

THE CHINATI FOUNDATION
Financial Statements
December 31, 2024 and 2023
With Independent Auditor's Report

The Chinati Foundation
Table of Contents
December 31, 2024 and 2023

Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-20

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Chinati Foundation:

Opinion

We have audited the accompanying financial statements of The Chinati Foundation (the "Museum") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of the Museum as of and for the year ended December 31, 2023 were audited by other auditors whose report dated December 20, 2024 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Museum's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Museum'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 Museum'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.

Withum Smith + Brown, PC

November 17, 2025

The Chinati Foundation
Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents (Note 2 and 11)	\$ 5,398,872	\$ 2,667,617
Restricted cash (Note 2)	881,070	773,290
Contributions receivable (Notes 3 and 11)	1,284,065	1,844,548
Inventory	161,663	174,946
Prepaid expenses and other assets	13,465	33,807
Endowment investments (Note 4)	16,734,432	15,387,138
Property and equipment, net (Notes 5 and 6)	1,015,572	1,005,653
Collections (Note 2)	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 25,489,139</u>	 <u>\$ 21,886,999</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 68,187	\$ 94,267
Accrued expenses	93,248	142,640
Refundable advances	-	176,315
Debt (Note 6)	<u>36,806</u>	<u>48,960</u>
Total liabilities	<u>198,241</u>	<u>462,182</u>
Net assets		
Net assets without donor restrictions		
Undesignated	1,980,377	2,057,915
Board designated for specified purpose (Note 8)	672,353	926,647
Board designated endowments (Note 10)	370,687	323,130
Invested in property and equipment, net of related debt	<u>978,766</u>	<u>956,693</u>
	<u>4,002,183</u>	<u>4,264,385</u>
Net assets with donor restrictions		
Time restricted for future periods (Note 9)	157,866	50,000
Purpose restricted (Note 9)	7,893,427	3,873,010
Perpetual in nature (Notes 9 and 10)	<u>13,237,422</u>	<u>13,237,422</u>
Total with donor restrictions	<u>21,288,715</u>	<u>17,160,432</u>
Total net assets	<u>25,290,898</u>	<u>21,424,817</u>
 Total liabilities and net assets	 <u>\$ 25,489,139</u>	 <u>\$ 21,886,999</u>

The Notes to Financial Statements are an integral part of these statements.

The Chinati Foundation
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Contributions of cash and other financial assets (Note 11)	\$ 1,752,362	\$ 3,220,445	\$ 4,972,807	\$ 2,943,221	\$ 1,300,500	\$ 4,243,721
Contributions of nonfinancial assets (Note 12)	52,050	-	52,050	22,505	-	22,505
Admissions	254,286	-	254,286	259,748	-	259,748
Memberships	111,879	-	111,879	105,098	-	105,098
Museum store sales, net of cost of goods sold	82,676	-	82,676	113,136	-	113,136
Other revenue	34,284	-	34,284	5,757	-	5,757
Investment income	245,416	1,982,544	2,227,960	129,666	2,156,756	2,286,422
Historic tax credits	-	-	-	373,166	-	373,166
Net assets released from restrictions (Note 9)	994,706	(994,706)	-	777,491	(777,491)	-
Total revenue and support	<u>3,527,659</u>	<u>4,208,283</u>	<u>7,735,942</u>	<u>4,729,788</u>	<u>2,679,765</u>	<u>7,409,553</u>
Expenses						
Program services						
Conservation and preservation	941,065	-	941,065	846,172	-	846,172
Curatorial, events and scholarship	962,435	-	962,435	1,679,532	-	1,679,532
Education	277,183	-	277,183	393,779	-	393,779
Visitor services	440,485	-	440,485	542,793	-	542,793
Total program services	<u>2,621,168</u>	<u>-</u>	<u>2,621,168</u>	<u>3,462,276</u>	<u>-</u>	<u>3,462,276</u>
Supporting services						
Administrative	749,391	-	749,391	321,077	-	321,077
Fundraising	419,302	-	419,302	450,776	-	450,776
Total supporting expenses	<u>1,168,693</u>	<u>-</u>	<u>1,168,693</u>	<u>771,853</u>	<u>-</u>	<u>771,853</u>
Total expenses	<u>3,789,861</u>	<u>-</u>	<u>3,789,861</u>	<u>4,234,129</u>	<u>-</u>	<u>4,234,129</u>
Loss on restricted pledges	-	(80,000)	(80,000)	-	-	-
Change in net assets	(262,202)	4,128,283	3,866,081	495,659	2,679,765	3,175,424
Net assets						
Beginning of year	<u>4,264,385</u>	<u>17,160,432</u>	<u>21,424,817</u>	<u>3,768,726</u>	<u>14,480,667</u>	<u>18,249,393</u>
End of year	<u>\$ 4,002,183</u>	<u>\$ 21,288,715</u>	<u>\$ 25,290,898</u>	<u>\$ 4,264,385</u>	<u>\$ 17,160,432</u>	<u>\$ 21,424,817</u>

The Notes to Financial Statements are an integral part of these statements.

