



FINANCIAL STATEMENTS
With Independent Auditor's Report
Years Ended June 30, 2019 and 2018

**TACOMA
ART
MUSEUM**

Debora Moore (born St. Louis, Missouri, 1960)

Magnolia, 2018

Blown and sculpted glass

104 × 112 × 30 inches

Tacoma Art Museum, Museum purchase with funds from Tacoma Art Museum's Art

Acquisition Funds, 2019.8

Photo credit: Rozarii Lynch

TACOMA ART MUSEUM
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

November 12, 2019

Board of Trustees
Tacoma Art Museum
Tacoma, Washington

We have audited the accompanying financial statements of Tacoma Art Museum (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2019 and 2018 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph of this letter present fairly, in all material respects, the financial position of Tacoma Art Museum as of June 30, 2019 and 2018, 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.



Jacobson Jarvis & Co, PLLC

TACOMA ART MUSEUM
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 821,905 | \$ 575,762 |
| Promises to give, net (Note C) | 170,650 | 364,935 |
| Accounts and grants receivable | 29,997 | 161,084 |
| Prepays and deposits | 99,070 | 106,788 |
| Inventory | 277,632 | 166,208 |
| Total Current Assets | <u>1,399,254</u> | <u>1,374,777</u> |
| Other Assets | | |
| Long-term promises to give, net (Note C) | 326,981 | 8,639,461 |
| Investments (Note D) | 32,699,624 | 29,625,472 |
| Assets held in trust (Note F) | 1,843,558 | 1,753,864 |
| Total Other Assets | <u>34,870,163</u> | <u>40,018,797</u> |
| Permanent Collection (Note G) | - | - |
| Property and Equipment, net (Note H) | <u>36,873,109</u> | <u>34,222,982</u> |
| Total Assets | <u>\$ 73,142,526</u> | <u>\$ 75,616,556</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts payable | \$ 144,662 | \$ 743,086 |
| Accrued expenses | 12,747 | 35,089 |
| Total Current Liabilities | <u>157,409</u> | <u>778,175</u> |
| Line of Credit (Note I) | <u>8,650,000</u> | <u>9,000,000</u> |
| Total Liabilities | <u>8,807,409</u> | <u>9,778,175</u> |
| Net Assets | | |
| Without donor restrictions | 41,022,505 | 33,223,712 |
| With donor restrictions | 23,312,612 | 32,614,669 |
| Total Net Assets | <u>64,335,117</u> | <u>65,838,381</u> |
| Total Liabilities and Net Assets | <u>\$ 73,142,526</u> | <u>\$ 75,616,556</u> |

See notes to financial statements.

TACOMA ART MUSEUM

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

| | 2019 | | | 2018 | | |
|--|-------------------------------|----------------------------|------------|-------------------------------|----------------------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| OPERATING: | | | | | | |
| Support | | | | | | |
| Contributions | \$ 565,553 | \$ 89,475 | \$ 655,028 | \$ 831,762 | \$ 194,175 | \$ 1,025,937 |
| Grants | 1,206,344 | 49,000 | 1,255,344 | 429,820 | 12,800 | 442,620 |
| Special events | 429,349 | 9,700 | 439,049 | 398,783 | 12,000 | 410,783 |
| Business contributions | 200,505 | 5,000 | 205,505 | 173,031 | 11,500 | 184,531 |
| Memberships | 188,002 | - | 188,002 | 211,467 | - | 211,467 |
| In-kind contributions | 14,410 | - | 14,410 | 13,840 | - | 13,840 |
| Endowment appropriation transferred from non-operating | 905,440 | - | 905,440 | 1,082,889 | - | 1,082,889 |
| Total Support | 3,509,603 | 153,175 | 3,662,778 | 3,141,592 | 230,475 | 3,372,067 |
| Revenue | | | | | | |
| Retail income | 447,212 | - | 447,212 | 456,174 | - | 456,174 |
| Admissions and tours | 197,685 | - | 197,685 | 194,398 | - | 194,398 |
| Facility rental | 114,989 | - | 114,989 | 127,691 | - | 127,691 |
| Art loan fees and shipping | 1,692 | - | 1,692 | 22,545 | - | 22,545 |
| Other income | 73,084 | - | 73,084 | 109,795 | - | 109,795 |
| Total Revenue | 834,662 | - | 834,662 | 910,603 | - | 910,603 |
| Net Assets Released from Restrictions | | | | | | |
| Satisfaction of purpose restrictions | 10,117,396 | (10,117,396) | - | 1,879,536 | (1,879,536) | - |
| Total Operating Support and Revenue | 14,461,661 | (9,964,221) | 4,497,440 | 5,931,731 | (1,649,061) | 4,282,670 |
| Expenses | | | | | | |
| Program Services | | | | | | |
| Exhibitions and curatorial | 1,135,560 | | 1,135,560 | 994,570 | | 994,570 |
| Museum services | 982,241 | | 982,241 | 1,079,954 | | 1,079,954 |
| Marketing | 330,229 | | 330,229 | 274,220 | | 274,220 |
| Education | 486,693 | | 486,693 | 424,464 | | 424,464 |
| Total Program Services Expenses | 2,934,723 | | 2,934,723 | 2,773,208 | | 2,773,208 |
| Administration | 833,309 | | 833,309 | 888,155 | | 888,155 |
| Development | 723,760 | | 723,760 | 606,637 | | 606,637 |
| Total Supporting Services Expenses | 1,557,069 | | 1,557,069 | 1,494,792 | | 1,494,792 |
| Total Operating Expenses | 4,491,792 | | 4,491,792 | 4,268,000 | | 4,268,000 |
| Operating Change in Net Assets | 9,969,869 | (9,964,221) | 5,648 | 1,663,731 | (1,649,061) | 14,670 |

