



**THE NEW-YORK HISTORICAL SOCIETY**

Financial Statements and Schedule

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)



**KPMG LLP**  
New Jersey Headquarters  
51 John F. Kennedy Parkway  
Short Hills, NJ 07078-2702

## **Independent Auditors' Report**

The Board of Trustees  
The New-York Historical Society:

We have audited the accompanying financial statements of The New-York Historical Society (the Society), which comprise the balance sheets as of June 30, 2015 and 2014, and 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 The New-York Historical Society as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



***Other Matter***

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**KPMG LLP**

December 18, 2015

**THE NEW-YORK HISTORICAL SOCIETY**

Balance Sheets

June 30, 2015 and 2014

<b>Assets</b>	<b>2015</b>	<b>2014</b>
Cash and cash equivalents	\$ 3,914,456	18,508,399
Prepaid expenses	2,321,674	2,470,858
Other assets	695,158	627,256
Contributions and grants receivable (note 8)	14,527,289	8,785,609
Investments (note 4)	49,285,225	51,940,194
Fixed assets, net (note 5)	73,601,999	77,656,544
Collections (note 2 (d))	—	—
Total assets	\$ 144,345,801	159,988,860
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,867,659	3,107,389
Deferred revenue	744,132	1,469,055
Asset retirement obligation (note 10)	2,767,872	2,763,373
Total liabilities	7,379,663	7,339,817
Commitments (notes 6, 11 and 13)		
Net assets:		
Unrestricted (note 12):		
Available for operations	383,562	354,736
Available for nonoperating projects	3,481,314	7,348,282
Designated for fixed assets	63,176,102	72,304,415
Total unrestricted	67,040,978	80,007,433
Temporarily restricted (notes 9 and 12)	35,646,707	42,893,836
Permanently restricted (notes 9 and 12)	34,278,453	29,747,774
Total net assets	136,966,138	152,649,043
Total liabilities and net assets	\$ 144,345,801	159,988,860

See accompanying notes to financial statements.

**THE NEW-YORK HISTORICAL SOCIETY**

Statement of Activities

Year ended June 30, 2015

(with comparative summarized totals for the year ended June 30, 2014)

**2015**

	<b>Available for operations</b>	<b>Unrestricted Available for nonoperating projects and designated for fixed assets</b>	<b>Total</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>	<b>Total 2014</b>
Revenue, gains, and other support:							
Private contributions and grants	\$ 5,015,648	—	5,015,648	12,317,329	4,530,679	21,863,656	29,052,057
Government grants	212,048	—	212,048	320,610	—	532,658	1,319,003
Special events, net of expenses of \$713,992	4,164,424	—	4,164,424	—	—	4,164,424	4,966,100
Membership	991,560	—	991,560	—	—	991,560	917,107
Admissions	1,680,394	—	1,680,394	—	—	1,680,394	1,729,324
Fees and other	2,205,712	54,781	2,260,493	—	—	2,260,493	2,453,083
Auxiliary activities	2,818,506	—	2,818,506	—	—	2,818,506	2,461,120
Net investment return (notes 4 and 12)	2,506,858	(325,752)	2,181,106	(2,207,992)	—	(26,886)	7,067,656
	<u>19,595,150</u>	<u>(270,971)</u>	<u>19,324,179</u>	<u>10,429,947</u>	<u>4,530,679</u>	<u>34,284,805</u>	<u>49,965,450</u>
Net assets released from restrictions	5,024,153	12,652,923	17,677,076	(17,677,076)	—	—	—
Total revenue, gains, and other support	<u>24,619,303</u>	<u>12,381,952</u>	<u>37,001,255</u>	<u>(7,247,129)</u>	<u>4,530,679</u>	<u>34,284,805</u>	<u>49,965,450</u>
Expenses:							
Program services:							
Library services	4,921,180	674,904	5,596,084	—	—	5,596,084	5,143,867
Museum programs and exhibitions	9,359,937	21,999,795	31,359,732	—	—	31,359,732	13,090,718
Public and education programs	4,104,938	1,039,970	5,144,908	—	—	5,144,908	4,980,413
Auxiliary activities	2,145,239	1,264,107	3,409,346	—	—	3,409,346	3,270,058
Total program services	<u>20,531,294</u>	<u>24,978,776</u>	<u>45,510,070</u>	<u>—</u>	<u>—</u>	<u>45,510,070</u>	<u>26,485,056</u>
Supporting services:							
Management and general	2,679,753	114,539	2,794,292	—	—	2,794,292	2,788,358
Development	1,379,430	283,918	1,663,348	—	—	1,663,348	1,434,763
Total supporting services	<u>4,059,183</u>	<u>398,457</u>	<u>4,457,640</u>	<u>—</u>	<u>—</u>	<u>4,457,640</u>	<u>4,223,121</u>
Total expenses	<u>24,590,477</u>	<u>25,377,233</u>	<u>49,967,710</u>	<u>—</u>	<u>—</u>	<u>49,967,710</u>	<u>30,708,177</u>
Increase (decrease) in net assets	28,826	(12,995,281)	(12,966,455)	(7,247,129)	4,530,679	(15,682,905)	19,257,273
Net assets at beginning of year	354,736	79,652,697	80,007,433	42,893,836	29,747,774	152,649,043	133,391,770
Net assets at end of year	\$ <u>383,562</u>	<u>66,657,416</u>	<u>67,040,978</u>	<u>35,646,707</u>	<u>34,278,453</u>	<u>136,966,138</u>	<u>152,649,043</u>

See accompanying notes to financial statements.

