The Solomon R. Guggenheim Foundation

Financial Statements
December 31, 2023 and 2022

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Report of Independent Auditors

To the Board of Trustees of
The Solomon R. Guggenheim Foundation

Opinion

We have audited the accompanying financial statements of The Solomon R. Guggenheim Foundation (the "Company"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, 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 audit 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Company's ability to continue as a going concern for one year after the date the financial statements are issued.



Auditors' 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 auditors' 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 Company'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 Company'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.

PricewaterhouseCoopers LLP

New York, New York
June 26, 2024

The Solomon R. Guggenheim Foundation
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 25,743,814	$ 22,908,347
Contributions and grants receivable, net	15,594,909	20,293,556
Accounts and other receivables	2,978,740	6,716,087
Inventories	1,004,499	976,211
Prepaid expenses	1,156,013	2,235,361
Investments and redemptions receivable	115,249,181	113,300,519
Property, equipment and leasehold improvements, net	40,298,470	42,326,772
Right-of-use assets	18,912,330	23,394,164
Art collection	1	1
Total assets	$ 220,937,957	$232,151,018
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 8,664,796	$ 10,972,986
Deferred income and other liabilities	38,500,003	38,961,993
Lease liability	24,815,215	29,228,448
Demand and other loans payable	2,500,000	2,500,000
Bonds payable, net of discount and issuance costs	29,582,207	29,567,241
Total liabilities	104,062,221	111,230,668
Net assets		
Without donor restrictions	5,901,531	3,980,761
With donor restrictions	110,974,205	116,939,589
Total net assets	116,875,736	120,920,350
Total liabilities and net assets	$ 220,937,957	$232,151,018

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

The Solomon R. Guggenheim Foundation
Statement of Activities
Year Ended December 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue			
Contributions, grants and bequests	$ 13,498,250	$ 5,210,317	$ 18,708,567
Membership income	4,012,684	-	4,012,684
Benefit and special event income, net of direct expenses of $1,807,879	688,701	1,500	690,201
Admissions	19,062,869	-	19,062,869
Traveling exhibitions, royalties and other	16,122,866	-	16,122,866
Investment income from spending rate	3,569,764	-	3,569,764
Auxiliary revenues	5,365,883	-	5,365,883
Net assets released from restrictions	15,623,765	(15,623,765)	-
Total operating support and revenue	77,944,782	(10,411,948)	67,532,834
Operating expenses			
Museum programs			
Exhibition and projects	9,537,206	-	9,537,206
Traveling exhibitions and other	5,831,666	-	5,831,666
Curatorial and collection maintenance	15,077,781	-	15,077,781
Visitor services	7,426,875	-	7,426,875
Education	5,005,469	-	5,005,469
Auxiliary expenses, including cost of sales	3,733,659	-	3,733,659
Total program expenses	46,612,656	-	46,612,656
Supporting services			
Management and general	20,980,618	-	20,980,618
Fundraising	4,880,299	-	4,880,299
Total supporting services	25,860,917	-	25,860,917
Total operating expenses	72,473,573	-	72,473,573
Operating support and revenue in excess of (less than) operating expenses	5,471,209	(10,411,948)	(4,940,739)
Nonoperating activity			
Contributions	-	240,238	240,238
Investment return net of spending amount	1,403,649	6,056,258	7,459,907
Depreciation and amortization	(4,311,919)	-	(4,311,919)
Interest and fees related to debt	(1,619,263)	-	(1,619,263)
Foreign currency translation adjustment	286,231	1,092	287,323
Change in net assets before changes related to collection items purchased and sold	1,229,907	(4,114,360)	(2,884,453)
Change in net assets related to collection items purchased and sold			
Contributions	-	1,658,259	1,658,259
Proceeds from sale of art	-	1,529,820	1,529,820
Net assets released from restrictions for collection items purchased and direct care	5,039,103	(5,039,103)	-
Collection items purchased	(4,348,240)	-	(4,348,240)
Change in net assets	1,920,770	(5,965,384)	(4,044,614)
Net assets			
Beginning of year	3,980,761	116,939,589	120,920,350
End of year	$ 5,901,531	$ 110,974,205	$ 116,875,736

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

The Solomon R. Guggenheim Foundation
Statement of Activities
Year Ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue			
Contributions, grants and bequests	$ 12,096,366	$ 14,321,787	$ 26,418,153
Membership income	3,491,343	-	3,491,343
In-kind contributions	126,940	-	126,940
Benefit and special event income, net of direct expenses of $2,614,493	1,151,441	99,361	1,250,802
Admissions	16,391,200	-	16,391,200
Traveling exhibitions, royalties and other	12,831,483	-	12,831,483
Investment income from spending rate	-	3,664,797	3,664,797
Auxiliary revenues	4,314,378	-	4,314,378
Other revenue	1,898,185	-	1,898,185
Net assets released from restrictions	11,455,101	(11,455,101)	-
Total operating support and revenue	63,756,437	6,630,844	70,387,281
Operating expenses			
Museum programs			
Exhibition and projects	8,968,356	-	8,968,356
Traveling exhibitions and other	2,782,930	-	2,782,930
Curatorial and collection maintenance	14,539,345	-	14,539,345
Visitor services	6,272,035	-	6,272,035
Education	4,719,758	-	4,719,758
Auxiliary expenses, including cost of sales	3,613,964	-	3,613,964
Total program expenses	40,896,388	-	40,896,388
Supporting services			
Management and general	18,235,438	-	18,235,438
Fundraising	4,734,749	-	4,734,749
Total supporting services	22,970,187	-	22,970,187
Total operating expenses	63,866,575	-	63,866,575
Operating support and revenue (less than) in excess of operating expenses	(110,138)	6,630,844	6,520,706
Nonoperating activity			
Contributions	-	7,893,931	7,893,931
Investment return net of spending amount	(1,119,343)	(22,053,822)	(23,173,165)
Depreciation and amortization	(4,380,445)	-	(4,380,445)
Interest and fees related to debt	(1,287,149)	-	(1,287,149)
Loss on early redemption of bonds	(1,632,423)	-	(1,632,423)
Foreign currency translation adjustment	(330,691)	(26,363)	(357,054)
Change in net assets before changes related to collection items purchased and sold	(8,860,189)	(7,555,410)	(16,415,599)
Change in net assets related to collection items purchased and sold			
Contributions	-	1,766,191	1,766,191
Proceeds from sale of art	-	1,126,656	1,126,656
Net assets released from restrictions for collection items purchased and direct care	3,231,697	(3,231,697)	-
Collection items purchased	(1,234,292)	-	(1,234,292)
Change in net assets	(6,862,784)	(7,894,260)	(14,757,044)
Net assets			
Beginning of year	10,843,545	124,833,849	135,677,394
End of year	$ 3,980,761	$116,939,589	$120,920,350

