

Financial Statements and Report of  
Independent Certified Public  
Accountants

**Autry Museum of the American West**

For the years ended December 31, 2021 and 2020

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Trustees  
Autry Museum of the American West

**Opinion**

We have audited the financial statements of the Autry Museum of the American West (the "Autry"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Autry Museum of the American West as of December 31, 2021 and 2020, and the changes in its net assets and its 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Autry 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 financial statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Autry's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 US 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 financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Autry'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Autry'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.

*Grant Thornton LLP*

Los Angeles, California  
July 22, 2022

**Autry Museum of the American West**  
**STATEMENTS OF FINANCIAL POSITION**

**As of December 31,**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 31,875,963	\$ 5,338,675
Accounts receivable	60,785	431,317
Prepaid expenses	64,716	82,787
Inventory, net	400,373	457,627
Contributions receivable, net	118,373,616	137,770,955
Investments	11,384,236	10,689,051
Property and equipment, net	55,231,782	57,536,029
Land lease	5,106,348	5,446,776
Other assets	3,354,532	3,508,283
Total assets	\$ 225,852,351	\$ 221,261,500
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 430,807	\$ 617,523
Accrued liabilities	1,643,937	1,481,935
PPP Loan	1,737,252	1,862,300
EIDL - SBA Loan	148,237	150,000
Interest rate swap	602,042	1,268,920
Notes payable	26,925,152	27,375,152
Total liabilities	31,487,427	32,755,830
<b>Net assets</b>		
Without donor restrictions	31,777,406	31,672,711
With donor restrictions	162,587,518	156,832,959
Total net assets	194,364,924	188,505,670
Total liabilities and net assets	\$ 225,852,351	\$ 221,261,500

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

**Autry Museum of the American West**

**STATEMENTS OF ACTIVITIES**

For the years ended December 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>						
Fundraising income						
Gifts and grants	\$ 3,122,434	\$ 6,755,862	\$ 9,878,296	\$ 1,699,704	\$ 4,853,622	\$ 6,553,326
Special events, net of expenses	218,699	-	218,699	38,160	-	38,160
Memberships	206,891	-	206,891	164,175	-	164,175
Total fundraising income	<u>3,548,024</u>	<u>6,755,862</u>	<u>10,303,886</u>	<u>1,902,039</u>	<u>4,853,622</u>	<u>6,755,661</u>
Earned income						
Admissions	137,795	-	137,795	102,656	-	102,656
Program and other income	19,887	-	19,887	86,744	-	86,744
Auxiliary services, net of cost of goods sold	106,279	-	106,279	67,082	-	67,082
Total earned income	<u>263,961</u>	<u>-</u>	<u>263,961</u>	<u>256,482</u>	<u>-</u>	<u>256,482</u>
Endowment distribution	480,000	-	480,000	884,319	-	884,319
Total revenues	<u>4,291,985</u>	<u>6,755,862</u>	<u>11,047,847</u>	<u>3,042,840</u>	<u>4,853,622</u>	<u>7,896,462</u>
Net assets released from restrictions or redesignated	13,904,878	(13,904,878)	-	13,840,194	(13,840,194)	-
Total revenues and releases	<u>18,196,863</u>	<u>(7,149,016)</u>	<u>11,047,847</u>	<u>16,883,034</u>	<u>(8,986,572)</u>	<u>7,896,462</u>
<b>Expenses</b>						
Program services						
Exhibitions and research	12,492,549	-	12,492,549	12,814,303	-	12,814,303
Public programs and education	1,513,308	-	1,513,308	1,753,411	-	1,753,411
Total program services	<u>14,005,857</u>	<u>-</u>	<u>14,005,857</u>	<u>14,567,714</u>	<u>-</u>	<u>14,567,714</u>
Support services						
Administration	1,597,466	-	1,597,466	1,753,217	-	1,753,217
Marketing	876,445	-	876,445	973,821	-	973,821
Fundraising	1,632,982	-	1,632,982	1,977,430	-	1,977,430
Auxiliary services	420,412	-	420,412	491,110	-	491,110
Total support services	<u>4,527,305</u>	<u>-</u>	<u>4,527,305</u>	<u>5,195,578</u>	<u>-</u>	<u>5,195,578</u>
Total expenses	<u>18,533,162</u>	<u>-</u>	<u>18,533,162</u>	<u>19,763,292</u>	<u>-</u>	<u>19,763,292</u>
Change in net assets from operations	(336,299)	(7,149,016)	(7,485,315)	(2,880,258)	(8,986,572)	(11,866,830)
<b>Other changes in net assets</b>						
Loss on sales of assets, net	(1,843)	-	(1,843)	(567)	-	(567)
Unrealized gain (loss) on interest rate swap	666,878	-	666,878	(614,191)	-	(614,191)
Change in NPV on contributions receivable	(354)	11,984,703	11,984,349	-	(6,878,691)	(6,878,691)
Endowment return	256,313	918,872	1,175,185	322,903	1,157,599	1,480,502
Endowment distribution	(480,000)	-	(480,000)	(884,319)	-	(884,319)
Total other changes in net assets	<u>440,994</u>	<u>12,903,575</u>	<u>13,344,569</u>	<u>(1,176,174)</u>	<u>(5,721,092)</u>	<u>(6,897,266)</u>
Total change in net assets	<u>104,695</u>	<u>5,754,559</u>	<u>5,859,254</u>	<u>(4,056,432)</u>	<u>(14,707,664)</u>	<u>(18,764,096)</u>
Net assets, beginning of year	<u>31,672,711</u>	<u>156,832,959</u>	<u>188,505,670</u>	<u>35,729,143</u>	<u>171,540,623</u>	<u>207,269,766</u>
Net assets, end of year	<u>\$ 31,777,406</u>	<u>\$ 162,587,518</u>	<u>\$ 194,364,924</u>	<u>\$ 31,672,711</u>	<u>\$ 156,832,959</u>	<u>\$ 188,505,670</u>

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

**Autry Museum of the American West**

**STATEMENTS OF CASH FLOWS**

**For the years ended December 31,**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 5,859,254	\$ (18,764,096)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Change in net present value discount on contributions receivable	(11,984,349)	6,878,691
Contributions restricted for WF interest, capital acquisition and construction	(4,698,101)	(3,218,654)
Net realized and unrealized gains on investments	(1,103,881)	(1,380,077)
Unrealized (gain) loss on interest rate swap	(666,878)	614,191
Depreciation of property and equipment	2,757,024	2,711,417
Amortization of land lease	340,428	340,428
Changes in operating assets and liabilities:		
Accounts receivable	370,532	190,600
Prepaid expenses	18,071	10,609
Inventory	57,254	(55,187)
Contributions receivable	31,381,688	10,095,112
Other assets	153,751	(472,135)
Accounts payable	(186,716)	(23,806)
Accrued liabilities	162,002	154,271
Net cash provided by (used in) operating activities	22,460,079	(2,918,636)
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	4,956,392	3,090,396
Purchases of investments	(4,547,696)	(2,306,502)
Purchases of property and equipment	(452,777)	(836,704)
Net cash (used in) investing activities	(44,081)	(52,810)
<b>Cash flows from financing activities:</b>		
Contributions restricted for WF interest, capital acquisition and construction	4,698,101	3,218,654
Borrowings under PPP Loan	1,737,252	1,862,300
Repayments under PPP Loan	(1,862,300)	-
Borrowings under EIDL-SBA Loan	-	150,000
Repayments of SBA Loan	(1,763)	-
Borrowings under notes payable	-	600,000
Repayments of notes payable	(450,000)	-
Net cash provided by financing activities	4,121,290	5,830,954
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	26,537,288	2,859,508
<b>Cash and cash equivalents, beginning of year</b>	5,338,675	2,479,167
<b>Cash and cash equivalents, end of year</b>	\$ 31,875,963	\$ 5,338,675
<b>Supplemental disclosures:</b>		
Accounts payable for construction in progress	\$ -	\$ 23,646
Interest paid	\$ 749,867	\$ 804,760