TACOMA ART MUSEUM

STATEMENTS OF ACTIVITIES (Continued)

YEARS ENDED JUNE 30, 2019 AND 2018

| | 2019 | | | 2018 | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Without | With | | Without | With | |
| | Donor Restrictions | Donor Restrictions | Total | Donor Restrictions | Donor Restrictions | Total |
| NON-OPERATING: | | | | | | |
| Endowment contributions | \$ - | \$ 18,794 | \$ 18,794 | \$ - | \$ 318,076 | \$ 318,076 |
| Capital contributions | - | - | - | - | 175,520 | 175,520 |
| Change in value of assets held in trust | - | 89,694 | 89,694 | - | 1,074,106 | 1,074,106 |
| Depreciation | (1,216,238) | - | (1,216,238) | (1,048,534) | - | (1,048,534) |
| Interest and dividends | 357,774 | 348,224 | 705,998 | 341,602 | 298,453 | 640,055 |
| Investment gain, net of fees of \$85,128 and \$104,943 | 71,380 | 205,452 | 276,832 | 557,039 | 473,665 | 1,030,704 |
| Acquisition of collection items | (177,335) | - | (177,335) | (99,200) | - | (99,200) |
| Amortization, interest and fees | (301,734) | - | (301,734) | (389,846) | - | (389,846) |
| Gain on sale of assets | 517 | - | 517 | 621 | - | 621 |
| Transfer of endowment appropriation to operating | (905,440) | - | (905,440) | (1,082,889) | - | (1,082,889) |
| Non-Operating Change in Net Assets | (2,171,076) | 662,164 | (1,508,912) | (1,721,207) | 2,339,820 | 618,613 |
| Total Change in Net Assets | 7,798,793 | (9,302,057) | (1,503,264) | (57,476) | 690,759 | 633,283 |
| Net Assets - beginning of year | 33,223,712 | 32,614,669 | 65,838,381 | 33,281,188 | 31,923,910 | 65,205,098 |
| Net Assets - end of year | <u>\$ 41,022,505</u> | <u>\$ 23,312,612</u> | <u>\$ 64,335,117</u> | <u>\$ 33,223,712</u> | <u>\$ 32,614,669</u> | <u>\$ 65,838,381</u> |

