Financial Statements, Supplementary Schedules, and Report of Independent Certified Public Accountants

The Art Institute of Chicago

June 30, 2024 and 2023

Contents

GRANT THORNTON LLP
Grant Thornton Tower
171 N. Clark Street, Suite 200
Chicago, IL 60601-3370

D +1 312 856 0200
F +1 312 602 8099

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Trustees
The Art Institute of Chicago

Opinion

We have audited the financial statements of The Art Institute of Chicago (a nonprofit corporation) (the “Institute”), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as of June 30, 2024 and 2023, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute’s ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

Grant Thornton

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 Institute'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 Institute'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.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating activities and schedules of expenses by natural classification for the years ended June 30, 2024 and 2023, are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

Chicago, Illinois
October 18, 2024

The Art Institute of Chicago

STATEMENTS OF FINANCIAL POSITION

June 30,
(in thousands)

	2024	2023
ASSETS		
Cash and cash equivalents	$ 52,680	$ 50,992
Accounts and investment income receivable, net	7,582	6,571
Contributions receivable, net	57,257	38,001
Inventories, prepaid expenses and other assets	6,663	7,192
Investments	1,555,516	1,381,599
Right-of-use assets	37,279	41,177
Property and equipment, net	353,550	360,546
Collections (Note 1)	-	-
Total assets	$ 2,070,527	$ 1,886,078
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other liabilities	$ 40,971	$ 35,206
Deferred revenues	13,393	14,754
Refundable advances	1,283	1,678
Pension liability	4,992	9,439
Operating lease liability	43,534	47,479
Bonds and notes payable	141,127	151,039
Total liabilities	245,300	259,595
Net assets		
Without donor restrictions	703,741	641,981
With donor restrictions	1,121,486	984,502
Total net assets	1,825,227	1,626,483
Total liabilities and net assets	$ 2,070,527	$ 1,886,078

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

The Art Institute of Chicago

STATEMENT OF ACTIVITIES

Year ended June 30, 2024
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and other support			
Tuition and fees (net of $54,228 student aid)	$ 120,314	$ -	$ 120,314
Contributions	22,613	53,711	76,324
Chicago Park District	5,299	-	5,299
Museum admissions	20,315	-	20,315
Membership dues	8,987	-	8,987
Other program revenues and miscellaneous	4,005	-	4,005
Investment return designated for current use	20,703	40,955	61,658
Auxiliary activities	30,660	-	30,660
Net assets released from restrictions	45,788	(45,788)	-
Total operating revenue and other support	278,684	48,878	327,562
Operating expenses			
Program services			
Instructional and academic	106,600	-	106,600
Curatorial, libraries and collections	51,670	-	51,670
Special exhibitions	4,673	-	4,673
Museum education	3,376	-	3,376
Other programs	6,037	-	6,037
Auxiliary activities	20,014	-	20,014
Total program services	192,370	-	192,370
Management and general			
General administration	37,318	-	37,318
Interest and debt cost amortization	4,607	-	4,607
Total management and general	41,925	-	41,925
Fundraising and member development	13,235	-	13,235
Total operating expenses	247,530	-	247,530
Change in net assets from operations	31,154	48,878	80,032
Non-operating items			
Proceeds from the sale of art objects	-	37,801	37,801
Acquisition of art objects	(25,844)	-	(25,844)
Contributions for the purchase of art objects	-	3,668	3,668
Net assets released to fund acquisition of art objects	24,355	(24,355)	-
Investment return designated for art purchases	390	4,668	5,058
Contributions for capital and equipment	-	18,133	18,133
Net assets released for capital and equipment placed in service	1,135	(1,135)	-
Depreciation expense	(22,644)	-	(22,644)
Pension-related changes other than employer service cost	3,957	-	3,957
Investment return in excess of amounts designated for current operations and art purchases	45,094	49,050	94,144
Other non-operating	4,439	-	4,439
Other transfers	(276)	276	-
CHANGE IN NET ASSETS	61,760	136,984	198,744
Net assets, beginning of year	641,981	984,502	1,626,483
Net assets, end of year	$ 703,741	$ 1,121,486	$ 1,825,227

The accompanying notes are an integral part of this financial statement.

The Art Institute of Chicago

STATEMENT OF ACTIVITIES

Year ended June 30, 2023
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and other support			
Tuition and fees (net of $53,382 student aid)	$ 128,054	$ -	$ 128,054
Contributions	18,006	18,695	36,701
Chicago Park District	5,832	-	5,832
Museum admissions	16,706	-	16,706
Membership dues	8,495	-	8,495
Other program revenues and miscellaneous	3,450	-	3,450
Investment return designated for current use	18,621	38,638	57,259
Auxiliary activities	25,219	-	25,219
Net assets released from restrictions	42,779	(42,779)	-
Total operating revenue and other support	267,162	14,554	281,716
Operating expenses			
Program services			
Instructional and academic	103,788	-	103,788
Curatorial, libraries and collections	45,249	-	45,249
Special exhibitions	5,396	-	5,396
Museum education	2,641	-	2,641
Other programs	5,180	-	5,180
Auxiliary activities	16,271	-	16,271
Total program services	178,525	-	178,525
Management and general			
General administration	35,727	-	35,727
Interest and debt cost amortization	4,483	-	4,483
Total management and general	40,210	-	40,210
Fundraising and member development	12,021	-	12,021
Total operating expenses	230,756	-	230,756
Change in net assets from operations	36,406	14,554	50,960
Non-operating items			
Proceeds from the sale of art objects	-	173	173
Acquisition of art objects	(34,670)	-	(34,670)
Contributions for the purchase of art objects	-	4,756	4,756
Net assets released to fund acquisition of art objects	33,968	(33,968)	-
Investment return designated for art purchases	370	4,426	4,796
Contributions for capital and equipment	-	798	798
Net assets released for capital and equipment placed in service	629	(629)	-
Depreciation expense	(23,108)	-	(23,108)
Pension-related changes other than employer service cost	9,263	-	9,263
Investment return in excess of amounts designated for current operations and art purchases	30,460	29,146	59,606
Other non-operating	873	-	873
Other transfers	(747)	747	-
CHANGE IN NET ASSETS	53,444	20,003	73,447
Net assets, beginning of year	588,537	964,499	1,553,036
Net assets, end of year	$ 641,981	$ 984,502	$ 1,626,483

The accompanying notes are an integral part of this financial statement.

The Art Institute of Chicago

STATEMENTS OF CASH FLOWS

Years ended June 30,
(in thousands)

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 198,744	$ 73,447
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	22,323	22,782
Gain on sale of property	(4,140)	-
Loss on retirement of property	-	52
Pension-related changes other than employer service cost	(3,957)	(9,263)
Contributions restricted for permanent endowment, net	(6,606)	(660)
Contributions restricted for capital campaign, net	(21,258)	(183)
Net unrealized and realized gains on investments	(144,948)	(102,947)
Increase in carrying amount of right of use assets	3,898	5,196
Acquisitions and sales of art, net	(11,957)	34,497
Change in assets and liabilities:		
Accounts and investment income receivable	(1,011)	2,866
Inventories, prepaid expenses and other assets	529	(942)
Contributions receivable	(3,778)	176
Accounts payable and other liabilities	215	(1,203)
Pension liability	(490)	1,853
Operating lease liabilities	(3,945)	(5,670)
Refundable advances	(394)	(1,245)
Deferred revenues	(1,361)	1,235
Net cash provided by operating activities	21,864	19,991
Cash flows from investing activities:		
Purchases of property and equipment	(19,464)	(14,573)
Proceeds from sale of property	7,098	-
Proceeds from sales of art objects	37,801	173
Acquisition of art objects	(19,437)	(35,461)
Proceeds from sales of investments	355,606	276,563
Purchases of investments	(379,805)	(284,587)
Net cash used in investing activities	(18,201)	(57,885)
Cash flows from financing activities:		
Proceeds from contributions restricted for permanent endowment	4,486	3,519
Proceeds from contributions restricted for capital projects	3,129	5,125
Payments on bonds and notes payable	(9,590)	(9,119)
Proceeds from notes payable	-	4,900
Net cash (used in) provided by financing activities	(1,975)	4,425
CHANGE IN CASH AND CASH EQUIVALENTS	1,688	(33,469)
Cash and cash equivalents, at the beginning of year	50,992	84,461
Cash and cash equivalents, at the end of year	$ 52,680	$ 50,992
Supplemental disclosures:		
Cash paid for interest	$ 4,746	$ 4,643
Property and art purchase additions included in accounts payable	13,163	7,614
Cash paid for amounts included in the measurement of lease obligations	4,375	4,402

The accompanying notes are an integral part of this financial statement.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Art Institute of Chicago ("Institute") is a not-for-profit corporation that exists to provide appreciation and education in visual fine arts and design. The Institute fulfills this purpose through:

- Its museum programs ("Museum") by collecting, conserving, researching, publishing, exhibiting, and interpreting an internationally significant permanent collection of objects of art and by presenting temporary exhibitions of international importance, including loaned objects from other collections.

