Museum of the Bible

Financial Statements
June 30, 2019

Contents

Independent Auditor's Report

To the Board of Directors
Museum of the Bible

Report on the Financial Statements

We have audited the accompanying financial statements of the Museum of the Bible, which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities 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.

Auditor's 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 of 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 above present fairly, in all material respects, the financial position of Museum of the Bible 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.

RSM US LLP

Oklahoma City, Oklahoma
October 14, 2019

Museum of the Bible

Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	**$ 14,844,917**	$ 299,079
Accounts receivable	**516,900**	554,937
Contributions receivable, net	**19,343,953**	9,619,567
Inventory	**2,649,654**	4,110,111
Prepaid expenses, deposits, and other assets	**939,610**	1,471,934
Restoration and loans, net	**520,605**	1,228,078
Publications in-service, net	**-**	1,235,401
Property and equipment, net	**459,809,950**	481,450,938
Collections (Note 1)	**-**	-
Total assets	**$ 498,625,589**	$ 499,970,045
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 2,846,406**	$ 3,436,100
Accrued liabilities	**8,110,589**	3,115,992
Line of credit	**-**	17,559,680
Current portion of long-term debt	**-**	6,250,000
Long-term debt	**-**	43,606,562
Total liabilities	**10,956,995**	73,968,334
Net assets:		
Without donor restrictions	**466,246,432**	409,701,438
With donor restrictions	**21,422,162**	16,300,273
Total net assets	**487,668,594**	426,001,711
Total liabilites and net assets	**$ 498,625,589**	$ 499,970,045

See notes to financial statements.

Museum of the Bible

Statements of Activities
Years Ended June 30, 2019 and 2018

	2019	2018
Net Assets Without Donor Restrictions		
Operating revenues and other support:		
Contributions	**$ 115,330,630**	$ 118,644,764
Admissions	**8,362,396**	10,098,544
Gift shop sales	**4,958,626**	3,064,261
Other income	**1,963,597**	1,700,339
Net assets released from restriction	**7,644,773**	6,080,680
Total support and revenues	**138,260,022**	139,588,588
Operating expense:		
Payroll and related benefits	**23,148,505**	23,487,963
Contract services	**7,969,893**	9,138,304
Sponsorships	**74,459**	544,291
Awards and grants	**677,859**	2,698,411
Advertising	**2,422,122**	16,256,432
Technology	**2,190,735**	3,252,853
Operations	**8,592,338**	8,976,624
Non-employee and program-related travel	**570,644**	1,545,172
Depreciation and amortization	**23,599,377**	30,042,631
General and administrative	**9,379,314**	11,484,888
Cost of goods sold	**2,535,924**	2,457,841
Development	**553,858**	1,975,600
Total operating expense	**81,715,028**	111,861,010
Change in net assets without donor restrictions	**56,544,994**	27,727,578
Net Assets With Donor Restrictions		
Contributions, net	**12,766,662**	8,972,652
Net assets released from restriction	**(7,644,773)**	(6,080,680)
Change in net assets with donor restrictions	**5,121,889**	2,891,972
Change in net assets	**61,666,883**	30,619,550
Net assets at beginning of year	**426,001,711**	395,382,161
Net assets at end of year	**$ 487,668,594**	$ 426,001,711

See notes to financial statements.