TACOMA ART MUSEUM

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

| | Program Services | | | | | Supporting Services | | | |
|----------------------------------|----------------------------|---------------------|-------------------|-------------------|------------------------------|---------------------|-------------------|---------------------------------|---------------------|
| | Exhibitions/ Curatorial | Museum Services | Marketing | Education | Total Program Services | Administration | Development | Total Supporting Services | Total |
| Operating Expenses | | | | | | | | | |
| Salaries and related expenses | \$ 600,685 | \$ 590,902 | \$ 172,537 | \$ 311,771 | \$ 1,675,895 | \$ 573,519 | \$ 440,592 | \$ 1,014,111 | \$ 2,690,006 |
| Contracted services | 81,969 | 64,287 | 34,642 | 52,737 | 233,635 | 56,168 | 104,249 | 160,417 | 394,052 |
| Telephone and utilities | 92,096 | 23,560 | - | 8,567 | 124,223 | 89,955 | - | 89,955 | 214,178 |
| Supplies | 61,610 | 35,927 | 3,180 | 36,225 | 136,942 | 10,553 | 9,818 | 20,371 | 157,313 |
| Catering | 246 | 64,426 | 217 | 12,938 | 77,827 | 412 | 62,900 | 63,312 | 141,139 |
| Cost of goods sold | - | 113,821 | - | - | 113,821 | - | - | - | 113,821 |
| Printing and publications | 67,795 | 6,665 | 7,073 | 5,472 | 87,005 | 4,191 | 14,121 | 18,312 | 105,317 |
| Insurance | 67,319 | 6,053 | - | 2,201 | 75,573 | 23,112 | - | 23,112 | 98,685 |
| Publicity and advertising | - | 818 | 93,310 | 2,287 | 96,415 | - | 534 | 534 | 96,949 |
| Travel and entertainment | 34,280 | 11,430 | 2,456 | 20,244 | 68,410 | 9,841 | 15,814 | 25,655 | 94,065 |
| Dues and subscriptions | 10,573 | 20,605 | 8,837 | 12,307 | 52,322 | 15,510 | 404 | 15,914 | 68,236 |
| Postage and shipping | 51,744 | 4,599 | 624 | 1,375 | 58,342 | 3,239 | 4,886 | 8,125 | 66,467 |
| Building repairs and maintenance | 21,898 | 6,352 | - | 2,037 | 30,287 | 21,389 | - | 21,389 | 51,676 |
| Interest and bank charges | 7,053 | 14,830 | 2,281 | 4,992 | 29,156 | 11,665 | 5,333 | 16,998 | 46,154 |
| Miscellaneous | 14,165 | 8,103 | 1,861 | 7,389 | 31,518 | 6,129 | 2,605 | 8,734 | 40,252 |
| Professional development | 7,781 | 8,510 | 3,211 | 5,716 | 25,218 | 7,626 | 2,332 | 9,958 | 35,176 |
| Bad debt | - | - | - | - | - | - | 33,252 | 33,252 | 33,252 |
| Equipment rental/maintenance | 3,756 | 1,353 | - | 435 | 5,544 | - | 12,000 | 12,000 | 17,544 |
| Donated goods and services | - | - | - | - | - | - | 14,920 | 14,920 | 14,920 |
| Exhibition loan fees | 7,000 | - | - | - | 7,000 | - | - | - | 7,000 |
| Photography | 5,590 | - | - | - | 5,590 | - | - | - | 5,590 |
| Total Operating Expenses | 1,135,560 | 982,241 | 330,229 | 486,693 | 2,934,723 | 833,309 | 723,760 | 1,557,069 | 4,491,792 |
| Depreciation | 522,009 | 130,989 | - | 54,244 | 707,242 | 508,996 | - | 508,996 | 1,216,238 |
| Interest and fees | 129,504 | 32,497 | - | 13,457 | 175,458 | 126,276 | - | 126,276 | 301,734 |
| Acquisition of collection items | 177,335 | - | - | - | 177,335 | - | - | - | 177,335 |
| Total Expenses | <u>\$ 1,964,408</u> | <u>\$ 1,145,727</u> | <u>\$ 330,229</u> | <u>\$ 554,394</u> | <u>\$ 3,994,758</u> | <u>\$ 1,468,581</u> | <u>\$ 723,760</u> | <u>\$ 2,192,341</u> | <u>\$ 6,187,099</u> |

TACOMA ART MUSEUM

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

| | Program Services | | | | | Supporting Services | | | |
|----------------------------------|----------------------------|---------------------|-------------------|-------------------|------------------------------|---------------------|-------------------|---------------------------------|---------------------|
| | Exhibitions/ Curatorial | Museum Services | Marketing | Education | Total Program Services | Administration | Development | Total Supporting Services | Total |
| Operating Expenses | | | | | | | | | |
| Salaries and related expenses | \$ 386,242 | \$ 703,522 | \$ 133,075 | \$ 246,570 | \$ 1,469,409 | \$ 612,254 | \$ 367,352 | \$ 979,606 | \$ 2,449,015 |
| Contracted services | 104,941 | 87,537 | 29,965 | 80,591 | 303,034 | 80,364 | 84,931 | 165,295 | 468,329 |
| Telephone and utilities | 85,531 | 26,317 | - | 10,966 | 122,814 | 96,496 | 55 | 96,551 | 219,365 |
| Supplies | 57,079 | 43,545 | 5,469 | 32,751 | 138,844 | 13,629 | 49,612 | 63,241 | 202,085 |
| Printing and publications | 63,583 | 3,967 | 25,877 | 5,982 | 99,409 | 3,874 | 14,162 | 18,036 | 117,445 |
| Travel and entertainment | 48,642 | 12,530 | 2,792 | 19,264 | 83,228 | 11,845 | 21,520 | 33,365 | 116,593 |
| Catering | 2,263 | 56,778 | 334 | 5,365 | 64,740 | 1,792 | 47,213 | 49,005 | 113,745 |
| Postage and shipping | 84,492 | 3,460 | 2,122 | 1,038 | 91,112 | 3,106 | 7,025 | 10,131 | 101,243 |
| Cost of goods sold | - | 95,956 | - | - | 95,956 | - | - | - | 95,956 |
| Insurance | 63,033 | 5,994 | - | 2,497 | 71,524 | 21,976 | - | 21,976 | 93,500 |
| Publicity and advertising | (14) | 1,343 | 55,440 | 987 | 57,756 | 25 | 856 | 881 | 58,637 |
| Building repairs and maintenance | 16,029 | 8,236 | - | 2,055 | 26,320 | 18,083 | - | 18,083 | 44,403 |
| Miscellaneous | 12,522 | 2,608 | 119 | 4,774 | 20,023 | 18,994 | 2,632 | 21,626 | 41,649 |
| Interest and bank charges | 5,670 | 12,237 | 1,890 | 4,400 | 24,197 | 10,151 | 7,131 | 17,282 | 41,479 |
| Dues and subscriptions | 3,618 | 5,053 | 15,288 | 3,420 | 27,379 | 3,621 | 61 | 3,682 | 31,061 |
| Exhibition loan fees | 30,908 | - | - | - | 30,908 | - | - | - | 30,908 |
| Professional development | 8,497 | 9,171 | 1,849 | 3,804 | 23,321 | (8,055) | 7,052 | (1,003) | 22,318 |
| Photography | 15,838 | - | - | - | 15,838 | - | 250 | 250 | 16,088 |
| Donated goods and services | - | - | - | - | - | - | 13,840 | 13,840 | 13,840 |
| Equipment rental/maintenance | 5,696 | 1,700 | - | - | 7,396 | - | - | - | 7,396 |
| Bad debt | - | - | - | - | - | - | (17,055) | (17,055) | (17,055) |
| Total Operating Expenses | 994,570 | 1,079,954 | 274,220 | 424,464 | 2,773,208 | 888,155 | 606,637 | 1,494,792 | 4,268,000 |
| Depreciation | 403,685 | 126,873 | - | 52,427 | 582,985 | 465,549 | - | 465,549 | 1,048,534 |
| Amortization, interest and fees | 102,119 | 27,396 | - | 11,415 | 140,930 | 248,916 | - | 248,916 | 389,846 |
| Acquisition of collection items | 99,200 | - | - | - | 99,200 | - | - | - | 99,200 |
| Total Expenses | <u>\$ 1,599,574</u> | <u>\$ 1,234,223</u> | <u>\$ 274,220</u> | <u>\$ 488,306</u> | <u>\$ 3,596,323</u> | <u>\$ 1,602,620</u> | <u>\$ 606,637</u> | <u>\$ 2,209,257</u> | <u>\$ 5,805,580</u> |