- Its academic programs ("School") by offering comprehensive undergraduate and graduate curricula that provide for the preparation of visual artists, teachers of art, designers, and others in areas that include written, spoken, and media formats.

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

The Institute's resources are classified for accounting and reporting purposes into two categories of net assets, without donor restrictions or with donor restrictions, according to external donor-imposed restrictions and consistent with relevant law:

- *Without donor restrictions* - Net assets that are not subject to donor-imposed restrictions of a more specific nature than those that only obligate the Institute to utilize funds in furtherance of its mission. Revenues received and expenses incurred in conducting the programs and services of the Institute are presented in the financial statements as net assets without donor restrictions. By action of the Board of Trustees of the Institute (the "Board") or its designee, certain net assets without donor restrictions have been designated for long-term investment or other special purposes.

- *With donor restrictions* - Net assets with donor restrictions carry specific donor-imposed restrictions on the expenditure or other use of contributed funds. Such restrictions may expire either because of the passage of time or because the Institute has fulfilled the restrictions. Expiration of restrictions on net assets with donor restrictions are reported as net assets released from restrictions. By action of the Board or its designee, certain donor restricted assets have been designated for long-term investment in the endowment. Also included in this category are net assets subject to donor- imposed restrictions that will never lapse and thus are restricted to long-term investment and maintained permanently as endowment funds. The portion of the donor-restricted endowment funds classified as with donor restrictions includes the original value of the assets contributed to the permanent endowment funds, subsequent contributions to such funds valued at the date of contribution, and earnings on such funds that have not been appropriated for expenditure and spent on the restricted purpose of the fund.

Collections

The value of the art objects in the permanent collection, and the holdings of the libraries, are excluded from the statements of financial position. Additions to the permanent collection are made either by gifts, bequests, or through purchases using Institute acquisition funds. Institute acquisition funds may be classified as with donor restrictions, in which either (i) the principal balance is to be held in perpetuity and only the income earned on principal balances may be used for acquisitions, or (ii) both the principal and earned income may be used for acquisitions; or without donor restrictions, representing funds designated by the Board to be used for acquisitions.

The withdrawal of works of art from the collection of the Institute is performed in accordance with a formal policy initially adopted in 1975 and last revised in fiscal year 2023. The objects are generally offered for sale at a public auction and the proceeds from such dispositions are classified as with donor restrictions.

Proceeds from the sale of collection items are used to purchase or commission works of art for the permanent collection or for the direct care of objects within its permanent collection. Direct care of the collection means investing in objects in the Museum's permanent collection by enhancing their life, usefulness, or quality, thereby ensuring they will continue to benefit the public. Direct care includes, but is not limited to, maintenance and protection, conservation, and management of the collection. All works of art and certain library collections are held for public exhibition, education, or research; they are protected, kept unencumbered, cared for, and preserved, and are subject to strict organizational policies governing their use. The value of the Institute's permanent collection is not subject to reasonable estimation. Therefore, it is not included in the statements of financial position.

Cash and Cash Equivalents

Cash includes currency on hand, as well as demand deposits with banks or financial institutions. The Institute maintains its cash balances in various bank deposit accounts, which, at times, may exceed Federal Deposit Insurance Corporation limits. The Institute believes it is not exposed to any significant credit risk on cash balances. Cash equivalents are stated at cost and consist of institutional money market funds or bank deposits. Cash equivalents held by long-term investment managers are classified as investments; see Note 2 for further discussion.

Contributions Receivable

The receipt of unconditional promises to give with payments due in future periods is reported as support with donor restrictions, unless explicit donor stipulations or circumstances surrounding the receipt of the promise make clear that the donor intended it to be used to support activities of the current period. Unconditional promises to give are reported at fair value based upon discounted estimated future cash flows, net of the allowance for uncollectible pledges. The discount rate used is a risk-adjusted rate based on the yield curve for U.S. Treasury securities. Amortization of the discount is recorded as additional contribution revenue.

Inventories, Prepaid Expenses and Other Assets

Inventories are stated at average cost based upon the moving-average cost method. Prepaid expenses include expenditures for software or other licenses made in advance of the term of the services provided. Other assets primarily include art inventory donated to serve as a study collection for students of the School.

Property and Equipment

Legal title to the Institute's Grant Park facility, a significant component of which has been designated a historical monument, and to the land on which it is situated, is vested in the Chicago Park District. The sole and permanent right to the use and occupancy of the land and buildings, including any future improvements, was vested at no cost to the Institute in 1893 as long as the Institute uses the property for the purposes for which it is incorporated; as such, the original cost of the facility and land is not reflected in the financial statements.

The Institute owns properties that provide instructional, public programming, administrative, storage, and student housing space. Portions of some of these facilities are leased to others. The land, buildings, building improvements, and related equipment, furniture, and fixtures are stated at cost, net of depreciation.

Depreciable assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense, contributions for capital and equipment, and net assets released for capital and equipment placed in service are classified within non-operating items in the statements of activities.

Buildings constructed prior to 2005 on Grant Park property have a useful life of 50 years; the purchase, completed construction, and major improvements of all other buildings have a useful life of 40 years.

Subsequent building improvements have useful lives ranging from 5 to 31.5 years. Equipment, furniture, and fixtures have useful lives ranging from 3 to 10 years.

Leases

The Institute has operating and financing lease agreements for academic, residential, and storage space and office equipment expiring in various years through fiscal year 2036. Certain operating leases provide for renewal options for periods from one to 10 years. In some cases, the Institute is required to make additional payments under facility operating leases for taxes, insurance and other operating expenses incurred during the operating lease period. The Institute determines if a contract contains a lease when the contract conveys the right to control the use of identified property or equipment for a period of time in exchange for consideration. Upon such identification and commencement of a lease, the Institute establishes a right-of-use ("ROU") asset and a lease liability in the statement of financial position if the lease term exceeds one year. Financing lease obligations are included in accounts payable and other liabilities in statements of financial position.

A lease component is defined as an asset within the lease contract that a lessee can benefit from the use of and is not highly dependent or interrelated with other assets in the arrangement. The Institute has determined that all of its leases contain one lease component related to the buildings or office equipment.

The lease liability represents future fixed lease payments for leases, discounted for present value. Certain leases contain rent escalation clauses that are specifically stated in the lease, which are included in the calculation of the lease liability.

The ROU asset consists of the amount of the initial measurement of the lease liability adjusted for any lease incentives, including rent abatements and tenant improvement allowances, and any initial direct costs incurred by the lessee. The ROU asset is amortized over the remaining lease term.

The lease term is determined by taking into account the initial period as stated in the lease contract and adjusted for any renewal options that the Institute is reasonably certain to exercise, as well as any period of time that the lessee has control of the space before the stated initial term of the lease.

The Institute uses the estimated incremental borrowing rate of return when calculating the lease liability and related ROU asset.

Investments

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Long-term investing is governed by the Institute's pooled endowment investment policy. The Investment Committee of the Board of Trustees ("Investment Committee") is responsible for oversight of all investments and compliance with the investment policies, which are approved by the Investment Committee and the Executive Committee of the Board of Trustees ("Executive Committee"). The investment policies attempt to provide a predictable stream of funding to Institute programs, while seeking to maintain the purchasing power of the assets. The pooled investments are invested in a widely diversified portfolio in a manner to promote both growth and current income to achieve the Institute's objectives. Diversification of portfolio assets is an integral part of the Institute's investment philosophy to provide reasonable assurance that no single security or class of security will have a disproportionate impact on the total investment pool. As such, funds will be placed with managers who have distinct investment philosophies.

Purchases and sales of investments are recorded on trade dates and realized and unrealized gains and losses are determined on the basis of average cost of securities. Realized and unrealized appreciation or depreciation in the carrying value of investments is classified as part of either net assets without donor restrictions or net assets with donor restrictions in accordance with applicable donor and legal requirements.