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

The Solomon R. Guggenheim Foundation
Statements of Cash Flows
Years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (4,044,614)	$ (14,757,044)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	4,311,919	4,380,445
Amortization of deferred financing costs and bond discount	14,966	11,224
Investment in acquisitions of art	5,039,103	1,234,291
Contributions and proceeds related to the purchase of art	(3,188,079)	(2,892,847)
Contributions for endowments	(240,238)	(10,635,205)
Receipt of contributed securities	(739,874)	(1,497,634)
Proceeds from sales of contributed securities	739,874	1,497,634
Loss on early redemption of bonds	-	1,632,423
Net realized and unrealized (gains) losses on investments	(11,029,671)	19,508,367
Changes in operating assets and liabilities		
Contributions receivable	4,698,647	(7,583,841)
Accounts and other receivables	3,737,347	(4,589,651)
Inventories	(28,288)	(226,570)
Prepaid expenses and deferred costs	1,079,348	(1,553,863)
Accounts payable and accrued expenses	(2,186,366)	(871,677)
Deferred income and other liabilities	(461,990)	(3,250,947)
Right-of-use assets and lease liabilities	68,602	(193,893)
Net cash used in operating activities	(2,229,314)	(19,788,788)
Cash flows from investing activities		
Purchases of property, equipment and leasehold improvements	(2,405,441)	(2,225,954)
Acquisitions of art	(5,039,103)	(1,234,291)
Contributions and proceeds related to the purchase of art	3,188,079	2,892,847
Purchases of investments	(103,143,634)	(30,508,739)
Proceeds from dispositions of investments	104,709,523	13,546,252
Net cash used in investing activities	(2,690,576)	(17,529,885)
Cash flows from financing activities		
Contributions for endowments	240,238	10,635,205
Payment of loan principal	-	(850,000)
Debt issuance costs	-	(439,437)
Payment of extinguished bonds	-	(20,471,080)
Proceeds from new bond issuance	-	30,000,000
Net cash provided by financing activities	240,238	18,874,688
Net decrease in cash, cash equivalents and restricted cash	(4,679,652)	(18,443,985)
Cash, cash equivalents and restricted cash		
Beginning of year	31,642,443	50,086,428
End of year	$ 26,962,791	$ 31,642,443
Supplemental information		
Interest paid	$ 1,619,263	$ 1,287,149
Income taxes paid	90,559	163,096
Noncash transactions		
Accounts payable for property, plant and equipment	$ 121,824	$ 267,283
Right-of-use asset obtained in exchange for operating lease obligation	953,439	4,219,063

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

1. The Foundation

The Solomon R. Guggenheim Foundation (the "Foundation") was established in 1937. Committed to innovation, the Foundation collects, preserves, and interprets modern and contemporary art, and explores ideas across cultures through dynamic curatorial and educational initiatives and collaborations. With its constellation of architecturally and culturally distinct museums, exhibitions, publications, and digital platforms, the Foundation engages both local and global audiences.

Over the course of more than eight decades, the Foundation has developed one of the world's most important collections of art from the 20th and 21st centuries. The Foundations owns and operates two museums. The centerpiece of the Foundation is the Solomon R. Guggenheim Museum on Fifth Avenue in New York City. Designed by Frank Lloyd Wright, the iconic museum building is among the world's most recognized architectural monuments and is inscribed on the UNESCO World Heritage List as part of *The 20th-Century Architecture of Frank Lloyd Wright*. In Venice, Italy, the Peggy Guggenheim Collection (the "PGC") primarily displays European and American art of the 20th century in the former home of Peggy Guggenheim, the 18th century Palazzo Venier dei Leoni on the Grand Canal. The Peggy Guggenheim Collection is comprised of masterworks of Cubism, Futurism, Surrealism, European abstraction, and American Abstract Expressionism. The Peggy Guggenheim Collection also organizes temporary exhibitions of modern and contemporary art.

The Guggenheim Museum Bilbao, located in Bilbao, Spain exhibits modern and contemporary art and is building a collection through acquisitions and commissions. It was founded in cooperation with the Basque government and is owned and funded by the Fundación del Museo Guggenheim Bilbao. It is located along the Nervion River in a building designed by Frank Gehry that has received international acclaim for its architecture.

Plans are underway to open a new Guggenheim museum in the Cultural District of Saadiyat Island in Abu Dhabi, also designed by Frank Gehry. The museum's collection will include art of all mediums produced around the world from the 1960s to the present day and will be a catalyst for scholarship in a variety of fields, chief among them the history of West Asian, North African, and South Asian art in the 20th and 21st centuries. The Foundation will not own or fund the Guggenheim Abu Dhabi or its collection but provides guidance with respect to the development of the permanent collection, the formation and operation of the museum, and art and exhibition programming.

The Guggenheim Museum Bilbao is not and Guggenheim Abu Dhabi will not be controlled or owned by the Foundation. Accordingly, their assets, liabilities and activities are not consolidated into these financial statements.

2. Summary of Significant Accounting Policies

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Art Collections

The Foundation adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958 *Not-for-Profit Entities – Updating the Definition of Collections* to improve the definition of collections in the FASB's Master Glossary by realigning it with the definition used in the American Alliance of Museums' ("AAM") Code of Ethics for

Museums. The updated definition permits the proceeds from deaccessioned collections items to be used not only for the acquisition of new collection items, but also for the direct care of the collection. The definition requires that an entity holding a collection disclose its policy for the use of proceeds from deaccessioned collection items, and that if such an entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care of the collection, it should disclose its definition of direct care.

In recognition of the severity of the Covid 19 crisis and its impact on museums, in April 2020, the Association of Art Museum Directors ("AAMD") passed a resolution permitting an art museum on an interim basis to use the proceeds from the disposition of deaccessioned works of art not only for the acquisition of works of art but also for the direct care of collection items provided that all legal requirements are met and the Director and Board of Trustees of the museum adopt a policy setting forth what expenditures qualify as direct care. The Board of Trustees of the Foundation updated its Collection Management Policy in May 2020 to adopt an interim policy to permit the expenditure of proceeds from art deaccessions on the direct care of the collection, as defined in the policy. Under this interim policy, the Foundation was permitted between May 27, 2020 through April 10, 2022 to use deaccession proceeds for costs associated with the conservation, preservation, registration, maintenance, storage, and safeguarding of collections, including analysis, treatment, inventory, research, documentation, photography, framing, imaging, digitization, information technology, and the provision of safe and secure, climate-controlled storage and museum spaces. These costs included, among other things, an allocable share of salaries for staff engaged in direct care, as well as direct care related outside vendors and contract staff and the materials, equipment, systems, and facilities used in connection with direct care activities.