**The Chinati Foundation
Statement of Functional Expenses
Years Ended December 31, 2024**

	Program Services					Supporting Services		Grand Total
	Conservation and Preservation	Curatorial Events and Scholarship	Education	Visitor Services	Total	Administrative	Fundraising	
Salaries, taxes and benefits	\$ 351,742	\$ 403,301	\$ 193,734	\$ 370,841	\$ 1,319,618	\$ 467,729	\$ 266,970	\$ 2,054,317
Professional fees	431,111	62,248	241	390	493,990	88,469	14,750	597,209
Contract services	4,236	217,572	10,236	935	232,979	28,879	50,110	311,968
Travel and entertainment	4,226	83,830	10,256	13,506	111,818	37,700	17,469	166,987
Supplies and materials	21,858	53,906	21,826	2,898	100,488	38,126	13,592	152,206
Insurance	51,673	51,673	-	-	103,346	25,836	-	129,182
Depreciation and amortization	36,539	14,569	1,737	360	53,205	8,057	2,088	63,350
Maintenance	26,325	3,235	25,619	1,335	56,514	1,370	782	58,666
Merchandise cost	-	-	-	56,153	56,153	-	-	56,153
Dues and subscriptions	998	5,577	-	11,071	17,646	24,433	10,620	52,699
Utilities	8,225	9,430	6,110	8,671	32,436	10,937	6,242	49,615
Rent	400	21,785	2,908	2,873	27,966	3,639	5,776	37,381
Credit card processing fees	7	-	-	17,784	17,791	827	14,337	32,955
Postage, freight and shipping	12	12,707	-	1,826	14,545	5,439	3,433	23,417
Printing	-	14,622	360	1,958	16,940	556	3,107	20,603
Telephone	2,319	2,659	1,877	2,445	9,300	3,084	1,760	14,144
Miscellaneous	1,209	2,100	1,501	3,592	8,402	327	2,101	10,830
Member benefit items	-	756	-	-	756	-	6,165	6,921
Interest	-	-	-	-	-	3,983	-	3,983
Advertising	185	2,465	778	-	3,428	-	-	3,428
Total expenses by function	941,065	962,435	277,183	496,638	2,677,321	749,391	419,302	3,846,014
Less: Gift shop cost of goods sold included with revenues on the statement of activities	-	-	-	(56,153)	(56,153)	-	-	(56,153)
Total expenses included in the expense section on the statement of activities	<u>\$ 941,065</u>	<u>\$ 962,435</u>	<u>\$ 277,183</u>	<u>\$ 440,485</u>	<u>\$ 2,621,168</u>	<u>\$ 749,391</u>	<u>\$ 419,302</u>	<u>\$ 3,789,861</u>

The Notes to Financial Statements are an integral part of this statement.

The Chinati Foundation
Statement of Functional Expenses
Years Ended December 31, 2023

	Program Services					Supporting Services		Grand Total
	Conservation and Preservation	Curatorial Events and Scholarship	Education	Visitor Services	Total	Administrative	Fundraising	
Salaries, taxes and benefits	\$ 424,374	\$ 482,330	\$ 325,851	\$ 425,366	\$ 1,657,921	\$ 133,193	\$ 279,112	\$ 2,070,226
Contract services	158,628	801,630	10,457	2,070	972,785	6,352	5,161	984,298
Professional fees	57,580	130,747	9,030	9,873	207,230	100,886	88,154	396,270
Supplies and materials	57,350	74,452	10,632	5,952	148,386	8,554	1,366	158,306
Insurance	50,493	50,617	8,002	29,523	138,635	11,619	5,013	155,267
Travel and entertainment	17,832	60,309	5,582	2,282	86,005	16,268	15,268	117,541
Depreciation and amortization	33,345	14,996	2,828	3,407	54,576	8,511	4,484	67,571
Office expense	10,272	8,141	5,235	19,486	43,134	7,876	15,199	66,209
Utilities	17,589	4,376	4,457	10,475	36,897	11,221	5,852	53,970
Merchandise cost	-	-	-	42,801	42,801	-	-	42,801
Credit card processing fees	-	-	-	14,992	14,992	-	9,582	24,574
Rent	-	11,775	2,675	2,658	17,108	208	4,671	21,987
Printing	-	14,988	58	1,207	16,253	105	2,930	19,288
Postage, freight and shipping	590	3,620	51	10,528	14,789	-	3,469	18,258
Automobile	7,061	6,129	713	1,544	15,447	848	351	16,646
Telephone	2,423	3,227	1,816	2,422	9,888	3,027	3,027	15,942
Miscellaneous	753	1,238	2,811	65	4,867	8,693	1,916	15,476
Maintenance	6,082	6,100	584	113	12,879	717	213	13,809
Advertising	-	2,237	2,997	-	5,234	2,999	269	8,502
Member benefit items	-	820	-	-	820	-	4,740	5,560
Interest	1,800	1,800	-	-	3,600	-	-	3,600
Catering	-	-	-	830	830	-	-	830
Total expenses by function	846,172	1,679,532	393,779	585,594	3,505,077	321,077	450,777	4,276,931
Less: Gift shop cost of goods sold included with revenues on the statement of activities	-	-	-	(42,801)	(42,801)	-	-	(42,801)
Total expenses included in the expense section on the statement of activities	<u>\$ 846,172</u>	<u>\$ 1,679,532</u>	<u>\$ 393,779</u>	<u>\$ 542,793</u>	<u>\$ 3,462,276</u>	<u>\$ 321,077</u>	<u>\$ 450,777</u>	<u>\$ 4,234,130</u>