Pension Liability

The Institute sponsors an employer-defined benefit plan; the underfunded status of the plan is recognized as a liability in the statements of financial position. The Institute measures plan assets and benefit obligations as of the date of the Institute's fiscal year end.

Revenue Recognition

The Institute recognizes revenue upon delivery of goods or services in amounts that reflect the consideration the Institute expects to receive in exchange for those goods or services. The Institute's revenue streams that fall under the revenue recognition guidance in Accounting Standards Codification ASC 606, *Revenue from Contracts with Customers* ("ASC 606") are derived primarily from tuition and student program fees, museum admissions, membership dues, auxiliary activities and proceeds from the sale of art objects.

- *Tuition and Student Program Fees* are generally collected in advance of or early in the School term and are initially recorded as deferred revenue. Tuition and fees are recognized ratably as revenue over the related School term. The Institute offers refunds for classes to students who decide to withdraw from a course prior to the add/drop date. After the add/drop date, generally no refunds are granted unless exceptional circumstances apply. The Institute does not recognize revenue until after the add/drop date. Historically, the Institute has not made material refunds after the add/drop date.

- *Museum Admissions* revenue is recognized as visitors obtain access to the Museum.

- *Museum Membership* revenue is collected at the commencement of the membership period and allows the member unlimited visits to the Museum over the course of the membership period. Accordingly, membership revenue is deferred and recognized as revenue in equal monthly amounts during the applicable membership period.

- *Auxiliary Activities* are primarily related to School residence halls and the Museum retail shop, special events, and dining operations. Payment of School housing fees is made in advance of occupancy, and revenues from residence halls are recognized ratably over the residency period. For the years ended June 30, 2024 and 2023, approximately $16.1 million and $14.9 million, respectively, was recognized as residence hall revenue. Museum shop revenue is presented net of discounts and recognized when products are sold. Sales taxes collected from customers are excluded from revenues and the associated obligation is included in accrued liabilities until the taxes are remitted to the appropriate taxing authorities. For the years ended June 30, 2024 and 2023, approximately $7.6 million and $7.2 million, respectively, was recognized as museum shop revenues. Museum special events revenue is recognized upon completion of the event; payments received in advance of the event date are recognized as deferred revenues. Museum special events revenue was $1.9 million and $674,000 for the years ended June 30, 2024 and 2023, respectively. Museum dining service revenue is recognized at the point of sale and was $3.4 million and $913,000 for the years ended June 30, 2024 and 2023, respectively.

- *Proceeds from the Sale of Art Objects* are recognized when the artwork is sold and are classified as non-operating revenues. For the years ended June 30, 2024 and 2023, approximately $37.8 million and $173,000, respectively, was recognized as proceeds from the sale of art objects.

With the exception of memberships, which can be for a period of one or two years, all of the Institute's revenue from contracts with customers are from performance obligations with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

The Institute records deferred revenue in situations when amounts are collected but the revenue recognition criteria outlined above are not met. Such revenue is recognized when all criteria are subsequently met. Deferred revenues of approximately $13.4 million and $15.0 million, as of June 30, 2024 and 2023, respectively, are classified as liabilities on the statements of financial position and primarily relate to prepaid membership and summer tuition. Associated accounts receivable for revenue from tuition and housing fees as of June 30, 2024 and 2023, were approximately $5.1 million and $6.0 million, respectively, and allowance for doubtful accounts for tuition revenues as of June 30, 2024 and 2023, were approximately $2.6 million and $3.0 million, respectively.

Apart from that previously disclosed, the Institute did not record any impairment or credit losses, incremental costs or significant financing components for the years ended June 30, 2024 and 2023, and there were no significant changes in the judgments affecting the determination of the amount and timing of revenue recognized from revenue streams falling under this guidance.

Additionally, the Institute has revenue streams that are not within the scope ASC 606, as follows:

- *Contributions* revenue includes gifts from donors and revenue from government-funded programs. Gifts from individual donors, foundations, and other organizations are recognized when received. Contributions received with restrictions imposed by the donor are classified as net assets with donor restrictions. Unconditional promises to give are recorded as revenue and contributions receivable when received at the net present value of the amounts expected to be collected. Government-funded programs are supported by grants received from the federal, state, and local governments. These grants are considered conditional contributions, and revenue recognition is deferred until the applicable barriers are met. Some of the government-funded program revenue is from cost-reimbursable grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have been incurred that are in compliance with the specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under federal and state contracts and grants as of June 30, 2024 and 2023. The Institute was awarded cost-reimbursable grants of $877,000 and $275,000 that have not been recognized at June 30, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred. Additionally, the Institute has received conditional promises to give in the amount of $34.5 million and $40.1 million as of June 30, 2024 and 2023, respectively, which have not yet been recorded as revenue, since the donor-imposed conditions have not yet been met.

- *In-Kind Support* - The Institute records various types of in-kind support, including contributed equipment, services, and other property. Contributions of tangible assets, excluding art objects and services, are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are included in contributions and offset by like amounts included in expenses or assets. In-kind support recognized for fiscal years 2024 and 2023 is not material to the financial statements. The Institute receives volunteer time that does not meet the criteria for recognition as a contribution. Accordingly, the value of this contributed time has not been determined and is not reflected in the financial statements.

- *Investment returns* consist of unrealized and realized gains and losses on investments, and dividend and interest income, net of investment management fees. Realized gains and losses are recognized when the investment is sold. Unrealized gains and losses are recognized based upon year-end valuations of investments.

Income Taxes

The Institute is a not-for-profit corporation exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3); the Institute is similarly exempt from state income taxes. Despite the general exemption from income taxation, the Institute is subject to federal and state income tax at corporate rates on its unrelated business income.

The Financial Accounting Standards Board ("FASB") guidance requires tax effects from uncertain tax positions to be recognized only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined there are no material uncertain positions that require recognition in the financial statements. No provision was necessary for the Institute for unrelated business income taxes as the organization has a net operating loss carryforward to cover any current year tax liability.

Other Transfers

The Institute records reclassifications between net asset categories as other transfers. Other transfers primarily consist of transfers due to donor clarification on previously undetermined restrictions.

Commitments and Contingencies

The Institute is party to various legal proceedings and claims incidental to its business. Institute management currently believes that the ultimate outcome of these proceedings and/or claims, either individually or in the aggregate, will not have a material adverse effect on the Institute’s statements of financial position, statements of activities, or statements of cash flows.

Management Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosures of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncement

In June 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, to replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The Institute adopted ASU 2016-13 for the fiscal year ended June 30, 2024. The implementation did not have a significant impact on the Institute’s financial statements.

Subsequent Events

The Institute evaluated activity through October 18, 2024, the date the financial statements were issued, and concluded that no other subsequent events have occurred that would require recognition or that have not been disclosed elsewhere.

NOTE 2 - INVESTMENTS

Investments as of June 30, 2024 and 2023, consist of the following (in thousands):

	2024					
	Pooled		Non-Pooled Investments		Total	
Cash equivalents	$ 62,074	4.1%	$ 395	0.7%	$ 62,469	4.0%
Fixed-income securities	105,264	7.0	912	1.7	106,176	6.8
Equity securities	714,894	47.6	2	0.0	714,896	46.0
Hedge funds	222,132	14.8	-	-	222,132	14.3
Venture capital and private equity	195,317	13.0	-	-	195,317	12.5
Private credit	105,258	7.0	-	-	105,258	6.8
Real assets	96,507	6.5	-	-	96,507	6.2
Total assets held for investment	1,501,446	100.0	1,309	2.4	1,502,755	96.6
Assets held in trust by others	-	-	52,761	97.6	52,761	3.4
Total investments	$ 1,501,446	100.0%	$ 54,070	100.0%	$ 1,555,516	100.0%

	2023					
	Pooled		Non-Pooled Investments		Total	
Cash equivalents	$ 75,026	5.6%	$ 321	0.7%	$ 75,347	5.5%
Fixed-income securities	121,188	9.1	888	1.8	122,076	8.8
Equity securities	544,809	40.9	255	0.5	545,064	39.4
Hedge funds	262,634	19.7	-	-	262,634	19.0
Venture capital and private equity	178,534	13.4	-	-	178,534	12.9
Private credit	56,032	4.2	-	-	56,032	4.1
Real assets	93,921	7.1	-	-	93,921	6.8
Total assets held for investment	1,332,144	100.0	1,464	3.0	1,333,608	96.5
Assets held in trust by others	-	-	47,991	97.0	47,991	3.5
Total investments	$ 1,332,144	100.0%	$ 49,455	100.0%	$ 1,381,599	100.0%

Cash equivalents included in long-term investments may consist of short-term U.S. Treasury obligations, high-grade commercial paper, certificates of deposit, or money market funds. Equity and fixed-income securities consist of marketable securities invested directly or indirectly via mutual funds, separately managed accounts, institutional commingled vehicles, or hedge funds with marketable underlying investments. Hedge fund investments are invested in a variety of strategies. Underlying investments in these funds may include equities, fixed-income securities, commodities, currencies, or derivatives. Venture capital and private equity investments consist of limited partnerships invested in a variety of strategies. Underlying investments in these funds may include private equity and private debt. Real assets consist of real estate, oil and gas, and commodity investments invested via mutual funds, institutional commingled funds, hedge funds, or limited partnerships. Private credit investments consist of limited partnerships invested in a variety of credit-focused strategies, including corporate loans, asset-backed loans, structured credit, consumer, and real estate finance.