The AAMD adopted a resolution to define more narrowly allowable direct costs for care of the collection after the end of the interim period on April 10, 2022. On December 8, 2022, the Board of Trustees of the Foundation further amended its Collections Management Policy to reflect the AAMD resolution's narrower definition of direct care and provided that "direct care" means the direct costs associated with the storage or preservation of works in the Collection, noting that examples of these costs include those for (i) conservation and restoration treatments (including packing and transportation for such conservation or restoration), (ii) materials required for storage of all classifications of works (such as acid-free paper, folders, matboard, frames, mounts, and digital media migration), and (iii) contract conservators for work on individual works. The amended Collections Management Policy clarified, consistent with AAMD's guidance, that the definition of "direct care" does not include staff salaries, costs incurred for the sole purpose of temporary exhibition displays or short-term installations, or capital costs such as construction of new facilities and improvements to the overall collection storage system.

During 2023 and 2022, the Foundation used $90,639 and $1,996,710, respectively, of funds from deaccessioning to support the direct care of the collection.

The Foundation's collection is comprised of works of 20th and 21st century art in all mediums. In accordance with industry practice, art objects purchased, donated or bequeathed are included in net assets with donor restrictions at a value of $1.

Net Asset Classifications
The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions
Represent assets that are either not restricted by donors, or assets with respect to which the donor-imposed restrictions have been satisfied.

Net Assets With Donor Restrictions
Represent net assets, which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. When a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions. It is the Foundation's policy to record donor restricted contributions received and expended in the same fiscal period as net assets without donor restrictions.

Another portion of net assets with donor restrictions (endowment net assets) relates to gifts where the corpus is to be maintained in perpetuity but allow the Foundation to use all or a part of the income and earnings of these assets, for either specified or unspecified purposes, subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). Such earnings are classified as net assets with donor restrictions until such time the Board of Trustees of the Foundation determines it would be prudent for the Foundation to appropriate such funds, by applying the standards of NYPMIFA. At such point they are reclassified to net assets without donor restrictions.

Cash and Cash Equivalents
Except for cash held for reinvestment, which are included within investments, cash and cash equivalents include cash on hand, demand deposits and short-term investments that are liquid in nature and have original maturities at the time of purchase of three months or less. At December 31, 2023 and 2022, the Foundation's cash and cash equivalents were maintained at financial institutions in excess of federally insured amounts. Management believes that the credit risk to these deposits is minimal.

On the statements of cash flows, the Foundation is required to show restricted cash from investments as part of a reconciliation equating to total cash. The Foundation treats highly liquid short-term investments in its investment portfolio (Note 3) as investments and is only including cash, not short-term investments, in the statements of cash flows.

The following table provides a reconciliation of the cash and cash equivalents reported within the statements of financial position to the amounts shown on the statements of cash flows.

	2023	2022
Cash and cash equivalents on the statement of financial position	$ 25,743,814	$ 22,908,347
Cash and cash equivalents in investments	1,218,978	8,734,096
Total cash, cash equivalents and restricted cash on the statements of cash flows	$ 26,962,791	$ 31,642,443

Inventory
Inventory primarily consists of books and exhibition catalogues valued at cost. Inventory consists of $671,294 and $881,393 of finished goods and $333,205 and $94,818 of work in process at December 31, 2023 and 2022, respectively.

Investments and Redemptions Receivable
All debt and equity securities, as well as a short-term government bond fund, are recorded at fair value determined based on quoted market values or other observable inputs.

Alternative investments include investments in fixed income funds, private equity and hedge funds. The Foundation values these investments using the net asset value ("NAV") provided by the investment managers of the underlying funds. Generally, investment managers of funds value investments using the best information available and may incorporate assumptions that are the investment manager's best estimates after consideration of a variety of internal and external factors. The funds may make investments in securities that are publicly traded, which are generally valued based on observable market prices, unless a restriction exists. Investments for which observable market prices do not exist are reported at fair value as determined by the fund's investment manager. The Foundation's management may consider other factors in assessing the fair value of these investments. Some of these funds may not have readily ascertainable market values and may be subject to withdrawal restrictions. Management performs due diligence reviews of all balances received from the investment manager. The fair value of the funds represents the amount the Foundation would expect to receive at the end of its fiscal year if it had liquidated its investments. Because alternative investments may not be readily marketable, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Redemptions receivable represent estimated proceeds to be received from limited marketability funds where the Foundation has requested either a full or partial redemption prior to December 31. The Foundation has elected the fair value option, and as such, redemptions are recorded at net asset value.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses on sales of securities are determined on a historical cost basis. Dividend income is recorded on the ex-dividend date and interest income on an accrual basis. Unrealized gains and losses are determined by comparison of specific costs of acquisition to market values at the last day of the fiscal year.

A portion of the Foundation's investments are pooled and income is allocated among the individual components of net assets without donor restrictions and net assets with donor restrictions based on donor restrictions or the absence thereof, using a percentage of participation based on their carrying value or fair value.

Property, Equipment and Leasehold Improvements
Land, building, building and leasehold improvements, construction in progress and equipment purchases by the Foundation are recorded at cost. A portion of the land for the museum in New York and the land and building related to the Palazzo Venier dei Leoni in Venice were donated to the Foundation and are recorded at estimated fair value at the dates of donation.

The Foundation's buildings, building improvement and furniture, fixtures and equipment are depreciated on a straight-line basis over their estimated useful lives (building and improvements, 10 to 40 years, office furniture and equipment, 3 to 10 years). Leasehold improvements are amortized over the shorter of the term of the lease or the estimated life of the improvement.

Leases
The Foundation follows the guidance in ASC 842, *Accounting for Leases*. The Foundation elected a package of practical expedients, which enables the Foundation to maintain its historical lease classifications.

The Foundation includes fixed rent, predetermined rent escalations, rent-free periods and certain incentives for leasehold improvements as lease components. Lease expense is recognized on a straight-line basis over the life of the lease. Certain leases require variable payments for taxes and operating expenses and are expensed as incurred.

The lease liabilities are initially and subsequently measured at the present value of the remaining lease payments. The right-of-use assets are initially recognized at the amount of the lease liabilities initially recognized less lease incentives received, plus initial direct costs and prepaid lease payments, if any. Since the Foundation's lease agreements do not have readily determinable discount rates implicit in the leases, the Foundation used its incremental borrowing rate of 3.41% to determine the present value of the lease payments upon adoption of ASC 842. The Foundation has also elected a practical expedient to allow the lease and non-lease components not to be separated in the event the agreement contains both.

