Terra Foundation for American Art

Consolidated Financial Report

June 30, 2021

Contents

Plante & Moran, PLLC
10 South Riverside Plaza
9th floor
Chicago, IL 60606
Tel: 312.207.1040
Fax: 312.207.1066
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Terra Foundation for American Art

We have audited the accompanying consolidated financial statements of Terra Foundation for American Art and its subsidiaries (collectively, the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2021 and 2020 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Terra Foundation for American Art and its subsidiaries as of June 30, 2021 and 2020 and the changes in their net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 4, the consolidated financial statements include investments valued at $352,924,187 and $291,063,631 (80.4 and 82.6 percent of total investments) at June 30, 2021 and 2020, respectively, whose fair value has been estimated at net asset value in the absence of observable inputs used to determine market values. Management's estimates are based on information provided by the fund managers of the general partners. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

October 18, 2021

Consolidated Statement of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 556,155	$ 565,367
Investments (Note 4)	438,944,624	352,181,761
Accounts receivable	35,571	149,172
Excise tax receivable	82,431	169,971
Other assets	193,735	164,855
Art collection (Note 2)	184,335,129	184,347,025
Property, plant, and equipment - Net (Note 5)	7,358,660	7,748,586
Total assets	**$ 631,506,305**	**$ 545,326,737**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses (Note 6)	$ 539,664	$ 1,164,764
Grants payable	8,154,106	7,788,886
Deferred excise taxes	1,453,933	628,176
Due to brokers (Note 13)	527,472	490,103
Other liabilities (Note 12)	1,961,477	1,925,000
Total liabilities	12,636,652	11,996,929
Net Assets		
Without donor restrictions	389,507,286	351,087,771
With donor restrictions	229,362,367	182,242,037
Total net assets	618,869,653	533,329,808
Total liabilities and net assets	**$ 631,506,305**	**$ 545,326,737**

See notes to consolidated financial statements.

Consolidated Statement of Activities

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Other income	$ 34,373	-	34,373
Net assets released from restrictions for:			
Grantmaking, exhibitions, publications, and educational programs	7,607,765	(7,607,765)	-
Collection care and management	641,245	(641,245)	-
Investment and rental expense	721,763	(721,763)	-
Total revenue, gains, and other support before investment income	9,005,146	(8,970,773)	34,373
Investment Income - Net	49,003,239	56,091,103	105,094,342
Less Excise Tax Expense - Net	1,338,593	-	1,338,593
Income Before Expenses	56,669,792	47,120,330	103,790,122
Expenses			
Program services			
Grantmaking	12,352,811	-	12,352,811
Collection care & management	998,431	-	998,431
Exhibitions, publications, & educational programs	1,632,971	-	1,632,971
Support services - Management & general	3,331,960	-	3,331,960
Total expenses	18,316,173	-	18,316,173
Change in Net Assets Before Change in Currency Translation Adjustment	38,353,619	47,120,330	85,473,949
Change in Currency Translation Adjustment	65,896	-	65,896
Change in Net Assets Reflecting Change in Currency Translation	**$ 38,419,515**	**$ 47,120,330**	**$ 85,539,845**
Net Assets - Beginning of Year	$ 351,087,771	$ 182,242,037	$ 533,329,808
Net Assets - End of Year	**$ 389,507,286**	**$ 229,362,367**	**$ 618,869,653**

See notes to consolidated financial statements.