TACOMA ART MUSEUM

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|--------------------------|--------------------------|
| Cash Flows from Operating Activities | | |
| Cash received from: | | |
| Donors | \$ 3,040,995 | \$ 2,303,885 |
| Retail income | 449,825 | 470,139 |
| Admissions and tours | 197,685 | 194,398 |
| Facility rental | 114,989 | 127,691 |
| Other | 74,776 | 132,340 |
| Cash paid for: | | |
| Personnel | (2,712,348) | (2,517,011) |
| Services and supplies | (2,069,432) | (1,921,970) |
| Interest and fees | <u>(301,734)</u> | <u>(241,386)</u> |
| Net Cash Used by Operating Activities | <u>(1,205,244)</u> | <u>(1,451,914)</u> |
| Cash Flows from Investing Activities | | |
| Purchases of investments | (13,525,785) | (14,146,284) |
| Proceeds from sale of investments | 11,434,463 | 16,741,808 |
| Purchases of property and equipment | <u>(4,463,257)</u> | <u>(4,767,076)</u> |
| Net Cash Used by Investing Activities | <u>(6,554,579)</u> | <u>(2,171,552)</u> |
| Cash Flows from Financing Activities | | |
| Cash received from endowment contributions | 4,099,815 | 50,000 |
| Cash received from capital contributions | 4,256,151 | 4,415,350 |
| Payments on bond | - | (10,000,000) |
| Proceeds from line of credit | - | 10,000,000 |
| Payments on line of credit | <u>(350,000)</u> | <u>(1,000,000)</u> |
| Net Cash Provided by Financing Activities | <u>8,005,966</u> | <u>3,465,350</u> |
| Changes in Cash and Cash Equivalents | 246,143 | (158,116) |
| Cash and Cash Equivalents - beginning of year | <u>575,762</u> | <u>733,878</u> |
| Cash and Cash Equivalents - end of year | <u><u>\$ 821,905</u></u> | <u><u>\$ 575,762</u></u> |

TACOMA ART MUSEUM

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------|-----------------------|
| Reconciliation of Change in Net Assets to Net Cash | | |
| Flows from Operating Activities | | |
| Change in net assets | \$ (1,503,264) | \$ 633,283 |
| Adjustments to reconcile change in net assets to net cash used by operating activities | | |
| Depreciation | 1,216,238 | 1,048,534 |
| Amortization | - | 148,460 |
| Interest and dividends reinvested | (705,998) | (640,055) |
| Gain on investments | (276,832) | (1,030,704) |
| Change in value of assets held in trust | (89,694) | (1,074,106) |
| Gain on sale of assets | (517) | (621) |
| Decrease (increase) in | | |
| Promises to give | 150,799 | (465,049) |
| Accounts and grants receivable | 131,087 | 13,965 |
| Prepays and deposits | 7,718 | 21,681 |
| Inventory | (111,424) | (46,625) |
| (Decrease) increase in | | |
| Accounts payable | (1,015) | 7,319 |
| Accrued expenses | <u>(22,342)</u> | <u>(67,996)</u> |
| Net Cash Used by Operating Activities | <u>\$ (1,205,244)</u> | <u>\$ (1,451,914)</u> |

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Tacoma Art Museum (TAM) is a nonprofit corporation organized under the laws of the State of Washington for the purpose of promoting and cultivating the fine arts and arts education. Its primary sources of revenue and support are private contributions and grants.