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

Autry Museum of the American West

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	Program Services			Support Services				Total Expenses	
	Exhibitions and Research	Public Programs and Education	Subtotal Program Services Expenses	Administration	Marketing	Fundraising	Auxiliary Services		Subtotal Support Services Expenses
<b>Staff compensation</b>									
Salaries and wages	\$ 4,445,711	\$ 933,265	\$ 5,378,976	\$ 1,054,697	\$ 509,943	\$ 1,024,074	\$ 123,307	\$ 2,712,021	\$ 8,090,997
Fringe benefits	889,294	172,211	1,061,505	137,669	99,704	182,772	37,156	457,301	1,518,806
	<u>5,335,005</u>	<u>1,105,476</u>	<u>6,440,481</u>	<u>1,192,366</u>	<u>609,647</u>	<u>1,206,846</u>	<u>160,463</u>	<u>3,169,322</u>	<u>9,609,803</u>
<b>Physical infrastructure</b>									
Facilities maintenance and repair	708,289	26,511	734,800	8,416	15,785	909	35,757	60,867	795,667
Utilities	937,304	39,236	976,540	18,199	3,918	2,102	70,878	95,097	1,071,637
Information technology	337,496	22,530	360,026	33,057	3,314	127,242	21,606	185,219	545,245
Amortization of land lease	292,676	17,825	310,501	8,220	1,780	955	18,972	29,927	340,428
Depreciation of property and equipment	2,574,475	68,143	2,642,618	31,424	6,805	3,651	72,526	114,406	2,757,024
	<u>4,850,240</u>	<u>174,245</u>	<u>5,024,485</u>	<u>99,316</u>	<u>31,602</u>	<u>134,859</u>	<u>219,739</u>	<u>485,516</u>	<u>5,510,001</u>
<b>Other goods and services</b>									
Collection acquisitions	328,429	-	328,429	-	-	-	-	-	328,429
Exhibition subcontractors	122,592	-	122,592	-	-	-	-	-	122,592
Graphic design and photography	6,044	250	6,294	-	17,292	1,050	-	18,342	24,636
Printing and signage	29,843	503	30,346	22,417	31,130	14,921	606	69,074	99,420
Advertising and public relations	536	1,411	1,947	2,060	108,940	-	-	111,000	112,947
Shipping and postage	13,228	658	13,886	1,135	20,736	28,529	196	50,596	64,482
Supplies	239,978	12,781	252,759	5,205	5,797	2,046	4,399	17,447	270,206
Rental of storage space and equipment	27,696	2,000	29,696	-	-	-	-	-	29,696
Travel and entertainment	40,618	21,986	62,604	24,681	31,999	70,024	493	127,197	189,801
Dues and memberships	11,237	6,809	18,046	11,126	8,400	3,550	3,849	26,925	44,971
Consultants	81,026	14,970	95,996	8,550	132	135,084	1,408	145,174	241,170
Other professional services	229,074	154,521	383,595	26,085	1,478	4,609	3,435	35,607	419,202
Audit and legal	-	-	-	182,861	-	-	-	182,861	182,861
Insurance	426,984	17,642	444,626	8,136	1,762	10,363	18,777	39,038	483,664
Bank fees	152	56	208	12,217	7,530	21,101	7,047	47,895	48,103
Interest	749,867	-	749,867	-	-	-	-	-	749,867
Bad debt	-	-	-	1,311	-	-	-	1,311	1,311
	<u>2,307,304</u>	<u>233,587</u>	<u>2,540,891</u>	<u>305,784</u>	<u>235,196</u>	<u>291,277</u>	<u>40,210</u>	<u>872,467</u>	<u>3,413,358</u>
	<u>\$ 12,492,549</u>	<u>\$ 1,513,308</u>	<u>\$ 14,005,857</u>	<u>\$ 1,597,466</u>	<u>\$ 876,445</u>	<u>\$ 1,632,982</u>	<u>\$ 420,412</u>	<u>\$ 4,527,305</u>	<u>\$ 18,533,162</u>

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



Autry Museum of the American West

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	Program Services			Support Services				Total Expenses	
	Exhibitions and Research	Public Programs and Education	Subtotal Program Services Expenses	Administration	Marketing	Fundraising	Auxiliary Services		Subtotal Support Services Expenses
<b>Staff compensation</b>									
Salaries and wages	\$ 4,880,220	\$ 1,016,543	\$ 5,896,763	\$ 1,002,530	\$ 597,179	\$ 1,183,505	\$ 161,708	\$ 2,944,922	\$ 8,841,685
Fringe benefits	1,070,513	190,061	1,260,574	184,146	125,738	244,804	43,889	598,577	1,859,151
	<u>5,950,733</u>	<u>1,206,604</u>	<u>7,157,337</u>	<u>1,186,676</u>	<u>722,917</u>	<u>1,428,309</u>	<u>205,597</u>	<u>3,543,499</u>	<u>10,700,836</u>
<b>Physical infrastructure</b>									
Facilities maintenance and repair	664,115	35,062	699,177	11,667	4,885	2,472	40,106	59,130	758,307
Utilities	965,502	34,308	999,810	15,821	3,426	1,838	86,037	107,122	1,106,932
Information technology	319,556	27,401	346,957	65,617	3,373	124,406	33,691	227,087	574,044
Amortization of land lease	292,676	17,825	310,501	8,220	1,780	955	18,972	29,927	340,428
Depreciation of property and equipment	2,534,429	66,067	2,600,496	30,466	6,598	3,540	70,317	110,921	2,711,417
	<u>4,776,278</u>	<u>180,663</u>	<u>4,956,941</u>	<u>131,791</u>	<u>20,062</u>	<u>133,211</u>	<u>249,123</u>	<u>534,187</u>	<u>5,491,128</u>
<b>Other goods and services</b>									
Collection acquisitions	86,500	-	86,500	-	-	-	-	-	86,500
Exhibition subcontractors	53,233	-	53,233	-	-	-	-	-	53,233
Graphic design and photography	5,346	3,091	8,437	261	15,882	2,149	-	18,292	26,729
Printing and signage	48,332	11,891	60,223	3,389	51,988	19,010	-	74,387	134,610
Advertising and public relations	800	2,358	3,158	24,901	122,797	155	-	147,853	151,011
Shipping and postage	106,810	899	107,709	353	2,431	40,939	1,311	45,034	152,743
Supplies	269,653	27,081	296,734	5,869	6,458	4,428	5,721	22,476	319,210
Rental of storage space and equipment	80,645	24,406	105,051	-	-	-	-	-	105,051
Travel and entertainment	22,246	17,675	39,921	13,301	4,261	43,864	171	61,597	101,518
Dues and memberships	13,069	5,635	18,704	14,329	11,191	3,942	3,837	33,299	52,003
Consultants	65,366	37,560	102,926	8,623	2,500	208,428	-	219,551	322,477
Other professional services	133,938	219,583	353,521	33,672	7,326	9,804	1,416	52,218	405,739
Audit and legal	1,000	-	1,000	306,917	-	15	-	306,932	307,932
Insurance	395,519	15,965	411,484	7,364	1,594	3,355	16,993	29,306	440,790
Bank fees	75	-	75	15,251	4,414	79,821	6,941	106,427	106,502
Interest	804,760	-	804,760	-	-	-	-	-	804,760
Bad debt	-	-	-	520	-	-	-	520	520
	<u>2,087,292</u>	<u>366,144</u>	<u>2,453,436</u>	<u>434,750</u>	<u>230,842</u>	<u>415,910</u>	<u>36,390</u>	<u>1,117,892</u>	<u>3,571,328</u>
	<u>\$ 12,814,303</u>	<u>\$ 1,753,411</u>	<u>\$ 14,567,714</u>	<u>\$ 1,753,217</u>	<u>\$ 973,821</u>	<u>\$ 1,977,430</u>	<u>\$ 491,110</u>	<u>\$ 5,195,578</u>	<u>\$ 19,763,292</u>