Consolidated Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Other income	$ 194,694	-	194,694
Net assets released from restrictions for:			
Grantmaking, exhibitions, publications, and educational programs	7,393,844	(7,393,844)	-
Collection care and management	693,480	(693,480)	-
Investment and rental expense	(18,683)	18,683	-
Total revenue, gains, and other support before investment income	8,263,335	(8,068,641)	194,694
Investment Loss - Net	(4,302,439)	(4,760,247)	(9,062,686)
Less Excise Tax Recovery - Net	(51,223)	-	(51,223)
Income Before Expenses	4,012,119	(12,828,888)	(8,816,769)
Expenses			
Program services			
Grantmaking	10,722,256	-	10,722,256
Collection care & management	1,052,455	-	1,052,455
Exhibitions, publications, & educational programs	1,622,790	-	1,622,790
Support services - Management & general	4,205,433	-	4,205,433
Total expenses	17,602,934	-	17,602,934
Change in Net Assets Before Change in Currency Translation Adjustment	(13,590,815)	(12,828,888)	(26,419,703)
Change in Currency Translation Adjustment	(19,922)	-	(19,922)
Change in Net Assets Reflecting Change in Currency Translation	**$ (13,610,737)**	**$ (12,828,888)**	**$ (26,439,625)**
Net Assets - Beginning of Year	$ 364,698,508	$ 195,070,925	$ 559,769,433
Net Assets - End of Year	**$ 351,087,771**	**$ 182,242,037**	**$ 533,329,808**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services				Support Services	
	Grantmaking	Collection Care and Management	Exhibitions, Publications, and Educational Programs	Total	Management and General	Total
Salaries and benefits	$ 857,884	$ 383,383	$ 683,469	$ 1,924,736	$ 2,021,308	$ 3,946,044
Professional fees	124,872	31,434	299,278	455,584	193,178	648,762
Advertising and publicity	11,500	-	8,370	19,870	350	20,220
Insurance	13,180	204,664	14,516	232,360	18,355	250,715
Rent-related expenses	14,421	41,259	115,162	170,842	780,774	951,616
Utilities	20,336	46,395	42,826	109,557	36,729	146,286
Repairs and maintenance	29,800	76,563	127,132	233,495	56,393	289,888
Depreciation	77,616	177,580	138,692	393,888	131,626	525,514
Travel and entertainment	3,611	224	1,063	4,898	11,379	16,277
Grant expense	11,158,641	-	-	11,158,641	-	11,158,641
Miscellaneous	40,950	36,929	202,463	280,342	81,868	362,210
Excise tax expense	-	-	-	-	1,338,593	1,338,593
Total functional expenses	**$ 12,352,811**	**$ 998,431**	**$ 1,632,971**	**$ 14,984,213**	**$ 4,670,553**	**$ 19,654,766**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services				Support Services	
	Grantmaking	Collection Care and Management	Exhibitions, Publications, and Educational Programs	Total	Management and General	Total
Salaries and benefits	$ 772,451	$ 388,411	$ 603,037	$ 1,763,899	$ 2,981,467	$ 4,745,366
Professional fees	80,215	68,043	309,147	457,405	314,335	771,740
Advertising and publicity	-	-	2,000	2,000	25	2,025
Insurance	12,410	185,012	13,965	211,387	17,226	228,613
Rent-related expenses	14,040	45,945	109,739	169,724	408,678	578,402
Utilities	19,144	46,279	45,324	110,747	35,119	145,866
Repairs and maintenance	36,037	89,241	142,345	267,623	60,376	327,999
Depreciation	72,404	182,365	159,995	414,764	142,142	556,906
Travel and entertainment	26,117	10,492	72,496	109,105	154,019	263,124
Grant expense	9,611,689	-	-	9,611,689	-	9,611,689
Miscellaneous	77,749	36,667	164,742	279,158	92,046	371,204
Excise tax recovery	-	-	-	-	(51,223)	(51,223)
Total functional expenses	**$ 10,722,256**	**$ 1,052,455**	**$ 1,622,790**	**$ 13,397,501**	**$ 4,154,210**	**$ 17,551,711**

Consolidated Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	$ 85,473,949	$ (26,419,703)
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation	525,514	556,906
Net realized gain on investments	(22,981,520)	(10,617,955)
Net change in unrealized (gain) loss on investments	(77,868,756)	24,891,311
Gain on deaccession of artwork	(14,409)	(172,500)
Loss on disposal of property	-	406
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Receivables - Grants	-	5,396,784
Receivables - Other	113,601	(128,527)
Receivables - Interest and dividends	(38,937)	(259,449)
Receivables - Excise taxes	87,540	62,878
Other assets	(28,880)	99,979
Grants payable	365,220	(5,657,939)
Accounts payable and accrued expenses	(615,056)	9,122
Other liabilities	-	(229,057)
Deferred excise taxes	825,757	(497,826)
Net cash and cash equivalents used in operating activities	(14,155,977)	(12,965,570)
Cash Flows from Investing Activities		
Capital expenditures	(58,875)	(102,447)
Proceeds from sale of investments	42,383,913	24,081,988
Purchase of investments	(28,220,194)	(12,759,817)
Addition to art collection	(5,695)	-
Proceeds from deaccession of artwork	32,000	332,500
Net cash and cash equivalents provided by investing activities	14,131,149	11,552,224
Effect of Exchange Rate Changes	15,616	(4,795)
Net Decrease in Cash and Cash Equivalents	(9,212)	(1,418,141)
Cash and Cash Equivalents - Beginning of year	565,367	1,983,508
Cash and Cash Equivalents - End of year	**$ 556,155**	**$ 565,367**
Supplemental Cash Flow Information - Cash paid for excise taxes	$ 539,265	$ 391,500

Note 1 - Nature of Business

Terra Foundation for American Art (collectively with its subsidiaries, the "Foundation") is a private grantmaking foundation. The Foundation's mission is to support the understanding and appreciation of American art, both in the United States and abroad, primarily through its grant program. The Foundation also focuses on developing traveling exhibitions, grants, and fellowships. As part of this effort, the Foundation has an office in Paris, France, Terra Foundation of American Art Europe (TFAAE).