Museum of the Bible

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	**$ 61,666,883**	$ 30,619,550
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**23,599,377**	31,089,237
Bad debt expense	**1,083,373**	2,874,543
Loss on disposal of property and equipment	**575,834**	-
Discount on contribution receivable	**423,321**	(223,695)
Gifts restricted for capital expenditures	**(3,426,504)**	(3,601,107)
Change in operating assets and liabilities:		
Accounts receivable	**38,037**	(302,654)
Contributions receivable	**(11,231,080)**	3,845,582
Inventory	**1,460,457**	(3,687,084)
Prepaid expenses, deposits, and other assets	**662,250**	646,653
Accounts payable	**(203,917)**	(1,245,791)
Accrued liabilities	**4,994,597**	1,693,871
Net cash provided by operating activities	**79,642,628**	61,709,105
Cash flows from investing activities:		
Restoration of museum collections	**(22,764)**	(700,000)
Redemption of certificates of deposit	**-**	392,864
Purchases of prepublication costs	**(161,883)**	(2,772,097)
Purchases of property and equipment	**(935,917)**	(83,557,759)
Net cash used in investing activities	**(1,120,564)**	(86,636,992)
Cash flows from financing activities:		
Borrowings on line of credit	**26,489,198**	49,513,533
Payments on line of credit	**(44,048,878)**	(106,347,291)
Payments on long-term debt	**(49,843,050)**	-
Borrowings on long-term debt	**-**	49,856,562
Gifts collected for capital expenditures	**3,426,504**	3,601,107
Net cash used in financing activities	**(63,976,226)**	(3,376,089)
Net change in cash and cash equivalents	**14,545,838**	(28,303,976)
Cash and cash equivalents:		
Beginning of year	**299,079**	28,603,055
End of year	**$ 14,844,917**	$ 299,079
Supplemental data:		
Capital asset additions financed via accruals	**$ -**	$ 529,215
Financing costs withheld from short-term loan proceeds	**$ -**	$ 143,438
Interest paid	**$ 1,416,096**	$ 1,081,698

See notes to financial statements.

Note 1. Significant Accounting Policies

Nature of operations: Museum of the Bible (the Museum) is a publicly supported not-for-profit organization headquartered in Oklahoma City, Oklahoma. The Museum is an innovative, global, educational institution whose purpose is to invite all people to engage with the history, narrative and impact of the Bible. The Museum has domestic and international traveling exhibits and in 2017, the Museum opened its 430,000 square-foot not-for-profit museum in Washington D.C., located three blocks from the Capitol. The Museum supports scholarships and academic research activities through its Scholars Initiative and through development of Bible curricula for domestic and international use.

Basis of presentation: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The Museum classifies its net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Net assets of the Museum and changes therein are classified and reported as follows:

Net asset classifications: The Museum has interpreted the *Uniform Prudent Management of Institutional Funds Act of 2006* (UPMIFA) as enacted by the State of Oklahoma (OK UPMIFA) to require the Museum to exercise prudence in determining whether to spend from or accumulate to donor-restricted endowment funds with a view toward the permanent nature and long-term continuing viability of such funds.

Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Museum is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions: Net assets that are generally not subject to donor-imposed restrictions. These may be designated for specific purposes by the Museum's Board of Directors. As of June 30, 2019, the Board of Directors has designated $13,100,000 as an endowment to support the operations of the Museum, there were no board designated endowments as of June 30, 2018.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Certain donor-imposed restrictions are temporary in nature and may or will be met either by actions of the Museum and/or the passage of time. When a restriction expires, 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. The amount of net assets identified as released from restrictions includes any amounts released whether received in the current year or prior periods. Other donor-imposed restrictions are perpetual in nature, and require the Museum to maintain the contributed resources in perpetuity. Generally, the donors of assets with perpetual restrictions permit the Museum to use all or part of the income earned on these resources for general or specific purposes.

Cash and cash equivalents: Cash and cash equivalents include cash on hand, on deposit in demand, interest-bearing accounts, and money market funds administered by the Museum with original maturities of three months or less. At June 30, 2019 and 2018, the Museum had certain concentrations of credit risk with financial institutions in the form of uninsured cash and time deposits (the Museum had no time deposits at June 30, 2019). For purposes of evaluating credit risk, the stability of financial institutions conducting business with the Museum is periodically reviewed, and management believes that credit risk related to the balances is minimal.

Inventory: Inventory consists of retail items sold through the museum gift shop or online and are valued at the lower of cost or net realizable value using the average cost method.

Note 1. Significant Accounting Policies (Continued)

Collections, restorations and loans: The Museum's collections consist of donated and purchased biblical artifacts, facsimiles and restoration costs for items held for public exhibition, education, or research in the furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for and preserved in perpetuity and, as a result, their service potential is undiminished.