Celebrating over 80 years, Tacoma Art Museum is an anchor in Tacoma's downtown with a mission of connecting people through art. TAM's collection contains more than 5,000 works, with an emphasis on the art and artists of the Northwest and broader Western region, 25% of which consists of studio glass. The collection includes the largest retrospective museum collection of glass art by Tacoma native Dale Chihuly on permanent view; the most significant collection of studio art jewelry by Northwest artists; key holdings in 19th century European and 20th century American art; one of the finest collections of Japanese woodblock prints on the West Coast; and more than 300 works of western American art from the Haub Family Collection, one of the premier such collections in the nation. In January 2019, TAM inaugurated the Rebecca and Jack Benaroya Wing which features the extensive Benaroya collection of studio glass as well as TAM's own collection of studio glass started in 1971. TAM is located in the heart of Tacoma's vibrant Museum District which consists of six museums including the Museum of Glass, a frequent collaborator.

Basis of accounting

TAM prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Adoption of new accounting pronouncements

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

TAM has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which decreased net assets without donor restrictions and increased net assets with donor restrictions by \$603,772 and \$5,167,550 as of July 1, 2017 and July 1, 2018 respectively, resulting from the elimination of the option to release restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset prior to the asset being placed into service.

On July 1, 2018, TAM implemented Accounting Standards Update (ASU) 2019-03, *Not-for-Profit Entities* (Topic 958) – *Updating the Definition of Collections*. This update addresses the disclosure of Tacoma Art Museum's collections management policy in regards to deaccessioning of artwork and the use of funds received from selling collection items.

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

TAM presents its financial statements on an accrual basis of accounting in accordance with FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, TAM is required to report information regarding its financial position and activities based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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.

Donor restricted net assets are available as follows at June 30:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Benaroya building expansion and exhibition | \$ 443,951 | \$ 9,219,799 |
| Debt redemption (2003 building campaign) | 1,624,814 | 1,974,814 |
| Accumulated operating endowment earnings | 2,076,543 | 2,122,982 |
| Assets held in trust (time restricted) | 1,843,558 | 1,753,864 |
| Other projects and programs | 500,524 | 638,054 |
| Art acquisition | 313,214 | 413,706 |
| Accumulated art endowment earnings | 151,600 | 144,540 |
| Accumulated Benaroya endowment earnings | 106,690 | - |
| Accumulated Haub endowment earnings | 93,986 | 207,787 |
| | <u>\$ 7,154,880</u> | <u>\$16,475,546</u> |

Endowment restricted net assets are available as follows at June 30:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Haub endowment | \$ 8,591,167 | \$ 8,591,167 |
| Museum operating endowment | 2,711,023 | 2,711,023 |
| Benaroya endowment | 4,000,000 | - |
| Art endowment | 694,602 | 594,602 |
| | <u>15,996,792</u> | <u>11,896,792</u> |
| Pledges receivable for future endowment | 160,940 | 4,242,331 |
| | <u>\$16,157,732</u> | <u>\$16,139,123</u> |
| Total Net Assets with Donor Restrictions | <u>\$23,312,612</u> | <u>\$32,614,669</u> |

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents consist of checking and savings accounts. TAM considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. TAM maintains cash deposits in bank accounts which exceed federally insured limits. TAM has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as 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. Valuation techniques utilized to determine fair value are consistently applied.

The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Investments

Investments are carried at fair value. Dividend, interest, and other investment income are reported in the period earned as increases in net assets without donor restrictions unless the use of the assets is limited by donor-imposed restrictions. Realized and unrealized gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law.

Investments consist of the following at June 30:

| | <u>2019</u> | <u>2018</u> |
|---------------------------|----------------------|----------------------|
| Endowment investments | \$ 30,602,328 | \$ 27,215,280 |
| Non-endowment investments | <u>2,097,296</u> | <u>2,410,192</u> |
| | <u>\$ 32,699,624</u> | <u>\$ 29,625,472</u> |

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables are stated at net realizable value.

Promises to give

Unconditional promises to give are stated at net realizable value. In accordance with financial accounting standards, unconditional promises to give are recognized as support in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventory

Inventory is stated at the lower of cost or market under the first-in, first-out method of accounting and consists of merchandise, café supplies, and museum catalogs.

Property and equipment

Land, building and equipment are stated at cost. Long-lived asset purchases that exceed \$2,500 are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets. Planned major maintenance activities which significantly extend the useful life of the asset are capitalized.

Support

Donor-restricted support is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reported as net assets released from restrictions.

Gifts of equipment are reported as net assets without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

In-kind donations

In accordance with financial accounting standards, the financial statements reflect only those contributed services requiring specific expertise, which TAM would otherwise need to purchase. However, many individuals volunteer their time and perform a variety of tasks that assist TAM. TAM receives volunteer hours which are not recognized in the accompanying financial statements because they do not meet the recognition criteria. TAM received approximately 2,900 and 6,200 volunteer hours during the years ended June 30, 2019 and 2018, respectively.