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Terra Foundation for American Art, TFAAE, Terra Michigan Avenue Property LLC (TMAP), and Terra Art Vault LLC. All significant intercompany transactions have been eliminated in consolidation. These consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. In fiscal years 1993 through 1996, Daniel J. Terra (the "Founder") established endowments held in perpetuity for purposes consistent with the Foundation's goals. Effective August 18, 2006, distributions are permitted based on a court decree, which shall not exceed 5 percent of the net fair value of the fund's total assets based on a three-year trailing average of the fair value of the funds. The distributions amounted to $10,695,491 and $9,610,170 for the years ended June 30, 2021 and 2020, respectively.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Adoption of New Accounting Principle

In March 2019, the FASB issued Accounting Standards Update (ASU) No. 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*, which modifies the definition of the term collections and requires that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned. The amendments in this update allow the proceeds to be used to support the direct care of existing collection items in addition to the current requirement that proceeds from sales of collection items be used to acquire other items for collections. The amendments in this update improve GAAP because they eliminate diversity in practice regarding the application of the definition of the term collections, and using proceeds from deaccessioned collection items toward direct care better aligns with many entities' missions to specifically maintain their collections. The Foundation adopted the ASU effective July 1, 2020 on a prospective basis. As of June 30, 2021, the Foundation has not modified its collection policy.

Note 2 - Significant Accounting Policies (Continued)

Cash Equivalents

The Foundation considers all investments with an original maturity of three months or less when purchased to be cash equivalents. The Foundation maintains its cash and cash equivalents in bank deposit accounts that at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

The Foundation's investments are reported at fair value. Investment gains (losses), including net realized and unrealized gains (losses), are reflected in the consolidated statement of activities as increases in net assets. Interest and dividend income is recorded on the accrual basis.

The Foundation's investments are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the consolidated statement of financial position.

Property and Equipment

Property and equipment are stated at their estimated fair value at the date donated or at cost if purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between 3 and 40 years.

Grants Payable

Grants are recorded as liabilities and expensed at the time they are approved by the board of directors. Grants payable consist of unconditional grants that have been approved as of June 30, 2021. The majority of the grants payable balance is scheduled to be paid in less than one year.

Conditional grants, if any, are expensed when such conditions are substantially met. See Note 9 for further information regarding conditional grants awarded as of June 30, 2021 and 2020.

Federal Income Taxes

The Foundation is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3) and is classified as a private foundation under the code. Accordingly, the Foundation is subject to excise taxes based on current net investment income. As of June 30, 2021 and 2020, the Foundation had excise taxes payable of $127,884 and $74,357, respectively. The amounts were included in accounts payable and accrued expenses in the consolidated statement of financial position. Excise taxes paid by the Foundation are paid from the respective net assets without donor restrictions or net assets with donor restrictions. The Foundation provides for deferred excise taxes, which represent taxes calculated on the net unrealized appreciation of investments using a 1.39 percent and 2 percent tax rate during 2021 and 2020, respectively. Additionally, the Foundation records an excise tax receivable for tax amounts overpaid in previous years to be received or applied in future years.

Use of Estimates

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

Note 2 - Significant Accounting Policies (Continued)

Art Collection

The Foundation has capitalized its collection since its inception. When purchased, items accessioned into the collection are capitalized at cost; when donated, they are capitalized at their appraised or fair value on the accession date. Gains or losses on the deaccession of collection items are classified on the consolidated statement of activities as with donor restrictions or without donor restrictions, depending on donor restrictions, if any, placed on them at the time of accession. Proceeds from deaccessions can be used to purchase other works of art or for the direct care of the existing art collection.