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

## **Autry Museum of the American West**

### **NOTES TO FINANCIAL STATEMENTS**

**For the years ended December 31, 2021 and 2020**

#### **NOTE 1 - NATURE OF OPERATIONS**

The Autry Museum of the American West (the “Autry”) is a California not-for-profit public benefit corporation. The Autry arose in its present form from the merger in 2003 of the then Autry Museum of Western Heritage (founded in 1984 and opened in 1988) with the Southwest Museum of the American Indian (founded in 1907) and with the Women of the West Museum (founded in 1991). The Autry is dedicated to exploring and sharing the stories, experiences and perceptions of the diverse peoples of the American West, connecting the past to the present to inspire a shared future. The museum presents a wide range of exhibitions and public programs, including lectures, films, theater, music and festivals, and conducts scholarship, research and educational outreach. The Autry’s collections of more than 600,000 works of art and artifacts include the Southwest Museum of the American Indian Collection, one of the largest and most significant collections of Native American materials in the United States.

The Autry is accredited by the American Alliance of Museums (“AAM”), the museum field’s primary vehicle for quality assurance, self-regulation and public accountability. AAM accreditation signifies that a museum meets AAM standards and best practices as an educational entity and as a good steward of the collections that it holds in trust for the public.

Philanthropy is the primary source of revenue for the Autry. Fundraising income is realized from gifts, grants, special events and memberships and is received from individuals, foundations, corporations and government agencies. Earned income is a secondary revenue source for the Autry and is realized from admissions, programs and auxiliary services.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Basis of Accounting***

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) using the accrual basis of accounting.

##### ***Measure of Operations***

The Autry includes in its measure of operations all revenue and expenses that are integral to its current programs and supporting activities as well as net assets released from restrictions to support operating expenditures and in accordance with the Autry’s collection management policy. The measure of operations also includes investment returns earned on net assets with donor restrictions and net assets without donor restrictions available for operations in accordance with the Autry’s spending policy as discussed below. The measure of operations excludes investment return in excess of amounts available for operations under the spending policy; contributions and grants restricted for the curation and acquisition of works of art; changes in net assets pertaining to acquisition or deaccession of collection items; capital project depreciation expense; and extraordinary items.

##### ***Basis of Presentation***

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958)*, the Autry classifies its financial position and activities into two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Revenues, expenses, gains, losses, net assets and the changes therein are classified based on the existence or absence of donor-imposed restrictions as follows:

- Net assets without donor restrictions - Net assets without donor restrictions include resources not subject to donor-imposed stipulations, which are generally available for support of the Autry’s operations, as well as funds designated by the Board of Trustees to function as endowment.

## **Autry Museum of the American West**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

- Net assets with donor restrictions - Net assets with donor restrictions include resources resulting from contributions of assets whose use by the Autry is subject to donor-imposed restrictions that (a) expire by the passage of time, (b) will be fulfilled by future actions of the Autry pursuant to those restrictions, or (c) are restricted by donors to be maintained by the Autry in perpetuity. The Autry is generally permitted to expend all or part of the income and gains derived from donated assets maintained in perpetuity, restricted only by the donors' wishes.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of demand deposits and highly liquid investments, such as certificates of deposit, with original maturities of three months or less.

#### ***Accounts Receivable***

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Recoveries of receivables previously written off are recorded as revenue when received.

#### ***Inventory***

Inventory consists of merchandise purchased for resale in the Autry's retail store. The merchandise is valued at the lower of cost or net realizable value. Cost is determined using the average cost method. The Autry provides an allowance for inventory obsolescence and shrinkage based on amounts ultimately expected to be realized upon sale. At December 31, 2021 and 2020, net inventory of \$400,373 and \$457,627 consisted of purchases of \$493,909 and \$550,887 less allowances of \$93,536 and \$93,260, respectively.

#### ***Contributions Receivable***

Contributions receivable consist of unconditional promises to give, i.e., pledges, to the Autry in the future and are recorded at their estimated fair value. Contributions to be received beyond one year are discounted at appropriate rates commensurate with the risks involved. Discount factors are established in the fiscal year in which the respective contribution originates and are not subsequently adjusted, except for any changes in mortality tables which were used in discounting the contributions at the time the pledge was made. Any subsequent changes in mortality tables may increase or decrease contributions receivable and contributions revenue due to the effective change in discount rate used. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Management estimates an allowance for uncollectible contributions receivable based on management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors. Contributions are written off if they become uncollectible.

#### ***Investments***

Investments consist of money market, fixed income fund, and equity fund investments restricted by donors or designated by the Board of Trustees (the "Board") for long-term investment. Under the provisions of FASB Accounting Standards Codification ("ASC") 958-320, *Investments - Debt and Equity Securities*, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statements of financial position. Net appreciation or depreciation in the fair value of investments, which consists of both the realized gains or losses and the unrealized appreciation or depreciation of those investments, is reported in the statements of activities.

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

Investment return on assets with donor restrictions is reported as an increase in net assets without donor restrictions if the asset restriction expires in the reporting period in which the income is recognized. All other investment return on assets with donor restrictions is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

Interest income and dividend income are accrued as earned. Investment return in the financial statements is net of investment advisory and management fees. Security transactions are recorded on a trade-date basis.

***Property and Equipment***

Property and equipment are recorded at cost. Cost is the purchase price at date of procurement, if purchased, or fair value at date of gift, if donated. Interest on borrowings used to fund the construction of major facilities is capitalized as part of the asset to which it relates until the facilities become fully operational. Additions and improvements that significantly extend the lives of assets are capitalized. Expenditures for repairs and maintenance which do not improve or extend the lives of the respective assets are charged to expense as incurred.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	40 years
Leasehold improvements	Lesser of useful life or lease term
Collection storage fixtures	15 years
Furniture, fixtures and equipment	5 years
Automotive equipment	5 years
Computer equipment and software	3 years

The Autry evaluates the impairment of long-lived assets in accordance with FASB ASC 360, *Property, Plant and Equipment*, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount for the assets to the undiscounted future net cash flows expected to be generated by the asset. If the carrying amount exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset. There was no impairment of long-lived assets noted in 2021 and 2020.