Deferred Income and Other Liabilities
Deferred income is comprised of payments received in advance of performance obligations, the passage of time or the incurrence of associated costs related to such payments. Income is recognized when conditions have been satisfied or the Foundation is certain that there is no right of repayment. Deferred income also includes income from a licensing agreement, discussed in the Traveling Exhibitions, Royalties and Other section, including contract liabilities, which is being recognized over 30 years.

Foreign Currency
The Euro is the functional currency for the PGC and its assets and liabilities are translated at year-end exchange rates and profit and loss accounts using average yearly exchange rates. Translation adjustments are recorded as non-operating activity in the statements of activities and $287,323 and ($357,054) were recorded for the years ended December 31, 2023 and 2022, respectively.

Measure of Operations
The Foundation includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities. The measure of operations includes investment income equal to a defined spending rate, and interest earned from short-term investments and cash held for working capital. It excludes purchases and sales of collection items, investment return net of spending amount, depreciation and amortization of property and equipment, interest and fees related to debt, foreign currency translation adjustment, loss on early redemption of bonds, and non-operating contributions.

Revenue Recognition
In accordance with FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Foundation recognizes revenue when control of the promised goods or services is transferred to the Foundation's outside parties in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The Foundation recognizes contracts with customers as goods or services are transferred or provided in accordance with ASC 606. The Foundation has multiple revenue sources that are accounted for as exchange transactions, including admissions, membership dues, benefit and special event income, publications and sales income, traveling exhibition fees, and fees, royalties and other revenue.

Contributions and Grants
The Foundation recognizes revenue from contributions in accordance with ASC 958-605, *Not-for-Profit Entities-Revenue Recognition*. In accordance with the standard, the Foundation evaluates

whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution.

If the transfer of assets is determined to be a contribution, the Foundation evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Foundation is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The Foundation records cash and unconditional promises to give as revenue in the period received. Unconditional contributions are recorded at the net present value of the amounts expected to be collected. Conditional contributions are recognized as revenue when the conditions (i.e., barriers) on which they depend have been met.

Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows, net of an allowance for uncollectable pledges. The discounts on those pledges are computed using an interest rate for the year in which the promise was received and considers market and credit risk as applicable. An allowance is established when the collection of a pledge is determined to be doubtful. In addition, pledges deemed uncollectible are written off in the year such determination is made.

Membership Income
The Foundation apportions fees from memberships between contributions and exchange transactions, the levels of which are determined by the level and nature of membership based on established published rates. The exchange component for memberships is immaterial and as such, the Foundation recognizes memberships as income in the year that the membership commences.

Benefits and Special Events Income
Patrons purchase tickets for events held throughout the year and the Foundation recognizes revenue on the dates the events occur.

Admissions Income
Admissions income is generated from daily attendance and group visits and is recognized at the point of sale.

Traveling Exhibitions, Royalties and Other, including Contract Liabilities
Traveling Exhibitions, Royalties and Other primarily includes exhibition revenue and revenue generated from the licensing of symbolic intellectual property (trademarks), management fees and cost reimbursement arrangements.

Exhibition revenue of $945,406 and $202,738 for the years ended December 31, 2023 and 2022, respectively, consists of fees paid to the Foundation for creating exhibitions that travel to other museums where the Foundation is responsible for curating the exhibition and ensuring all items included in the exhibition are properly transported to each location. Revenue is recognized when the Foundation has met its performance obligations and has an unconditional right to the consideration. The terms and conditions surrounding the fee and performance obligations for each traveling exhibition are defined in individual contractual arrangements.

The Foundation also has long-term agreements with certain entities where one agreement, commencing in 2007, relates to a long-term trademark license (the "License Agreement") where the Foundation grants rights to use and benefit from its intellectual property assets. Additionally,

the Foundation also receives an annual management fee and is party to a cost reimbursement arrangement.

Trademark license fees received by the Foundation are recorded as a deferred contract liability and revenue is recognized ratably over the term of the License Agreement. During each of the years ended December 31, 2023 and 2022, $2,256,930 of revenue was recognized and the remaining contract liabilities are $31,244,868 and $33,551,070 as of December 31, 2023 and 2022, respectively. There is no financing component associated with these advance payments as the difference between the promised consideration and the cash selling price of the goods or services arose for reasons other than the provision of financing.

Revenues related to management fees are recognized in the year the services are rendered and reimbursable costs, as incurred, pursuant to the terms stated in the agreements. Receipts received prior to the incurrence of reimbursable costs are recorded as a contract liability in deferred revenue. The Foundation recorded management fees of $6,320,092 and $5,888,069 for 2023 and 2022, respectively, and $5,052,951 and $4,247,912 under the cost reimbursement arrangement for 2023 and 2022, respectively. Amounts received prior to reimbursable costs being incurred were $7,161,752 and $5,007,892 at December 31, 2023 and 2022, respectively, and are included within deferred income and other liabilities.

Auxiliary Revenues
Auxiliary activities consist of the publication and sale of exhibition catalogues and education programs. Revenue related to auxiliary activities is primarily recognized at point of sale.

In-Kind Contributions
In-kind contributions are recorded in the statements of activities as operating support and revenue as well as, in either the related operating expense category, or as property, equipment and leasehold improvements, net, when applicable. In-kind contributions are comprised of building improvements, furniture, fixtures, equipment, and legal and marketing services. Consulting media and subscription services and other services are also included at their fair value when the services would have been purchased if they had not been received as contributions or require specialized skills which are provided by individuals possessing such specialized skills. There were no in-kind contributions in 2023.

Employee Retention Tax Credits
The Employee Retention Tax Credit is a credit that was established by the United States government as a result of impact of the COVID-19 outbreak that enabled eligible employers to obtain a credit for certain federal payroll taxes related to qualifying wages. For the year ending December 31, 2022, the Foundation recorded $1,898,185 as a receivable and other revenue related to credits that were awaiting processing by the Internal Revenue Service and received the funds in July 2023.

Functional and Natural Classification of Expenses
The costs of providing museum programs and supporting services have been summarized in Note 13. Museum program expenses include costs of exhibitions and projects, traveling exhibitions and other, curatorial and collections maintenance, visitor services and auxiliary activities, including cost of sales. Management and general expenses include costs associated with the following departments: director’s office, finance, information technology, legal, global communications and human resources. Depreciation, rent, building maintenance, interest expense, and office services are allocated among the functional expense categories based on square footage used by each department.

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 and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. The most significant estimates include the valuation assumptions associated with investments without readily determinable public markets and net realizable value of contributions receivable. Actual results could differ from those estimates.

Income Tax Status
The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("the Code"), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation's PGC operations are subject to taxation under the Italian Agency of Revenue. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in its financial statements.