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration

Approximately 34% and 93% of promises to give were due from one donor at June 30, 2019 and 2018, respectively.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Administrative expenses are allocated to program services based on a percentage of total FTE. Depreciation and amortization costs are allocated to departments based on building square footage.

Advertising

TAM uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. Advertising costs totaled \$96,949 and \$58,637 for the years ended June 30, 2019 and 2018, respectively.

Non-operating activities

TAM's non-operating activities include endowment contributions, capital contributions, depreciation, investment returns, art acquisition and sales, interest and fees for debt, and certain endowment transfers.

Federal income taxes

The Internal Revenue Service has recognized TAM as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation. However, certain activities not directly related to TAM's tax-exempt purpose are not exempt and are subject to federal income tax. TAM incurred no income tax expense for the years ended June 30, 2019 and 2018.

Use of estimates

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

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE B - LIQUIDITY

Available cash balances are reviewed monthly by management. Cash on hand includes unrestricted and restricted cash holdings. TAM maintains an operating line of credit of \$350,000 for use during the year. For the year ended June 30, 2019, TAM maintained an average of 60 days of cash reserves. During the year ended June 30, 2017, TAM established a capital reserve fund for the maintenance and preservation of its facilities.

The table below presents financial assets available for general expenditures within one year at June 30, 2019:

| | |
|---|---------------------|
| Total Financial Assets | \$ 35,892,715 |
| Add: Approved fiscal year 2020 endowment appropriation | 1,336,605 |
| Less: Endowment investments | (30,602,328) |
| Less: Donor-imposed purpose restrictions | (2,882,503) |
| Less: Assets held in trust | (1,843,558) |
| Less: Long-term pledge receivables | (105,598) |
| Financial assets available for general expenditures within one year | <u>\$ 1,795,333</u> |

NOTE C - PROMISES TO GIVE

Promises to give consisted of the following at June 30:

| | <u>2019</u> | <u>2018</u> |
|---------------------------------------|-------------------|---------------------|
| Receivable in less than one year | \$ 392,033 | \$ 8,813,236 |
| Receivable in one to five years | 132,200 | 237,500 |
| Receivable in more than five years | <u>-</u> | <u>700</u> |
| | 524,233 | 9,051,436 |
| Less: present value discount | (14,727) | (34,465) |
| Less: allowance for doubtful accounts | <u>(11,875)</u> | <u>(12,575)</u> |
| | <u>\$ 497,631</u> | <u>\$ 9,004,396</u> |

Promises to give for endowment and capital purposes are included in long-term promises to give on the statements of financial position, as the assets are considered for long-term use. Promises to give due in more than one year are recorded at the present value of estimated future cash flows using a discount rate of 4%.

When considered necessary, an allowance is recorded based on management's estimate of uncollectibility, including such factors as prior collection history, type of contribution, and the nature of fundraising activity.

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE D - FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis (at least annually) are as follows:

| | Quoted Prices (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | Total |
|----------------------|-------------------------------|--|-------------------------------------|---------------------|
| As of June 30, 2019 | | | | |
| Equity | \$20,033,908 | \$ - | \$ - | \$20,033,908 |
| Hedge Funds | 3,909,544 | - | - | 3,909,544 |
| REITs | 704,337 | - | - | 704,337 |
| Fixed Income | 7,293,514 | - | - | 7,293,514 |
| Cash Equivalents | <u>758,321</u> | <u>-</u> | <u>-</u> | <u>758,321</u> |
| Investments | 32,699,624 | - | - | 32,699,624 |
| Assets Held in Trust | <u>-</u> | <u>-</u> | <u>1,843,558</u> | <u>1,843,558</u> |
| | <u>\$32,699,624</u> | <u>\$ -</u> | <u>\$ 1,843,558</u> | <u>\$34,543,182</u> |

| | Quoted Prices (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | Total |
|----------------------|-------------------------------|--|-------------------------------------|---------------------|
| As of June 30, 2018 | | | | |
| Equity | \$18,536,598 | \$ - | \$ - | \$18,536,598 |
| Hedge Funds | 3,628,203 | - | - | 3,628,203 |
| REITs | 1,707,309 | - | - | 1,707,309 |
| Commodities | 663,288 | - | - | 663,288 |
| Fixed Income | 4,260,566 | - | - | 4,260,566 |
| Cash Equivalents | <u>829,508</u> | <u>-</u> | <u>-</u> | <u>829,508</u> |
| Investments | 29,625,472 | - | - | 29,625,472 |
| Assets Held in Trust | <u>-</u> | <u>-</u> | <u>1,753,864</u> | <u>1,753,864</u> |
| | <u>\$29,625,472</u> | <u>\$ -</u> | <u>\$ 1,753,864</u> | <u>\$31,379,336</u> |

Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities, and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows discounted at a risk-free rate of return which is a level 3 input.