Investments include assets held in trust by others, the income from which is paid in whole or in part to the Institute. Assets held in trust by others include the Institute's beneficial interest in perpetual trusts, charitable remainder trusts, or pooled income funds held by third parties. The Institute recognizes the initial contribution, subsequent adjustments, and the asset at fair value based on the market value of the trust's underlying assets as provided by the trustee. Subsequent adjustments to the fair value are included in contributions with donor restrictions in the statements of activities. Income distributions received from the trusts are recognized in investment return designated for current use in accordance with the donor restrictions.

The changes in fair value of assets held for investment and assets held in trust by others as of June 30, 2024 and 2023 are as follows (in thousands):

	2024			
	Assets Held for Investment		Assets Held	
	Pooled	Non-Pooled	in Trust	Total
Change in fair value				
Realized gains	$ 100,910	$ (16)	$ -	$ 100,894
Unrealized gains (losses)	44,024	30	-	44,054
Dividend and interest income	12,805	47	2,301	15,153
Cash gifts and other changes	37,127	-	4,770	41,897
Transfers in (out)	41,959	(165)	-	41,794
Investment management fees	(3,157)	(2)	-	(3,159)
Allocation of spendable funds	(64,366)	(49)	(2,301)	(66,716)
Net change in fair value	169,302	(155)	4,770	173,917
Fair value, beginning of year	1,332,144	1,464	47,991	1,381,599
Fair value, end of year	$ 1,501,446	$ 1,309	$ 52,761	$ 1,555,516

	2023			
	Assets Held for Investment		Assets Held	
	Pooled	Non-Pooled	in Trust	Total
Change in fair value				
Realized gains	$ 60,806	$ 582	$ -	$ 61,388
Unrealized gains (losses)	42,077	(517)	-	41,560
Dividend and interest income	17,130	136	2,448	19,714
Cash gifts and other changes	12,797	-	2,836	15,633
Transfers in (out)	45,664	(5,132)	-	40,532
Investment management fees	(2,958)	(7)	-	(2,965)
Allocation of spendable funds	(59,491)	(116)	(2,448)	(62,055)
Net change in fair value	116,025	(5,054)	2,836	113,807
Fair value, beginning of year	1,216,119	6,518	45,155	1,267,792
Fair value, end of year	$ 1,332,144	$ 1,464	$ 47,991	$ 1,381,599

Realized and unrealized gains and investment income, net of management fees, are reported in the financial statements as investment return designated for current use, investment return designated for art purchases, and investment return in excess of amounts designated for current operations and art purchases in the statements of activities for the years ended June 30, 2024 and 2023.

The annualized rate of return is net of investment manager fees and is computed using monthly net returns of individual investment managers. The fair values (in thousands) and the rates of investment return on the pooled endowment investments for the years ended June 30, 2024 and 2023, are summarized as follows:

	2024		2023	
	Fair Value	Rate of Return	Fair Value	Rate of Return
Pooled endowment funds investments	$ 1,501,446	11.3%	$ 1,332,144	10.2%

ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. Inputs are broadly defined under ASC 820 as assumptions market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices at the measurement date in active markets for identical assets or liabilities that the reporting entity has the ability to access. Investments that are generally included in Level 1 are money market funds, mutual funds, and listed equities.

Level 2 - Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly. Investments that are generally included in this category are corporate bonds and institutional commingled funds.

Level 3 - Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value may require significant management judgment or estimation.

In accordance with ASC 820, investments measured at the net asset value (“NAV”) per share or equivalent are not categorized within the fair value hierarchy. The Institute’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The valuation techniques used by the Institute to measure different financial instruments at fair value are described below:

Investments in securities traded on a national securities exchange are stated at the last reported sales price on the date of valuation. Hedge funds and institutional commingled funds are stated at fair value of the underlying securities or at NAV, as determined by the administrator, based on readily determinable market values. For government and corporate bonds, fair values are generally obtained from third-party pricing services for comparable assets or liabilities.

Investments in limited partnerships are valued at fair value based on the applicable percentage ownership of the investment partnerships’ net assets as of the measurement date. In determining fair value, management utilizes valuations provided by the investment partnerships. The estimated fair values of certain investments of the investment partnerships, which may include private placements and other securities for which prices are not readily available, are determined by the general partner or sponsor of the respective investment partnerships and may not reflect amounts that could be realized upon immediate sale nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a readily available market existed for these investments. Management obtains and considers the fund’s audited financial statements when evaluating the overall reasonableness of the recorded value. Audited information is typically available annually, based on the partnerships' or funds' year-ends. Investments in private limited partnerships are valued based on the June 30 partner capital account balances as reported by the partnership to the Institute or as estimated by the Institute based on capital markets or other methods deemed appropriate.

The Institute's investments are classified as follows, based on fair values, as of June 30, 2024 (in thousands):

	2024				
	Measured at NAV or Equivalent	Level 1	Level 2	Level 3	Total
Pooled investments					
Cash equivalents	$ -	$ 62,074	$ -	$ -	$ 62,074
Fixed-income securities	-	105,264	-	-	105,264
Equity securities	671,052	43,842	-	-	714,894
Hedge funds	222,132	-	-	-	222,132
Venture capital and private equity	195,317	-	-	-	195,317
Private credit	105,258	-	-	-	105,258
Real assets	85,148	11,359	-	-	96,507
Total pooled investments	1,278,907	222,539	-	-	1,501,446
Non pooled investments					
Cash equivalents	-	395	-	-	395
Fixed-income securities	-	-	-	-	-
Equity securities	-	2	912	-	914
Assets held in trust by others	-	-	-	52,761	52,761
Total non pooled investments	-	397	912	52,761	54,070
Total investments	$ 1,278,907	$ 222,936	$ 912	$ 52,761	$ 1,555,516

The Institute's investments are classified as follows, based on fair values, as of June 30, 2023 (in thousands):

	2023				
	Measured at NAV or Equivalent	Level 1	Level 2	Level 3	Total
Pooled investments					
Cash equivalents	$ -	$ 75,026	$ -	$ -	$ 75,026
Fixed-income securities	-	121,188	-	-	121,188
Equity securities	505,989	38,820	-	-	544,809
Hedge funds	262,634	-	-	-	262,634
Venture capital and private equity	178,534	-	-	-	178,534
Private credit	56,032	-	-	-	56,032
Real assets	82,280	11,641	-	-	93,921
Total pooled investments	1,085,469	246,675	-	-	1,332,144
Non pooled investments					
Cash equivalents	-	321	-	-	321
Fixed-income securities	-	-	-	-	-
Equity securities	-	255	888	-	1,143
Assets held in trust by others	-	-	-	47,991	47,991
Total non pooled investments	-	576	888	47,991	49,455
Total investments	$ 1,085,469	$ 247,251	$ 888	$ 47,991	$ 1,381,599

The unfunded commitments, redemption frequency, and redemption notice period of the pooled investments held at NAV or its equivalent are as follows as of June 30, 2024 and 2023 (dollars in thousands):

	2024				
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period	Lockup or Gate
Equity securities	$ 671,052	N/A	Daily-Annually	1-120 Days	Part of one fund subject to a 3 year lockup
Hedge funds	222,132	N/A	Monthly-Annually	30-90 Days	One fund subject to 20% limit of the value of the gross assets
Venture capital and private equity	195,317	$ 90,333	N/A	N/A	As directed by investment manager
Private credit	105,258	38,111	N/A	N/A	As directed by investment manager
Real assets	85,148	56,491	N/A	N/A	As directed by investment manager
Total	$ 1,278,907	$ 184,935			

	2023				
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period	Lockup or Gate
Equity securities	$ 505,989	N/A	Daily-Annually	1-150 Days	Part of one fund subject to a 3 year lockup
Hedge funds	262,634	N/A	Monthly-Annually	30-95 Days	One fund subject to 20% limit of the value of the gross assets
Venture capital and private equity	178,534	$ 81,439	N/A	N/A	As directed by investment manager
Private credit	56,032	19,490	N/A	N/A	As directed by investment manager
Real assets	82,280	33,172	N/A	N/A	As directed by investment manager
Total	$ 1,085,469	$ 134,101			

NOTE 3 - ENDOWMENT FUNDS

The Institute establishes endowment funds for the purpose of investing assets in a manner that preserves the real value of the endowment principal and provides spendable funds that can be used to fulfill the purposes for which the endowments were established. The Institute's endowment funds consist of donor-restricted endowment funds and funds designated by the Board as funds functioning as endowments. The net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions, as well as based upon relevant law as further described below.