3. Investments and Redemptions Receivable

The Foundation's investments are recorded in the financial statements at fair value. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. Investments for which fair value is measured using NAV as a practical expedient are excluded from the hierarchy and have been reported separately within the table below. Fair value accounting standards establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1	Observable inputs using quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access. Market price data is generally obtained from exchange or dealer markets. The Foundation does not adjust the quoted price for such assets and liabilities.
Level 2	Directly or indirectly observable inputs (other than quoted prices in active market) that are measured using quoted prices for identical or similar instruments in markets that are not active or model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.
Level 3	Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities are measured at fair value and are based on one or more of three valuation techniques.

- Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and
- Income approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

In December 2023, the Foundation changed its investment advisor and shifted its investment strategy. Redemption requests were issued for all but certain donor or fund restricted assets. Redemption requests totaling $64,705,256 were issued and $17,995,238 of investment receivables represent redemptions with trade dates on or prior to December 31, 2023 and $46,710,018 of investment redemption receivables are expected to be collected in full subsequent to December 31, 2023. Pending investment purchases totaling $21,800,000 represent cash from redemptions transferred in December 2023 and not credited to a new investment account until January 2024.

The Foundation's investments consisted of the following at December 31, 2023 and 2022:

	2023	2022
Cash	$ 1,218,978	$ 8,734,096
Short-term government bond fund	-	28,010,932
Equity investments:		
Equity securities	1,261,581	4,144,466
Registered mutual funds	23,693,725	10,767,731
Total investments included in fair value hierarchy	26,174,284	51,657,225
Investments measured at NAV	2,569,641	61,643,294
Investment redemption receivables	46,710,018	-
Investment receivables	17,995,238	-
Pending investment purchases	21,800,000	-
Total investments and redemptions receivables	$ 115,249,181	$ 113,300,519

Investment redemption receivables represent estimated proceeds to be received where the Foundation has requested either a full or partial redemption prior to December 31, 2023. The Foundation has elected the fair value option, and as such, redemptions are recorded at NAV. Redemption dates vary with dates extending into 2025.

The following summarizes the investment return and its classification in the statements of activities:

For the year ending December 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Net investment return	$ 1,403,649	$ 9,626,022	$ 11,029,671
Less: Investment income and spending rate included in operating support and revenue	-	(3,569,764)	(3,569,764)
Total investment income included in nonoperating activity	$ 1,403,649	$ 6,056,258	$ 7,459,907

For the year ending December 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Net investment return	$ (1,119,343)	$ (18,389,025)	$ (19,508,368)
Less: Investment income and spending rate included in operating support and revenue	-	(3,664,797)	(3,664,797)
Total investment income included in nonoperating activity	$ (1,119,343)	$ (22,053,822)	$ (23,173,165)

The Foundation's investments that are measured at fair value on a recurring basis at December 31, 2023 and 2022 are as follows:

	Fair Value at December 31, 2023	Quoted Market Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash	$ 1,218,978	$ 1,218,978	$ -	$ -
Equity investments				
Equity securities	1,261,581	1,261,581	-	-
Registered mutual funds	23,693,725	23,693,725	-	-
Total investments included in fair value hierarchy	26,174,284	$ 26,174,284	$ -	$ -
Investments measured at NAV	2,569,641			
Investment redemption receivables	46,710,018			
Investment receivables	17,995,238			
Pending investment purchases	21,800,000			
Total investments and redemptions receivable	$ 115,249,181			

	Fair Value at December 31, 2022	Quoted Market Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash	$ 8,734,096	$ 8,734,096	$ -	$ -
Short-term government bond fund	28,010,932	28,010,932	-	-
Equity investments				
Equity securities	14,912,197	14,912,197	-	-
Total investments included in fair value hierarchy	51,657,225	$ 51,657,225	$ -	$ -
Investments measured at NAV	61,643,294			
Total investments	$ 113,300,519			

Investments measured at NAV represent the fair values of the investments that do not have readily determinable fair values and are determined by the investment managers that are based on estimates that require varying degrees of judgment. The Foundation has performed due diligence on these investments to ensure the NAV is an appropriate measure of fair value as of December 31, 2023 and 2022. Because of the inherent uncertainty of valuing these investments and certain underlying investments, the Foundation's estimate of fair value may differ significantly from the values that would have been used had a ready market for the investments existed.

The following table summarizes the Foundation's investments that are measured at NAV as of December 31, 2023:

Class	Fair Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed income funds (a)	$ 2,569,641	In lock-up (1 fund) - 100%	In lock-up (1 fund) - 100%
Total investments measured at NAV	$ 2,569,641		

The following table summarizes the Foundation's investments that are measured at NAV by category as of December 31, 2022:

Class	Fair Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed income funds (a)	$ 13,855,689	Daily (2 funds) - 44% Monthly (1 fund) - 34% In Liquidation (1 fund) - 3% In lock-up (1 fund) - 19%	30 days (2 funds) - 44% 10 days (1 fund) - 34% In Liquidation (1 fund) - 3% In lock-up (1 fund) - 19%
Equity funds (b)	30,170,941	Daily (5 funds) - 42% Monthly (3 funds) - 30% Quarterly (4 funds) - 28%	1 day (5 funds) - 42% 30 days (1 fund)- 12% 45 days (2 funds) - 18% 45 days (3 funds) - 16% 90 days (1 fund) - 12%
Fund of fund hedge funds (c)	10,003,229	Quarterly (2 funds) - 51% Monthly (1 fund) - 49%	45 days (1 fund) - 29% 95 days (1 fund) - 22% 105 days (1 fund) - 49%
Event/credit arbitrage funds (d)	3,981,457	Quarterly (1 fund) - 100%	60 days (1 fund) - 100%
International funds (e)	3,631,978	Daily (2 funds) - 84% Monthly (1 fund) - 16%	1 day (2 funds) - 84% 90 days (1 fund) - 16%
Total investments measured at NAV	$ 61,643,294		

The following is a brief description of the Foundation's categories for investments measured at NAV:

(a) Includes long and short positions in a broad variety of highly liquid investments that are anticipated to have primarily a fixed income focus, including investments in financial instruments of companies undergoing periods of distress and turnaround. The Orpheus Holdings LTD funds, valued at $165,089 and $370,551 as of December 31, 2023 and 2022, respectively, are currently in liquidation. As of December 31, 2023 the Orpheus Holdings LTD funds are classified as an investment redemption receivable.

(b) Primarily long, concentrated portfolios invested in highly liquid equity securities and large- cap investments.

(c) Highly diversified portfolios of multiple managers. These funds invest across most liquid asset classes and offer low correlations to markets and low volatility.

(d) These funds participate across the capital structure of companies, identifying specific catalysts that will result in valuations which increase over time. Generally, they have low net exposure to the markets.

(e) These funds generally own equities of companies in developed and undeveloped countries listed outside of the United States of America. These funds have a higher beta as a result of their higher net exposure to markets.

