4,435)	(14,908)	(19,343)
Art acquisitions	<u>-</u>	<u>(1,128)</u>	<u>(1,128)</u>
Investment return greater than amounts designated for current operations and art acquisitions	<u>\$ 6,618</u>	<u>\$ 10,481</u>	<u>\$ 17,099</u>

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	Without Donor Restrictions	2023 With Donor Restrictions	Total
Dividends and interest, net of expenses	\$ 964	\$ 24	\$ 988
Net realized gains on investments	1,393	4,247	5,640
Net unrealized losses on investments	4,447	12,188	16,635
Total return on investments	<u>6,804</u>	<u>16,459</u>	<u>23,263</u>
Investment return designated for			
Current operations	(4,416)	(13,523)	(17,939)
Art acquisitions	<u>-</u>	<u>(1,148)</u>	<u>(1,148)</u>
Investment return less than amounts designated for current operations and art acquisitions	<u>\$ 2,388</u>	<u>\$ 1,788</u>	<u>\$ 4,176</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 ranged from 1.35% to 8.23% for 2024 and 2023.

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, 2024 and 2023:

	2024	2023
Estate notes	\$ 16,394	\$ 19,662
Discount	(5,362)	(5,654)
	<u>11,032</u>	<u>14,008</u>
Charitable lead trusts	<u>1,750</u>	<u>1,272</u>
	<u>\$ 12,782</u>	<u>\$ 15,280</u>

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Note 7. Property and Equipment

Newfields' property and equipment are as follows:

	<u>2024</u>	<u>2023</u>
Buildings and grounds	181,231	\$ 179,285
Furnishings and equipment	35,564	34,810
Land improvements	13,511	13,478
	<u>230,306</u>	<u>227,573</u>
Accumulated depreciation	(148,964)	(142,491)
	81,342	85,082
Construction in progress	2,533	1,361
Land	922	922
	<u>\$ 84,797</u>	<u>\$ 87,365</u>

Note 8. Tax-Exempt Bonds Payable

	<u>2024</u>	<u>2023</u>
Facility Revenue Refunding Bonds, Series 2013B (A)	\$ 26,345	\$ 27,345
Educational Facilities Revenue Refunding Bonds, Series 2017B (B)	9,650	9,700
Educational Facilities Revenue Refunding Bonds, Series 2017C (C)	14,105	16,105
Unamortized premium on Series 2013B Bonds	1,083	1,169
Unamortized bond issue costs	(327)	(361)
	<u>\$ 50,856</u>	<u>\$ 53,958</u>

(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. As of June 30, 2024, future interest rates range from 5.00% to 4.00% through maturity. 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. These bonds were refunded with the proceeds of the Series 2024 Educational Facilities Revenue Bonds issued in August 2024.

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(B) 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 were 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. These bonds were refunded with the proceeds of the Series 2024 Educational Facilities Revenue Bonds issued in August 2024.

(C) 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 were 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. These bonds were refunded with the proceeds of the Series 2024 Educational Facilities Revenue Bonds issued in August 2024.

Aggregate annual maturities of tax-exempt bonds payable at June 30, 2024 were:

2025	\$	24,755
2026		1,645
2027		1,730
2028		1,815
2029		1,905
Thereafter		18,250
		<u>50,100</u>
Unamortized bond issue costs		(327)
Unamortized premium on Series 2013B Bonds		1,083
		<u><u>\$ 50,856</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, 2024, management is not aware of any violations of the covenants.

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Note 9. Employee Retention Credit (ERC)

The *Coronavirus Aid, Relief, and Economic Security Act* (CARES), and subsequent legislation, provides a refundable employee retention tax credit to eligible employers who meet either a gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. Newfields accounts for these employee retention credits in accordance with ASC 958-605. Under ASC 958-605, revenue is recognized once the conditions attached to the grant have been substantially met. Newfields determined during the year ended June 30, 2023 that it qualified for the tax credit and claimed ERCs of \$2,565,602 during the year ended June 30, 2023. The full amount was received in June 2023 and has been recognized in grant income in the consolidated statement of activities.

Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge Newfields' claim to the employee retention credit, and it is not possible to determine the impact this would have on Newfields.