Foreign Currency Translation

The European euro is considered the functional currency of TFAAE. Accordingly, foreign currency adjustments, arising from the translation of TFAAE's accounts to U.S. dollars, are recorded in the cumulative foreign currency translation account, which is included within net assets without donor restrictions on the consolidated statement of financial position. Assets and liabilities are translated into U.S. dollars at the rate of exchange in effect at the close of the period. Income and expenses are translated at a weighted-average rate of exchange for the period. The cumulative foreign currency translation adjustment was $2,142,535 and $2,076,639 as of June 30, 2021 and 2020, respectively.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

- Utilities - Square footage based on function
- Depreciation - Square footage based on function
- Property insurance and building assessments - Square footage based on function
- Repairs and maintenance - Square footage based on function
- Employee benefits - Estimates of time and effort

Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Risks and Uncertainties from COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

In response to the pandemic declaration, the Foundation allowed employees to work at home or in the office. In addition, travel restrictions were put in place worldwide, resulting in a substantial reduction in travel expenses. As a result of the pandemic, the Foundation saw a decrease in the payout of certain existing grants, whereas exhibitions and other programs or events were modified, postponed, or canceled. In an effort to offset this impact and to address the critical and immediate needs of its grantees, the Foundation established and issued COVID-19 relief grants.

No impairments were recorded as of the consolidated statement of financial position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Foundation's activities, functional expenses, investments, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Foundation's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. Management has determined that the standard will not have a significant impact on the consolidated financial statements.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including October 18, 2021, which is the date the consolidated financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The Foundation considers investment income without donor restrictions; appropriated earnings from donor-restricted endowments; contributions without donor restrictions; and contributions with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Donor-restricted contributions for programs and activities that are not ongoing or central to its annual operations are excluded from resources available for general expenditures. General expenditures include administrative and general expenses, direct program activities, and grant commitments expected to be paid in the subsequent fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets
- Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation. Consistent with this objective, the Foundation budgets to spend no more than 5 percent of the three-year average value of its unrestricted and donor-restricted invested assets. Although the Foundation does not intend to spend from its unrestricted assets beyond the amounts calculated through the budget approval and appropriation process, these assets are available to meet general expenditures if necessary.

Approximately 66 and 63 percent of the Foundation's investment portfolio consists of highly liquid investments as of June 30, 2021 and 2020, respectively; 27 and 30 percent of the portfolio's investments may be redeemed either at future specified redemption dates or currently by incurring a penalty as of June 30, 2021 and 2020, respectively. Finally, certain investments (approximately 7 percent) in real estate, private equities, and private investments are subject to constraints that limit the Foundation's ability to withdraw capital after such investments are made or may limit the amount available for withdrawal at a given redemption date.

Note 3 - Liquidity and Availability of Resources (Continued)

The following financial assets as of June 30 could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

	2021	2020
Cash and cash equivalents	$ 556,155	$ 565,367
Accounts receivable and excise tax receivable	118,002	319,143
Appropriation of donor-restricted endowments for use over next 12 months	10,956,806	10,695,491
Portion of invested assets without donor restrictions	209,582,257	169,939,723
Total	$ 221,213,220	$ 181,519,724

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2021 and 2020 and the valuation techniques used by the Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The Foundation estimates fair values for the private equity partnerships and real estate partnerships based on the Foundation's applicable ownership percentage of the investment partnerships' net assets as of the measurement date. In assessing the propriety of using net asset value (NAV) as fair value, the Foundation utilizes valuations provided by the investment partnerships. The investment partnerships value securities and other financial instruments on the fair value basis of accounting. 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 sponsor of the respective investment partnerships using various techniques, such as discounted cash flow analysis and comparable market data, and may not reflect amounts that could be realized upon immediate sale nor amounts that ultimately may be realized.

The Foundation had no financial liabilities that were accounted for at fair value on a recurring basis as of June 30, 2021 and 2020.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 4 - Fair Value Measurements (Continued)

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Assets				
Fixed income:				
Money market funds	$ 1,303,689	$ -	$ -	$ 1,303,689
Municipal bonds	35,130,093	-	-	35,130,093
Equities:				
Mutual funds	30,608,405	-	-	30,608,405
Exchange-traded funds - United States	18,978,250	-	-	18,978,250
Total	$ 86,020,437	$ -	$ -	86,020,437
Investments measured at NAV:				
International equity funds				89,905,257
Domestic equity funds				113,300,441
Real estate partnership				40,666,584
Private equity partnerships				20,803,542
Hedge fund of funds - Offshore				88,248,363
Total investments measured at NAV				352,924,187
Total assets				$ 438,944,624