**THE NEW-YORK HISTORICAL SOCIETY**

Statement of Activities

Year ended June 30, 2014

(with comparative summarized totals for the year ended June 30, 2013)

**2014**

	<b>Unrestricted</b>					
	<b>Available for</b>	<b>Available for</b>	<b>Total</b>	<b>Temporarily</b>	<b>Permanently</b>	
	<b>operations</b>	<b>nonoperating</b>		<b>restricted</b>	<b>restricted</b>	
		<b>projects and</b>				
		<b>designated for</b>				
		<b>fixed assets</b>				
					<b>Total</b>	
Revenue, gains, and other support:						
Private contributions and grants	\$ 4,838,660	—	4,838,660	20,086,862	4,126,535	29,052,057
Government grants	247,485	—	247,485	1,071,518	—	1,319,003
Special events, net of expenses of \$666,667	4,966,100	—	4,966,100	—	—	4,966,100
Membership	917,107	—	917,107	—	—	917,107
Admissions	1,729,324	—	1,729,324	—	—	1,729,324
Fees and other	2,386,646	66,437	2,453,083	—	—	2,453,083
Auxiliary activities	2,461,120	—	2,461,120	—	—	2,461,120
Net investment return (note 4)	2,277,454	416,721	2,694,175	4,373,481	—	7,067,656
	<u>19,823,896</u>	<u>483,158</u>	<u>20,307,054</u>	<u>25,531,861</u>	<u>4,126,535</u>	<u>49,965,450</u>
Net assets released from restrictions	3,814,328	2,007,989	5,822,317	(5,822,317)	—	—
Total revenue, gains, and other support	<u>23,638,224</u>	<u>2,491,147</u>	<u>26,129,371</u>	<u>19,709,544</u>	<u>4,126,535</u>	<u>49,965,450</u>
Expenses:						
Program services:						
Library services	4,368,418	775,449	5,143,867	—	—	5,143,867
Museum programs and exhibitions	9,456,187	3,634,531	13,090,718	—	—	13,090,718
Public and education programs	3,846,144	1,134,269	4,980,413	—	—	4,980,413
Auxiliary activities	1,971,077	1,298,981	3,270,058	—	—	3,270,058
Total program services	<u>19,641,826</u>	<u>6,843,230</u>	<u>26,485,056</u>	<u>—</u>	<u>—</u>	<u>26,485,056</u>
Supporting services:						
Management and general	2,712,637	75,721	2,788,358	—	—	2,788,358
Development	1,243,069	191,694	1,434,763	—	—	1,434,763
Total supporting services	<u>3,955,706</u>	<u>267,415</u>	<u>4,223,121</u>	<u>—</u>	<u>—</u>	<u>4,223,121</u>
Total expenses	<u>23,597,532</u>	<u>7,110,645</u>	<u>30,708,177</u>	<u>—</u>	<u>—</u>	<u>30,708,177</u>
Increase (decrease) in net assets	40,692	(4,619,498)	(4,578,806)	19,709,544	4,126,535	19,257,273
Net assets at beginning of year	314,044	84,272,195	84,586,239	23,184,292	25,621,239	133,391,770
Net assets at end of year	\$ <u>354,736</u>	<u>79,652,697</u>	<u>80,007,433</u>	<u>42,893,836</u>	<u>29,747,774</u>	<u>152,649,043</u>

See accompanying notes to financial statements.