In conformity with accounting policies generally followed by museums with similar collections, the value of the Museum's collections has been excluded from the statements of financial position, and gifts of artifacts are excluded from revenue in the statements of activities. Purchases of artifacts for the collection by the Museum are recorded as decreases in net assets in the statements of activities as with or without donor restrictions based on the restriction of the donor. Proceeds from the deaccession of biblical artifacts are recorded as net assets with donor restrictions and are restricted to the acquisition of other biblical artifacts.

The Museum has entered into a separate restoration and loan agreement with a third party and long-term loan agreements with various parties for the use of artifacts as part of its exhibits. Capitalized costs associated with this agreement at June 30, 2019 and 2018 are $1,456,981 and $1,798,583, respectively. Accumulated amortization is $936,376 and $570,505 at June 30, 2019 and 2018, respectively.

Property and equipment: Land, buildings and improvements, long-term museum exhibits, traveling exhibits, furniture and fixtures, durable equipment, computers and software are stated at cost. The Museum's capitalization policy includes purchases with a cost of $5,000 or more and an estimated useful life of greater than one year. Assets are depreciated on the straight-line method over the estimated useful lives of the respective asset. Estimated lives for purposes of depreciation are as follows:

Buildings and improvements	50 years
Museum long-term exhibits	7 to 10 years
Traveling exhibits	5 to 10 years
Furniture and fixtures	7 to 10 years
Durable equipment	5 years
Software and computer equipment	3 years

Publication costs: The Museum's prepublication costs were comprised of costs associated with development of the Museum's Bible curriculum and publications and were evaluated for capitalization and subsequent amortization in accordance with Accounting Standards Codification (ASC) Topic 985, Software. The Museum's capitalization policy included purchases with a cost of $5,000 or more and an estimated useful life of greater than one year. Once the Bible curriculum or publication was completed and placed in service, the costs were reclassified to publications in-service, and the Museum began amortizing it over its estimated useful life and expense the costs of maintenance and customer support.

As of June 30, 2019 and 2018, respectively, the Museum has $-0- and $1,235,401 of publications in-service, which includes technology to allow for downloadable digital publications and the content of the publications themselves. Assets are depreciated or amortized on the straight-line method over the estimated useful lives of the respective asset. Estimated lives for purposes of amortization are 3 years for technology related to digital publications and 10 years for content of publications.

Effective June 30, 2019, the Museum determined it expected to provide on-line curriculum to most users at no cost as part of its mission to engage all people with the Bible. A one-time amortization expense of $1,235,400 was made to capitalized pre-publication and in-service curriculum has been recognized as of June 30, 2019, of which $-0- was recorded in cost of goods sold.

Note 1. Significant Accounting Policies (Continued)

Effective June 30, 2018, the Museum determined it expected to provide printed curriculum to most users at no cost as part of its mission to engage all people with the Bible. As a result a one-time amortization expense of $15,258,746 was made to capitalized pre-publication and in-service curriculum has been recognized as of June 30, 2018, of which $1,046,631 was recorded in cost of goods sold. Future curriculum-related investments will be expensed as incurred.

Museum operations: The Museum includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities.

Contributions and promises to give: Contributions, including promises to give are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. Other similar contributions may not be accompanied by a donor stipulation but are time restricted until due. An allowance is recognized for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. Contributions receivable that are no longer expected to be expected are written off to bad debt expense. As of June 30, 2019 and 2018, the Museum has the following unconditional promises to give recorded as contributions receivable:

	2019	2018
Due in less than one year	$ 13,882,130	$ 6,327,466
Due in one to five years	5,692,039	4,504,751
Thereafter	1,811,000	1,196,000
	21,385,169	12,028,217
Less time value discount on pledge receivables (4%)	(1,067,216)	(643,895)
Less allowance for doubtful accounts	(974,000)	(1,764,755)
Net contributions receivable	$ 19,343,953	$ 9,619,567

Conditional promises to give are not recognized until the conditions on which they depend are substantially met (see Note 12). When a donor restriction expires, that is, when a stipulated purpose restriction is satisfied either by the passage of time or by actions of the Museum, 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.