***Collections***

The Autry's collections consist of paintings, sculptures, works on paper, photographs, historic artifacts, archaeological and ethnographic materials, sound recordings, films, and library and archival material related to the history of the American West and to indigenous cultures of the United States. The collections are maintained for exhibitions, research, public programs and education in alignment with the Autry's mission. Items are catalogued, conserved and cared for following AAM standards, and collection audits are performed regularly.

The collections, which were acquired through purchases and contributions since the Autry's inception, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded in the year in which the items were acquired as decreases in net assets without donor restrictions or net assets with donor restrictions, depending on the source of the assets used to purchase the items and whether those assets were restricted by donors. Contributed collection items are not reflected in the financial statements. The Autry's collections policy requires that proceeds from deaccessions or insurance recoveries be used toward direct care and acquisitions for the collections.

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

***Asset Retirement Obligations***

Asset retirement obligations are recognized in the period in which the Autry incurs a legal obligation associated with the retirement of an asset. The obligation is measured initially at fair value discounted to its present value using a credit-adjusted risk-free interest rate, and the resulting costs are capitalized into the carrying value of the related assets. The liability is accreted through charges to earnings. Costs related to asset retirement obligations are depreciated over the remaining useful life of the underlying asset.

The Autry has a known conditional asset retirement obligation for asbestos remediation activities to be performed in the future, which is not reasonably estimable due to insufficient information about the timing and method of settlement of the obligation. Accordingly, this obligation has not been recorded in the financial statements because the fair value cannot be reasonably estimated. A liability for this obligation will be recorded in the period when sufficient information regarding timing and method of settlement becomes available to make a reasonable estimate of the liability's fair value.

***Gifts and Grants***

Contributions, including gifts of cash or marketable securities, grants, in-kind gifts and unconditional promises to give, i.e., pledges, are recorded at fair value and are recognized as revenue in the period in which they are received. Contributions received are recorded as revenue without donor restrictions or revenue with donor restrictions, depending on the existence and/or nature of any donor restrictions upon the earlier of the receipt of a donor's unconditional written pledge to contribute or upon receipt of the contribution. Contributions, including pledges, are recorded as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statements of activities as net assets released from restrictions. Contributions with donor restrictions are reported as revenue without donor restrictions when the restriction is met in the same period as the contribution is received.

Contributions restricted by a donor for the acquisition or construction of capital assets are recorded as revenue with donor restrictions and are reclassified to net assets without donor restrictions when the asset is acquired and placed in service.

Conditional promises to give are not recognized as revenue until they become unconditional, i.e., when the conditions on which they depend have been met or barriers achieved. If funds are received from such gifts, they are recorded as refundable advances until the condition is satisfied. When the condition is satisfied, the gift is recognized as either revenue without donor restrictions or revenue with donor restrictions, depending on the intent of the donor.

***Wills and Bequests***

The Autry is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. Bequests are recorded as revenue at the time the Autry has an established right to the bequest, the proceeds are measurable, and it is determined that the donor has sufficient assets to fulfill the bequest.

***Contributed Services***

Contributed services are recognized when received if such services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Contributed services from donors which qualify for recognition are included in revenue and are offset by equal amounts included in expense in the statements of activities.

## Autry Museum of the American West

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2021 and 2020

In addition, volunteers donate significant amounts of time related to the Autry's public programming, educational outreach and fundraising activities. The value of donated volunteer services is not recognized in the financial statements, as such services do not meet the criteria described above.

#### **Special Events**

Revenues from special fundraising events, which include the annual Masters of the West art exhibition and sale, are recorded net of the costs of direct benefits provided to donors, sponsors, artists and other attendees. For the years ended December 31, 2021 and 2020, net revenues from special events of \$218,699 and \$38,160 consisted of gross revenues of \$319,468 and \$373,065 less costs of direct benefits of \$100,769 and \$334,905, respectively.

#### **Revenue Recognition**

Admissions, program and other revenues are recognized at the time the services are provided and the revenues are earned. Revenues received for future fiscal years are reported as deferred revenues until earned.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* which amends the guidance for revenue recognition and outlines a five-step process for customer contract revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards. The amendment also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Topic 606 became effective for annual and interim periods beginning after December 15, 2019 and is therefore effective for the Autry beginning January 1, 2020. The Autry determined that its membership revenue is included within the scope of Topic 606 and that revenue recognized under the standard does not differ materially from revenue recognized under the previous guidance. Revenues derived from memberships are recognized upon receipt of cash. Members sign up for annual memberships and may cancel their membership at any time. The Autry's adoption of Topic 606 did not result in a cumulative catch-up adjustment or any significant changes to financial statement line items.

#### **Expense Allocations**

Expenses associated with a specific program service or support service are charged directly to that service. Expenses applicable to the Autry's buildings, grounds and building systems are allocated among all program services and support services based on the relative square footage occupied by each service. Such allocable expenses include facilities maintenance, utilities, information technology, security, insurance, depreciation of property and equipment, and amortization of the land lease (Note 8).

#### **Fair Value Measurements**

FASB ASC 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. Fair value is the amount 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, i.e., the exit price.

The standard also prioritizes, with the measurement of fair value, the use of market-based information over entity-specific information, and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

## **Autry Museum of the American West**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- Level 1 - Quoted prices in active markets that the Autry can access for identical assets and liabilities for which significant observable inputs exist. Market price data is generally obtained from exchange or dealer markets. The Autry does not adjust the quoted price for such assets and liabilities. Investments included in Level 1 may include certain equity securities and registered mutual funds at the measurement date;
- Level 2 - Pricing inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of assets or liabilities. Inputs are obtained from various sources including market participants, dealers and brokers. Investments included in Level 2 may include certain money market, fixed income, interest rate swaps and equity funds for which observable inputs exist and which trade in markets not considered to be active; and
- Level 3 - Pricing inputs that are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant judgment or estimation by management. The types of instruments generally included in this category are limited partnerships with designated investments, lock up periods or gates extending more than three months beyond the balance sheet date.

The Autry's financial instruments include cash and cash equivalents for which the carrying amounts approximate fair value due to the short maturity of these items.

#### ***Concentration of Credit Risk***

Credit risk is the failure of another party to perform in accordance with the contract terms. Financial instruments which potentially subject the Autry to concentrations of credit risk consist primarily of cash and cash equivalents, contributions receivable and investments.

The Autry maintains its cash and cash equivalents with a major financial institution. All accounts at an insured depository institution, including non-interest-bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor, per insured financial institution, for each deposit insurance ownership category. At December 31, 2021 and 2020, the Autry held \$31,613,714 and \$5,076,425, respectively, in cash balances in excess of the level of FDIC insurance.

Contributions receivable are uncollateralized and the Autry is at risk to the extent such amounts become uncollectible (Notes 4 and 16).

Investment securities are exposed to various risks, including interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities may occur in the near term, and the changes could materially affect the amounts reported in the statements of financial position. To address the risk of investments, the Autry maintains a formal investment policy that sets out performance criteria, investment guidelines, and asset allocation guidelines. The Autry also utilizes the expertise and processes of an external investment manager.

#### ***Income Taxes***

The Autry follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement.