**THE NEW-YORK HISTORICAL SOCIETY**

Statements of Cash Flows

Years ended June 30, 2015 and 2014

	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (15,682,905)	19,257,273
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Contributions and grants restricted for capital expenditures	(9,164,982)	(3,119,616)
Contributions and grants restricted for permanently restricted endowment	(4,530,679)	(4,126,535)
Contributions and grants restricted for collection acquisitions	(171,665)	(10,237,000)
Collection acquisitions	12,610,438	54,965
Depreciation and amortization	6,259,076	5,833,495
Loss on write-off of fixed assets	5,627,628	—
Accretion of asset retirement obligation	4,499	117,000
Net realized and unrealized losses (gains) on investments	197,973	(6,905,871)
Changes in operating assets and liabilities:		
Prepaid expenses	149,184	(62,681)
Contributions and grants receivable, net of amounts classified as financing activities	1,304,980	(2,358,628)
Other assets	(67,902)	496,791
Accounts payable and accrued expenses	272,198	106,356
Deferred revenue	(724,923)	872,835
Net cash used in operating activities	(3,917,080)	(71,616)
Cash flows from investing activities:		
Proceeds from sales of investments	16,009,781	17,190,854
Purchases of investments	(13,552,785)	(22,031,237)
Change in accounts payable related to construction	488,072	67,532
Collection acquisitions	(12,610,438)	(54,965)
Fixed asset additions	(7,832,159)	(2,717,731)
Net cash used in investing activities	(17,497,529)	(7,545,547)
Cash flows from financing activities:		
Collection of contributions restricted for collection acquisitions	177,665	10,237,000
Collection of contributions restricted for capital expenditures	4,477,042	4,118,334
Collection of contributions and grants restricted for permanently restricted endowment	2,165,959	4,968,035
Net cash provided by financing activities	6,820,666	19,323,369
Net (decrease) increase in cash and cash equivalents	(14,593,943)	11,706,206
Cash and cash equivalents at beginning of year	18,508,399	6,802,193
Cash and cash equivalents at end of year	\$ 3,914,456	18,508,399

See accompanying notes to financial statements.

# THE NEW-YORK HISTORICAL SOCIETY

## Notes to Financial Statements

June 30, 2015 and 2014

### (1) Organization

The New-York Historical Society (the Society), founded in 1804, is organized as a not-for-profit institution to collect, preserve, and interpret historical artifacts, American art and other materials documenting the history of the United States as seen through the prism of New York City and State. The Society's mission is to make its library and museum collections accessible to the broadest possible public through exhibitions, student and teacher education programs, adult public programs, and scholarly research. For more information, see the Society's Web site at [www.nyhistory.org](http://www.nyhistory.org).

### (2) Summary of Significant Accounting Policies

The Society's financial statements have been prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board (FASB) for external financial reporting by not-for-profit organizations. All contributions are considered to be available for unrestricted use unless specifically restricted by donor or by law. Other significant accounting policies are as follows:

#### (a) Basis of Presentation

The Society's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are classified and reported as follows:

*Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations or law.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations or law that will be met either by actions of the Society and/or the passage of time.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities, except gains and losses on investments of temporarily restricted net assets, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions, including unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions.



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Notes to Financial Statements

June 30, 2015 and 2014

**(b) Depreciation and Amortization of Fixed Assets**

Fixed assets are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 100 years.

	<u>Years</u>
Buildings (fully depreciated)	50–100
Building improvements	5–35
Equipment, furniture, and fixtures	5–10
Long-term exhibitions	5–20

**(c) Exhibitions**

The Society's museum presents both short-term and long-term exhibitions. The Society reports all costs of creating and building short-term exhibitions as prepaid expenses until the exhibitions open for public viewing. At that time all accumulated costs are recognized as operating expenses. Additional costs of maintaining and dismantling these exhibitions are recognized as operating expenses as incurred.

For long-term exhibitions, the Society capitalizes the costs of creating and building the exhibitions as fixed assets and depreciates the accumulated costs over the estimated lives of the exhibitions. Periodic costs of maintaining long-term exhibitions are treated as operating costs as incurred.

**(d) Collections**

Collections are not capitalized in the Society's financial statements. Collections, including library holdings, are held for public exhibition, education, and research. The Society's Board of Trustees (the Board) has adopted a policy whereby any proceeds from the sale of collection items can be utilized only for acquisitions, direct care (e.g. conservation, preservation, rehousing or storage) processing and/or cataloging of the collections and collections management.

**(e) Inventory**

Inventory is stated at the lower of cost or net realizable value with cost determined on a weighted average basis.

**(f) Investments**

Investments in publically traded securities and mutual funds are stated at fair value based upon quoted market prices. The reported values of investments in limited partnerships are based on net asset values provided by the fund managers based upon the underlying net assets of the funds as a practical expedient in determining fair value. These values are reviewed and evaluated by management.

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### Notes to Financial Statements

June 30, 2015 and 2014

#### (g) *Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy is used for measuring fair value measurements based on the observable inputs to the valuation of an asset and liability at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1     Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Society has the ability to access at the measurement date.
- Level 2     Inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3     Inputs that are unobservable. These prices are supported by little or no market activity and the unobservable inputs are significant to the fair value of the asset or liabilities.

The Society elected to early adopt Accounting Standards Update No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share or its equivalent as a practical expedient and removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The Society applied the provisions of the update retrospectively to 2014.

At June 30, 2015 and 2014, the carrying amount of the Society's contribution and grants receivable, accounts payable and accrued expenses, and asset retirement obligation approximates fair value. The estimated fair values involve unobservable inputs considered to be Level 3 in the fair value hierarchy. The fair value and hierarchy of the Society's investment are disclosed in note 4.

