
***ART MUSEUM SUBDISTRICT OF THE
METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY
OF ST. LOUIS AND ST. LOUIS COUNTY
COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023***

SAINT LOUIS ART MUSEUM

Contents

Page

Independent Auditors' Report..... 1 - 3

Management's Discussion And Analysis (Unaudited) 4 - 9

Basic Financial Statements

Combined Statement Of Net Position..... 10 - 11

Combined Statement Of Revenues, Expenses And
Changes In Net Position12

Combined Statement Of Cash Flows13

Notes To Combined Financial Statements 14 - 34

Required Supplementary Information

Schedules Of Selected Pension Information - Employees
Retirement System Of The City Of St. Louis.....35

Independent Auditors' Report

Board of Commissioners
Art Museum Subdistrict of the Metropolitan
Zoological Park and Museum District of the
City of St. Louis and St. Louis County
St. Louis, Missouri

Opinion

We have audited the accompanying combined financial statements of the business-type activities of the Art Museum Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (the Subdistrict) and its blended component unit, the St. Louis Art Museum Foundation (the Foundation), as of and for the year ended December 31, 2023, and the related notes to the combined financial statements, which collectively comprise the Subdistrict and the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the business-type activities of the Subdistrict and the Foundation as of December 31, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

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

Responsibilities Of Management For The Combined Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Subdistrict's and Foundation's ability to continue as a going concern for twelve months beyond the combined financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities For The Audit Of The Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 Subdistrict's and Foundation'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Subdistrict's and Foundation'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of selected pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RubinBrown LLP

March 26, 2024

ART MUSEUM SUBDISTRICT OF THE METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE CITY OF ST. LOUIS AND ST. LOUIS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (*Unaudited*)

For The Years Ended December 31, 2023

Background Information

The Art Museum Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (Subdistrict) and the St. Louis Art Museum Foundation (Foundation) are included within these financial statements. Both entities are tax exempt under section 501(c)(3) of the Internal Revenue Code. The management's discussion and analysis relate to the total of both the activities of the Subdistrict and the Foundation.

The audited financial statements cover the year ended December 31, 2023. However, the management's discussion and analysis does include comparisons to the year ended December 31, 2022.

The management's discussion and analysis of the Subdistrict's and Foundation's financial performance provides an overview of the financial activities for the years ended December 31, 2023 and 2022. The management's discussion and analysis should not be taken as a replacement for the financial statements but should be read in conjunction with them to enhance understanding of the organization's financial performance.

Financial Highlights

- Tax revenue from the Metropolitan Zoological Park and Museum District (Zoo-Museum District) is a result of an allocation of property taxes levied by the Zoo-Museum District on behalf of the Subdistrict per \$100 of assessed valuation equal to 6.66 cents and 7.21 cents, for the years ended December 31, 2023 and 2022, respectively.
- Support from the Zoo-Museum District under the accrual basis method was \$27,495,290 and \$26,589,267 for the years ended December 31, 2023 and 2022, respectively.
- The Foundation provided support to the Subdistrict in the amount of \$11,981,940 and \$7,703,309 for the years ended December 31, 2023 and 2022, respectively.

Financial Statements

The Statement of Net Position includes the assets, deferred outflows of resources, liabilities, and net position as of December 31, 2023. These statements are prepared under the accrual basis of accounting. The statements of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during each year. The statement of cash flows' primary purpose is to provide information about the cash receipts and payments summarized by operating, noncapital financing, investing, and capital and related financing activities.

The Subdistrict meets the criteria for presenting its financial statements as a government. The Foundation, although legally separate from the Subdistrict, is a blended component unit, reported as a separate business activity and major enterprise fund. Since the Foundation is blended, the two entities are combined and reported as one financial reporting entity.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Management's Discussion And Analysis (*Continued*)

The Foundation is incorporated under Missouri nonprofit law and its primary purpose is to raise funds for the benefit of the Subdistrict and then subsequently make gifts to the Subdistrict. Its other purpose is to manage the Foundation's endowment portfolio.