## Autry Museum of the American West

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2021 and 2020

This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more likely than not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Autry is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Autry is also exempt from California franchise taxes under Revenue and Taxation Code Section 23701d on its income other than unrelated business income. The Autry has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. The Autry has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

#### **Use of Estimates**

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

#### **Recently Adopted Accounting Pronouncements**

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The guidance helps entities evaluate whether transactions should be accounted for as contributions, or exchange transactions subject to other guidance. The guidance also helps in determining whether a contribution is conditional. The guidance is effective for fiscal years beginning after December 15, 2019. The Autry adopted this ASU in 2020 and determined that there was no impact to the financial statements.

In March 2019, the FASB issued ASU No. 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*. This ASU specifically addresses the use of proceeds from sales of collections and related disclosures. Collections include groupings of art, historical treasures or similar assets. The guidance is effective for fiscal years beginning after December 15, 2019. The Autry adopted this ASU in 2020 and determined that there was no impact to the financial statements.

#### **Reclassifications**

Certain amounts in the prior period presented have been reclassified to conform to the current period’s financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

#### **Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The provisions of this ASU require accounting for operating leases in the statements of position. The provisions in this ASU are effective for fiscal years beginning after December 15, 2021, i.e., in 2022 for the Autry. The Autry is currently evaluating the impact of adopting this ASU.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a separate line-item for contributed nonfinancial assets on the statement of activities, apart from contributed cash and other financial assets. ASU 2020-07 should be applied on a retrospective basis and is effective for annual



**Autry Museum of the American West**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**For the years ended December 31, 2021 and 2020**

reporting periods beginning after June 15, 2021. The Autry is currently evaluating the impact of adopting this ASU.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2021 and 2020 included the following:

	2021	2020
Grants receivable	\$ 49,075	\$ 430,464
Other receivables	11,710	853
Accounts receivable	\$ 60,785	\$ 431,317

Management has assessed the collectability of accounts receivable and determined that no allowance for doubtful accounts is required at December 31, 2021 and 2020.

**NOTE 4 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable at December 31, 2021 and 2020 included the following:

	2021	2020
Amounts due in		
Less than one year	\$ 10,719,593	\$ 10,484,723
One to five years	51,700,000	36,472,500
More than five years	111,398,500	158,242,558
Contributions receivable, gross	173,818,093	205,199,781
Less present value discount	(55,444,477)	(67,428,826)
Contributions receivable, net	\$ 118,373,616	\$ 137,770,955

Contributions to be received beyond one year are discounted at appropriate rates commensurate with the risks involved. Discount factors are established in the fiscal year in which the respective contribution originates and are not subsequently adjusted. The rates used to discount contributions to present value ranged from 0.13% to 5.59% for December 31, 2021.

Management has assessed the collectability of contributions receivable, and determined that no allowance for doubtful accounts is required at December 31, 2021 and 2020.

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

**NOTE 5 - FAIR VALUE MEASUREMENTS**

The following tables present assets and liabilities recorded at fair value as of December 31, 2021 and 2020, on the Autry's statement of financial position on a recurring basis and indicates the fair value hierarchy of the valuation techniques used to measure fair value:

	2021			
	Quoted Price in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Investment assets:				
Money market fund	\$ -	\$ 150,380	\$ -	\$ 150,380
Fixed income mutual fund	3,773,449	-	-	3,773,449
Equity mutual funds - international	1,831,234	-	-	1,831,234
Equity mutual funds - domestic	5,629,173	-	-	5,629,173
Total investment assets	<u>\$ 11,233,856</u>	<u>\$ 150,380</u>	<u>\$ -</u>	<u>\$ 11,384,236</u>
Liabilities:				
Interest rate swap	<u>\$ -</u>	<u>\$ 602,042</u>	<u>\$ -</u>	<u>\$ 602,042</u>
	2020			
	Quoted Price in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Investment assets:				
Money market fund	\$ -	\$ 199,100	\$ -	\$ 199,100
Fixed income mutual fund	3,481,343	-	-	3,481,343
Equity mutual funds - international	1,728,300	-	-	1,728,300
Equity mutual funds - domestic	5,280,308	-	-	5,280,308
Total investment assets	<u>\$ 10,489,951</u>	<u>\$ 199,100</u>	<u>\$ -</u>	<u>\$ 10,689,051</u>
Liabilities:				
Interest rate swap	<u>\$ -</u>	<u>\$ 1,268,920</u>	<u>\$ -</u>	<u>\$ 1,268,920</u>

Investments in fixed income mutual funds and equity mutual funds are classified as Level 1, as they are traded in an active market for which closing prices are readily available. The investment in the money market fund is classified as Level 2, as this fund is priced based on matrix/model pricing. The investment

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

in the money market fund has no redemption frequency limitation and allows for same-day notice for redemption. The fair value of the interest rate swap is based on industry standard valuation assumptions and methods, which is the difference between the present value of the future cash flows of the receive swap leg less the present value of the future cash flows of the payment swap leg. Future cash flows are derived from current mid-market rates and prices which are deemed Level 2.

**NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Autry's operating cash flows fluctuate during the year, driven primarily by the timing of gift receipts, including payments on pledges, and by changes in annual programmatic and fundraising initiatives. The Autry maintains a \$6,000,000 revolving operating line of credit (Note 11) at its bank to draw upon to cover short-term operating cash needs during the year. At December 31, 2021 and 2020, \$3,770,000 and \$1,770,000, respectively, were available to draw from this line. It is the Autry's intent to repay annual draws on the line to the fullest extent possible by the end of each year.

At December 31, 2021 and 2020, the Autry had the following liquid financial assets available to cover operating cash needs for the subsequent year. Available financial assets exclude those due beyond one year or those invested as endowments with donor restrictions.

	2021	2020
Cash and cash equivalents	\$ 31,875,963	\$ 5,338,675
Accounts receivable	60,785	431,317
Contributions receivable, gross	173,818,093	205,199,781
Investments	11,384,236	10,689,051
Total financial assets	217,139,077	221,658,824
Due beyond one year:		
Contributions receivable, gross	(163,098,500)	(194,715,058)
Endowments with donor restrictions:		
Accumulated investment return	(3,598,734)	(3,055,173)
Original gift principal	(5,302,553)	(5,302,553)
Liquid financial assets available within one year	\$ 45,139,290	\$ 18,586,040

The liquid financial assets available within one year include Board-designated funds functioning as endowments, as the Board could remove the designation of these funds and make them available as operating cash. Such funds total \$2,482,948 and \$2,331,325 at December 31, 2021 and 2020, respectively (Note 13).

**Autry Museum of the American West**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**For the years ended December 31, 2021 and 2020**

**NOTE 7 - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Land	\$ 5,305,189	\$ 5,305,189
Buildings	39,723,168	39,723,168
Leasehold improvements	40,949,389	40,386,621
Collection storage fixtures	6,019,055	6,016,828
Furniture, fixtures and equipment	5,957,392	5,888,279
Construction in progress	1,003,887	1,185,218
Automotive equipment	87,615	87,615
	99,045,695	98,592,918
Less: accumulated depreciation	(43,813,913)	(41,056,889)
Property and equipment, net	\$ 55,231,782	\$ 57,536,029

Depreciation expense charged to operations was \$2,757,024 and \$2,711,417 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 8 - LAND LEASE**

In January 1987, the Autry entered into a 50-year ground lease with the City of Los Angeles (the "City") for the use of certain land in Griffith Park for the specific purpose of operating a museum. In exchange for offering public programs in the Autry's facilities, the Autry pays the City \$1 per year. The lease expires in January 2037 unless extended by mutual agreement between the City and the Autry. The Autry, pursuant to certain conditions, has the right to terminate the lease upon one year's written notice to the City. The Autry recognized the benefit of this lease agreement as a land lease asset and as revenue with donor restrictions. The net present value of the future contribution benefit was computed at a discount rate based upon prevailing rates at the time the lease agreement commenced. The Autry has established the fair market value of the in-kind rent under the agreement at \$340,428 per year (Note 12) and recognizes an offsetting in-kind donation released from restriction of the same amount in the statements of activities. The value of the land lease asset at December 31, 2021 and 2020 was \$5,106,348 and \$5,446,776, respectively.