The Museum reports gifts of long-lived assets as without donor restriction unless explicit donor stipulations specify how the donated asset must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Admissions and gift shop sales: Admission and gift shop sales revenue is recorded when earned, which is the date of sale. Inventory is relieved at the time gift shop revenue is recognized.

Income tax status: The Museum is an organization exempt from federal income tax pursuant to section 501(a) of the Internal Revenue Code (the Code) as an organization described in section 501(c)(3) of the Code. Provision has been made, where material, for any taxes due on unrelated business income. Management has evaluated their tax positions and concluded they have taken no uncertain tax positions that require recognition or disclosure in the financial statements.

Advertising costs: The Museum expenses the costs of advertising as incurred. For the years ended June 30, 2019 and 2018, advertising expense totaled $2,422,122 and $16,256,431, respectively.

Note 1. Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassification: Certain amounts from 2018 have been reclassified to conform to 2019 presentations. There were no changes in net asset classifications or change in net assets.

Subsequent events: The Museum has evaluated subsequent events through October 14, 2019, which is the date the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

Note 2. Property and Equipment

Property and equipment are summarized as follows:

	2019	2018
Land	$ 37,002,600	$ 37,002,600
Buildings and improvements	323,020,364	322,965,691
Museum long-term exhibits	121,801,015	121,777,117
Traveling exhibits	6,514,656	6,514,656
Furniture and fixtures	4,107,855	4,039,649
Durable equipment	4,756,908	4,756,908
Software and computer equipment	5,859,245	5,404,883
Construction in progress:		
Permanent museum	-	575,834
	503,062,643	503,037,338
Less accumulated depreciation	(43,252,693)	(21,586,400)
Net property and equipment	$ 459,809,950	$ 481,450,938

Depreciation expense relating to property and equipment totaled $21,666,293 and $15,217,449 for the years ending June 30, 2019 and 2018.

Note 3. Funds Held by Others

The Museum has a Single Charity Fund Agreement (the Museum Foundation) at the National Christian Foundation, Inc. (NCF). Individuals and other organizations may contribute to the NCF and designate their contributions to benefit the Museum Foundation. All funds held in the Museum Foundation are the property of NCF. NCF retains full and unlimited control, use, and distribution of the assets of the fund. Further, NCF may distribute the Museum Foundation assets in contravention of the Museum's Single Charity Fund Agreement to the extent it determines that such a restriction is unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

Due to the conditions outlined above, assets held in the Museum Foundation are not reflected as assets of the Museum in the accompanying statements of financial position. As of June 30, 2019 and 2018, the Museum Foundation held $4,096 and $8,162 designated for the benefit of the Museum.

Note 4. Loan Agreements

On July 18, 2016, the Museum entered into a loan agreement with a private lending institution for a twelve month, $75,000,000 loan due August 1, 2017. The loan includes a 1.0% origination fee and a minimum floating interest rate of 4.50% tied to the Wall Street Journal Prime index (5.0% at June 30, 2017). The loan proceeds have been used to fund capital needs related to the construction of the Museum’s new permanent museum in Washington D.C. with any interest and fees capitalized.

The loan is not collateralized but has been guaranteed by a trust controlled by a third party to the satisfaction of the lender.

On August 1, 2017, the Museum repaid the previous $75,000,000 loan from the private lending institution with cash and proceeds from a new lending arrangement from a local bank. Under that arrangement, the Museum has a $50,000,000 loan with principal due in eight annual payments beginning July 31, 2018 with a final maturity date of July 31, 2025. Interest is due quarterly beginning September 30, 2017 at a rate of 1.85% over the one month LIBOR rate (5% at June 30, 2018 and 3.94% at June 30, 2017). An administrative and commitment fee of 0.20% on the $50,000,000 loan has been recognized and will be amortized over the life of the loan.

During 2019, the outstanding balance of the loan was repaid. At June 30, 2019 and 2018, there was an outstanding balance of $-0- and $50,000,000, on the loan with netted unamortized debt issuance costs of $-0- and $143,438.