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation and was adopted by the State of Illinois.

The Board has interpreted the State of Illinois' UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute classifies the following 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; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the fund;

(2) The mission of the Institute and the purposes of the donor-restricted endowment fund;

(3) General economic conditions;

(4) The possible effects of inflation and deflation;

(5) The expected total return from income and appreciation of investments;

(6) Other resources of the Institute; and

(7) The investment policies of the Institute.

From time to time, the fair value of assets associated with individual donor endowment funds may fall below the value of the initial and subsequent donor gift amounts. When donor endowment deficits exist, they are classified as a reduction of net assets with donor restrictions. As of June 30, 2024, funds with original gift values totaling $1.7 million were "underwater" by approximately $90,000. As of June 30, 2023, funds with original gift values totaling $5.8 million were "underwater" by approximately $255,000.

The Institute's endowment net asset composition (including pledges) as of June 30, 2024 and 2023, is as follows (in thousands):

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Historical value of gifts to be held in perpetuity	$ -	$ 561,007	$ 561,007
Term endowments	-	22,867	22,867
Appreciation	-	365,332	365,332
Board-designated endowment funds	593,943	24,857	618,800
Total funds	$ 593,943	$ 974,063	$ 1,568,006

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Historical value of gifts to be held in perpetuity	$ -	$ 517,863	$ 517,863
Term endowments	-	22,860	22,860
Appreciation	-	318,184	318,184
Board-designated endowment funds	514,540	20,663	535,203
Total funds	$ 514,540	$ 879,570	$ 1,394,110

Board-designated endowment funds were designated for the following purposes as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Purchase of art objects	$ 8,456	$ 7,837
Purchase of books	1,331	1,264
Student aid	36,505	32,823
Museum exhibitions	8,060	7,656
Gallery maintenance, professorships and curatorships	28,006	25,355
Acquisitions or improvements of long-lived assets	66,488	59,740
Education, instruction, and other departmental purpose	73,929	66,429
General purpose	396,025	334,099
Total	$ 618,800	$ 535,203

Changes in endowment net assets for the year ended June 30, 2024, are as follows (in thousands):

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 514,540	$ 879,570	$ 1,394,110
Investment return	63,842	94,435	158,277
Change in fair value of assets held in trust	-	5,093	5,093
Contributions	-	37,681	37,681
Appropriation of endowment assets for expenditure	(21,093)	(45,623)	(66,716)
Transfers to create board-designated endowment funds	46,010	2,921	48,931
Transfers to remove board-designated endowment funds	(9,296)	-	(9,296)
Other changes, net	(60)	(14)	(74)
Endowment net assets, end of year	$ 593,943	$ 974,063	$ 1,568,006

Changes in endowment net assets for the year ended June 30, 2023, are as follows (in thousands):

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 446,122	$ 838,961	$ 1,285,083
Investment return	47,405	71,941	119,346
Change in fair value of assets held in trust	-	3,075	3,075
Contributions	-	5,879	5,879
Appropriation of endowment assets for expenditure	(18,991)	(43,064)	(62,055)
Transfers to create board-designated endowment funds	53,897	2,809	56,706
Transfers to remove board-designated endowment funds	(13,762)	-	(13,762)
Other changes, net	(131)	(31)	(162)
Endowment net assets, end of year	$ 514,540	$ 879,570	$ 1,394,110

Relationship of Spending Policy to Investment Objectives

The Institute's Executive Committee considers, among other factors, the standard of prudence prescribed by UPMIFA in determining the method to be used to appropriate endowment funds for expenditure.

The Institute's spendable endowment payout formula is a controlled growth distribution formula. For fiscal years 2024 and 2023, the spending is the prior year's endowment payout increased by the higher of the prior June 30th growth in the consumer price index ("CPI-U") as published by U.S. Bureau of Labor Statistics or the Higher Education Price Index ("HEPI") published by the Common fund Institute.

Endowment spendable amounts are reassessed by the Executive Committee every three years or more frequently as conditions warrant. Prior-year accumulated capital gains are utilized to the extent necessary to meet the annual spendable objective. Depending upon market conditions and the needs and available resources of the Institute, appropriations for expenditure from individual endowments may be temporarily suspended to facilitate preservation of the endowment or may be in excess of the spending policy as deemed prudent by the Executive Committee.

NOTE 4 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2024, $613 million of the Institute's financial assets were without donor or other contractual restriction, including endowment returns that have been appropriated for expenditure for operations in the next twelve months. Of that amount, $594 million has been designated for long-term investment in the endowment by the Board; however, action by the Board could remove the designations from such funds as needed at any time.

The Institute's financial assets consist primarily of investments and cash and cash equivalents. Of the Institute's $1.5 billion pooled endowment portfolio, $738 million was invested in funds with daily liquidity as of June 30, 2024. In addition, the Institute maintains lines of credit totaling $55 million for short-term liquidity needs that may arise, of which $55 million was available as of June 30, 2024.

As of June 30, 2023, $552 million of the Institute's financial assets were without donor or other contractual restriction, including endowment returns that have been appropriated for expenditure for operations in the next twelve months. Of that amount, $515 million has been designated for long-term investment in the endowment by the Board; however, action by the Board could remove the designations from such funds as needed at any time.

The Institute's financial assets consist primarily of investments and cash and cash equivalents. Of the Institute's $1.3 billion pooled endowment portfolio, $540 million was invested in funds with daily liquidity as of June 30, 2023. In addition, the Institute maintains lines of credit totaling $55 million for short-term liquidity needs that may arise, of which $50 million was available as of June 30, 2023.

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Unconditional promises to contribute to the Institute are recorded as contributions receivable at fair value based upon discounted estimated future cash flows, net of the allowance for uncollectible accounts. The discount rates for fiscal year 2024 ranged from 4.33% to 5.09%. The discount rates for fiscal year 2023 ranged from 3.81% to 5.40%. Contributions receivable are expected to be realized as follows as of June 30 (in thousands):

	2024	2023
Collectible during the following periods		
Year one	$ 22,239	$ 15,123
Year two	16,226	6,674
Year three	7,485	11,688
Year four	4,691	2,922
Year five	4,304	3,671
Thereafter	12,136	4,165
Gross contributions receivable	67,081	44,243
Present value adjustment	(7,842)	(4,935)
Allowance for uncollectible contributions	(1,982)	(1,307)
Net contributions receivable	$ 57,257	$ 38,001

The Institute's unconditional contributions receivable are recorded at fair value and are classified as Level 2 within the fair value hierarchy, except that promises to give that are payable upon the death of the donor are classified as Level 3 due to uncertain timing. In determining the classification within the fair value hierarchy, the Institute considered historical and projected cash flow rates. The fair value calculations may not be indicative of net realizable value or reflective of future fair values. Contributions receivable are classified as follows in the fair value hierarchy as of June 30, 2024 and 2023 (in thousands):

	2024			
	Level 1	Level 2	Level 3	Total
Contributions receivable due at a specified date	$ -	$ 44,267	$ -	$ 44,267
Contributions receivable due at an uncertain future date	-	-	12,990	12,990
Total contributions receivable	$ -	$ 44,267	$ 12,990	$ 57,257