Notes To The Financial Statements

The notes to the combined financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

**Condensed Combined Schedule Of Net Position
(In Thousands)**

	2023	2022
Assets:		
Cash and cash equivalents	\$ 49,729	\$ 64,418
Due to the Subdistrict from the Zoo-Museum District	6,529	2,800
Investments	305,670	258,461
Receivables:		
Tax revenue from the Zoo-Museum District	14,127	15,304
Contributions	15	41
Interest and investment proceeds	676	332
Grants	235	149
Accounts and other	135	93
Prepaid expenses	930	1,003
Inventory held for resale	336	357
Capital assets, net	103,670	109,049
Total assets	482,052	452,007
Deferred outflows of resources	5,058	7,044
Liabilities:		
Current liabilities	4,993	4,568
Noncurrent liabilities	23,278	21,148
Total liabilities	28,271	25,716
Deferred inflows of resources	—	78
Net Position:		
Net investment in capital assets	102,070	107,576
Restricted	157,692	147,078
Unrestricted	199,077	178,603
Total net position	\$ 458,839	\$ 433,257

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Management's Discussion And Analysis (*Continued*)

Analysis:

- The increase in investments is primarily due to market gains in 2023 as the market recovered from significant losses in 2022. Unrealized and realized market investment gains were \$24.7 million in 2023, while unrealized and realized market investment losses were \$36.2 million in 2022.
- The Subdistrict prepaid approximately \$749,000 and \$683,000 for annual coverage for general liability, workers compensation, and fine arts insurance as of December 31, 2023 and 2022, respectively. Renewal premiums in December 2023 reflected increases in general liability and workers compensation insurance premiums.
- Capital assets decreased \$5.4 million and \$3.4 million in 2023 and 2022, respectively. Decreases in capital assets are a result of depreciation expense exceeding the cost of capital additions during the year.
- Noncurrent liabilities increased approximately \$2.1 million from 2022 to 2023. Net pension liability relating to the Subdistrict's employees' participation in the Employees Retirement System of the City of St. Louis pension plan increased from \$19.7 million at December 31, 2022 to \$20.3 million at December 31, 2023. Noncurrent liabilities also increased due to \$1,656,000 support from Art Bridges for the Access For All program and \$650,000 from the Mellon Foundation to support two Registration positions. The Access for All funding will support the program for the next three years and will be recognized as revenue during those years; the Mellon Foundation will support staff positions and be recognized as revenue over the next five years.
- In 2023, the increases in restricted and unrestricted net position were primarily due to market gains on endowment assets. In 2022, the decreases in restricted and unrestricted net position were primarily due to market losses on endowment assets.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Management's Discussion And Analysis (*Continued*)

**Condensed Combined Schedule Of Changes In Net Position
(In Thousands)**

	2023	2022
Operating revenues:		
Merchandise sales and admissions	\$ 2,165	\$ 1,176
Members' contributions	4,064	3,823
Proceeds from deaccessions of collections	—	1,394
Contributions of art	2,571	9,556
Other earned revenue	450	431
Total operating revenues	9,250	16,380
Operating expenses:		
Program services	16,333	21,053
Gallery operations	17,179	16,005
Management and general	12,880	11,378
Fundraising	3,039	2,552
Total operating expenses	49,431	50,988
Non-operating revenue (expenses):		
Tax revenue from Zoo-Museum District	27,495	26,589
Contributions and bequests	6,145	3,300
Grants	235	149
Investment income	31,631	(30,648)
Interest expense, leases	(45)	(40)
Total non-operating revenues	65,461	(650)
Additions to permanent endowment	302	10
Increase (decrease) in net position	\$ 25,582	\$ (35,248)

Analysis:

- Merchandise sales and admissions increased \$989,000 in 2023. Four ticketed exhibitions in 2023 brought more visitors to the Museum especially during the period when two ticketed exhibitions were open at the same time in early 2023. This increase in visitors resulted in an increase in the Museum's shop revenue, and the shop also opened an additional temporary pop-up shop for the Monet Mitchell exhibition.
- Members' contributions increased \$241,000 in 2023 consisting of a \$42,000 increase in corporate sponsorship, \$207,000 increase in general membership, and \$8,000 decrease in upper-level membership. Membership contributions decreased \$176,000 in 2022 with decreases of \$82,000, \$52,000, and \$42,000 in corporate sponsorship, general membership, and upper-level membership, respectively.
- There were no proceeds from collection deaccessions in 2023 compared to \$1.4 million in 2022. Contributions of art decreased by \$7.0 million and \$15.8 million in 2023 and 2022, respectively. Deaccessions and gifts of art fluctuate from year to year.
- Other earned revenue consists primarily of garage revenue, events revenue, and food service commission revenue. In 2023, garage revenue increased \$94,000, events revenue increased \$36,000, and food service commissions increased \$30,000.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Management's Discussion And Analysis (*Continued*)

- Tax revenue increased \$906,000 in 2023 primarily due to the increase in real estate assessments in the City of St. Louis and St. Louis County. Tax revenue increased \$2.2 million in 2022 primarily due to an increase in personal property tax revenue from the increase in new vehicle valuations resulting from supply chain shortages in 2022.
- The \$3.1 million increase in contribution revenue and additions to permanent endowments from 2022 to 2023 is due to two large gifts totaling \$1.9 million to the general operating endowment, a \$326,000 bequest, \$761,000 in gifts to support the purchase of two Native American works of art, and \$229,000 in gifts to establish three new endowments. Contributions and bequests fluctuate from year to year.
- Changes in investment income are primarily driven by changes in market value. Net unrealized and realized market investment gains were \$24.7 million in 2023, and net unrealized and realized market investment losses were \$36.2 million in 2022.
- In 2023, there was an overall decrease in operating expenses of \$1.6 million. Excluding art accessions, operating expenses actually increased \$4.3 million primarily due to an additional ticketed exhibition in 2023, increase in shop sales, and significant floor repairs. This increase in expenses was offset by a \$5.8 million decrease in accessions of art collections from 2022 to 2023. The Subdistrict received \$2.6 million in art gifts in 2023 compared to \$9.6 million in 2022. The Subdistrict purchased \$2.6 million of accessions of art for collections in 2023 compared to \$1.5 million in 2022.

Schedule Of Capital Assets, Net (Amounts Thousands)

	<u>2023</u>	<u>2022</u>
Nondepreciable:		
Construction in process	\$ 347	\$ 331
Depreciable:		
Buildings and building improvements	101,508	107,255
Furniture, fixtures and equipment	288	77
Intangible right to use asset:		
Building and equipment leases	1,141	1,386
Subscription-based information technology arrangements	386	—
Total capital assets and intangible right to use assets, net	\$ 103,670	\$ 109,049

Analysis:

The Subdistrict invested \$103.7 million in capital assets (net of accumulated depreciation and amortization) as of the close of the fiscal year. These capital assets consist of construction in process, buildings and building improvements, furniture, fixtures, and equipment, and the intangible right to use assets from building leases, equipment leases, and subscription-based information technology arrangements.

Additional information on Capital Assets may be found in Note 3 of the financial statements.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Management's Discussion And Analysis (*Continued*)

Requests For Information

These basic financial statements are designed to provide a general overview of the Subdistrict's and Foundation's finances. Questions concerning any information provided in this report should be addressed to the Finance Department, St. Louis Art Museum, One Fine Arts Drive, Forest Park, St. Louis, Missouri 63110-1380.

ART MUSEUM SUBDISTRICT OF THE METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE CITY OF ST. LOUIS AND ST. LOUIS COUNTY