The Notes to Financial Statements are an integral part of this statement.

The Chinati Foundation
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	Year Ended December 31,	
	<u>2024</u>	<u>2023</u>
Operating activities		
Change in net assets	\$ 3,866,081	\$ 3,175,424
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	63,350	67,571
Realized and unrealized (gain) loss on investments	(1,643,339)	(1,930,438)
Write-off of uncollectible receivables	82,100	3,707
Loss on disposal of property and equipment	1,615	-
Change in assets		
Receivables	478,383	(1,556,567)
Inventory	13,283	1,846
Prepaid expenses and other assets	20,342	24
Change in liabilities		
Accounts payable	(26,080)	46,589
Accrued expenses	(49,392)	(44,327)
Refundable advances	(176,315)	176,315
Net cash provided by (used in) operating activities	<u>2,630,028</u>	<u>(59,856)</u>
Investing activities		
Purchase of property and equipment	(74,884)	-
Purchase of investments	(2,351,775)	(803,381)
Sales of investments	2,647,820	1,149,130
Net cash provided by investing activities	<u>221,161</u>	<u>345,749</u>
Financing activities		
Principal payments on debt	(12,154)	(12,966)
Net cash used in financing activities	<u>(12,154)</u>	<u>(12,966)</u>
Net change in cash, cash equivalents and restricted cash	2,839,035	272,927
Cash, cash equivalents and restricted cash		
Beginning of year	3,440,907	3,167,980
End of year	<u>\$ 6,279,942</u>	<u>\$ 3,440,907</u>
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 5,398,872	\$ 2,667,617
Restricted cash	881,070	773,290
Total cash, cash equivalents and restricted cash	<u>\$ 6,279,942</u>	<u>\$ 3,440,907</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	<u>\$ 3,983</u>	<u>\$ 3,600</u>

The Notes to Financial Statements are an integral part of these statements.

The Chinati Foundation

Notes to Financial Statements

December 31, 2024 and 2023

1. ORGANIZATION

The Chinati Foundation/La Fundacion Chinati (the Museum) is a not-for-profit organization established in 1986 by the artist Donald Judd (1928–1994). Judd established the Museum as a site for the permanent installation of large-scale works of art. It was Judd’s goal to bring art, architecture, and land together to form a coherent whole, and for a select group of artists to present work according to their own intentions. The Museum is located on 340 acres of land on the site of former Fort D.A. Russell in Marfa, Texas. In 1978, with financial support from the Dia Art Foundation, Judd began repairs and renovations to the fort’s historic buildings, followed by the fabrication and installation of artwork. The Museum opened to the public in 1987 as an independent, nonprofit museum. Today, the Museum is supported through the generosity of our donors and members.

Judd’s original concept for the Museum centered on his own artwork and work by Dan Flavin and John Chamberlain. The Museum’s permanent collection includes Judd’s 15 outdoor works in concrete and 100 works in mill aluminum in two converted artillery sheds; Dan Flavin’s installation of colored fluorescent light in six former barracks buildings; and John Chamberlain’s 25 sculptures in a renovated wool warehouse in downtown Marfa. Judd later expanded the collection to include works by Claes Oldenburg and Coosje van Bruggen, Richard Long, Roni Horn, David Rabinowitch, Ilya Kabakov, and Ingólfur Arnarsson. Following Judd’s death in 1994, the museum completed additional projects: an installation of poems by Carl Andre (1995); a gallery of paintings by John Wesley (2004); and Robert Irwin’s untitled (dawn to dusk) (2016). Public tours and viewing of the collection, the conservation of the artworks, education programs, artist residencies, special exhibitions, lectures, performances, and publications are all vital facets of the Museum’s mission.