At December 31, 2023 and 2022, there was one unfunded commitment in the amount of $802,514.

4. Endowment Funds

The Foundation's endowment consists of 46 individual funds established for a variety of purposes. As required by GAAP, net assets associated with donor-restricted endowment funds, and funds designated by the Board of Trustees to function as endowment funds ("Board Designated"), are classified and reported based on the existence or absence of donor-imposed restrictions.

On September 17, 2010, New York State enacted NYPMIFA, a detailed prudence standard that governs appropriation from endowment funds. Unlike the Uniform Management of Institutional Funds Act ("UMIFA"), NYPMIFA no longer requires organizations to maintain the historic dollar value of endowment funds.

Under NYPMIFA, prudent appropriation of income or appreciation from a fund where the value is less than its historic dollar value is permitted. In particular, NYPMIFA provides that unless a donor expresses a contrary intention in a gift instrument, a charitable institution may appropriate as much of an endowment fund as it "determines is prudent for the uses, benefits, purposes and duration for which the fund is established," without regard for historic dollar value. Consistent with prior law, NYPMIFA retains the requirement that in making any decision to appropriate "the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.

It further provides a requirement that the institution "shall consider, if relevant" the following eight factors in deciding whether or not to appropriate from a fund: (i) the duration and preservation of the endowment fund; (ii) the purposes of the Foundation and the endowment fund; (iii) general economic conditions; (iv) the possible effect of inflation or deflation; (v) the expected total return from income and the appreciation of investments; (vi) other resources of the Foundation; (vii) where appropriate and circumstances would otherwise warrant, alternatives to the expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Foundation; and (viii) the investment policy of the Foundation.

The provisions of NYPMIFA allowing prudent appropriation without regard to historic dollar value apply to funds created after the law's effective date of September 17, 2010. Donors of funds created before that date were given the option to require institutions to continue to observe the historic dollar value restrictions contained in prior law. Some of the Foundation's endowment fund donors elected this option. Moreover, as under prior law, a donor may incorporate specific restrictions in a gift instrument or appropriations that are different from either NYPMIFA or prior law. Certain of the Foundation's funds are governed by such instruments.

Thus, the Foundation has funds that fall into three categories with respect to appropriation:

1) those from which it may prudently appropriate without regard to historic dollar value;

2) those from which it may prudently appropriate current income and appreciation only above historic dollar value; and

3) those from which appropriation is governed by specific instructions in the constitutive gift instrument.

The Foundation's Board of Trustees, after careful consideration of each of the NYPMIFA factors, determined that it would be prudent to appropriate funds from the Foundation's permanent endowment in 2023 and 2022. The Board of the Foundation also approved a Board managed draw up to $14,300,000 in 2023 to cover projected operating deficits.

The Foundation's spending policies are consistent with the Foundation's objectives to use earnings accumulations to support mission-critical programs while preserving capital and ensuring future growth of the endowment. Under these policies, and as approved by the Foundation's Board, the long-term focus of the permanent endowment is to support the Foundation's mission by providing a reliable source of funds for current and future use. The Foundation makes available up to 6% of each eligible fund's allocable portion using a 21-quarter rolling average as of September 30th of the year preceding that which the spend would be appropriated.

Consistent with endowment accounting for not-for-profit organizations for funds subject to an enacted version of UPMIFA, the Foundation classifies as net assets with donor restrictions:

(a) the original value of gifts donated to the permanent endowment,

(b) the original value of subsequent gifts to the permanent endowment,

(c) the net realizable value of future endowment pledge payments, net of applicable discount, and,

(d) earnings accumulations including unrealized appreciation, realized gains, and interest and/or dividend income, net of investment management fees.

For financial reporting purposes, the items described in (d) above are classified as net assets with donor restrictions until the amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by law. Upon appropriation, such amounts are classified as net assets without donor restrictions.

The Foundation's endowments consisted of the following at December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds			
Assets held in perpetuity	$ -	$ 83,244,859	$ 83,244,859
Depreciation	-	(3,978,076)	(3,978,076)
Art fund endowment			
Assets held in perpetuity	-	10,105,000	10,105,000
Appreciation	-	4,254,034	4,254,034
Board designated endowment	24,740,764	6,215,450	30,956,214
Total funds	$ 24,740,764	$ 99,841,267	$ 124,582,031

The Foundation's endowments consisted of the following at December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds			
Assets held in perpetuity	$ -	$ 83,006,222	$ 83,006,222
Depreciation	-	(8,518,500)	(8,518,500)
Term endowment	-	3,836,117	3,836,117
Art fund endowment			
Assets held in perpetuity	-	10,105,000	10,105,000
Appreciation	-	2,982,675	2,982,675
Board designated endowment	25,059,404	6,706,269	31,765,673
Total funds	$ 25,059,404	$ 98,117,783	$ 123,177,187

Largely as a result of unfavorable market fluctuations, the fair value of assets associated with certain donor-restricted endowment funds has fallen below historic dollar value. The aggregate amounts by which fair values were below historic values were $10,682,504 and $13,745,987 as of December 31, 2023 and 2022, respectively.

The Foundation's endowments had the following changes for the years ended December 31, 2023 and 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds, December 31, 2022	$ 25,059,404	$ 98,117,783	$123,177,187
Total investment return	1,214,844	9,570,030	10,784,874
Contributions	3,941,917	2,247,817	6,189,734
Contributions released from restrictions	2,500,000	(2,500,000)	-
Expiration of term endowment	4,024,599	(4,024,599)	-
Board designated draw	(12,000,000)	-	(12,000,000)
Appropriation of endowment assets for expenditure and transfer	-	(3,569,764)	$ (3,569,764)
Endowment funds, December 31, 2023	$ 24,740,764	$ 99,841,267	$124,582,031

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds, December 31, 2021	$ 21,730,446	$112,299,668	$134,030,114
Total investment return	(1,120,678)	(17,120,705)	(18,241,383)
Contributions	4,449,636	6,903,617	11,353,253
Appropriation of endowment assets for expenditure and transfer	-	(3,964,797)	(3,964,797)
Endowment funds, December 31, 2022	$ 25,059,404	$ 98,117,783	$123,177,187

5. Liquidity and Availability of Resources

The Foundation's financial assets that are available to meet cash needs for expenditures within one year of the date of the consolidated statements financial position were as follows:

	2023	2022
Assets Available within one year		
Cash and cash equivalents	$ 25,743,814	$ 22,908,347
Less: Cash reserved for art, security deposits and purpose restricted gifts	(6,349,932)	$ (6,380,620)
Contributions and grants receivable due within one year	5,604,298	8,507,015
Less: Contributions receivable related to permanent endowments	(825,792)	(1,547,015)
Accounts and other receivables	2,978,740	6,716,087
Approved appropriation of endowment funds for expenditure in subsequent year	3,710,152	3,569,764
Approved board designated funds for use in operations in subsequent year	9,200,000	14,000,000
Financial assets available to meet cash needs for general expenditures within one year	$ 40,061,279	$ 47,773,578

In addition to the above assets, the Foundation has additional Board managed funds of $15,739,421 and $11,059,404 in 2023 and 2022, respectively, available for use if needed.