	2023			
	Level 1	Level 2	Level 3	Total
Contributions receivable due at a specified date	$ -	$ 25,276	$ -	$ 25,276
Contributions receivable due at an uncertain future date	-	-	12,725	12,725
Total contributions receivable	$ -	$ 25,276	$ 12,725	$ 38,001

	Quantitative Information about Level 3 Fair Value Measurements			
	Fair Value at June 30, 2024	Valuation Technique	Unobservable Input	Range (Weighted Average)
Contributions receivable payable at an uncertain future date	$ 12,990	Discounted cash flow	Years to collect pledge	1 – 16 (2.7) years

	Quantitative Information about Level 3 Fair Value Measurements			
	Fair Value at June 30, 2023	Valuation Technique	Unobservable Input	Range (Weighted Average)
Contributions receivable payable at an uncertain future date	$ 12,725	Discounted cash flow	Years to collect pledge	1 - 17 (3.4) years

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment as of June 30, 2024 and 2023, consist of the following (in thousands):

	2024	2023
Land	$ 33,322	$ 34,972
Buildings and improvements	715,428	704,835
Equipment, furniture, and fixtures	34,077	32,850
Total property and equipment	782,827	772,657
Construction in progress	18,559	14,940
Accumulated depreciation	(447,836)	(427,051)
Property and equipment, net	$ 353,550	$ 360,546

NOTE 7 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities as of June 30, 2024 and 2023, consist of the following (in thousands):

	2024	2023
Accounts payable	$ 15,543	$ 16,334
Art purchase liability	11,344	4,937
Asset retirement obligations	5,011	5,050
Accrued salaries and benefits	6,428	6,196
Accrued interest payable	1,325	1,363
Financing lease obligations	268	195
Other liabilities	1,052	1,131
Total accounts payable and other liabilities	$ 40,971	$ 35,206

NOTE 8 - LEASES

Components of lease expense for the years ended June 30, 2024 and 2023 are summarized as follows (in thousands):

	2024	2023
Lease expenses [1]		
Fixed lease expenses - operating	$ 4,304	$ 3,934
Fixed lease expenses - financing	270	270
Total long-term lease expenses	4,574	4,204
Total short-term lease expenses	3,549	3,624
	$ 8,123	$ 7,828

[1] Lease expenses represent the amount recorded within the statements of activities. Fixed lease expenses are recorded on a straight-line basis over the lease term and therefore are not necessarily representative of cash payments made during the same period.

Supplemental statement of financial position information related to leases at June 30, 2024 and 2023 was as follows:

	2024	2023
Weighted-average remaining lease term (in months) - operating leases	112	124
Weighted-average discount rate - operating leases	0.91%	0.91%
Weighted-average remaining lease term (in months) - financing leases	38	11
Weighted-average discount rate - financing leases	2.12%	0.89%

Minimum future lease payments under non-cancelable operating leases and financing leases having remaining terms in excess of one year as of June 30, 2024, are as follows (in thousands):

Years Ending June 30,	Operating Leases	Financing Leases
2025	$ 4,471	$ 87
2026	4,568	87
2027	4,670	88
2028	4,773	15
2029	5,071	-
Thereafter	22,123	-
Total minimum lease payments	45,676	277
Less: imputed interest	(2,142)	(9)
Present value of future minimum lease payments	$ 43,534	$ 268

NOTE 9 - BONDS AND NOTES PAYABLE

Bonds and notes payable as of June 30, 2024 and 2023, consist of the following (in thousands):

	Principal Outstanding 2024	Principal Outstanding 2023	Final Maturity or Expiration	Principal Payable	Coupon Interest Rates at June 30, 2024
Public bonds					
Fixed interest rate revenue bonds					
Series 2016[(1)]	$ 35,250	$ 36,250	3/1/2038	Varying dates and amounts	3.13% to 5.00%
Taxable bond:					
Series 2012[(1)]	10,000	10,000	3/1/2027	Varying dates and amounts	3.78%
Total public bonds	45,250	46,250			
Private debt					
New York Life and affiliates $60 million 2020 notes[(1)]	52,000	54,000	3/1/2050	Varying dates and amounts	2.65%
New York Life and affiliates $18.5 million 2022 notes[(1)]	18,500	18,500	3/1/2047	At expiration	2.89%
Bank of America $16.5 million term loan[(2)]	9,687	10,755	9/1/2032	Monthly	1.99%
Bank of America $15 million term loan[(2)]	13,620	14,241	3/1/2042	Monthly	2.14%
Bank of America $20 million working capital line of credit[(3),(4)]	-	4,900	4/30/2027	At expiration	BSBY or bank reference rate based
JPMorgan Chase $15 million working capital line of credit[(3),(4)]	-	-	6/23/2025	At expiration	SOFR or bank reference rate based
Northern Trust $20 million working capital line of credit[(3),(4)]	-	-	1/24/2026	At expiration	SOFR or bank reference rate based
Total outstanding debt	139,057	148,646			
Unamortized premium, discount, and cost of issuance	2,070	2,393			
Total	$ 141,127	$ 151,039			

Notes

(1) Interest is payable on March 1 and September 1.
(2) Interest is payable monthly.
(3) Interest rate resets on varying dates.
(4) Interest is payable on varying dates.

All tax-exempt bonds are issued through the Illinois Finance Authority. The aggregate scheduled maturities of bonds and notes payable are summarized as follows (in thousands):

Years Ending June 30,	
2025	$ 4,726
2026	4,763
2027	14,800
2028	4,836
2029	4,876
Thereafter	105,056
Total	$ 139,057

The Institute's debt and loan agreements require, among other things, the maintenance of a financial ratio. The Institute was in compliance with all financial covenants as of June 30, 2024 and 2023. Management believes that subject to certain conditions, at a minimum, the following net assets with donor restrictions, in addition to net assets without donor restrictions, can be used to meet the Institute's debt obligation as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Contributions receivable for acquisition or improvement of long-lived assets funded wholly or partially by debt	$ 191	$ 189
Portion of perpetual endowments subject to a timing restriction under UPMIFA consistent with state law, these funds are available upon appropriation by the Board	217,294	189,257
Other net assets with donor restrictions available for debt obligations	18,398	17,488
Total net assets with donor restrictions available for debt obligations	$ 235,883	$ 206,934

Notwithstanding the aforementioned, other net assets not listed above may be used to satisfy the Institute's debt obligations consistent with their restrictions.

NOTE 10 - RESTRICTIONS ON NET ASSETS

Net assets by donor restriction as of June 30, 2024 and 2023 is summarized as follows (in thousands):

	Net Assets Subject to Time and/or Purpose Restrictions		Net Assets to be Maintained in Perpetuity		Total Net Assets With Donor Restrictions	
	2024	2023	2024	2023	2024	2023
Purchase of art objects	$ 82,384	$ 51,618	$ 77,665	$ 77,149	$ 160,049	$ 128,767
Purchase of books	3,424	3,158	2,403	2,398	5,827	5,556
Student aid	42,868	36,912	51,833	50,419	94,701	87,331
Museum exhibitions	20,915	19,685	27,503	27,188	48,418	46,873
Gallery maintenance, professorships, and curatorships	116,825	98,789	206,850	179,568	323,675	278,357
Acquisitions or improvements of long-lived assets	52,334	30,459	-	-	52,334	30,459
Education, instruction, and other departmental purposes	159,331	143,708	102,532	96,210	261,863	239,918
Contribution receivable	13,901	19,078	10,192	7,997	24,093	27,075
Assets held in trust by others	590	592	52,765	47,672	53,355	48,264
General purpose endowments	67,907	62,640	29,264	29,262	97,171	91,902
Total	$ 560,479	$ 466,639	$ 561,007	$ 517,863	$ 1,121,486	$ 984,502

The nature of restrictions on net assets released from donor restrictions for the years ended June 30, 2024 and 2023 is summarized as follows (in thousands):

	Released from Restriction	
	2024	2023
Purchase of art objects	$ 24,355	$ 33,968
Purchase of books	373	354
Student aid	5,622	5,079
Museum exhibitions	5,816	5,440
Gallery maintenance, professorships, and curatorships	25,254	23,806
Acquisitions or improvements of long-lived assets	1,135	629
Education, instruction, and other departmental purposes	8,723	8,100
Total	$ 71,278	$ 77,376

NOTE 11 - PENSION BENEFITS

The Institute has a qualified, noncontributory defined benefit pension plan (the "Plan") covering staff employees who meet the Plan's eligibility. Staff employees hired prior to January 1, 2007, are eligible for the Plan. Staff employees hired after December 31, 2006 and eligible faculty of the School participate in a defined contribution plan in lieu of participation in the Plan. A supplemental retirement plan is provided for certain employees whose benefits are restricted under the qualified plans.