Donald Judd’s concept of a museum in which art, buildings, and the natural environment form a unity sets the Museum apart as a unique institution. It has had a profound impact on the town of Marfa, which has developed an international reputation as a destination for art. As an artist-created and artist-centered foundation, the Museum’s mission is to care for its collection and present it to a broad public; to build community and support artists through public programs, artist residencies, educational activities, and exhibitions; and to steward the architecture and the land that Judd conceived as integral to the Museum.

The Museum has developed a Master Plan which includes the goal of raising additional endowment funds and encompasses projects for the conservation and restoration of the Museum’s permanent collections and programs in accordance with the principles of Donald Judd. These projects are finite in duration, occur outside the Museum’s normal day-to-day activities, and are dependent on the raising of funds for the Master Plan.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Net assets without donor restrictions: Represents net assets that are available for operations, and which are not otherwise limited by donor restriction. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees (the Board). As of December 31, 2024 and 2023, the Board has designated net assets for a specific purpose as described in Note 8. The Board has also designated net assets as funds functioning as an endowment, whereby the principal of these funds is invested, and the income made available for use by the Museum in accordance with the endowment’s spending policy as described in Note 10.

The Chinati Foundation
Notes to Financial Statements
December 31, 2024 and 2023

Net assets with donor restrictions: Represents net assets subject to donor-imposed restrictions on the expenditure or use of the contributed assets. Some donor-imposed restrictions are temporary in nature, such as those that will be met by either action or passage of time. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity for the purpose of generating investment income to fund operations or maintain art installations.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor-imposed restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received. Absent donor stipulations regarding how long the donated assets must be maintained, the Museum reports expirations of donor restrictions when the donated or acquired assets are placed in service. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. When the donor-imposed restriction expires or is satisfied, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

As of January 1, 2024, the Museum elected to adopt the policy to report net assets with donor restrictions that are received and released in the same period as net assets without donor restrictions. The change was made to reduce the burden on the accounting and reporting of such contributions with donor restrictions and provide more clarity in the financial statements. The 2023 contributions and releases of net assets with donor restrictions were reduced by approximately \$540,000 in the Statement of Activities and Change in Net Assets related to the adoption of this policy. There are no changes to the balance of net assets with donor restrictions as of December 31, 2023.

Measure of Operations

The Museum includes in its measure of operations all revenues and expenses that are an integral part of its program services and supporting activities, including maintenance or restoration of the Museum's collections. Museum operations do not include contributions designated for long term investment, capital expenditures, permanent collection purchases, investment income, contributions restricted in perpetuity or the proceeds from the sale of Historic Tax Credits. Net assets released from restrictions are reported as operating and non-operating according to the nature of the expense. Net assets released from restrictions for operating expenses includes support for operating activities that is generated from the Museum's endowment and appropriated in accordance with the Museum's spending policy.

Cash, Cash Equivalents and Restricted Cash

For purposes of the statement of cash flows, investments with original maturities of less than three months when purchased and money market funds are considered to be cash equivalents unless held for long-term investment. Uninvested cash of donor-restricted endowment funds that are perpetual in nature is reported as restricted cash on the Statements of Financial Position.

Contributions Receivable

Contributions receivable are recorded as revenue in the year they are pledged unless they contain conditions. Receivables that are expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are discounted to present value if such discount would be material.

The Chinati Foundation
Notes to Financial Statements
December 31, 2024 and 2023

Allowance for Credit Losses

An allowance for credit losses is provided when it is believed amounts may not be collected in full. The amount of bad debt expense recognized each period and the resulting adequacy of the credit loss allowance at the end of each period are determined using a combination of historical loss experience and management's assessment of specific identifiable accounts considered at risk or uncollectible. Receivables are written off as a charge to the allowance for credit losses when management determines the receivable will not be collected. It is possible that management's estimates regarding the collectability of the balances will change in the near term resulting in a change in the carrying value of these receivables. Management determined that no allowance for credit losses was required as of December 31, 2024 and 2023.

Inventory

Inventory consists of program-related merchandise held for sale in the gift shop and items that are distributed to Museum members or significant contributors. Merchandise inventory has been recorded at the lower of average cost or net realizable value.

Investments and Investment Income

Investments are reported at fair value as discussed in Note 4. Investment income, including realized and unrealized gain or loss on investments, is reported in the Statement of Activities and Changes in Net Assets within net assets without donor restrictions unless the use of the income is limited by donor-imposed restrictions, in which case it is reported within net assets with donor restrictions until expended in accordance with donor-imposed restrictions. Investment income is reported net of investment related expenses.