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE D - FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

| | Assets Held <u>in Trust</u> |
|--------------------------------|--------------------------------|
| Fair Value as of July 1, 2017 | \$ 679,758 |
| Additions | 983,424 |
| Change in value | <u>90,682</u> |
| Fair Value as of June 30, 2018 | 1,753,864 |
| Additions | - |
| Change in value | <u>89,694</u> |
| Fair Value as of June 30, 2019 | <u><u>\$ 1,843,558</u></u> |

NOTE E - ENDOWMENT

TAM's endowment fund consists of six funds: (1) board designated quasi-endowment for operations, (2) board designated quasi-endowment for debt repayment, (3) donor restricted endowment for operations, (4) donor restricted Haub endowment for programming purposes, (5) donor restricted art acquisition endowment, which is intended for the purchase of new items for the collection, and (6) donor restricted Benaroya endowment for programming purposes.

Under generally accepted accounting principles, the net assets of endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

TAM's investment policy complies with the rules of Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides uniform and fundamental rules for the prudent investment of funds held by charitable institutions and the expenditure of funds donated as endowments to those institutions.

The Board of Trustees of TAM has interpreted the law as requiring the preservation of the fair value of the corpus of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, TAM classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of any subsequent gifts to the endowment, and (c) accumulations 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.

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE E - ENDOWMENT (Continued)

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

- (1) The duration and preservation of the fund;
- (2) The purposes of the organization and the endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the organization; and
- (7) The investment policy.

Investment and Spending Policies

TAM's spending policy is to expend three to five percent of the average investment balance of the last five years annually as approved by the Board. TAM has adopted this policy in order to provide a predictable stream of funding for programs supported by the endowment, which include education, exhibitions, and general operations support for programming and community engagement. TAM's investment policy for all investments is reviewed and reconfirmed or revised on an annual basis. JP Morgan is the investment advisor for the investment assets.

A portion of the endowment is held in the Tacoma Art Museum living trust (the trust). The trust is an irrevocable, perpetual fund and distributions to TAM from the trust are limited by the terms of the trust. Income and net appreciation in the fair value of the assets above historical dollar value are available for distribution and use for the activities of TAM.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, TAM relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). TAM targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE E - ENDOWMENT (Continued)

Endowment net assets by fund type as of June 30, 2019:

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|--|---|--------------------------------------|---------------------|
| Board designated - operations | \$ 4,021,379 | | \$ 4,021,379 |
| Board designated - debt | 8,155,338 | | 8,155,338 |
| Donor restricted - operations | - | \$ 2,682,401 | 2,682,401 |
| Donor restricted - operations, Held in Trust | - | 2,105,165 | 2,105,165 |
| Donor restricted - Haub | - | 8,685,153 | 8,685,153 |
| Donor restricted - Benaroya | - | 4,106,690 | 4,106,690 |
| Donor restricted - art | - | 846,202 | 846,202 |
| | <u>\$12,176,717</u> | <u>\$18,425,611</u> | <u>\$30,602,328</u> |

Change in endowment net assets for the year ended June 30, 2019:

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|---|---|--------------------------------------|---------------------|
| Endowment net assets, beginning of year | <u>\$12,843,179</u> | <u>\$14,372,101</u> | <u>\$27,215,280</u> |
| Investment return: | | | |
| Dividend and interest | 302,761 | 315,540 | 618,301 |
| Realized gain | 225,536 | 199,212 | 424,748 |
| Unrealized gain (loss) | (99,142) | 13,923 | (85,219) |
| Total investment return | 429,155 | 528,675 | 957,830 |
| Contributions, net | - | 4,100,000 | 4,100,000 |
| Appropriation | (1,095,617) | (575,165) | (1,670,782) |
| Endowment net assets, end of year | <u>\$12,176,717</u> | <u>\$18,425,611</u> | <u>\$30,602,328</u> |

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE E - ENDOWMENT (Continued)

Endowment net assets by fund type as of June 30, 2018:

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|--|---|--------------------------------------|---------------------|
| Board designated - operations | \$ 4,113,254 | | \$ 4,113,254 |
| Board designated - debt | 8,729,925 | | 8,729,925 |
| Donor restricted - operations | - | \$ 2,750,965 | 2,750,965 |
| Donor restricted - operations, Held in Trust | - | 2,083,040 | 2,083,040 |
| Donor restricted - Haub | - | 8,798,954 | 8,798,954 |
| Donor restricted - art | - | 739,142 | 739,142 |
| | <u>\$12,843,179</u> | <u>\$14,372,101</u> | <u>\$27,215,280</u> |

Change in endowment net assets for the year ended June 30, 2018:

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|---|---|--------------------------------------|---------------------|
| Endowment net assets, beginning of year | <u>\$13,240,492</u> | <u>\$14,192,764</u> | <u>\$27,433,256</u> |
| Investment return: | | | |
| Dividend and interest | 332,386 | 285,911 | 618,297 |
| Realized gain | 928,893 | 808,871 | 1,737,764 |
| Unrealized loss | <u>(362,638)</u> | <u>(353,031)</u> | <u>(715,669)</u> |
| Total investment return | 898,641 | 741,751 | 1,640,392 |
| Contributions, net | - | 10,000 | 10,000 |
| Appropriation | <u>(1,295,954)</u> | <u>(572,414)</u> | <u>(1,868,368)</u> |
| Endowment net assets, end of year | <u>\$12,843,179</u> | <u>\$14,372,101</u> | <u>\$27,215,280</u> |