Also, as part of its liquidity management, the Foundation has a committed line of credit in the amount of $5,000,000 of which $2,500,000 was available at both December 31, 2023 and 2022.

6. Contributions and Grants Receivable

Contributions and grants receivable at December 31, 2023 and 2022 are expected to be collected as follows:

	2023	2022
Within 1 year	$ 5,604,298	$ 8,507,015
1 to 5 years	6,875,000	8,780,652
Thereafter	11,000,000	11,150,000
Gross contributions and grants receivable	23,479,298	28,437,667
Less: Discount to present value	(7,884,389)	(8,144,111)
Contributions and grants at net present value	$ 15,594,909	$ 20,293,556

At December 31, 2023 and 2022, $22,841,023 and $25,224,608, respectively, was due from ten individuals, corporations or foundations. The interest rates used to discount contributions receivable to net present value ranged from 2.68% to 7.0%.

7. Property, Equipment and Leasehold Improvements, Net

Property, equipment and leasehold improvements, net, consisted of the following at December 31, 2023 and 2022:

	2023	2022
Land	$ 2,906,643	$ 2,631,849
Buildings and building improvements	102,199,163	101,450,736
Furniture, fixtures and equipment	3,583,121	3,309,709
Leasehold improvements	14,590,925	14,371,307
Construction in progress	3,202,411	2,257,302
Intangible assets	113,228	98,627
	126,595,491	124,119,530
Less: Accumulated depreciation and amortization	(86,297,021)	(81,792,758)
Total property, equipment and leasehold improvements, net	$ 40,298,470	$ 42,326,772

8. Bonds Payable, Net of Discount and Issuance Costs

Bonds payable at December 31, 2023 and 2022 are as follows:

	2023	2022
Series 2022, Taxable Bond	$ 30,000,000	$ 30,000,000
Series 2016A, Bonds	(417,793)	(432,759)
Bond dis Bonds payable	$ 29,582,207	$ 29,567,241

In April 2022, the Foundation issued Series 2022 taxable fixed rate bonds with proceeds totaling $30,000,000 at par with a coupon rate of 4.787%. As part of the transaction, $19,150,000 of the Foundation's 2016 Series A Bonds were redeemed and a loss of $1,632,423 was recognized in the statement of activities. After issuance and other costs, the remaining proceeds of $9,084,937 were used for operating liquidity purposes.

The Foundation is paying interest only on the bonds through January 1, 2052. The Bonds are subject to optional redemption by the Foundation, in whole or in part at any time.

9. Demand and Other Loans Payable

In November of 2018, the Foundation entered into a multi-year agreement with a bank for a revolving line of credit of $5,000,000, which is scheduled to expire in November 2025. Under the terms of the line of credit agreement, the Foundation may borrow funds, as needed. At both December 31, 2023 and 2022, the outstanding amount on the Foundation's line of credit was $2,500,000. Under the terms of the agreement, the Foundation is required to provide semi-annual evidence that it maintains unrestricted liquid assets, as defined by the bank agreement, of at least $5,000,000. The Foundation is compliant with its financial covenant at December 31, 2023 and 2022.

The interest rate charged on amounts borrowed under this credit facility is determined at the Foundation's option as either a) the alternate base rate plus 1.5% or b) the adjusted Secured Overnight Financing Rate ("SOFR") rate plus 1.5%. Effective May 31, 2023, the LIBOR rate was replaced with the SOFR rate.

10. Net Assets

At December 31, 2023 and 2022, net assets were available for the following purposes:

	2023	2022
Net assets with donor restrictions		
Subject to time or purpose restrictions		
Restricted by time	$ 10,206,986	$ 16,065,285
Restricted for purpose	-	-
Exhibitions, conservation, education and other	7,930,321	7,688,672
Art purchases and the direct care of the collection	2,645,545	4,840,222
Time or purpose restricted	20,782,852	28,594,179
Held in perpetuity		
Art collection	1	1
Land	833,030	833,030
Education	18,997,579	17,671,636
Curatorial chair	4,537,048	4,537,048
Art	10,105,000	10,105,000
Conservation	14,002,007	14,002,006
Publications	1,200,000	1,200,000
Exhibitions	5,550,000	5,550,000
General operations support	34,966,688	34,446,689
Amounts required to be held in perpetuity	90,191,353	88,345,410
Total net assets with donor restrictions	110,974,205	116,939,589
Net assets without donor restrictions		
General operations	(18,839,233)	(21,078,643)
Board designated	24,740,764	25,059,404
Total net assets without donor restrictions	5,901,531	3,980,761
Total net assets	$116,875,736	$120,920,350

Net assets released from net assets with donor restrictions are as follows:

	2023	2022
Endowment spending	$ -	$ 3,664,797
Term endowment	4,024,599	-
General support	10,412,686	7,022,864
Exhibitions and projects	1,186,481	767,440
Collection items purchased and direct care of the collection	5,039,103	3,231,697
	$ 20,662,868	$ 14,686,798

In 2023, the Foundation changed the manner in which it presents endowment spending in the statement of activities. Endowment spending was $3,569,764 for the year ended December 31, 2023.

11. Defined Contribution Retirement Plan

The Foundation has a defined contribution retirement plan to cover all eligible employees, established under Section 403(b) of the Code. For the 2023 and 2022 plan years, the Foundation accrued a contribution equal to 3% of each eligible participant's eligible gross wages and matched 50% of the first 5% of base pay voluntarily contributed to the plan by eligible participants, up to a maximum of 2.5% of compensation. In 2023, the Foundation amended the plan to a) make a discretionary annual nonelective contribution for all eligible employees who have completed ten or more years of service and b) to make a matching and discretionary nonelective contribution, on a pro-rated basis, for employees who terminated employment with the Foundation after July 1st of each calendar year. The Foundation accrues the contributions as of December 31 of each calendar year and makes the payment before January 31st of the succeeding calendar year. During 2023 and 2022, the Foundation recorded expenses of $1,019,101 and $777,353, respectively.

12. Deferred Compensation

Under Italian law, deferred compensation accrues in favor of employees which they (or in the event of their death, their heirs) are entitled to collect upon termination of employment. The amount payable related to each year's service is calculated based on the remuneration of each year and will be subject to annual revaluation based on increases in the Italian cost of living index. Accrued severance payable in association with PGC's employees as of December 31, 2023 and 2022 is $1,910,707 and $1,716,443 respectively.