Purchases and sales of investments are recorded on a trade date basis. Donated stock is recorded at fair value at the date of donation. Gains and losses on the sale of securities are based on the difference between the sale price and the average historical cost basis for purchased securities or the fair market value at the date of receipt for securities received by donation.

Property and Equipment

Property and equipment are recorded at cost, if purchased. Donated property and equipment are recorded at fair value at the date of donation. Expenditures for major acquisitions and improvements over \$500 are capitalized. Expenditures for maintenance and repairs that do not extend the useful life of the asset are expensed as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Life</u>
Buildings	39 - 40 years
Improvements	10 years
Furniture, fixtures and equipment	5 - 12 years
Automobiles	5 years

The Chinati Foundation
Notes to Financial Statements
December 31, 2024 and 2023

Collections

The value of the Museum's collections, which since the Museum's inception have either been donated or constructed with Museum funds, has been excluded from the Statement of Financial Position and gifts of art objects are excluded from revenue in the Statements of Activities and Changes in Net Assets. Purchases of collection items are recorded as decreases in net assets without donor restrictions on the Statement of Activities and Changes in Net Assets in the year in which the items are acquired and placed in service. If the assets used to purchase the collection items are restricted by donors, such amount is released from net assets with donor restrictions at the time the collection item is acquired and placed in service. Proceeds from deaccessions or insurance recoveries are available for the acquisition of collections or the direct care of existing collections, with such direct care either extending the life or enhancing the quality of the existing collection. There was no collection items donated, constructed, purchased, sold, or deaccessioned during the years ended December 31, 2024 and 2023.

Revenue Recognition

Contributions

Contributions are recognized as revenue when cash, securities or other assets, an unconditional commitment to give, or a notification of a beneficial interest is received. Contributed securities are recorded at fair value on the date of donation. Contributed materials are recorded at their estimated fair value when received. Contributed property and equipment are recorded at estimated fair value at the date of donation.

Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized as revenue until the conditions on which they depend have been met. As of December 31, 2023, \$176,315 has been recognized as refundable advances and not yet recognized in the statement of activities because the condition of incurring certain costs has not been met as of December 31, 2023. There are no conditional promises to give at December 31, 2024.

Contributed Services

Contributed services that meet the revenue recognition requirements of GAAP are recorded at estimated fair value when received. To be recognized as revenue, the donated services must either (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Admissions

Admissions are recognized as revenue at the point in time when the related tours have been provided.

Memberships

Memberships are comprised of an exchange element based on the value of the benefits provided, and a contribution element which represents the difference between the total membership fees paid and the fair value of the exchange element. Memberships are for a one-year period and provide various benefits depending on the membership level. All memberships include unlimited admission to the Museum, a discount for purchases made at the Museum's store, access to discounted tickets for certain events, and other items such as receipt of the annual newsletter and a member t-shirt. Certain levels of membership include additional benefits such as the receipt of a limited-edition print and access to private tours. The determination of the fair value of the benefits provided within the membership includes an assessment of expected utilization. The Museum recognizes revenue for the contribution portion upon the sale of the membership and utilizes the output method for recognizing the exchange transactions. Memberships are not refundable.

The Chinati Foundation
Notes to Financial Statements
December 31, 2024 and 2023

Museum Store Sales

Museum store sales are recorded at the time of sale.

Historic Tax Credits

Historic Tax Credits represent amounts received for the sale of Texas historic rehabilitation tax credits which were received by the Museum for certified rehabilitation expenses. This amount is recognized as revenue at the point in time of sale.

Advertising Costs

The Museum uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2024 and 2023 was approximately \$3,400 and \$8,500, respectively.

Functional Allocation of Expenses

The Statement of Functional Expenses presents expenses by function and natural classification. The Museum's programs include conservation and preservation; curatorial, events and scholarship; education; and visitor services. Supporting services include fundraising and management and general administrative activities. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Expenses that are attributable to more than one functional activity are allocated among the activities benefited. Salaries and related costs are allocated on the basis of estimated time and effort expended, while other types of expenses are allocated based upon usage or other equitable methods.

Income Taxes

The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business activities. The Museum records charges for uncertain tax positions when they are considered probable. Based on its evaluation, the Museum has concluded that there are no significant uncertain tax positions requiring recognition or disclosure in the financial statements. The Museum is subject to routine examinations of its returns; however, there are no examinations for any tax periods currently in progress.

Use of Estimates

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

Reclassifications

Certain amounts in the fiscal year 2023 financial statements were reclassified to conform with the current year presentation. There was no impact on classifications of net assets.

Subsequent Events

Management has evaluated subsequent events through November 17, 2025, the date which the financial statements were available to be issued.