Note 4 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Assets				
Fixed income:				
Money market funds	$ 18,994	$ -	$ -	$ 18,994
Municipal bonds	25,347,420	-	-	25,347,420
Equities:				
Mutual funds	23,193,712	-	-	23,193,712
Exchange-traded funds - United States	12,558,004	-	-	12,558,004
Total	$ 61,118,130	$ -	$ -	61,118,130
Investments measured at NAV:				
International equity funds				64,608,730
Domestic equity funds				94,787,882
Real estate partnerships				41,389,270
Private equity partnerships				12,119,123
Hedge fund of funds - Offshore				78,158,626
Total investments measured at NAV				291,063,631
Total assets				$ 352,181,761

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in funds at year end where the fair value of the investment held is estimated based on net asset value per share of the fund.

Note 4 - Fair Value Measurements (Continued)

For 2021 and 2020, the estimated fair values, unfunded commitments, and redemption rules of those investments are as follows:

	June 30, 2021	June 30, 2020	June 30, 2021		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Energy Capital (a)	$ 143,309	$ 65,037	$ 80,585	**	**
Portfolio Advisors (b)	1,685,361	2,496,004	1,076,126	**	**
Morgan Stanley Prime Property (c)	28,489,260	27,031,039	-	Quarterly	90 days
Frontenac (d)	1,025,712	679,179	175,000	**	**
Energy Capital Mezzanine (e)	2,390,218	1,853,708	2,513,711	**	**
BREP Asia (f)	2,599,735	3,057,083	866,804	**	**
BREP Europe IV (g)	1,461,346	1,701,728	841,345	**	**
BREP Real Estate Partner VIII (h)	8,116,242	9,599,420	1,627,958	**	**
PIMCO (i)	42,046,320	37,297,029	-	Semiannually	90 days
Two Sigma (j)	29,424,221	25,911,761	-	Monthly	30 days
Wind Point Partners VIII (k)	6,388,522	3,505,371	169,170	**	**
NTGI S&P 500 Index (l)	79,636,811	74,278,143	-	Daily	None
NTGI Common EAFE Index (m)	32,911,194	25,824,986	-	Daily	None
Lazard Emerging Markets Core (n)	32,361,564	21,850,625	-	Daily	None
Wellington International Small Cap Opp (o)	24,632,499	16,933,119	-	Daily	None
Wellington Small Cap 2000 Portfolio (p)	33,663,630	20,509,739	-	Daily	None
MidOcean Partners (q)	6,930,949	3,519,824	2,899,509	**	**
Lyxor Bridgewater (r)	16,777,822	14,949,836	-	Monthly	15 days
JPMorgan Global Private Equity Portfolio IX (s)	2,239,472	-	8,068,559	**	**
Total	$ 352,924,187	$ 291,063,631	$ 18,318,767		

**The Foundation is unable to withdraw from the partnerships without the consent of the general partner.

Investment strategies are as follows:

(a) Energy Capital is a private equity fund focused on the acquisition, development, and construction of energy infrastructure assets. This investment cannot be redeemed during the life of the fund; instead, distributions will be received as the underlying investments of the funds are liquidated. The term of the fund is 10 years from January 31, 2006, which may be extended by the general partner for an additional one-year period or, beyond that, with the approval of a majority interest of the fund investors for up to two additional two-year periods. The investment period for the fund ended in January 2017, and the fund is now in the process of winding down.

(b) Portfolio Advisors is a private equity fund of funds investing with underlying funds that are focused on buyout and special situation investments. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. The fund shall continue until one year after the date by which all portfolio investments have been liquidated, which has not yet occurred as of June 30, 2021.

(c) Morgan Stanley Prime Property is an open-end fund investing in commercial real estate properties in the United States.

Note 4 - Fair Value Measurements (Continued)

(d) Frontenac is a private equity fund focused on middle-market buyout opportunities. This investment cannot be redeemed during the life of the fund; instead, distributions will be received as the underlying investments of the funds are liquidated. The fund was to terminate on December 28, 2016, with extensions available to the general partner for up to three additional 12-month periods to allow for an orderly termination and liquidation of the assets. The commitment period for the fund ended in December 2019, and the fund is now in the process of liquidating assets.

(e) Energy Capital Mezzanine is a private equity fund providing mezzanine financing to companies involved in the acquisition, development, and construction of energy infrastructure assets.

(f) BREP Asia is a closed-end fund investing to hold underlying interests and make certain capital contributions to certain real estate partnerships and certain alternative investment vehicles investing in real estate as participants in Asia. Items of distribution, income, and expense are allocated among limited partners in accordance with their interests. The fund shall continue until December 10, 2023 and may be extended for up to two additional one-year periods.