#### (h) *Cash and Cash Equivalents*

The Society considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents, except for those short-term instruments included in the endowment. In addition, donor-restricted funds of approximately \$942,000 and \$324,000 are held in separate accounts at June 30, 2015 and 2014, respectively.

#### (i) *Use of Estimates*

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

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## Notes to Financial Statements

June 30, 2015 and 2014

results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets; the valuation of fixed assets, inventory, investments, contributions receivable, asset retirement obligation; and reserves for other contingencies.

**(j) Tax Status**

The Society is a not-for-profit organization, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) for related activities. Contributions to it are tax deductible by donors as prescribed by the Code. In addition, the Society is tax-exempt from state and local income tax for related activities, property taxes, and sales tax. During the years ended June 30, 2015 and 2014, the Society was not subject to unrelated business income taxes. The Society recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Society has evaluated its tax positions and has determined that it is more likely than not that there are no significant uncertain tax positions and that it will continue to be exempt from taxes.

**(k) Reclassifications**

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 presentation.

**(3) Unrestricted Statement of Activities**

The statement of activities distinguishes between revenues and expenses available for operations and designated for fixed assets and nonoperating projects. Operating activities are those designated by management for standard mission activities of the Society and are monitored by the annual operating-budget process. Nonoperating projects include, but are not limited to, unrestricted net assets invested in fixed assets, activity related to collection acquisitions funded through contributions and/or restricted endowment earnings, insurance proceeds and damages related to unusual situations and unrestricted contributions and grants designated by the Board for special projects, net of any deficit of earnings on the Society's endowment.

**THE NEW-YORK HISTORICAL SOCIETY**

Notes to Financial Statements

June 30, 2015 and 2014

**(4) Investments and Investment Returns**

The cost and fair value of the Society's investments at June 30, 2015 and 2014 consist of the following:

	2015		2014	
	Cost	Fair value	Cost	Fair value
Cash equivalents	\$ 2,357,378	2,357,378	6,525,142	6,525,142
Equity securities:				
Domestic	6,306,723	9,112,633	6,859,122	9,451,938
International	1,351,771	1,551,577	503,207	629,498
Publicly traded mutual funds:				
Equity	7,091,468	5,513,150	6,950,124	6,265,468
Fixed income	4,069,067	4,111,150	4,007,327	4,059,730
	<u>21,176,407</u>	<u>22,645,888</u>	<u>24,844,922</u>	<u>26,931,776</u>
Alternative investments	<u>20,650,000</u>	<u>26,639,337</u>	<u>16,650,000</u>	<u>25,008,418</u>
	<u>\$ 41,826,407</u>	<u>49,285,225</u>	<u>41,494,922</u>	<u>51,940,194</u>

The following table presents the Society's fair value hierarchy for those assets measured at fair value as of June 30, 2015 and 2014:

	2015	2014
Level 1 Investments:		
Cash and cash equivalents	\$ 2,357,378	6,525,142
Equity securities:		
Domestic	9,112,633	9,451,938
International	1,551,577	629,498
Mutual funds:		
Equity – global international	5,513,150	6,265,468
Fixed income	4,111,150	4,059,730
	<u>22,645,888</u>	<u>26,931,776</u>
Investments measured at net asset value (or its equivalent)	<u>26,639,337</u>	<u>25,008,418</u>
Total investments	<u>\$ 49,285,225</u>	<u>51,940,194</u>

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Notes to Financial Statements

June 30, 2015 and 2014

The limitations and restrictions on the Society's ability to redeem or sell its alternative investments vary by investment and ranges from required notice periods to specified terms at inception. Based on the terms and conditions in effect at June 30, 2015, the Society's alternative investments can be redeemed or sold as follows:

Quarterly redemption with 30 days' notice	\$	6,470,131
Quarterly redemption with 90 days' notice		3,107,515
On September 30 with 45 days' notice		2,708,555
Payout over 3 quarters after 87 days' notice		2,669,408
Payout over 3 quarters after 60 days' notice		3,343,424
Biannual redemption with 90 days' notice		2,764,557
Redemption in 1–2 years		3,345,145
Redemption in 1–3 years		2,230,602
		26,639,337
	\$	26,639,337

For the years ended June 30, 2015 and 2014, net investment returns consist of returns as follows:

	<b>2015</b>	<b>2014</b>
Returns by fund category:		
On nonendowment cash and cash equivalents:		
Interest and dividends	\$ 3,165	6,013
	3,165	6,013
On endowment investments:		
Interest and dividends	288,928	298,969
Net realized gains	2,788,481	2,012,761
Net unrealized (losses) gains	(2,986,454)	4,893,110
	90,955	7,204,840
Less investment management fees	(121,006)	(143,197)
	(30,051)	7,061,643
Net investment return	\$ (26,886)	7,067,656
	(26,886)	7,067,656