COMBINED STATEMENT OF NET POSITION

Page 1 Of 2
December 31, 2023

	2023		
	Business-Type Activities		Total
	Museum Subdistrict	Foundation	
Assets			
Current Assets			
Cash and cash equivalents:			
Unrestricted	\$ 34,338,821	\$ 10,109,630	\$ 44,448,451
Restricted	2,549,633	2,730,508	5,280,141
Due from the Metropolitan Zoological Park and Museum District	6,528,610	—	6,528,610
Investments:			
Unrestricted	839,595	19,388,418	20,228,013
Restricted	—	961,201	961,201
Receivables:			
Tax revenue from the Metropolitan Zoological Park and Museum District, net of an allowance of \$400,353	14,126,954	—	14,126,954
Unrestricted contributions	—	14,850	14,850
Unrestricted interest and investment proceeds	52,512	445,616	498,128
Restricted interest and investment proceeds	15,986	162,335	178,321
Grants	235,484	—	235,484
Accounts - unrestricted	47,087	—	47,087
Prepaid expenses	930,529	—	930,529
Inventory held for resale	335,581	—	335,581
Total Current Assets	60,000,792	33,812,558	93,813,350
Noncurrent Assets			
Receivables:			
Other - unrestricted	87,751	—	87,751
Investments:			
Unrestricted	19,224,629	113,984,275	133,208,904
Restricted	6,147,034	145,125,034	151,272,068
Capital assets, net:			
Nondepreciable:			
Construction in process	346,631	—	346,631
Depreciable:			
Buildings and building improvements	101,508,359	—	101,508,359
Furniture, fixtures, and equipment	288,285	—	288,285
Intangible right to use assets - net	1,526,900	—	1,526,900
Total Noncurrent Assets	129,129,589	259,109,309	388,238,898
Total Assets	189,130,381	292,921,867	482,052,248
Deferred Outflows Of Resources			
Pension contributions	535,301	—	535,301
Difference between expected and actual earnings on pension investments	3,391,220	—	3,391,220
Difference between expected and actual experience - pension	784,208	—	784,208
Changes in proportionate share - pension	346,936	—	346,936
Total Deferred Outflows Of Resources	5,057,665	—	5,057,665

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

COMBINED STATEMENT OF NET POSITION

**Page 2 Of 2
December 31, 2023**

	2023 Business-Type Activities		Total
	Museum Subdistrict	Foundation	
Liabilities			
Current Liabilities			
Accounts payable	\$ 1,382,593	\$ 6,566	\$ 1,389,159
Accrued expenses	1,686,466	—	1,686,466
Leases and subscription liabilities	368,555	—	368,555
Obligations under split-interest agreements	—	57,260	57,260
Other liabilities	596,407	895,098	1,491,505
Total Current Liabilities	4,034,021	958,924	4,992,945
Noncurrent Liabilities			
Net pension liability	20,344,917	—	20,344,917
Lease and subscription liabilities	1,231,563	—	1,231,563
Obligations under split-interest agreements	—	201,576	201,576
Other liabilities	24,100	1,476,034	1,500,134
Total Noncurrent Liabilities	21,600,580	1,677,610	23,278,190
Total Liabilities	25,634,601	2,636,534	28,271,135
Net Position			
Net investment in capital assets	102,070,057	—	102,070,057
Restricted:			
Expendable:			
Art acquisition and other	3,930,643	73,234,462	77,165,105
Nonexpendable:			
Endowment principal	4,782,010	75,744,616	80,526,626
Unrestricted	57,770,735	141,306,255	199,076,990
Total Net Position	\$ 168,553,445	\$ 290,285,333	\$ 458,838,778

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For The Year Ended December 31, 2023**

	Business-Type Activities		
	Museum		
	Subdistrict	Foundation	Total
Operating Revenues			
Merchandise sales and admissions	\$ 2,163,675	\$ 1,470	\$ 2,165,145
Members' contributions	—	4,064,421	4,064,421
Contributions of art	2,570,644	—	2,570,644
Other earned revenue	449,704	—	449,704
Total Operating Revenues	5,184,023	4,065,891	9,249,914
Operating Expenses			
Program services:			
Curatorial and conservation	6,401,209	—	6,401,209
Exhibitions	2,455,962	—	2,455,962
Education and library	2,282,312	—	2,282,312
Accessions of art for collections	5,193,902	—	5,193,902
Gallery operations:			
Building operations and maintenance	11,730,644	—	11,730,644
Protective services	5,448,304	—	5,448,304
Management and general:			
Administration	11,311,051	273,556	11,584,607
Museum shop	1,295,085	—	1,295,085
Fundraising:			
Development	3,039,024	—	3,039,024
Total Operating Expenses	49,157,493	273,556	49,431,049
Operating Income (Loss)	(43,973,470)	3,792,335	(40,181,135)
Nonoperating Revenues (Expenses)			
Tax revenue from the Metropolitan Zoological Park and Museum District	27,495,290	—	27,495,290
Contributions and bequests	1,275,435	4,869,953	6,145,388
Grants	235,484	—	235,484
Investment loss	1,310,893	30,329,060	31,639,953
Change in value of split-interest agreements	—	(9,541)	(9,541)
Interest expense, leases	(45,435)	—	(45,435)
Payments from the Foundation (payments to the Subdistrict)	11,981,940	(11,981,940)	—
Total Nonoperating Revenues (Expenses)	42,253,607	23,207,532	65,461,139
Income (Loss) Before Capital Contributions And Bequests And Additions To Permanent Endowment	(1,719,863)	26,999,867	25,280,004
Additions To Permanent Endowment	51,421	250,363	301,784
Increase (Decrease) In Net Position	(1,668,442)	27,250,230	25,581,788
Net Position - Beginning Of Year	170,221,887	263,035,103	433,256,990
Net Position - End Of Year	\$ 168,553,445	\$ 290,285,333	\$ 458,838,778