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. As of June 30, 2024, future minimum payments are as follows:

2025	\$	303
2026		310
2027		106
		<hr/>
	\$	719
		<hr/> <hr/>

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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:

	2024									
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	Non-perpetual Endowment Funds	Endowments to be Held in Perpetuity	Other Amounts to be Held in Perpetuity	Total	
Art purchases	\$ 16,354	\$ 11	\$ -	\$ 1,750	\$ 2,525	\$ 22,559	\$ -	\$ 18,540	\$ -	\$ 61,739
Educational programs	227	4	-	-	-	-	-	-	-	231
Capital	509	48	-	-	1,513	103	7,050	-	-	9,223
Miller house and gardens	-	-	-	-	3,103	-	5,002	-	-	8,105
Fairbanks Park	1,126	716	4,436	-	3,297	-	13,842	-	-	23,417
Lilly house	-	-	286	-	498	-	2,380	-	-	3,164
Innovation	-	-	-	-	7,389	-	9,100	-	-	16,489
Facility operations and personnel	1,498	1,975	1,144	-	4,243	102,769	9,403	105,272	300	226,604
Other program activities	373	39	57	532	-	2,104	210	3,836	-	7,151
For periods after June 30	23	29	-	3,732	-	-	-	-	-	3,784
	<u>\$ 20,110</u>	<u>\$ 2,822</u>	<u>\$ 5,923</u>	<u>\$ 6,014</u>	<u>\$ 6,768</u>	<u>\$ 143,232</u>	<u>\$ 9,716</u>	<u>\$ 165,022</u>	<u>\$ 300</u>	<u>\$ 359,907</u>

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	2023									
	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	Non-perpetual Endowment Funds	Endowments to be Held in Perpetuity	Other Amounts to be Held in Perpetuity	Total
Art purchases	\$ 15,130	\$ -	\$ -	\$ 1,272	\$ 5,714	\$ 16,990	\$ -	\$ 18,515	\$ -	\$ 57,621
Educational programs	383	6	-	-	-	-	-	-	-	389
Capital	512	48	-	-	-	1,322	103	7,050	-	9,035
Miller house and gardens	-	-	-	-	-	2,724	-	5,002	-	7,726
Fairbanks Park	889	1,597	4,436	-	-	2,856	-	13,842	-	23,620
Lilly house	-	-	377	-	-	361	-	2,220	-	2,958
Innovation	-	-	-	-	-	6,091	-	9,100	-	15,191
Facility operations and personnel	1,795	1,503	2,107	-	4,156	100,592	5,876	102,128	300	218,457
Other program activities	430	88	58	526	-	1,816	210	3,736	-	6,864
For periods after June 30	24	38	-	3,612	-	-	-	-	-	3,674
	<u>\$ 19,163</u>	<u>\$ 3,280</u>	<u>\$ 6,978</u>	<u>\$ 5,410</u>	<u>\$ 9,870</u>	<u>\$ 132,752</u>	<u>\$ 6,189</u>	<u>\$ 161,593</u>	<u>\$ 300</u>	<u>\$ 345,535</u>

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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.

	<u>2024</u>	<u>2023</u>
Art purchases	\$ 1,568	\$ 2,084
Educational programs	460	603
Capital	549	504
Miller house and gardens	306	339
Fairbanks Park	1,760	1,299
Facility operations and personnel	11,240	10,346
Curatorial	487	973
Other program activities	522	607
Time-restricted	-	4,922
	<u>\$ 16,892</u>	<u>\$ 21,677</u>

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, 2024 and 2023, was:

	Without Donor Restrictions	2024 With Donor Restrictions	Total
Board-designated endowment funds	\$ 97,124	\$ -	\$ 97,124
Donor-restricted endowment funds			
Amounts to be held in perpetuity	-	165,022	165,022
Non-perpetual endowment funds	-	9,716	9,716
Accumulated investment gains, net	-	143,232	143,232
	<u>\$ 97,124</u>	<u>\$ 317,970</u>	<u>\$ 415,094</u>

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	Without Donor Restrictions	2023 With Donor Restrictions	Total
Board-designated endowment funds	\$ 93,127	\$ -	\$ 93,127
Donor-restricted endowment funds			
Amounts to be held in perpetuity	-	161,593	161,593
Non-perpetual endowment funds	-	6,189	6,189
Accumulated investment gains, net	-	132,752	132,752
Total endowment funds	\$ 93,127	\$ 300,534	\$ 393,661

Changes in endowment net assets for the years ended June 30, 2024 and 2023 was:

	Without Donor Restrictions	2024 With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 93,127	\$ 300,534	\$ 393,661
Investment return			
Investment income (loss)	(522)	(329)	(851)
Net appreciation	8,954	26,846	35,800
Total investment return	8,432	26,517	34,949
Contributions	-	6,955	6,955
Appropriation of endowment assets for expenditure	(4,435)	(16,036)	(20,471)
Endowment net assets, end of year	\$ 97,124	\$ 317,970	\$ 415,094