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Notes to Financial Statements

June 30, 2015 and 2014

**(5) Fixed Assets**

At June 30, 2015 and 2014, fixed assets, at cost, consist of the following:

	<b>2015</b>	<b>2014</b>
Land	\$ 684,664	684,664
Building and building improvements	82,578,001	82,589,948
Long-term exhibitions	18,221,151	23,477,461
Equipment, furniture, and fixtures	7,576,347	7,422,593
Leasehold improvements	482,644	482,644
	109,542,807	114,657,310
Less accumulated depreciation and amortization	(43,774,947)	(39,544,880)
	65,767,860	75,112,430
Construction in progress	7,834,139	2,544,114
	\$ 73,601,999	77,656,544

Fixed assets include the costs of creating several long-term exhibitions or projects. These include the Society's fourth floor open-storage exhibition space (through late 2014), a children's museum, history film, main lobby installations and a new, recurring exhibition related to the Society's toy and train collection acquired in July 2014.

In 2014, the Society has begun a new capital project to revise its fourth-floor open-storage exhibition, which had been completed in 2001. In connection with this project, in late 2014 the Society dismantled the 4th floor exhibition, writing off \$5,627,628 of net long-term exhibitions. This amount is included in museum programs and exhibition expense in the nonoperating projects column of the Statement of Activities. Since the inception of this project, \$7,228,906 of new costs have been incurred for the creation of several new exhibition spaces on the fourth floor. These costs are included in Construction in Progress as of June 30, 2015.

Included in fixed assets are \$18.8 million of expenditures before accumulated depreciation funded by the City of New York (the City) under four completed construction contracts over the period from 1996 to 2006 and approximately \$20.8 million of expenditures funded by the City under additional construction contracts, which started in 2009. The remaining balances under these additional construction contracts aggregate approximately \$247,000 and are included in contributions and grants receivable (note 8). In fiscal 2014, the City reported making \$324,162 of expenditures for these contracts. The undepreciated balances of fixed assets supported by the City funding at June 30, 2015 and 2014 were \$25.1 million and \$28.7 million, respectively. These amounts are reported as unrestricted net assets designated for fixed assets.

In connection with funding under the City contracts, the Society entered into a mortgage (the Mortgage) with the City in 1996 which was amended in 1998 and 2009. The Mortgage, as amended, requires the Society to complete the improvements within the terms and conditions of the contracts, and requires that for periods as specified in the Mortgage, as amended, the Society continue to own and use its premises for a historical society, museum, gallery, and library or other ancillary uses as otherwise permitted under the Mortgage. During the Mortgage term, the Society shall not sell, assign, lease, license, or otherwise convey all or any

# THE NEW-YORK HISTORICAL SOCIETY

## Notes to Financial Statements

June 30, 2015 and 2014

portion of the premises, except as otherwise permitted under the Mortgage. It is management's intention to comply with all of the Society's obligations under the Mortgage, after which the Mortgage will, by its terms, be discharged and satisfied without any payment by the Society to the City. Accordingly, the mortgage is not included as a liability in the Society's balance sheets.

### (6) Operating Leases

In October 2014, the Society extended its operating lease for warehouse storage space in New Jersey to November 30, 2019. Base rent payments for the each of the years ended June 30, 2015 and 2014 were \$78,719 and \$73,000, respectively.

Future minimum rentals under the noncancelable operating lease as of June 30, 2015 are as follows:

Year ending:	Amount
June 30, 2016	85,441
June 30, 2017	87,150
June 30, 2018	88,893
June 30, 2019	37,344
	<u>\$ 298,828</u>

### (7) Pension Plans

After one year and having completed 1,000 hours of continuous service and attaining age 21, all employees, except union security guards (see below) are covered by the Society's defined contribution, noncontributory, single-employer pension plan administered by TIAA/CREF. Contributions for eligible nonunion employees were 7.5% of compensation paid under the Social Security cap and 10% of compensation paid over the Social Security cap. Employees covered by a union contract with United Auto Workers received 7.5% of an employee's compensation. Pension costs are funded as accrued and the employee is immediately vested. Total costs for the Society's TIAA/CREF plan were \$627,264 and \$632,792 for the years ended June 30, 2015 and 2014, respectively. The Society filed Form 5500 and the supporting audited financial statements for the plan years ended December 31, 2014 and 2013.

Most of the Society's security guards are members of the Allied International Union and are covered by a defined benefit, noncontributory, multiemployer pension plan administered by the Allied International Union – Allied Security Pension Fund, EID # 11-2528660, Plan # 001. Based on information received from the union's staff, the plan's Pension Protection Act zone status was green and the liabilities were fully funded at December 31, 2014. The Society contributed \$85 per month for each covered employee. Total costs for the Allied pension plan were \$12,835 and \$11,910 for the years ended June 30, 2015 and 2014, respectively. The union filed Form 5500 and the supporting audited financial statements for the plan years ended December 31, 2014 and 2013.