(g) BREP Europe IV is a closed-end fund investing to hold underlying interests and make certain capital contributions to certain real estate partnerships and certain alternative investment vehicles, investing in real estate as participants in Europe. Items of distribution and income and expense will be allocated among the general and limited partners in accordance with specific hurdle rate computations and profit-sharing allocations, which provide, among other things, that the limited partners receive priority returns to achieve specified yields. The fund shall continue until March 23, 2025 and may be extended for up to two additional one-year periods.

(h) BREP Real Estate Partner VIII is a closed-end fund investing in non-U.S. real estate properties.

(i) PIMCO Tactical Opportunities Fund is a directional opportunistic credit strategy seeking to capitalize on dislocations across global credit markets. The fund is structured to provide flexibility and liquidity protection to effectively invest across global, public, and private residential, commercial, and corporate credit markets.

(j) Two Sigma Risk Premia Cayman Fund, Ltd is a diversified fund focused on liquid strategies in global equity, futures, and FX markets. Risk Premia Cayman aims to deliver low-correlated absolute returns by targeting an optimal set of risk premia through the systematic application of longer-term fundamental and technical models to global liquid markets.

(k) Wind Point Partners VIII is a closed-end fund focusing on partnering with top caliber CEOs to acquire solid middle market companies with a clear path to value creation in consumer products, industrial products, and business service markets. For each business, they develop a value creation plan (VCP) to drive operations and financial improvement.

(l) NTGI S&P 500 Index is a commingled fund designed to approximate the risk and return characteristics of the S&P 500 Index. This index is commonly used to represent the large-cap segment of the U.S. equity market. This fund may participate in securities lending.

(m) NTGI Common EAFE Index is a commingled fund designed to approximate the risk and return characteristics of the MSCI Europe, Australasia, and Far East Index. This index is commonly used to represent the non-U.S. equity markets. This fund may participate in securities lending.

(n) Lazard Emerging Markets Core Fund seeks to achieve attractive risk-adjusted relative returns through a full market cycle by investing in companies whose valuations are mispriced by the market, based on the assessment of fair value. The strategy typically invests in 60 to 80 securities that have sufficient liquidity and generally have a market capitalization of approximately $300 million or greater and are located, or that do significant business, in emerging markets countries. Companies that derive more than 50 percent of their net assets or sales from emerging markets are also included in the investment universe.

Note 4 - Fair Value Measurements (Continued)

(o) Wellington International Small Cap Opportunities Fund utilizes an approach driven by intensive, bottom-up, fundamental research and a disciplined, industry-based approach to valuation, with the objective of providing long-term total return in excess of the S&P Europe Pacific Asia Composite BMI Less than $2 Billion Index.

(p) Wellington Small Cap 2000 Portfolio utilizes an approach designed to add value through fundamental, bottom-up security analysis. The focus is on stock selection within the small-cap markets and on maintaining industry weights within plus or minus 1 percent relative to those of the Russell 2000 Index.

(q) MidOcean Fund V seeks to make 10 to 15 control investments by utilizing sector-focused knowledge and experience to target business service and consumer companies ranging from $100 million to $500 million in enterprise value. Investments are then evaluated using a bottom-up approach to identify areas of financial and operational improvement.

(r) Lyxor Bridgewater focuses on three major factors: fundamental, systematic, and diversified. The fundamental factor focuses on an understanding of the cause and effect linkages that make up the economic and markets infrastructure. The systematic factor is characterized by applying this fundamental understanding to create explicit rules that can be debated and stress tested across time, countries, and environments. The diversified factor balances risk across return streams with low correlation to improve return to risk ratios and minimize dependency on any particular component.

(s) JPMorgan Global Private Equity Portfolio IX is a diversified private equity fund looking to invest in 25-30 core relationships in large buyouts, small/mid buyouts, growth, venture capital, and other opportunities.

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2021	2020
Building improvements	$ 10,376,640	$ 10,220,623
Furniture and fixtures	2,093,491	2,025,959
Computer equipment and software	514,144	485,173
Construction in progress	13,577	-
Total cost	12,997,852	12,731,755
Less accumulated depreciation	5,639,192	4,983,169
Net property and equipment	$ 7,358,660	$ 7,748,586

Depreciation expense for 2021 and 2020 was $525,514 and $556,906, respectively.

As of June 30, 2021 and 2020, the Foundation had land, building, and equipment with a net book value of approximately $830,000 and $900,000, respectively, located in France.