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	<u>Without Donor Restrictions</u>	<u>2023 With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 90,925	\$ 296,026	\$ 386,951
Investment return			
Investment loss	(20)	24	4
Net depreciation	5,431	16,435	21,866
Total investment return	<u>5,411</u>	<u>16,459</u>	<u>21,870</u>
Contributions	1,207	2,720	3,927
Appropriation of endowment assets for expenditure	<u>(4,416)</u>	<u>(14,671)</u>	<u>(19,087)</u>
Endowment net assets, end of year	<u>\$ 93,127</u>	<u>\$ 300,534</u>	<u>\$ 393,661</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, 2024 and 2023, funds with original gift values of \$3,202,000 and \$3,405,000, fair values of \$2,924,000 and \$3,056,000, and deficiencies of \$278,000 and \$349,000, 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.

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.

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Newfields has a policy (the spending policy) which provides a target for the annual dollar spend for operations, capital items, purchases of art and interest on outstanding debt 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% 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. 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.

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 \$550,000 and \$535,000 for 2024 and 2023, 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 statements 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, 2024 and 2023:

	2024				
	Fair Value Measurements Using				
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at (NAV)	
Assets					
Investments					
Short-term investments	\$ 43,806	\$ 43,806	\$ -	\$ -	\$ -
Governmental agencies	19,004	19,004	-	-	-
Corporate bonds	1,682	1,682	-	-	-
Corporate stocks	35,366	35,366	-	-	-
Fixed income mutual funds	8,585	8,585	-	-	-
Alternative investments					
Absolute return marketable alternatives	34,164	-	-	-	34,164
Equity-oriented marketable alternatives	54	-	-	-	54
Inflation hedging	117,905	-	-	-	117,905
Private equity/venture capital	161,053	-	-	-	161,053
Total investments	<u>\$ 421,619</u>	<u>\$ 108,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,176</u>

	2023				
	Fair Value Measurements Using				
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at (NAV)	
Assets					
Investments					
Short-term investments	\$ 41,703	\$ 41,703	\$ -	\$ -	\$ -
Governmental agencies	11,834	11,834	-	-	-
Corporate bonds	1,798	1,798	-	-	-
Corporate stocks	22,551	22,551	-	-	-
Fixed income mutual funds	7,278	7,278	-	-	-
Alternative investments					
Absolute return marketable alternatives	33,900	-	-	-	33,900
Equity-oriented marketable alternatives	60	-	-	-	60
Inflation hedging	123,362	-	-	-	123,362
Private equity/venture capital	164,962	-	-	-	164,962
Total investments	<u>\$ 407,448</u>	<u>\$ 85,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,284</u>

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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, 2024.

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.

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, 2024 and 2023.

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, 2024 and 2023.

Inflation hedging funds consist of real estate funds, natural resources and hedge funds. Inflation hedging - real estate funds totaling \$37,313,000 and \$31,182,000 at June 30, 2024 and 2023, 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 \$17,358,000 and \$21,528,000 at June 30, 2024 and 2023, 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 \$66,416,000 and \$70,652,000 at June 30, 2024 and 2023, 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 \$11,402,000 of additional funds in these investments at June 30, 2024.

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 \$55,617,000 of additional funds in these investments at June 30, 2024.

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Note 16. Significant Estimate and Concentrations

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

Contributions

Approximately 10% and 43% of all contributions were received from one and two donors in 2024 and 2023, respectively.

General Litigation

Newfields is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, change in net assets and cash flows of Newfields. Events could occur that would change this estimate materially in the near term.

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, 2024 and 2023, comprise the following:

	<u>2024</u>	<u>2023</u>
Total financial assets		
Cash	\$ 3,755	\$ 3,301
Accounts and other receivables	1,318	297
Investments	421,619	407,448
Appropriation of endowed funds	22,298	20,502
	<u>448,990</u>	<u>431,548</u>
Donor-imposed restrictions		
Restricted funds	20,410	19,463
Endowments	308,254	294,345
	<u>328,664</u>	<u>313,808</u>
Internal designations		
Quasi-endowment	97,124	93,127
	<u>97,124</u>	<u>93,127</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 23,202</u>	<u>\$ 24,613</u>

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.

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The board-designated endowment of \$97,124,000 and \$93,127,000 at June 30, 2024 and 2023, respectively, 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.