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Notes to Financial Statements

June 30, 2015 and 2014

**(8) Contributions and Grants Receivable**

At June 30, 2015 and 2014, contributions and grants receivable consist of the following:

	<b>2015</b>	<b>2014</b>
For nonoperating projects	\$ 8,896,046	3,671,106
For permanently restricted endowments	2,870,220	460,000
For operating projects	4,519,023	5,768,003
Total contributions and grants receivable	16,285,289	9,899,109
Less:		
Discount to present value (at discount rates ranging from 0.15% to 1.63%)	(198,000)	(63,500)
Allowance for doubtful accounts	(1,560,000)	(1,050,000)
	\$ 14,527,289	8,785,609

Contributions and grants receivable at June 30, 2015 are expected to be collected in the following fiscal years:

2016	\$ 9,749,316
2017	2,503,421
2018	1,703,421
2019	1,703,421
2020	482,858
2021	142,852
Total	\$ 16,285,289

As of June 30, 2015 and 2014, approximately 35% and 58% of gross contributions and grants receivable were due from five donors.

**(9) Temporarily Restricted and Permanently Restricted Net Assets**

Temporarily restricted net assets at June 30, 2015 and 2014 were available for the following projects:

	<b>2015</b>	<b>2014</b>
Library services	\$ 2,105,905	2,078,204
Museum programs and exhibitions	931,293	2,232,703
Public and education programs	1,288,401	2,026,128
Collection acquisition	342,282	12,828,662
Capital projects (a)	13,010,824	3,895,843
2010 fund (note 12)	16,391,340	17,223,715
Future periods	1,576,662	2,608,581
Total	\$ 35,646,707	42,893,836



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Notes to Financial Statements

June 30, 2015 and 2014

- (a) Temporarily restricted net assets for renovation projects at June 30, 2015 included \$7,624,096 capitalized as construction in progress.

The investment income earned on the balances of the permanently restricted net assets is restricted to the following uses as of June 30, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
Library services	\$ 2,507,805	1,007,805
Museum programs and exhibitions	4,715,500	4,715,500
Public and education programs	10,645,552	8,542,374
Collection acquisition	230,100	230,100
General operating	16,179,496	15,251,995
Total	\$ 34,278,453	29,747,774

**(10) Asset Retirement Obligation**

In accordance with the FASB guidance on Accounting for Conditional Asset Retirement Obligations, organizations must accrue for costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets. In 2006, management identified asbestos abatement as a conditional asset retirement obligation and estimated that the cost of remediation was \$2,750,000 and, since that time, has increased the liability by current inflation rates. In keeping with this policy, the liability was increased \$4,499 and \$117,000 during the years ended June 30, 2015 and 2014, representing inflation factors of 0.16% and 4.4%, respectively.

**(11) Line of Credit**

During the years ended June 30, 2015 and 2014, the Society had a \$2 million line of credit (the LOC) available with a financial institution. Borrowings under the LOC can be used for the normal short-term working capital needs of the Society and bear interest at LIBOR. The LOC in effect on June 30, 2015 expires on March 6, 2016. The Society did not borrow on the line in the years ended June 30, 2015 and June 30, 2014. As of June 30, 2015 and 2014, there were no outstanding borrowings on the line.

**(12) Endowment**

At June 30, 2015, the Society's endowment fund consists of approximately 40 individual donor-restricted funds, a fund established by agreements with the Attorney General of the State of New York, a Board-Designated fund and the accumulated, unused returns on the fund's investment assets, net of any deficit of these returns.

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Notes to Financial Statements

June 30, 2015 and 2014

The endowment fund net assets as of June 30, 2015 and 2014 were as follows:

	<b>June 30</b>	
	<b>2015</b>	<b>2014</b>
Contributions and grants receivable, net	\$ 2,824,220	459,500
Loan receivable from unrestricted net assets	2,275,000	—
Investments	49,285,225	51,940,194
Total	\$ 54,384,445	52,399,694

In connection with the fourth floor renovation project, the Society received permission from a donor to borrow from a recently established endowment to fund current construction costs. The loan from the endowment will be repaid as the Society collects on outstanding pledges relating to the project.

The Society manages its endowment in accordance with the New York Prudent Management of Institutional Funds Act (NYPMIFA). The Society has interpreted NYPMIFA as requiring the preservation of the fair value of donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with NYPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund
- the purposes of the Society and the donor-restricted endowment fund
- general economic conditions
- the possible effect of inflation and deflation
- the expected total return from income and the appreciation of investments
- other resources of the Society
- where appropriate and the circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect such alternatives may have on the Society
- the investment policies of the Society

In compliance with NYPMIFA, the Investment Committee adopted a revised statement of investment policies for its endowment investments in May 2011. The Statement provides the Investment Committee with a framework to prudently manage and invest the Society's investment assets in order to further the Society's goals and mission. To this end, the Society has established the following as its key investment objectives:

- manage the Society's assets with the objective of earning a "real" total rate of return averaging at least five percent per annum,
- follow prudent standards for preservation of capital and maintenance of liquidity, and
- achieve the highest possible rate of return consistent with the Fund's tolerance for risk as determined by the Investment Committee in its role as fiduciary.