**NOTE 9 - COLLECTION SHARING AGREEMENT**

In December 2005, the Autry entered into a collection sharing agreement with another not-for-profit organization. Under the terms of the agreement, the Autry collaborates to provide a long-term presence of a historically significant collection of paintings and costumes in one of the museum's galleries. The term of the agreement is 60 years with provisions for extension. Under the agreement, the Autry was required to pay a total of \$3,500,000 over a 15-year period from 2006 to 2020. The difference between the annual payment and the straight-line expense is recorded in other assets and amortized over the term of the agreement. As of December 31, 2021 and 2020, the unamortized balance relating to the collection sharing agreement totaled \$2,566,672 and \$2,625,005, respectively.

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

**NOTE 10 - RETIREMENT PLANS**

The Autry maintains a 403(b) defined contribution plan (the “403(b) Plan”) to provide retirement benefits for eligible employees, who can elect to make voluntary tax deferred contributions to the 403(b) Plan from their salaries and wages, subject to limitations set by the IRC. The Autry can contribute, at the discretion of the Board, up to a maximum of 5% of the employee’s eligible compensation. Both employee and employer contributions to the 403(b) Plan vest immediately. The Autry contributed \$139,155 and \$141,368 to the 403(b) Plan for 2021 and 2020, respectively, representing 2% of the participating employees’ eligible compensation for each of the years. The cost of the employer contribution to the 403(b) Plan is recorded as fringe benefit expense.

The Autry maintains a 457(b) deferred compensation plan (the “457(b) Plan”) to provide retirement benefits for eligible employees, who can elect to make voluntary tax deferred contributions to the 457(b) Plan from their salaries, subject to limitations set by the IRC. The Autry does not make employer contributions to the 457(b) Plan. Employee contributions to the 457(b) Plan remain an asset and a liability of the Autry until the participating employees withdraw their accumulated balances. The Autry records the market value of the 457(b) Plan’s investments in other assets offset by an equal amount recorded in accrued liabilities. Such amounts total \$410,687 and \$308,759 at December 31, 2021 and 2020, respectively.

**NOTE 11 - NOTES PAYABLE**

In August 2014, the Autry signed credit agreements with its bank for a three-year \$34,500,000 unsecured credit facility, consisting of (a) a \$30,500,000 construction line of credit and (b) a \$4,000,000 revolving operating line of credit. Any amounts drawn under the lines of credit are guaranteed by a member of the Board and a related trust.

In August 2017, when this credit facility expired, the Autry converted \$29,145,152 of outstanding principal on the construction line of credit to a five-year construction note, bearing interest at the bank’s prime rate less 1.65% or at the London Interbank Offered Rate (“LIBOR”) plus 0.95%. In February 2021, the Autry modified its term note with Wells Fargo. Monthly principal payments of \$75,000 shall be due and payable on the 5th of each month commencing on July 5, 2021 through December 5, 2022 and thereafter monthly principal payments of \$162,500 beginning on January 5, 2023 through December 5, 2025, with a final settlement consisting of all remaining unpaid principal due and payable in full on January 5, 2026. The interest rate on the note was modified to 1.05% above LIBOR. At December 31, 2021 and 2020, there was \$24,695,152 and \$25,145,152, respectively, of debt outstanding on the construction note.

The scheduled repayments of principal on the construction note outstanding as of December 31, 2021, are summarized as follows:

<u>Years</u>	
2022	\$ 900,000
2023	1,950,000
2024	1,950,000
2025	1,950,000
2026	<u>17,945,152</u>
Total	<u>\$ 24,695,152</u>

In April 2019, the Autry renewed the \$4,000,000 revolving operating line of credit for two years, payable in full on April 30, 2021 bearing interest at LIBOR plus 0.95%.

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

In February 2021, the revolving line credit note with Wells Fargo was modified. The principal amount was increased to \$6,000,000 and the maturity date was extended to January 5, 2024. The fixed interest rate was modified to 1.05% above LIBOR and the variable interest rate was modified to 1.75% below the Prime Rate.

At December 31, 2021 and 2020, there was \$2,230,000 of debt outstanding on the operating line of credit.

The interest rates in effect on the Autry's borrowings at December 31, 2021 and 2020 ranged from 1.14% to 1.50% and from 1.07% to 1.10%, respectively.

Interest costs on the credit facilities in the years ended December 31, 2021 and 2020 were \$315,761 and \$431,633, respectively.

In April 2020, the Autry received loan proceeds in the amount of \$1,862,300 under the Paycheck Protection Program ("PPP") at an interest rate of 1%. The loan and accrued interest are forgivable as long as the loan proceeds are used for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. In March 2021, California Bank & Trust notified the Autry that the Small Business Administration ("SBA") approved the forgiveness of the 1st PPP loan for the total amount of \$1,879,035. The SBA loan forgiveness is inclusive of the 1st PPP loan principal amount of \$1,862,300 and interest of \$16,735.

In January 2021, the Autry received loan proceeds in the amount of \$1,737,252, second draw under the Paycheck Protection Program ("PPP") at an interest rate of 1%. The loan and accrued interest are forgivable as long as the loan proceeds are used for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. Monthly payments of \$28,954 are due beginning June 28, 2022 over 60 months with the final payment for the outstanding principal and accrued interest.

The scheduled repayments of principal on the PPP loan outstanding as of December 31, 2021, are summarized as follows:

<u>Years</u>	
2022	\$ 276,381
2023	473,796
2024	473,796
2025	473,796
2026	<u>39,483</u>
Total	<u>\$ 1,737,252</u>

In June 2020, the Autry obtained an Economic Injury Disaster Loan ("EIDL") of \$150,000 from the Small Business Administration. Monthly payments, including principal and interest, of \$641 will be payable over 30 years beginning on June 14, 2021 at an interest rate of 2.75%.

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

The scheduled repayments of principal and interest on the EIDL loan outstanding as of December 31, 2021, are summarized as follows:

	Principal	Interest	Total
2022	\$ 3,608	\$ 4,084	\$ 7,692
2023	3,710	3,982	7,692
2024	3,815	3,877	7,692
2025	3,923	3,769	7,692
2026	4,034	3,658	7,692
Thereafter	129,147	49,242	178,389
	\$ 148,237	\$ 68,612	\$ 216,849

***Interest Rate Swap***

An interest rate swap is a contract whereby counterparties exchange different rates in a specified notional amount for a specified period of time. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

In April 2019, in connection with the renegotiated construction loan, the Autry entered into an interest rate swap agreement in the notional amount of \$20,000,000, amortized over the life of the swap, to effectively fix the interest rate on the loan at 2.46%. The interest rate swap agreement expires on April 30, 2024 and has not been designated as a hedge under ASC 815, Derivatives and Hedging, as the Autry entered into this instrument for purposes of managing its interest rate exposure.