The Chinati Foundation
Notes to Financial Statements
December 31, 2024 and 2023

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Amounts to be collected within one year	\$ 938,818	\$ 1,844,548
Amounts to be collected one to five years	375,000	-
Discount to present value	(29,753)	-
Total contributions receivable	<u>\$ 1,284,065</u>	<u>\$ 1,844,548</u>

4. FAIR VALUE MEASUREMENTS

GAAP requires that certain assets and liabilities be reported at fair value and establishes a hierarchy that prioritizes inputs used to measure fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date. The three levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the Museum has the ability to access as of the reporting date.

Level 2 - Pricing inputs other than quoted prices included in Level 1, which are either directly or indirectly observable, These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2024 from December 31, 2023.

Mutual and exchange traded funds are valued at the net asset value of shares held at year end. Equities are valued at the closing price reported on the active market on which the individual securities are traded. Fixed income securities are deemed to be actively traded and valued at the closing price reported on the active market on which the individual securities are traded. Bank deposit accounts are valued at cost, which approximates fair value since all are denominated in U.S. currency.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Museum believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

The Chinati Foundation
Notes to Financial Statements
December 31, 2024 and 2023

The following tables summarize the financial instruments by general classification and by level within the valuation hierarchy.

	December 31, 2024			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual funds				
U.S. Fixed income	\$ 891,309	\$ -	\$ -	\$ 891,309
U.S. Equity	720,647	-	-	720,647
Global Equity	748,097	-	-	748,097
Total mutual funds	<u>2,360,053</u>	<u>-</u>	<u>-</u>	<u>2,360,053</u>
Exchange traded funds				-
U.S. Equity	7,237,665	-	-	7,237,665
Foreign Equity	1,112,004	-	-	1,112,004
Total exchange traded funds	<u>8,349,669</u>	<u>-</u>	<u>-</u>	<u>8,349,669</u>
Equities - foreign	<u>490,527</u>	<u>-</u>	<u>-</u>	<u>490,527</u>
Fixed income				-
U.S. Corporate	2,810,257	-	-	2,810,257
U.S. Government	2,723,926	-	-	2,723,926
Total fixed income	<u>5,534,183</u>	<u>-</u>	<u>-</u>	<u>5,534,183</u>
Bank deposit accounts	<u>881,070</u>	<u>-</u>	<u>-</u>	<u>881,070</u>
Total investments	<u>\$ 17,615,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,615,502</u>

	December 31, 2023			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual funds				
U.S. Fixed income	\$ 632,116	\$ -	\$ -	\$ 632,116
U.S. Equity	584,686	-	-	584,686
Global Equity	99,037	-	-	99,037
Total mutual funds	<u>1,315,839</u>	<u>-</u>	<u>-</u>	<u>1,315,839</u>
Exchange traded funds				-
U.S. Equity	6,766,513	-	-	6,766,513
Foreign Equity	52,290	-	-	52,290
Total exchange traded funds	<u>6,818,803</u>	<u>-</u>	<u>-</u>	<u>6,818,803</u>
Equities - foreign	<u>2,085,125</u>	<u>-</u>	<u>-</u>	<u>2,085,125</u>
Fixed income				-
U.S. Corporate	2,773,126	-	-	2,773,126
U.S. Government	2,394,245	-	-	2,394,245
Total fixed income	<u>5,167,371</u>	<u>-</u>	<u>-</u>	<u>5,167,371</u>
Bank deposit accounts	<u>773,290</u>	<u>-</u>	<u>-</u>	<u>773,290</u>
Total investments	<u>\$ 16,160,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,160,428</u>

The Chinati Foundation
Notes to Financial Statements
December 31, 2024 and 2023

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 395,064	\$ 395,064
Buildings and improvements	1,408,496	1,380,571
Furniture, fixtures and equipment	482,801	469,543
Automobiles	<u>97,797</u>	<u>68,667</u>
Total property and equipment	2,384,158	2,313,845
Less: Accumulated depreciation	<u>(1,368,586)</u>	<u>(1,308,192)</u>
Total property and equipment, net	<u>\$ 1,015,572</u>	<u>\$ 1,005,653</u>

Depreciation expense was \$63,350 and \$63,222 for the years ended December 31, 2024 and 2023, respectively.

6. DEBT

The Museum has a note payable to a bank which is due in monthly installments of \$1,263, including interest at a minimum of 5.75% (subject to the current index). The note payable is due in full in July 2027 and is collateralized by property with a book value of approximately \$158,000. As of December 31, 2024 and 2023, the balance due on the note payable was \$36,806 and \$48,960, respectively.