Note 6 - Retirement Plans

The Foundation has a defined contribution retirement plan (the "Plan") for which substantially all employees are eligible after one full year of service. The Foundation contributes 4 percent of the participant's annual compensation and will match an employee's contribution up to an additional 6 percent. Contributions to the Plan totaled $167,470 and $187,669 for the years ended June 30, 2021 and 2020, respectively.

Note 6 - Retirement Plans (Continued)

Effective October 31, 2017, the Foundation adopted a 457(f) plan for its former chief executive officer. Contributions are made at the beginning of the plan year and are equal to 20 percent of the participant's eligible compensation, and earnings are credited each calendar quarter. The amounts are maintained on the Foundation's books in a designated account, will remain the sole property of the Foundation, and are available to satisfy the claims of the general creditors of the Foundation. The participant had a fully vested, nonforfeitable interest in her deferred compensation on March 31, 2020. The former chief executive officer retired effective June 30, 2020.

With respect to the 457(f) plan, the Foundation recorded contributions of $0 and $113,345 for the years ended June 30, 2021 and 2020, respectively. The accrued liability as of June 30, 2021 and 2020 was $0 and $44,654, respectively.

Effective January 1, 2008, the Foundation adopted a 457(b) deferred compensation plan. According to the plan, the former chief executive officer was eligible to make salary reduction contributions. In addition, the Foundation may make a discretionary contribution. The amounts are maintained on the Foundation's books in a designated account, will remain the sole property of the Foundation, and are available to satisfy the claims of the general creditors of the Foundation. The Foundation recorded contributions of $0 and $9,516 for the years ended June 30, 2021 and 2020, respectively. No amounts are owed as of June 30, 2021 and 2020.

Note 7 - Net Assets

Net assets with donor restrictions include endowments for which donor-imposed restrictions stipulate that they be maintained by the Foundation in perpetuity. Earnings from restricted net assets are used for either the acquisition, preservation, and restoration of art by the Foundation (Art Acquisition Endowment) or the promotion and furtherance of education in the visual and performing arts (Education Endowment). Net assets with donor restrictions as of June 30 are available for the following purposes:

	2021	2020
Subject to expenditures for a specified purpose:		
Art Acquisition Endowment	$ 16,130,778	$ 14,527,115
Education Endowment	15,865,200	15,865,200
Total subject to expenditures for a specified purpose	31,995,978	30,392,315
Invested in perpetuity, the income from which is expendable to support:		
Art Acquisition Endowment	48,895,196	36,228,115
Education Endowment	148,471,193	115,621,607
Total invested in perpetuity	197,366,389	151,849,722
Total net assets with donor restrictions	$ 229,362,367	$ 182,242,037

Note 8 - Donor-restricted Endowments

The Foundation's endowment consists of two individual funds established for a variety of purposes, as described above. Its endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 8 - Donor-restricted Endowments (Continued)

Interpretation of Relevant Law

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA). The board of directors of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts to the permanent endowment and (b) 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. The endowment funds will remain classified as such until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation 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 Foundation
- The investment policies of the Foundation

	Endowment Net Asset Composition by Type of Fund as of June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount	$ -	$ 143,661,687	$ 143,661,687
Accumulated investment gains	-	85,700,680	85,700,680
Total	$ -	$ 229,362,367	$ 229,362,367

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ -	$ 182,242,037	$ 182,242,037
Investment income	-	56,091,103	56,091,103
Appropriation of endowment assets for expenditure	-	(8,970,773)	(8,970,773)
Endowment net assets - End of year	$ -	$ 229,362,367	$ 229,362,367

Note 8 - Donor-restricted Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount	$ -	$ 152,632,460	$ 152,632,460
Accumulated investment gains	-	29,609,577	29,609,577
Total	$ -	$ 182,242,037	$ 182,242,037

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ -	$ 195,070,925	$ 195,070,925
Investment loss	-	(4,760,247)	(4,760,247)
Appropriation of endowment assets for expenditure	-	(8,068,641)	(8,068,641)
Endowment net assets - End of year	$ -	$ 182,242,037	$ 182,242,037

Funds with Deficiencies

As of June 30, 2021 and 2020, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner in order to achieve an average annual rate of return of the Consumer Price Index plus 5 percent while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year an amount that shall not exceed 5 percent of the net fair value of the funds' total assets based on a three-year trailing average of the fair value of the funds. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow annually at a level equal to changes in the CPI index. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new additions and investment return. The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater unless otherwise precluded by donor intent or relevant laws and regulations.