Changes in the fair market value of the interest rate swap are reported as unrealized gains or losses on interest rate swap in the statement of activities. The change in value of the swap resulted in a net unrealized gain (loss) of \$666,878 and \$(614,191) due to interest rates during the year ended December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, the Autry incurred \$421,492 and \$365,517, respectively, in total interest related to the swap.

**NOTE 12 - IN-KIND CONTRIBUTIONS OF GOODS AND SERVICES**

The Autry received in-kind contributions of goods and services during the years ended December 31, 2021 and 2020, for which expenses were recorded in the financial statements, as follows:

	2021	2020
Rent (Note 8)	\$ 340,428	\$ 340,428
Legal (Note 16)	48,816	110,952
Advertising	26,000	29,000
	\$ 415,244	\$ 480,380

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

**NOTE 13 - ENDOWMENT**

The Autry's endowment consists of 12 individual funds established for various purposes, including both endowment funds with donor restrictions and Board-designated funds without donor restrictions which function as endowment. The funds are maintained in a single pooled investment account with a financial institution. The Finance Committee of the Board is responsible for the oversight and the investment of the endowment funds.

As required by U.S. GAAP, the net assets associated with endowment funds, including Board-designated funds functioning as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions. The Autry's endowment investments represent the Autry's complete endowment fund. Contributions receivable restricted by donors for endowment are excluded from the Autry's endowment until received.

Effective January 2009, the State of California adopted the *Uniform Prudent Management of Institutional Funds Act* ("UPMIFA") which governs California not-for-profit organizations with respect to the management, investment and expenditure of endowment funds with donor restrictions. The Finance Committee has interpreted California's adoption of UPMIFA as requiring the Autry to follow investment and spending policies that preserve the fair value of the original gift as of the date of gift of the endowment funds with donor restrictions, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Autry classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations of net realized and unrealized investment returns to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net realized and unrealized returns on the investment of endowment assets, other than those referenced in (c) in the preceding paragraph, are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Autry in a manner consistent with the standard of prudence prescribed by UPMIFA, and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor.

With regard to endowment losses or appropriations in excess of the fair value of the original gift, in accordance with FASB ASC 958-320, *Investments – Debt and Equity Securities*, the portion of an endowment with donor restrictions representing the original value of gifts as well as donor-directed accumulations of net realized and unrealized investment returns is not reduced by losses on the investments of the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the Autry to hold in perpetuity. Similarly, the amount of net assets with donor restrictions is not reduced by the Autry's appropriations from the fund. In the absence of donor stipulations or law to the contrary, losses or appropriations of an endowment with donor restrictions reduce net assets with donor restrictions to the extent that donor-imposed restrictions on net appreciation of the fund have been satisfied or expired before the loss or appropriation occurs. Any remaining loss or appropriation reduces net assets without donor restrictions.



**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

In accordance with UPMIFA, the Autry considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

- The duration and preservation of the fund;
- The purposes of the Autry and the endowment fund with donor restrictions;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and appreciation of investments;
- Other resources of the Autry; and
- The investment policies of the Autry.

For the years ended December 31, 2021 and 2020, the Autry's endowment net assets changed as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
Beginning of the year	\$ 2,331,325	\$ 8,357,726	\$ 10,689,051
Investment return	256,313	918,872	1,175,185
Distribution	(104,690)	(375,310)	(480,000)
End of the year	\$ 2,482,948	\$ 8,901,288	\$ 11,384,236
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
Beginning of the year	\$ 2,201,296	\$ 7,891,572	\$ 10,092,868
Investment return	322,903	1,157,599	1,480,502
Distribution	(192,874)	(691,445)	(884,319)
End of the year	\$ 2,331,325	\$ 8,357,726	\$ 10,689,051

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

***Endowment Funds with Deficits***

The fair value of assets associated with individual endowment funds with donor restrictions may fall below the value of the initial and subsequent donor gift amounts, resulting in a deficit. Deficits in endowment funds with donor restrictions are classified as a reduction of net assets without donor restrictions. Deficits associated with Board-designated funds functioning as endowments are likewise classified as a reduction of net assets without donor restrictions. None of the endowment funds had deficits at December 31, 2021 and 2020.

***Return Objective and Risk Parameters***

In accordance with UPMIFA, the Finance Committee has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for the Autry's programs and operations, while also seeking to maintain the long-term purchasing power of the endowment assets. Endowment assets include those assets of funds with donor restrictions that the Autry must hold in perpetuity or for a donor-specified period as well as Board-designated funds functioning as endowment. Under this policy, endowment assets are invested in a manner that is intended to produce results that achieve, over a five-year cycle, an average annual real rate of return of 5%. Actual returns in any given year may vary from this amount.

***Strategies Employed for Achieving Investment Objectives***

To achieve its long-term rate of return objectives, the Autry relies on a total return strategy, in which investment returns are achieved through both capital appreciation, i.e., realized and unrealized gains, and current yield, i.e., interest and dividends. The Autry targets a diversified asset allocation that places greater emphasis on investments in equities and fixed income to achieve its long-term objectives within prudent risk constraints, based on the following asset allocation ranges:

Equities	50% - 80%
Fixed income	15% - 50%
Alternatives	0% - 25%
Cash equivalents	0% - 10%

***Relationship of Spending Policy to Investment Objectives***

The Finance Committee has approved a policy of appropriating for annual distributions for operations up to a maximum of 5% of the Autry's endowment funds' average fair value over the trailing eight quarters ending either March 31 or June 30 in the fiscal year in which the distribution is planned. During a capital fundraising campaign, the Finance Committee may approve annual distributions in excess of 5%. In establishing this policy, the Finance Committee considered the expected return on its endowment. Accordingly, the Finance Committee expects the current spending policy to allow the endowment to maintain its purchasing power by growing at a rate equal to or greater than planned distributions plus inflation over a complete market cycle. Additional real growth will be provided through new gifts and investment returns in excess of appropriations. Depending upon market conditions and the needs and available resources of the Autry, appropriations for expenditure from individual endowments may be temporarily suspended to facilitate preservation of the endowment. In accordance with the Autry's spending policy, \$480,000 and \$884,319 were appropriated for operations during the years ended December 31, 2021 and 2020, respectively.

**Autry Museum of the American West**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**For the years ended December 31, 2021 and 2020**

**NOTE 14 - NET ASSETS**

***Net Assets without Donor Restrictions***

Net assets without donor restrictions consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 29,294,458	\$ 29,341,386
Funds functioning as endowment	<u>2,482,948</u>	<u>2,331,325</u>
	<u>\$ 31,777,406</u>	<u>\$ 31,672,711</u>

The Board of Trustees occasionally designates proceeds from unique transactions as funds functioning as endowments. All other net assets without donor restrictions derive from operations and are undesignated.