Future maturities on the note payable are as follows as of December 31, 2024 and 2023:

2025	\$ 13,506
2026	14,418
2027	<u>8,882</u>
	<u>\$ 36,806</u>

7. DEFINED CONTRIBUTION PLAN

The Museum has a voluntary 403(b) Thrift Plan (the Plan) for all full-time employees. Employer matching contributions into the Plan are discretionary. During the years ended December 31, 2024 and 2023, no employer matching contributions were made into the Plan by the Museum.

8. BOARD DESIGNATED FOR SPECIFIED PURPOSE

Included within net assets without donor restrictions are the following Board designated amounts as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Grassland restoration	\$ 300,801	\$ 367,016
Internship program	171,552	296,307
Operating reserve	200,000	200,000
Artillery sheds restoration	<u>-</u>	<u>63,324</u>
Total board designated for specified purpose	<u>\$ 672,353</u>	<u>\$ 926,647</u>

The Chinati Foundation
Notes to Financial Statements
December 31, 2024 and 2023

9. NET ASSETS WITH DONOR RESTRICTIONS

The Museum's net assets with donor restrictions are available for the following purposes as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose/period		
Master Plan strategic initiatives	\$ 3,546,475	\$ 1,108,547
Artillery sheds project	339,532	164,587
Timing restrictions	<u>157,866</u>	<u>50,000</u>
Total subject to expenditure for specified purpose/period	<u>4,043,873</u>	<u>1,323,134</u>
Endowments		
Subject to appropriation and expenditure in accordance with donor restrictions		
Available for general operations	3,886,580	2,526,593
Available for maintenance of Robert Irwin Installation	<u>120,840</u>	<u>73,283</u>
Total endowments subject to appropriation and expenditure in accordance with donor restrictions	<u>4,007,420</u>	<u>2,599,876</u>
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation		
General operations	12,987,422	12,987,422
Maintenance of Robert Irwin Installation	<u>250,000</u>	<u>250,000</u>
Total perpetual in nature	<u>13,237,422</u>	<u>13,237,422</u>
Total net assets with donor restrictions	<u>\$ 21,288,715</u>	<u>\$ 17,160,432</u>

During 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors as follows:

	<u>2024</u>	<u>2023</u>
Chinati Weekend	\$ -	\$ 2,500
Education/Outreach programs	-	16,127
Master Plan strategic initiatives	29,651	126,951
Artillery sheds	340,055	50,413
Timing restrictions	50,000	-
General operations - appropriated from endowment	<u>575,000</u>	<u>581,500</u>
Total net assets released from restrictions	<u>\$ 994,706</u>	<u>\$ 777,491</u>

The Chinati Foundation
Notes to Financial Statements
December 31, 2024 and 2023

10. ENDOWMENT FUNDS

The Museum's endowment funds consist of donor-restricted endowment funds for general operations and the care and maintenance of the Robert Irwin Installation, as well as funds designated by the Board of Trustees to function as an endowment for the care and maintenance of the Robert Irwin Installation. Net assets associated with endowments, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions or relevant law.

Interpretation of Relevant Law

Effective September 1, 2007, the State of Texas adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which governs Texas charitable institutions with respect to the management, investment and expenditure of donor-restricted endowment funds. The Board of Trustees of the Museum has interpreted the UPMIFA as requiring the preservation of 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 Museum classifies as net assets with donor restrictions.

(a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources of the Museum; and (7) the Museum's investment policies.

Return Objectives and Risk Parameters

The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets over the long-term. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity or for a donor-specified period(s) and a Board-designated endowment fund. The Museum expects its endowment funds, over time, to provide an average rate of return of approximately 5% after inflation, over a full market cycle (3 to 5 years). 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 Museum 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 Museum targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk restraints.

Spending Policy

For the general operations endowment, the Museum has a policy authorizing the withdrawal of up to 5% of the total market value of the related endowment fund, based on the average value of the related endowment fund over the past 12 calendar quarters ending in June. For the Robert Irwin Installation endowment, the Museum has a policy authorizing the withdrawal of up to 3% of the total market value of the related endowment fund, based on the average value of the related endowment fund over the past 12 calendar quarters ending in June. In the case of endowment funds being in existence for fewer than three years, the average value may be calculated for the period the endowment fund has been in existence. In establishing this spending policy, the Museum considered its long-term expected return on the endowment funds. From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Museum has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

The Chinati Foundation
Notes to Financial Statements
December 31, 2024 and 2023

Endowment Net Asset Composition and Changes

Endowment net assets consist of the following at December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 370,687	\$ -	\$ 370,687
Donor-restricted endowment funds			
Original donor restricted gift amount required to be maintained in perpetuity	-	13,237,422	13,237,422
Accumulated investment gains	-	4,007,420	4,007,420
Total endowments	<u>\$ 370,687</u>	<u>\$ 17,244,842</u>	<u>\$ 17,615,529</u>