The following table sets forth the Plan's pension benefit obligation, plan assets, and funded status reconciled with the amounts set forth in the statements of financial position as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Change in benefit obligations		
Benefit obligations - beginning of year	$ 129,109	$ 139,301
Service cost	1,510	1,854
Interest cost	6,773	6,595
Actuarial gain	(1,437)	(8,088)
Benefits paid	(7,911)	(10,553)
Projected benefit obligation - end of year	128,044	129,109
Change in plan assets		
Fair value of plan assets - beginning of year	119,670	122,452
Actual return on plan assets	9,293	7,771
Employer contribution	2,000	-
Benefits paid	(7,911)	(10,553)
Fair value of plan assets - end of year	123,052	119,670
Funded status at the end of the year	$ (4,992)	$ (9,439)

The pension plan items not yet recognized as a component of periodic pension cost, but included in net assets as of June 30, 2024 and 2023 is as follows (in thousands):

	2024	2023
Net actuarial loss	$ 13,695	$ 17,423

The components of the pension-related change other than net periodic pension cost for the fiscal years ended June 30, 2024 and 2023 are summarized as follows (in thousands):

	2024	2023
Actuarial gain arising during the year	$ (3,120)	$ (10,269)
Amortization of actuarial loss	(607)	(2,072)
	$ (3,727)	$ (12,341)

The accumulated benefit obligation as of June 30, 2024 and 2023, was $119.8 million and $120.7 million, respectively.

As of June 30, 2024 and 2023, components of net periodic benefit cost for the Plan consist of the following (in thousands):

	2024	2023
Service cost	$ 1,510	$ 1,854
Interest cost	6,773	6,595
Expected return on plan assets	(7,609)	(5,590)
Amortization of net actuarial loss	607	2,072
Net periodic benefit cost	$ 1,281	$ 4,931

Assumptions

Weighted-average assumptions used to determine the pension benefit obligation as of June 30, 2024 and 2023 are as follows:

	2024	2023
Discount rate	5.60%	5.44%
Salary growth rate	3.50	3.50

Weighted-average assumptions used to determine pension net periodic cost for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Discount rate	5.44%	4.88%
Expected return on plan assets	6.70	4.80
Salary growth rate	3.50	3.50

Estimated Future Benefit Payments

The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows (in thousands):

Year Ending June 30:		
2025	$	11,559
2026		9,789
2027		9,880
2028		10,420
2029		10,383
2030 - 2034		48,558

Plan Assets

Investment objectives and policies are approved by the Institute's Executive Committee based on recommendations by the Investment Committee and are achieved in partnership with external investment managers. The portfolio is designed to generate returns sufficient to meet obligations to beneficiaries, maintain flexibility in determining future Plan funding obligations, and reduce the Plan's funded status volatility when appropriate. The Institute determines the long-term rate of return on Plan assets by examining the Plan's asset allocation, historical capital market returns, and inflation assumptions. Historical returns and benchmarking data are also reviewed to ensure a reasonable and appropriate return assumption.

Prior to fiscal year 2024, plan assets were segregated into two separate investment pools, the retiree portion and the active portion. The assets of the retiree portion of the Plan were invested in a liability-driven investment strategy designed to match the duration and expected cash flows of the benefit distributions for certain retired Plan participants. The assets of the active portion of the Plan were invested to cover the future obligations due to the other Plan participants and was invested in a mix of return seeking and liability hedging assets. In fiscal year 2024, the Institute adopted a revised investment policy statement under which the Plan assets are managed collectively, with a liability-driven investment strategy designed to match the duration and expected cash flows of benefit distributions for Plan participants.

Under the revised investment policy statement, the Plan's asset allocation was as follows at June 30, 2024:

	2024	Target Allocation
Asset category		
Equity securities	66%	65%
Fixed income securities and cash and cash equivalents	34	35
Total	100%	100%

The Plan's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Investments in publicly traded mutual funds are stated at the last reported sales price on the date of valuation. Institutional commingled funds are stated at fair value of the underlying securities or at NAV, as determined by the administrator, based on readily determinable market values (in thousands). In accordance with ASC 820, investments measured at the NAV or equivalents are not categorized within the fair value hierarchy.

The Plan's investments are classified as follows, based on fair values, as of June 30, 2024 (in thousands):

	2024				
	Investments Measured at NAV or Equivalent	Level 1	Level 2	Level 3	Total
Plan assets, at fair value					
Cash and cash equivalents	$ 2,471	$ -	$ -	$ -	$ 2,471
Equity securities	492	80,513	-	-	81,005
Fixed income securities	-	54	39,522	-	39,576
	$ 2,963	$ 80,567	$ 39,522	$ -	$ 123,052

The Plan's investments are classified as follows, based on fair values, as of June 30, 2023 (in thousands):

	2023				
	Investments Measured at NAV or Equivalent	Level 1	Level 2	Level 3	Total
Plan assets, at fair value:					
Cash and cash equivalents	$ 3,781	$ -	$ -	$ -	$ 3,781
Equity securities	52,687	12,071	-	-	64,758
Fixed income securities	41,927	9,204	-	-	51,131
	$ 98,395	$ 21,275	$ -	$ -	$ 119,670

Employer Contributions to Retirement Plans

The Institute made a contribution of $2.0 million to its defined benefit pension plan in fiscal year 2024 to meet minimum funding requirements. No contributions to its defined benefit pension plan were made in fiscal year 2023 as Plan contributions made in recent years have exceeded the minimum funding requirements. Employer contributions and expense for the defined contribution plans totaled $7.0 million and $6.5 million, respectively, for the years ended June 30, 2024 and 2023. Employer contributions and expense for the supplemental retirement plan totaled $147,000 and $185,000, respectively, for the years ended June 30, 2024 and 2023.

NOTE 12 - NATURAL CLASSIFICATION OF EXPENSES

The Institute's primary programs are operation of the Museum and the School. Natural expenses incurred in support of these programs are allocated based on a variety of cost allocation techniques, including time and effort and square footage.

The nature of expenses by function for the year ended June 30, 2024, are as follows (in thousands):

	Instructional and Academic	Curatorial, Libraries, Collections and Exhibitions	Museum Education	Other Programs	Auxiliary Activities	Total Program Services	Management and General	Fundraising and Member Developme nt	Total
Salaries and wages	$ 59,468	$ 23,240	$ 2,044	$ 2,386	$ 2,214	$ 89,352	$ 19,824	$ 7,787	$ 116,963
Fringe benefits	15,909	7,564	580	712	698	25,463	6,588	2,529	34,580
Contracted services	9,410	12,813	460	412	6,439	29,534	3,961	1,320	34,815
Equipment, rental, and maintenance	10,387	1,788	49	102	4,506	16,832	2,498	128	19,458
Travel and entertainment	1,557	1,396	59	48	94	3,154	728	194	4,076
Telephone, copy, fax, and postage	1,630	184	2	31	212	2,059	306	385	2,750
Supplies, books, and subscriptions	1,543	1,828	58	34	229	3,692	137	45	3,874
Publications and printing	767	544	29	98	-	1,438	28	560	2,026
Publicity and promotions	946	20	-	1,392	-	2,358	97	9	2,464
Cost of sales	271	273	-	56	3,787	4,387	55	-	4,442
Utilities	1,467	2,559	82	-	987	5,095	63	56	5,214
Interest	-	-	-	-	-	-	4,607	-	4,607
Bad debt	-	-	-	-	-	-	529	-	529
Other	3,245	4,134	13	766	848	9,006	2,504	222	11,732
Total operating expenses	106,600	56,343	3,376	6,037	20,014	192,370	41,925	13,235	247,530
Acquisition of art objects	-	25,844	-	-	-	25,844	-	-	25,844
Depreciation	4,401	11,265	359	-	3,792	19,817	2,581	246	22,644
Total	$ 111,001	$ 93,452	$ 3,735	$ 6,037	$ 23,806	$ 238,031	$ 44,506	$ 13,481	$ 296,018

The nature of expenses by function for the year ended June 30, 2023, are as follows (in thousands):