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Notes to Financial Statements

June 30, 2015 and 2014

In accordance with accounting guidance issued with the adoption of NYPMIFA, the fair value of each donor-restricted endowment is reported in various net asset classifications for financial reporting purposes. The portion representing the historic value of original gifts (and any subsequent donations) are reported as permanently restricted net assets. The difference between the fair value of a donor-restricted endowment fund and the historic value is classified as one of the following net assets as of the balance sheet dates:

- temporarily restricted if the fair value of the fund is higher than the historic value
- unrestricted if the fair value is below the fund’s historic value

At June 30, 2015 certain donor-restricted funds were below their historic value. The aggregate amount of this deficiency was \$225,096. At June 30, 2014 there were no such deficiencies.

In March 2010, the Society and the Attorney General of the State of New York (AG) entered into a letter agreement vacating a previously existing agreement from 1994. The 1994 agreement had created a permanently restricted fund from the proceeds of the deaccession of certain assets. Under the 2010 agreement, the balance of the assets created by the 1994 agreement were to be transferred and maintained in a new fund restricted solely for the acquisition, direct care and management of the Society’s collections. The initial value of the 2010 fund was \$14,202,262, and in September 2010, the Board of Trustees formally designated that it be treated as endowment by amending the Society’s By-Laws. The value of the 2010 fund at June 30, 2015 and 2014 was \$16,391,340 and \$17,223,715, respectively. This fund is classified as temporarily restricted net assets due to the restricted purpose of the fund’s principal balance.

In March 2014, the Society transferred \$2,000,000 of unrestricted funds to the endowment fund. The value of the fund at June 30, 2015 and 2014 was \$1,950,056 and \$2,051,425, respectively, and is reported in unrestricted net assets available for nonoperating projects.

In accordance with NYPMIFA and the Investment Policy Guidelines, the Investment Committee and the Board of Trustees establish an annual endowment draw as part of the budget process based on a trailing 12-quarter average of the market value of the endowment’s investments.

The components of endowment net assets, including contributions and loans receivable, as of June 30, 2015 and 2014 were as follows:

	<b>2015</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	
Donor-restricted endowment funds	\$ (225,096)	1,989,692	34,278,453	36,043,049
Fund established by 2010 AG Agreement	—	16,391,340	—	16,391,340
Board-designated fund	1,950,056	—	—	1,950,056
Total endowment net assets	<u>\$ 1,724,960</u>	<u>18,381,032</u>	<u>34,278,453</u>	<u>54,384,445</u>

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Notes to Financial Statements

June 30, 2015 and 2014

		<b>2014</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$	—	3,376,780	29,747,774	33,124,554
Fund established by 2010 AG Agreement		—	17,223,715	—	17,223,715
Board-designated fund		2,051,425	—	—	2,051,425
Total endowment net assets	\$	<u>2,051,425</u>	<u>20,600,495</u>	<u>29,747,774</u>	<u>52,399,694</u>

The following table presents the changes in the net assets of the endowment fund for the year ended June 30, 2015:

	<b>Unrestricted other</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets at June 30, 2014	\$ 2,051,425	20,600,495	29,747,774	52,399,694
Contributions	—	—	4,530,679	4,530,679
Appropriation of endowment return for expenditure in operating fund	(101,369)	(2,414,508)	—	(2,515,877)
Investment net gains, net of expenses	(225,096)	195,045	—	(30,051)
Endowment net assets at June 30, 2015	\$ <u>1,724,960</u>	<u>18,381,032</u>	<u>34,278,453</u>	<u>54,384,445</u>

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Notes to Financial Statements

June 30, 2015 and 2014

The following table presents the changes in the net assets of the endowment fund for the year ended June 30, 2014:

	<u>Unrestricted other</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets at June 30, 2013	\$ (355,175)	16,228,876	25,621,239	41,494,940
Contributions	—	—	4,126,535	4,126,535
Transfer to Board-designated fund	2,000,000	—	—	2,000,000
Appropriation of endowment return for expenditure in operating fund	—	(2,283,424)	—	(2,283,424)
Investment net gains, net of expenses	406,600	6,655,043	—	7,061,643
Endowment net assets at June 30, 2014	\$ <u>2,051,425</u>	<u>20,600,495</u>	<u>29,747,774</u>	<u>52,399,694</u>

**(13) Commitments and Contingencies**

The Society is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, all claims have been accrued or will be covered by insurance.