NOTE F - ASSETS HELD IN TRUST

TAM has been named as a beneficiary of certain charitable remainder trusts as of June 30, 2019 and 2018. The trusts have been recognized at the present value of the contributions to be received, using a discount rate of 4%. Changes in the value of these trusts have been reported in the statements of activities as increases or decreases in net assets with donor restrictions.

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE G - PERMANENT COLLECTION

TAM's collection is primarily American art with an emphasis on art created in the Northwest. TAM does not capitalize its collection, nor does it recognize contributions of collection items as contribution revenue. TAM has stewardship policies for its collection regarding: accessioning and deaccessioning of collection items, care of the collection, access and control of the collection, risk management, and loans to and from other institutions. Each collection item is catalogued and activities verifying the existence and assessing the condition of the collection are performed continuously.

TAM's collection is subject to internal policies and guidelines which requires TAM to use proceeds from the sale of collection items for the following purposes: acquisition of additional works of art or to cover expenses incurred that are directly related to the deaccession process in a manner consistent with TAM's policy on the use of restricted acquisition funds. The funds shall not be used to support general operating expenses or capital purchases.

Since its founding in 1935, TAM has focused on the art and artists of the Northwest in both its exhibitions and collecting. A key goal in TAM's strategic plan is to build the premier collection of Northwest art and be a leader in the preservation and scholarship of the region's visual arts. TAM's rich collection now includes 5,000 artworks, 3,300 of which are by Northwest artists or related to the region. They range across all media and span from the 19th century to the present.

In addition, TAM has and continues to selectively acquire works by national and international artists. These artworks provide connections to broader contexts in which to understand Northwest art, such as how it relates to national and international art movements, compares and contrasts with other regional expressions, reflects important historical moments and trends, and reveals key influences on its development.

NOTE H - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

| | Estimated Useful Lives | 2019 | 2018 |
|--------------------------------|---------------------------|---------------------|---------------------|
| Land | | \$ 1,843,594 | \$ 1,843,594 |
| Building and renovations | 30 – 40 years | 43,731,907 | 34,696,195 |
| Furniture and equipment | 3 – 15 years | <u>2,294,418</u> | <u>1,876,827</u> |
| | | 47,869,919 | 38,416,616 |
| Less: accumulated depreciation | | (11,235,481) | (10,156,946) |
| Construction in progress | | <u>238,671</u> | <u>5,963,312</u> |
| | | <u>\$36,873,109</u> | <u>\$34,222,982</u> |

TACOMA ART MUSEUM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE I - LINES OF CREDIT

TAM has an agreement with Union Bank for a line of credit in the amount of \$350,000, which expires June 1, 2020, with an interest rate at the bank's reference rate plus 1.00% (6.5% at June 30, 2019). This line of credit is used for museum operation needs and is collateralized by TAM's investment portfolio. There was no balance outstanding on the line of credit at June 30, 2019 or 2018.

TAM has two lines of credit with JP Morgan in the amounts of \$10,000,000 and \$3,000,000, expiring on December 31, 2019. Each borrowing shall bear interest at the Variable Libor Rate plus 1% (3.39% at June 30, 2019). The lines of credit are collateralized by TAM's investment portfolio. The balance outstanding on these lines of credit was \$8,650,000 and \$9,000,000 at June 30, 2019 and 2018, respectively.

TAM maintains a quasi-board designated fund with a balance of \$8,155,338 and donor restricted funds with a balance of \$1,624,814 as of June 30, 2019 for the purposes of debt repayment.

NOTE J - DEFINED CONTRIBUTION PLAN

TAM sponsors a 403(b) defined contribution pension plan. Employees may contribute up to the Internal Revenue Service limits each year. TAM matches \$0.25 for each \$1.00 contributed by an eligible employee up to 6% of total compensation. Eligible employees include all employees who have reached the age of 18, have worked for a period of one year, defined as 1,000 hours or more, and were employed by TAM at year-end. For the years ended June 30, 2019 and 2018, TAM contributed \$8,615 and \$11,186, respectively, in matching contributions.

NOTE K - BENAROYA GIFT

In January 2016, Becky Benaroya announced a legacy gift and bequeathed the art collection of her late husband, Jack Benaroya. This gift included \$9.2 million for the construction of a new 7,390 square-foot wing in which to present the collection, an endowment fund for its care, and funds for a dedicated curator. The building construction started in October 2017 and opened to the public in January 2019. TAM thanks the Benaroya family for their generous contribution to the museum and the Tacoma community.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to June 30, 2019 through November 12, 2019, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at June 30, 2019, including the estimates inherent in the processing of financial statements.