In addition, on August 1, 2017, the Museum entered into a $25,000,000 revolving line of credit arrangement to be used to fund operational needs as necessary. The revolving line of credit has a three-year term with an original maturity date of July 31, 2020, and is expected to be renewed as required prior to each maturity date. Interest is computed on the daily outstanding principal balance of indebtedness at a rate of 1.85% over the one month LIBOR rate (5% at of June 30, 2019 and 2018). Interest is due on the same dates as the amortizing portion of the debt. An administrative and commitment fee of 0.20% on the full $25,000,000 commitment has been recognized and will be amortized over the life of the line of credit. In addition, a 0.25% fee on any unused portion of the line of credit is calculated on a daily basis and remitted quarterly to the lender. During 2019, the outstanding balance of the line of credit was repaid. At June 30, 2019 and 2018, there was an outstanding balance of $-0- and $17,559,680, on the revolving line of credit.

Both the loan and line of credit are not collateralized by assets but assets may not be pledged on any future debt without written authorization by the lender. Both the loan and line of credit have been guaranteed by a trust controlled by a third party to the satisfaction of the lender.

Note 5. Related Party Transactions

The Museum engages in business transactions with one of its board members and/or companies they control for goods and services, at fair value, that it would otherwise purchase or provide in the ordinary course of business.

The Museum's leasing arrangements include (a) office space in Oklahoma City with one-year terms and options to renew, (b) office space in Washington D.C. through December 2017, and (c) exhibit sublease space for its traveling exhibits with month-to-month terms.

The Museum's services agreement provides for the curation of biblical artifacts on a month-to-month basis. The monthly rate is currently $100,000 per month in 2019 and 2018.

Note 5. Related Party Transactions (Continued)

A summary of the expenses (revenue/cost recovery) related to these agreements and other transactions between the Museum and its related parties are as follows:

	2019	2018
Curatorial services	$ (1,200,000)	$ (1,200,000)
Office lease and other leasing expenses	432,735	475,223
Public relations services	-	627,696
Gift shop sales	(1,426,822)	-
Other expenses	6,308	65,995
	$ (2,187,779)	$ (31,086)

As of June 30, 2019 and 2018, the Museum had related party receivables of $-0- and $47,656. As of June 30, 2019 and 2018, the Museum had related party payables of $17,706 and $16,498.

Note 6. Commitments and Contingencies

As the Museum has commenced operations in its new facility in Washington D.C., it has entered into many contracts related to its operations and continued maintenance. As of June 30, 2019, the Museum has approximately $5,200,000 of outstanding commitments related to these activities.

The Museum has an outstanding contractual commitment of approximately $2,500,000 for a conditional grant to fund research services in Israel as of June 30, 2019.

The Museum occasionally becomes involved in various claims and legal disputes arising in the normal course of business. The Museum's management does not believe that the outcome of these matters will have a material adverse impact on the Museum's financial position.

Note 7. Employee Benefit Plan

The Museum maintains and offers a defined contribution retirement plan with a 401(k) feature. Substantially all employees meeting certain age and service requirements are eligible to participate in the 401(k) plan. The Museum provides a discretionary match of 50% on an employee's contribution, up to a maximum of 6% of their income. The Museum incurred minimal expense associated with the 401(k) plan in 2019 and 2018. The Museum contributed $328,588 and $313,623 of matching employer contributions in 2019 and 2018, respectively.

Note 8. Expenses by Functional Classification

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated based on square footage, head count and direct costs.

Expenses by functional and natural classification for the years ended June 30, 2019 and 2018 are as follows:

2019

	Museum Program Expenses					Supporting Services		
	Traveling Exhibits	Museum Collections	Research	Permanent Museum	Education	Management and General	Fundraising	Total
Payroll and related benefits	$ 9,863	$ 1,687,458	$ 208,586	$ 12,140,205	$ 218,160	$ 7,068,060	$ 1,816,173	$ 23,148,505
Contract services	3,083	307,173	22,753	3,346,939	1,632,545	1,488,771	1,168,629	7,969,893
Sponsorships	-	-	12,973	7,986	-	-	53,500	74,459
Awards and grants	-	2,000	730,382	113	(54,636)	-	-	677,859
Advertising	605	1,213	-	2,234,421	127,650	38,364	19,869	2,422,122
Technology	109	1,958	-	348,816	329	1,831,998	7,525	2,190,735
Operations	32,391	123,083	-	8,268,179	1,795	150,861	16,029	8,592,338
Non-employee and program-related travel	2,848	32,981	61	250,338	84,823	63,520	136,073	570,644
Depreciation and amortization	208,305	165,145	726	21,626,738	1,203,380	347,084	47,999	23,599,377
General and administrative	15,475	165,957	8,820	5,060,385	521,943	2,591,169	1,015,565	9,379,314
Cost of goods sold	-	-	-	2,535,924	-	-	-	2,535,924
Development	-	760	60	162,160	-	694	390,184	553,858
	$ 272,679	$ 2,487,728	$ 984,361	$ 55,982,204	$ 3,735,989	$ 13,580,521	$ 4,671,546	$ 81,715,028

2018

	Museum Program Expenses					Supporting Services		
	Traveling Exhibits	Museum Collections	Research	Permanent Museum	Education	Management and General	Fundraising	Total
Payroll and related benefits	$ 358,311	$ 2,037,425	$ 307,656	$ 10,986,991	$ 340,873	$ 7,066,971	$ 2,389,736	$ 23,487,963
Contract services	138,178	89,257	199,946	4,585,603	998,228	1,395,013	1,732,079	9,138,304
Sponsorships	-	-	310,907	119,084	-	100	114,200	544,291
Awards and grants	-	101,400	922,336	20,095	1,604,580	50,000	-	2,698,411
Advertising	40,060	647	8	15,857,773	207,633	49,519	100,792	16,256,432
Technology	3,187	13,888	134	808,868	2,723	2,339,006	85,047	3,252,853
Operations	249,254	419,918	4,914	8,135,128	37,761	66,007	63,642	8,976,624
Non-employee and program-related travel	81,957	66,854	78,449	536,399	135,871	259,782	385,860	1,545,172
Depreciation and amortization	1,523,220	116,570	16,866	13,446,540	14,091,338	429,656	418,441	30,042,631
General and administrative	36,440	526,960	48,591	4,389,880	101,135	2,826,011	3,555,871	11,484,888
Cost of goods sold	-	-	-	2,457,841	-	-	-	2,457,841
Development	4,466	-	144	970,941	2,337	131,201	866,511	1,975,600
	$ 2,435,073	$ 3,372,919	$ 1,889,951	$ 62,315,143	$ 17,522,479	$ 14,613,266	$ 9,712,179	$ 111,861,010

Note 9. Concentrations

For the years ended June 30, 2019 and 2018, respectively, the Museum received 90% and 87% of its contributions from one donor.

Note 10. Net Assets With Donor Restrictions

The Museum's net assets with donor restrictions are comprised of the following as of June 30:

	2019	2018
Net assets with donor restrictions:		
Purposes or time restrictions:		
Permanent museum	$ 3,426,504	$ 3,776,933
Traveling exhibits	55,904	614,057
Research	714,012	1,697,705
Education	549,524	2,408,816
Time restricted	15,672,060	7,802,762
Accumulated earnings on donor-restricted endowment	4,158	-
	20,422,162	16,300,273
Perpetual in nature:		
Scholarship endowment	1,000,000	-
	$ 21,422,162	$ 16,300,273

Note 11. Endowments

In April 2019, the Museum created one donor-restricted endowment fund and one fund designated by the Board of Directors to function as an endowment. Assets associated with endowment funds include cash and cash equivalents.

Interpretation of relevant law: The Museum is subject to OK UPMIFA and classifies funds which are donor-restricted in perpetuity and the related accumulated and unappropriated earnings, including any underwater amounts, as net assets with donor restrictions until appropriated for expenditure by the Board of Directors. The Museum's donor-restricted endowment funds are also subject to purpose restrictions that must be met before reclassifying such amounts to net assets without donor restrictions. The Board of Directors has interpreted OK UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor specifically stipulates the contrary. As a result of this interpretation, the Museum considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Museum has interpreted OK UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with OK UPMIFA, the Museum 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 Museum and the donor restricted endowment fund; 3) general economic conditions; 4) the possible effect of inflation and deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the Museum; and 7) the investment policies of the Museum.