	Instructional and Academic	Curatorial, Libraries, Collections and Exhibitions	Museum Education	Other Programs	Auxiliary Activities	Total Program Services	Management and General	Fundraising and Member Developme nt	Total
Salaries and wages	$ 57,225	$ 21,204	$ 1,452	$ 1,995	$ 1,738	$ 83,614	$ 18,223	$ 6,825	$ 108,662
Fringe benefits	15,091	6,625	433	592	519	23,260	6,113	2,198	31,571
Contracted services	9,369	9,851	463	268	4,226	24,177	3,886	1,336	29,399
Equipment, rental, and maintenance	10,907	1,844	23	71	4,527	17,372	2,379	138	19,889
Travel and entertainment	1,503	1,365	85	29	49	3,031	312	201	3,544
Telephone, copy, fax, and postage	1,410	134	4	42	171	1,761	330	320	2,411
Supplies, books, and subscriptions	1,547	1,714	45	24	260	3,590	149	75	3,814
Publications and printing	773	783	36	68	20	1,680	32	668	2,380
Publicity and promotions	968	15	-	1,495	-	2,478	182	15	2,675
Cost of sales	255	109	-	30	2,983	3,377	38	-	3,415
Utilities	1,193	2,703	86	-	1,077	5,059	64	59	5,182
Interest	-	-	-	-	-	-	4,483	-	4,483
Bad debt	1	-	-	-	-	1	1,288	-	1,289
Other	3,546	4,298	14	566	701	9,125	2,731	186	12,042
Total operating expenses	103,788	50,645	2,641	5,180	16,271	178,525	40,210	12,021	230,756
Acquisition of art objects	-	34,670	-	-	-	34,670	-	-	34,670
Depreciation	4,122	11,630	370	-	3,905	20,027	2,828	253	23,108
Total	$ 107,910	$ 96,945	$ 3,011	$ 5,180	$ 20,176	$ 233,222	$ 43,038	$ 12,274	$ 288,534

SUPPLEMENTARY SCHEDULES

The Art Institute of Chicago

SCHEDULE OF OPERATING ACTIVITIES

Year ended June 30, 2024
(in thousands)

	Museum	School	Corporate Financial Services*	Total
Operating revenue and other support				
Tuition and fees (net of $54,228 student aid)	$ -	$ 120,314	$ -	$ 120,314
Contributions	11,322	1,690	-	13,012
Chicago Park District	5,299	-	-	5,299
Museum admissions	20,315	-	-	20,315
Membership dues	8,987	-	-	8,987
Other program revenues and miscellaneous	1,266	2,739	-	4,005
Investment return designated for current use	18,125	2,578	-	20,703
Auxiliary activities	12,834	17,826	-	30,660
Net assets released from restrictions	34,870	10,918		45,788
Total operating revenue and other support	113,018	156,065	-	269,083
Operating expenses				
Program services				
Instructional and academic	-	106,600	-	106,600
Curatorial, libraries and collections	51,670	-	-	51,670
Special exhibitions	4,673	-	-	4,673
Museum education	3,376	-	-	3,376
Other programs	3,989	2,048	-	6,037
Auxiliary activities	12,208	7,806	-	20,014
Total program services	75,916	116,454	-	192,370
Management and general				
General administration	17,797	19,521	-	37,318
Interest and debt cost amortization	2,491	1,373	743	4,607
Total management and general	20,288	20,894	743	41,925
Fundraising and member development	10,756	2,479	-	13,235
Total operating expenses	106,960	139,827	743	247,530
Change in net assets from operations before transfers	6,058	16,238	(743)	21,553
Transfers to quasi-endowment**	9,230	371	-	9,601
Change in net assets from operations	$ 15,288	$ 16,609	$ (743)	$ 31,154

* The Institute's Corporate Financial Services activity represents internal bank activity that provides financing for various Museum and School initiatives and allocates certain other costs impacted by interest rate fluctuations.

** These amounts represent bequests and other gifts without donor restrictions, which were received and transferred for long-term investment as quasi-endowment funds.

The Art Institute of Chicago

SCHEDULE OF OPERATING ACTIVITIES

Year ended June 30, 2023
(in thousands)

	Museum	School	Corporate Financial Services*	Total
Operating revenue and other support				
Tuition and fees (net of $53,382 student aid)	$ -	$ 128,054	$ -	$ 128,054
Contributions	11,147	1,485	-	12,632
Chicago Park District	5,832	-	-	5,832
Museum admissions	16,706	-	-	16,706
Membership dues	8,495	-	-	8,495
Other program revenues and miscellaneous	924	2,526	-	3,450
Investment return designated for current use	16,226	2,395	-	18,621
Auxiliary activities	8,823	16,396	-	25,219
Net assets released from restrictions	31,603	11,176	-	42,779
Total operating revenue and other support	99,756	162,032	-	261,788
Operating expenses				
Program services				
Instructional and academic	-	103,788	-	103,788
Curatorial, libraries and collections	45,249	-	-	45,249
Special exhibitions	5,396	-	-	5,396
Museum education	2,641	-	-	2,641
Other programs	3,613	1,567	-	5,180
Auxiliary activities	8,463	7,808	-	16,271
Total program services	65,362	113,163	-	178,525
Management and general				
General administration	16,558	19,169	-	35,727
Interest and debt cost amortization	2,318	1,462	703	4,483
Total management and general	18,876	20,631	703	40,210
Fundraising and member development	9,864	2,157	-	12,021
Total operating expenses	94,102	135,951	703	230,756
Change in net assets from operations before transfers	5,654	26,081	(703)	31,032
Transfers to quasi-endowment**	4,741	633	-	5,374
Change in net assets from operations	$ 10,395	$ 26,714	$ (703)	$ 36,406

* The Institute's Corporate Financial Services activity represents internal bank activity that provides financing for various Museum and School initiatives and allocates certain other costs impacted by interest rate fluctuations.

** These amounts represent bequests and other gifts without donor restrictions, which were received and transferred for long-term investment as quasi-endowment funds.

The Art Institute of Chicago

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

Year ended June 30, 2024
(in thousands)

	Museum	School	Corporate Financial Services*	Total
Salaries and wages	$ 44,207	$ 72,756	$ -	$ 116,963
Fringe benefits	13,954	20,626	-	34,580
Contracted services	20,194	14,621	-	34,815
Equipment, rental and maintenance	4,149	15,309	-	19,458
Travel and entertainment	2,213	1,863	-	4,076
Telephone, copy and postage	926	1,824	-	2,750
Supplies, books and subscriptions	2,189	1,685	-	3,874
Publications and printing	1,172	854	-	2,026
Publicity and promotions	1,370	1,094	-	2,464
Cost of sales	4,060	382	-	4,442
Utilities	3,108	2,106	-	5,214
Interest	2,491	1,373	743	4,607
Bad debt	-	529	-	529
Other	6,927	4,805	-	11,732
Total operating expenses	106,960	139,827	743	247,530
Depreciation	13,564	9,080	-	22,644
Total expenses, including depreciation	$ 120,524	$ 148,907	$ 743	$ 270,174

* The Institute’s Corporate Financial Services activity represents internal bank activity that provides financing for various Museum and School initiatives and allocates certain other costs impacted by interest rate fluctuations.

The Art Institute of Chicago

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

Year ended June 30, 2023
(in thousands)

	Museum	School	Corporate Financial Services*	Total
Salaries and wages	$ 39,971	$ 68,691	$ -	$ 108,662
Fringe benefits	12,298	19,273	-	31,571
Contracted services	14,579	14,820	-	29,399
Equipment, rental and maintenance	3,950	15,939	-	19,889
Travel and entertainment	1,824	1,720	-	3,544
Telephone, copy and postage	779	1,632	-	2,411
Supplies, books and subscriptions	2,122	1,692	-	3,814
Publications and printing	1,504	876	-	2,380
Publicity and promotions	1,463	1,212	-	2,675
Cost of sales	3,092	323	-	3,415
Utilities	3,278	1,904	-	5,182
Interest	2,318	1,462	703	4,483
Bad debt	-	1,289	-	1,289
Other	6,924	5,118	-	12,042
Total operating expenses	94,102	135,951	703	230,756
Depreciation	13,999	9,109	-	23,108
Total expenses, including depreciation	$ 108,101	$ 145,060	$ 703	$ 253,864

* The Institute’s Corporate Financial Services activity represents internal bank activity that provides financing for various Museum and School initiatives and allocates certain other costs impacted by interest rate fluctuations.