**(14) Subsequent Events**

In connection with the preparation of the financial statements, the Society evaluated events after the balance sheet date of June 30, 2015 and through December 18, 2015, which was the date the financial statements were available to be issued and noted no additional items that would require adjustment to, or disclosure, in the 2015 financial statements.

## THE NEW-YORK HISTORICAL SOCIETY

## Schedule of Functional Expenses

Year ended June 30, 2015

(with comparative summarized totals for the year ended June 30, 2014)

	Library services	Museum programs and exhibitions	Public and education programs	Auxiliary activities	Total program services	Management and general	Development	Total supporting services	2015 Total expenses	2014 Total expenses
Available for operations:										
Salaries, benefits, and payroll taxes	\$ 3,245,483	4,236,374	2,521,740	1,073,077	11,076,674	1,941,365	720,082	2,661,447	13,738,121	13,409,148
Fees for services:										
Accounting	—	—	—	—	—	170,945	—	170,945	170,945	159,177
Legal	8,459	15,765	6,882	3,555	34,661	10,320	3,526	13,846	48,507	38,564
Other	245,742	603,704	379,048	16,390	1,244,884	177,977	112,654	290,631	1,535,515	1,241,562
Advertising and promotion	2,948	735,860	15,882	789	755,479	58,776	132	58,908	814,387	687,092
Office expenses	38,393	112,111	145,540	60,476	356,520	49,859	95,139	144,998	501,518	496,642
Information technology	42,214	62,743	76,752	10,388	192,097	22,246	29,886	52,132	244,229	234,187
Occupancy:										
Space rentals	53,278	279,979	17,207	—	350,464	6,000	—	6,000	356,464	241,198
Utilities	573,114	527,869	226,229	90,492	1,417,704	60,328	30,164	90,492	1,508,196	1,578,947
Property insurance	45,976	42,346	18,149	7,260	113,731	4,839	2,420	7,259	120,990	116,328
Travel and meals	13,508	44,457	62,007	20,387	140,359	12,026	1,727	13,753	154,112	241,229
Conferences and meetings	730	334	10,727	549	12,340	105	—	105	12,445	11,154
Insurance (other than property)	70,515	75,686	18,148	7,259	171,608	4,840	2,420	7,260	178,868	482,028
Cost of sales	—	—	—	600,017	600,017	—	—	—	600,017	495,069
Other:										
Exhibition costs	—	1,493,795	—	—	1,493,795	—	—	—	1,493,795	954,239
Equipment rental and repair	268,211	392,529	120,847	45,747	827,334	83,529	18,898	102,427	929,761	727,514
Printing and publication	2,814	112,241	192,486	3,811	311,352	23,280	41,302	64,582	375,934	513,140
Other supplies (other than office)	83,367	165,405	125,516	38,482	412,770	32,842	305,741	338,583	751,353	635,069
Agency temporary staff	99,825	358,199	67,535	122,244	647,803	12,730	8,235	20,965	668,768	1,014,205
Other	126,603	100,540	100,243	44,316	371,702	7,746	7,104	14,850	386,552	321,040
	<u>4,921,180</u>	<u>9,359,937</u>	<u>4,104,938</u>	<u>2,145,239</u>	<u>20,531,294</u>	<u>2,679,753</u>	<u>1,379,430</u>	<u>4,059,183</u>	<u>24,590,477</u>	<u>23,597,532</u>
Available for nonoperating projects and designated for fixed assets:										
Salaries, benefits, and payroll taxes	2,300	109,235	—	—	111,535	12,579	52,019	64,598	176,133	248,105
Fees for services	—	104,511	—	—	104,511	—	191,544	191,544	296,055	600,975
Insurance	—	162,500	—	—	162,500	—	—	—	162,500	—
Collection acquisitions	64,283	12,549,353	—	—	12,613,636	—	—	—	12,613,636	65,085
Depreciation of fixed assets	606,611	3,240,923	1,039,295	1,263,837	6,150,666	72,293	36,118	108,411	6,259,077	5,833,495
Loss on write-off of fixed assets	—	5,627,628	—	—	5,627,628	—	—	—	5,627,628	—
Accretion of asset retirement obligation	1,710	1,575	675	270	4,230	179	90	269	4,499	117,000
Other	—	204,070	—	—	204,070	29,488	4,147	33,635	237,705	245,985
	<u>674,904</u>	<u>21,999,795</u>	<u>1,039,970</u>	<u>1,264,107</u>	<u>24,978,776</u>	<u>114,539</u>	<u>283,918</u>	<u>398,457</u>	<u>25,377,233</u>	<u>7,110,645</u>
Total	\$ <u>5,596,084</u>	<u>31,359,732</u>	<u>5,144,908</u>	<u>3,409,346</u>	<u>45,510,070</u>	<u>2,794,292</u>	<u>1,663,348</u>	<u>4,457,640</u>	<u>49,967,710</u>	<u>30,708,177</u>

See accompanying independent auditors' report.