***Net Assets with Donor Restrictions***

Net assets with donor restrictions were available for the following purposes at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Capital campaign	\$ 34,860,447	\$ 23,623,408
Annual operations	39,367,652	44,676,382
Special fundraising events		
Masters of the West art exhibition and sale	212,475	291,000
Exhibitions and research		
Exhibitions and galleries	237,143	607,881
Collections	328,261	610,160
Public programs and education		
Native Voices resident theatre company	310,240	112,855
American Indian Arts Marketplace event	27,000	12,000
Education and outreach	58,000	55,000
Land lease (Note 8)	5,106,348	5,446,776
Endowments with donor restrictions (Note 13)		
Accumulated investment return	3,598,734	3,055,173
Original gift principal	<u>5,302,553</u>	<u>5,302,553</u>
Future endowments with donor restrictions	<u>73,178,664</u>	<u>73,039,771</u>
	<u>\$ 162,587,518</u>	<u>\$ 156,832,959</u>

***Releases of Net Assets from Restrictions***

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

**Autry Museum of the American West**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**For the years ended December 31, 2021 and 2020**

**NOTE 15 - COMMITMENTS**

***Operating Leases***

The Autry has one operating lease for office equipment that expires in 2022 and other equipment will be renewed in August 2022. The expense for operating leases for the years ended December 31, 2021 and 2020 was \$23,114 and \$24,185, respectively.

Future minimum annual lease payments required under operating leases that have an initial or remaining lease term in excess of one year as of December 31, 2021 are as follows:

<u>Years Ended December 31,</u>	
2022	\$ 17,916
2023	5,324
2024	5,324
2025	5,324
2026	<u>5,324</u>
Total minimum lease payments	<u>\$ 39,212</u>

***Contractual Obligations***

The Autry has entered into multi-year contractual obligations with various parties for a collection sharing agreement (Note 9), for acquisition of items for the collections expiring 2023. Future annual payments required under these contractual obligations at December 31, 2021 are as follows:

<u>Years Ended December 31,</u>	
2022	\$ 60,715
2023	<u>35,710</u>
Total contractual obligations	<u>\$ 96,425</u>

**NOTE 16 - RELATED-PARTY TRANSACTIONS**

The Autry has received the following pledges of annual contributions and endowments from a member of the Board and a related trust:

- In March 2000, the Autry received a pledge of an annual contribution for Operating Support of \$6,000,000 per year, and a pledge of \$100,000,000 for its endowment. The annual pledge payments of \$6,000,000 will continue until the donor's passing, at which time the Autry will receive the \$100,000,000 pledge payment from the donor's estate.
- In May 2002, the Autry received a pledge of an annual contribution of \$50,000 for a curatorial position, which is to continue after the donor's passing pursuant to certain conditions.
- In January 2007, the Autry received a pledge of \$25,000,000 for construction and infrastructure projects at the Griffith Park campus. As of December 31, 2021, and 2020, \$19,348,500 and \$25,000,000 of the pledge remained outstanding, respectively. At the donor's passing, the Autry will receive from the donor's estate the outstanding balance.

## Autry Museum of the American West

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2021 and 2020

- In April 2013, the Autry received a conditional pledge up to \$25,000,000, which is a matching pledge contingent upon campaign pledges received from members of the Board and certain third parties. The matching pledge is on a 1:1 basis. In February 2019 the matching pledge was increased to \$30,000,000, at which point the matching pledge agreement will cease. As of December 31, 2021 and 2020, \$30,000,000 and \$26,167,558 has been matched of which \$0 and \$17,567,558 of the gross matching pledge remained outstanding, respectively.
- In November 2014, the Autry received a pledge which consolidated the prior annual commitments for Operating Support indicated above totaling \$6,050,000, together with a new annual commitment of \$1,400,000 commencing in 2015. The consolidated annual pledge payments of \$7,450,000 will continue until the donor's passing. In 2019 the annual pledge for Operating Support was temporarily increased to \$10,000,000 per year, for the years 2019 through 2023. In 2019 \$3,000,000 was prepaid for 3 years (2020, 2021 and 2022) at \$1,000,000 per year. The Autry received payments of \$9,000,000 pursuant to the above annual commitment pledges during the years ended December 31, 2021, and 2020. The annual pledge for Operating Support has been increased to \$10,000,000 for 2022, and it is \$10,000,000 as originally planned for 2023.

The Autry received contributions of \$5,631,956 and \$3,659,961 during the years ended December 31, 2021 and 2020, respectively, from members of the Board and their related foundations and trusts. The contributions include donated legal services from a member of the Board, totaling \$48,816 and \$110,952, for the years ended December 31, 2021 and 2020, respectively.

At December 31, 2021 and 2020, gross contributions receivable includes \$117,357,546 and \$136,556,408, respectively, due from members of the Board and their related foundations and trusts, of which approximately 96% is pledged by one member of the Board and a related trust.

#### NOTE 17 - CONTINGENCIES AND OTHER RISKS

Grants and contracts awarded to the Autry are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged and are subject to audit under such criteria, terms and regulations. Occasionally, such audits may determine that certain costs charged to grants or contracts do not comply with the established criteria. In such cases, the Autry could be held responsible for repayments to the funding agency for the costs or be subject to the reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for grants and contracts administered during the years ended December 31, 2021 and 2020.

In the normal course of business, the Autry may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the financial statements of the Autry at December 31, 2021 and 2020.

#### COVID-19

In March 2020, the Autry had to close its facilities due to stay-in-place orders as a result of the COVID-19 pandemic. In April 2021, the stay-in-place order were lifted, and the Autry reopened for public use. As operations continue, there are still ongoing uncertainties surrounding the pandemic and future closures and as such, the Autry's activities, cash flows and financial condition could be negatively impacted in the future, the extent of which cannot be reasonably estimated at this time.

#### NOTE 18 - SUBSEQUENT EVENTS

As required by FASB ASC 855, *Subsequent Events*, the Autry evaluated its December 31, 2021 financial statements for subsequent events through July 22, 2022, the date the financial statements were available

**Autry Museum of the American West**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the years ended December 31, 2021 and 2020**

to be issued, noting no events that affect the financial statements at December 31, 2021 other than as discussed below.

In January 2022, the Autry paid off the Wells Fargo Resource Center loan. The payment totaled \$25,166,637, and included \$24,620,152 in principal repayment, \$22,485 in interest, and \$524,000 in SWAP termination fee.

Also in January 2022, the Autry paid off \$332,863 of the Wells Fargo Operating line of credit, reducing the balance from \$2,230,000 to \$1,897,137.

In January 2022, the Autry transferred the investment management of the endowment, from Wells Fargo Institutional (recently acquired by Principal) to Bel Air Investment Advisors. At December 31 2021, the balance was \$11,384,236.

In March 2022, the Finance committee approved a new Investment Policy, which included revised Asset Allocation ranges for the investment of the endowment.

In April 2022, the Autry entered into a new Promissory Note with Jacqueline Autry, amounting to \$1,910,000, with interest payable on the unpaid principal at the rate of 2.50 percent per annum, calculated yearly. The proceeds from this Note were used to pay off the balance of the Operating line of credit with Wells Fargo, amounting to \$1,897,137

The Autry is currently in negotiation with California Bank and Trust, for a new Operating line of credit amounting to \$4,500,000.

In June 2022, the Autry applied for the forgiveness of the Second Draw PPP Loan amounting to \$1,737,252. The loan was originally received in January 2021 with the same general terms as the First Draw PPP loan. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes. The Autry has used the proceeds for purposes consistent with the PPP requirements. The Autry received approval from the SBA for full forgiveness of the PPP Loan on July 21, 2022.