13. Functional and Natural Classification of Expenses

Expenses by functional classification for the years ended December 31, 2023 and 2022 are shown below. Depreciation, interest expense, benefits and special events expense and interest and fees relating to debt service, which are not allocated by function on the statements of activities, are allocated as outlined below.

The following table summarizes the Foundation's functional expense allocation for the year ended December 31, 2023:

	Programming Costs						Supporting Costs		
Natural Classification	**Exhibitions Projects**	**Traveling Exhibitions**	**Curatorial Collection Maintenance**	**Visitor Services**	**Education**	**Auxiliary**	**Management and General**	**Fundraising**	**Total**
Salaries and benefits	$ 1,878,731	$ 1,525,839	$ 10,290,550	$ 5,259,943	$ 3,660,799	$ 1,401,609	$ 11,045,778	$ 3,224,535	$ 38,287,784
Occupancy	3,809,621	194,254	3,756,749	293,132	438,514	601,477	2,406,438	375,644	11,875,829
Professional fees	561,027	3,156,734	288,025	1,199,221	360,523	89,036	3,133,718	437,595	9,225,879
Cost of goods	-	-	-	-	-	912,283	-	-	912,283
Art shipping and crating	1,810,518	112,495	258,992	-	13,895	-	43,224	9,212	2,248,336
Travel and entertainment	214,718	631,834	53,063	12,862	42,122	11,690	164,012	235,163	1,365,464
Supplies	811,604	9,666	120,600	62,677	120,349	96,746	284,409	59,881	1,565,932
Advertising	148,588	-	-	-	26,135	5,124	883,789	19,841	1,083,477
Other costs	302,399	200,844	309,802	599,040	343,132	615,694	3,019,250	518,428	5,908,589
Total operating expenses	9,537,206	5,831,666	15,077,781	7,426,875	5,005,469	3,733,659	20,980,618	4,880,299	72,473,573
Depreciation	1,418,438	-	1,351,061	78,578	162,211	468,729	684,099	148,803	4,311,919
Interest and fees	547,427	-	619,506	36,616	65,527	85,999	202,393	61,795	1,619,263
Benefits and special events, expense	14,696	-	-	-	45,305	-	520,619	1,227,259	1,807,879
Total other costs	1,980,561	-	1,970,567	115,194	273,043	554,728	1,407,111	1,437,857	7,739,061
Total allocated costs	$ 11,517,767	$ 5,831,666	$ 17,048,348	$ 7,542,069	$ 5,278,512	$ 4,288,387	$ 22,387,729	$ 6,318,156	$ 80,212,634

The following table summarizes the Foundation's functional expense allocation for the year ended December 31, 2022:

	Programming Costs						Supporting Costs		
Natural Classification	**Exhibitions Projects**	**Traveling Exhibitions**	**Curatorial Collection Maintenance**	**Visitor Services**	**Education**	**Auxiliary**	**Management and General**	**Fundraising**	**Total**
Salaries and benefits	$ 2,150,291	$ 988,553	$ 9,347,181	$ 4,311,475	$ 3,208,501	$ 1,672,922	$ 8,469,489	$ 3,090,027	$ 33,238,439
Occupancy	3,816,049	114,802	3,804,395	268,140	457,419	700,615	2,391,786	415,935	11,969,141
Professional fees	636,220	1,181,023	468,854	1,059,073	530,039	123,407	2,231,431	395,372	6,625,419
Cost of goods	-	-	-	-	-	976,864	-	-	976,864
Art shipping and crating	1,023,420	135,437	135,038	-	-	3,096	-	4,159	1,301,150
Travel and entertainment	192,706	209,160	211,228	9,546	70,346	5,743	523,066	253,074	1,474,869
Supplies	325,743	12,032	136,162	103,686	144,561	79,172	352,195	81,083	1,234,634
Advertising	89,649	-	-	-	37,084	3,594	895,270	31,397	1,056,994
Other costs	734,278	141,923	436,488	520,115	271,808	48,551	3,372,200	463,702	5,989,065
Total operating expenses	8,968,356	2,782,930	14,539,345	6,272,035	4,719,758	3,613,964	18,235,438	4,734,749	63,866,575
Depreciation	1,457,077	-	1,391,391	80,924	167,053	457,145	673,609	153,246	4,380,445
Interest and fees	435,149	-	492,444	29,106	52,087	68,360	160,882	49,121	1,287,149
Benefits and special events, expense	1,980	-	-	-	74,667	-	701,727	1,836,119	2,614,493
Total other costs	1,894,206	-	1,883,835	110,030	293,807	525,505	1,536,218	2,038,486	8,282,087
Total allocated costs	$ 10,862,562	$ 2,782,930	$ 16,423,180	$ 6,382,065	$ 5,013,565	$ 4,139,469	$ 19,771,656	$ 6,773,235	$ 72,148,662

14. Leases

The Foundation leases office and storage space where certain leases are non-cancellable agreements, for which related right-of use assets and lease liabilities have been recorded in the statements of financial position. The Foundation's operating lease for administrative office space at One Liberty Plaza in New York is its most significant lease. The term of such lease is 15 years, with an optional extension provision and as of December 31, 2023, there are 106 months remaining on the lease.

Management considers various factors such as market conditions and the terms of any renewal options that may exist to determine whether to renew or replace a lease. For leases in place as of December 31, 2023 renewals were considered in determining minimum lease payments as they are reasonably certain to be exercised.

Lease payments that impact operating cash flows during 2023 and 2022 were $3,924,974 and $3,682,458, respectively.

Rent expense, including taxes and operating expenses, included within the statements of activities for 2023 and 2022 amounted to $3,473,406 and $3,494,562 respectively.

The following table reconciles the undiscounted cash flows expected to be paid in each of the next five years and thereafter to the lease liability recorded on the statement of financial position for operating leases existing as of December 31, 2023:

	Operating Leases
Year Ending December 31,	
2024	$ 3,987,722
2025	3,714,366
2026	3,814,050
2027	4,024,308
2028	3,333,778
Thereafter	14,452,739
Total minimum lease commitments	33,326,963
Less imputed interest	(8,511,748)
Present value of lease liability	$ 24,815,215

15. Commitments and Contingences

In January 2023, the Foundation was sued in New York State court by claimants who are contesting the Foundation's ownership of Picasso's *Woman Ironing* (1904). In June, 2024 the Supreme Court of the State of New York, County of New York, dismissed the case.

16. Subsequent Events

The Foundation performed an evaluation of subsequent events through June 26, 2024, which is the date the financial statements are issued.