Note 9 - Grants Approved but Not Paid

The Foundation has conditionally approved future grant commitments in the amounts of $1,697,628 and $1,630,983 for the years ended June 30, 2021 and 2020, respectively. These amounts have not been recorded as a liability because the Foundation reserves the right to cancel a grant at any time if it determines that the organization receiving the grant is not administering the project and grant funds in accordance with the proposal approved by the Foundation's board of directors.

Note 10 - Operating Leases, as Lessee

The Foundation entered into a 10-year lease for new office space in France that is renewable for subsequent periods of five years that commenced in June 2015. Rent payments under this lease are 152,028 euros per year, which is approximately $169,000.

Note 11 - Commitments

In July 2016, the Foundation entered into an agreement, with similar terms as a previous agreement, to lend approximately 26 of the Foundation's paintings to the Art Institute of Chicago (AIC) for five years, after which it may be renewed by mutual agreement for a term that is deemed appropriate. In July 2021, this agreement was renewed through July 5, 2022. The remainder of the art will be used in active programming of the Foundation. The Foundation is committed to making an annual contribution of $50,000 to AIC, which is to be used to support programs, operations, and activities relating to American art. The total future commitment is recorded in grants payable on the consolidated statement of financial position. Either party has the right to terminate the contract with nine months' notice.

Note 12 - Development Contract

The Foundation entered into a development agreement with a company to develop the Foundation's properties in Chicago that were previously used as administrative offices and museum rental property. As part of the agreement, the developer constructed a mixed-use building containing condominium units and retail and office space. Upon completion of the construction, the Foundation was to own the retail and office space in the mixed-use building, and the ground lease described below would terminate. In addition, the Foundation would own five parking spaces in the garage parcel of the mixed-use building.

On February 13, 2013, the Foundation and developer closed on the transaction. Based on an appraised value in addition to amounts disbursed, the Foundation recorded additional cost to property and equipment of $7,628,800 for the office space and five parking spaces. Land with a net book value of $6,783,000 was written off. Closing expenses of $4,711,927 were incurred. In addition, the Foundation gained control over the retail space, which was valued and subsequently sold for $86,600,000, as described in the next paragraph. When the developer originally purchased the Michigan Avenue properties on April 30, 2008, the Foundation recognized a gain of $9,917,074 at that time.

On March 12, 2013, the Foundation sold all the retail space for $86,600,000, recognizing a gain of $79,866,066. As part of this closing, the Foundation entered into two agreements with the purchaser under which the Foundation is to pay the rentals for the remaining retail space not leased to third parties until such time as qualified tenants are under lease. The Foundation may not occupy the space. The agreements also require the payment of the Foundation's pro rata share of taxes and operating expenses. For either or both agreements, the Foundation may assign the agreement(s) to a qualified tenant(s), as defined in the agreement(s), and be fully released from all obligations upon additional payments, as defined in the agreement(s).

In 2015, the Foundation was able to lease the remaining retail space through January 1, 2018. In September 2019, the Foundation secured a new tenant through December 2021. The Foundation expects this lease to be extended and is currently in negotiations with the current tenant.

Note 12 - Development Contract (Continued)

As of June 30, 2021 and 2020, a liability of $1,925,000 is recorded in other liabilities in the consolidated statement of financial position based upon management's estimate of future cash outflows under these agreements. Any changes in this estimated amount will be recognized as a gain or loss. Management believes this estimate is reasonable based upon the current marketplace conditions and the current conditions of the tenant lease. However, it is reasonably possible that this estimate may change significantly in the near term.

The future payments required under the agreements are as follows:

Years Ending June 30	First Agreement	Second Agreement	Total
2022	$ 226,812	$ 543,444	$ 770,256
2023	226,812	559,747	786,559
2024	-	576,539	576,539
2025	-	593,836	593,836
2026	-	611,651	611,651
Thereafter	-	1,278,900	1,278,900
Total	$ 453,624	$ 4,164,117	$ 4,617,741

Rental income recorded under the tenant agreement in the years ended June 30, 2021 and 2020 was $201,412 and $565,476, respectively.

Rent expense for the years ended June 30, 2021 and 2020 was $854,314 and $843,447, respectively.

Note 13 - Other Cash Flow Information

As of June 30, 2021, investments totaling $527,472 were purchased and included in due to brokers. As of June 30, 2020, $490,103 of investments was purchased and included in due to brokers.