Endowment net assets consist of the following at December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 323,130	\$ -	\$ 323,130
Donor-restricted endowment funds			
Original donor restricted gift amount required to be maintained in perpetuity	-	13,237,422	13,237,422
Accumulated investment gains	-	2,599,876	2,599,876
Total endowments	<u>\$ 323,130</u>	<u>\$ 15,837,298</u>	<u>\$ 16,160,428</u>

The changes in the endowment funds for the years ended December 31, 2024 and 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2022	\$ 279,641	\$ 14,262,042	\$ 14,541,683
Fiscal year 2023 activity			
Investment income	8,227	341,277	349,504
Net depreciation of investments	42,921	1,887,517	1,930,438
Investment management fees	(1,159)	(72,038)	(73,197)
Amounts appropriated for expenditure	<u>(6,500)</u>	<u>(581,500)</u>	<u>(588,000)</u>
Endowment net assets, December 31, 2023	323,130	15,837,298	16,160,428
Fiscal year 2024 activity			
Investment income	9,845	437,241	447,086
Net depreciation of investments	39,029	1,623,132	1,662,161
Investment management fees	(1,317)	(77,828)	(79,145)
Amounts appropriated for expenditure	<u>-</u>	<u>(575,000)</u>	<u>(575,000)</u>
Endowment net assets, December 31, 2024	<u>\$ 370,687</u>	<u>\$ 17,244,842</u>	<u>\$ 17,615,529</u>

The Chinati Foundation
Notes to Financial Statements
December 31, 2024 and 2023

11. CONCENTRATIONS

FDIC Concentration

The Museum maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Museum has not experienced any losses in such accounts and management believes the Museum is not exposed to any significant credit risk for cash and cash equivalents.

Donor Concentration

For the years ended December 31, 2024 and 2023, contributions totaling approximately \$1,300,000 and \$454,000, respectively, were made to the Museum by members of the Board for operating support and strategic initiatives. For the year ended December 31, 2024, three contributors accounted for approximately 45% of total contributions and grants revenue. For the year ended December 31, 2023, two contributors accounted for approximately 45% of total contributions and grants revenue. At December 31, 2024 and 2023, the Museum had receivable balances from Board members of approximately \$264,000 and \$70,000, respectively.

12. CONTRIBUTED NONFINANCIAL ASSETS

During the years ended December 31, 2024 and 2023, the Museum recognized contributed nonfinancial assets of \$52,050 and \$22,505, respectively. Contributed nonfinancial assets during 2024 consisted of \$33,450 of supplies for events, \$10,000 for an event venue and \$8,600 of furniture and fixtures for education and exhibitions. Contributed nonfinancial assets during 2023 consisted of \$22,505 for supplies for events. Donated nonfinancial assets are valued and reported at their estimated fair value based on information for costs of similar items.

13. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Museum's financial assets at December 31, 2024 and 2023, reduced by amounts not anticipated to be available for general expenditure within one year of the statement of financial position date. Financial assets are considered unavailable when illiquid or they are not convertible to cash within one year. Financial assets are available for general expenditure if they do not have donor or other restrictions limiting their use through purpose restrictions for restoration or other strategic initiative projects included within the Master Plan.

	<u>2024</u>	<u>2023</u>
Financial assets available within one year		
Cash and cash equivalents	\$ 5,398,872	\$ 2,667,617
Contribution receivables due within one year	938,818	1,844,548
Endowment investments	<u>16,734,432</u>	<u>16,160,428</u>
Total financial assets available within one year	<u>23,072,122</u>	<u>20,672,593</u>
Less amounts not available for general expenditure within one year		
Restricted by donors in perpetuity	(13,237,422)	(13,237,422)
Board designated quasi-endowment	(370,687)	(323,130)
Board designated net assets	(672,353)	(926,647)
Donor-restricted for items other than general expenditures	<u>(3,771,951)</u>	<u>(2,176,462)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,019,709</u>	<u>\$ 4,008,932</u>

The Chinati Foundation
Notes to Financial Statements
December 31, 2024 and 2023

The Museum regularly monitors liquidity required to meet its operational needs and other contractual commitments. The Museum has an Operating Reserve Policy which has a targeted reserve amount of \$750,000, representing approximately 25% of anticipated fiscal year operating expenses. For purposes of operating reserve calculation, the annual operating expenses include all recurring, predictable expenses such as program costs and compensation, but exclude depreciation, in-kind expenses and capital expenditures.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Museum considers all expenditures related to its ongoing program activities and support services to be general expenditures. The Board designated net assets may be drawn upon, if necessary, with Board approval to meet unexpected liquidity needs. The income from donor-restricted endowments, which is included in the "donor restricted for items other than general expenditures", is subject to the endowment spending policy as described in Note 10 and may be used for operating purposes.