Note 11. Endowments (Continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	$ 13,154,476	$ -	$ 13,154,476
Donor-restricted endowment funds:			
Original donor-restricted gifts amount and amounts required to be maintained in perpetuity by donor	-	1,004,158	1,004,158
Total endowment funds	$ 13,154,476	$ 1,004,158	$ 14,158,634

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ -	$ -
Contributions	-	1,000,000	1,000,000
Investment earnings	54,476	4,158	58,634
Board designations	13,100,000	-	13,100,000
Endowment net assets, end of year	$ 13,154,476	$ 1,004,158	$ 14,158,634

Return objective and risk parameters: The Museum has adopted investment and spending policies for endowment assets that provide for growth and a predictable stream of funding to operations, programs and other specified purposes supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies employed for achieving objectives: Under its investment policy, as approved by the Board of Directors in August 2019, the assets of the endowment are invested in accordance with the following objectives: to generate a real return from the Museum's investments that will provide a sustainable funding source for the Museum while preserving the portfolio's purchasing power over the long-run; to maximize the real rate of return on investments within a prudent level of risk; and to look at investment returns over a long-term horizon while also recognizing the need for annual endowment draws. The Museum has set an objective of achieving returns on its portfolio investments that, over the long-term, will achieve returns net of inflation and fees that exceed the endowment draw by an amount that will allow for additional growth in the portfolio (currently 7%). The Museum's investment policy targets a diversified asset allocation that places a greater emphasis on equity-based securities (target ranges from 40% – 80%) than fixed income securities (10% – 50%) and cash equivalents (0% – 30%) to achieve its long-term objectives with prudent risk constraints. Prior to the adoption of the investment policy, all endowment funds were held in money market funds.

Spending policy and how the investment objectives relate to spending policy: The endowment's investment earnings are allocated in a reasonable and balanced way between current distribution and reinvestment for future earnings. Distributions should provide a reasonably stable and predictable source of funds for the activities of the Museum that are supported by the endowment. Subject to OK UPMIFA (to the extent applicable), the annual distributable funds from the endowment will be no more than 4.5%. The distribution percentage rate will be defined using a three-year investment average. Until an endowment has been invested for three years, the annual average will be used after the initial 12 months. Specific gifts may be excluded from averaging and/or be subject to other distribution rules, when explicitly directed by the donor or by a 75% approval of the Board of Directors.

Note 11. Endowments (Continued)

The Museum's policy permits spending from underwater endowment funds when deemed prudent by 75% of the Board of Directors. Distributions will be made annually, and endowments may be held for more than 12 months based on the date of the charitable gift.

Note 12. Liquidity Management and Funds Available

The following reflects the Museum's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

The Museum's financial assets available within one year of the statement of financial position for general expenditure are as follows at June 30:

	2019	2018
Financial assets, at year end	$ 34,705,770	$ 10,473,583
Less those unavailable for general expenditures within one year due to:		
Contributions receivables not due in one year, net	(5,461,823)	(5,056,856)
Contributions receivables due in one year for restricted purposes	(3,103,864)	(1,253,713)
Funds to be used for other commitments in the next year (Note 6)	(375,412)	(586,940)
Board designated endowment	(13,154,476)	-
Donor restricted for specific purposes and/or in perpetuity	(2,078,209)	(3,576,074)
Financial assets available to meet cash needs for general expenditures within one year	$ 10,531,986	$ -

The Museum maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Museum invests cash in excess of weekly requirements in short-term investments (money market funds). As mentioned in Note 4, to help manage unanticipated liquidity needs and commitments, the Museum has a revolving line of credit of $25,000,000, upon which it can draw.

Further, the Museum has received conditional promises to give up to $25,000,000 at June 30, 2019. Management expects these amounts to be received within the next fiscal year as needed to fund Museum operations and expenditures.

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