ART MUSEUM SUBDISTRICT OF THE METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE CITY OF ST. LOUIS AND ST. LOUIS COUNTY

COMBINED STATEMENT OF CASH FLOWS For The Year Ended December 31, 2023

	Business-Type Activities		
	Museum	Foundation	Total
	Subdistrict		
Cash Flows From Operating Activities			
Receipts from patrons	\$ 2,133,516	\$ 4,102,966	\$ 6,236,482
Receipts from deaccessions of collections	—	—	—
Other operating cash receipts	529,432	—	529,432
Payments to suppliers of goods and services	(12,876,466)	(271,195)	(13,147,661)
Payments to employees	(24,294,793)	—	(24,294,793)
Net Cash Provided By (Used In) Operating Activities	(34,508,311)	3,831,771	(30,676,540)
Cash Flows From Noncapital Financing Activities			
Cash collections of support from Zoo Museum District	24,963,132	—	24,963,132
Payments to (from) the Foundation	11,981,940	(11,981,940)	—
Proceeds from contributions	999,360	7,146,073	8,145,433
Net payments for split-interest agreements	—	(57,970)	(57,970)
Net Cash Provided By (Used In) Noncapital Financing Activities	37,944,432	(4,893,837)	33,050,595
Cash Flows From Investing Activities			
Purchase of investments	(5,799,115)	(52,099,642)	(57,898,757)
Investment income	484,490	6,059,768	6,544,258
Proceeds from sale of investments	5,880,523	29,320,990	35,201,513
Net Cash Provided By (Used In) Investing Activities	565,898	(16,718,884)	(16,152,986)
Cash Flows From Capital And Related Financing Activities			
Cash collections of grant support	148,898	—	148,898
Leases and subscription-based information technology arrangements	(545,613)	—	(545,613)
Purchase of property and equipment	(514,207)	—	(514,207)
Net Cash Used In Capital And Related Financing Activities	(910,922)	—	(910,922)
Net Increase (Decrease) In Cash And Cash Equivalents	3,091,097	(17,780,950)	(14,689,853)
Cash And Cash Equivalents - Beginning Of Year	33,797,357	30,621,088	64,418,445
Cash And Cash Equivalents - End Of Year	\$ 36,888,454	\$ 12,840,138	\$ 49,728,592
Reconciliation Of Operating Income (Loss) To			
Net Cash From Operating Activities			
Operating income (loss)	\$ (43,973,470)	\$ 3,792,335	\$ (40,181,135)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization	6,519,427	—	6,519,427
Provision for uncollectible taxes	(19,797)	—	(19,797)
Changes in assets and liabilities:			
Accounts receivable	45,778	—	45,778
Other receivable	(87,751)	—	(87,751)
Contributions receivable	—	38,445	38,445
Prepaid expenses	72,534	—	72,534
Inventory held for resale	21,290	—	21,290
Accounts payable	(122,673)	1,486	(121,187)
Accrued expenses	161,146	—	161,146
Net pension liability	2,586,305	—	2,586,305
Other liabilities	288,900	(495)	288,405
Total adjustments	9,465,159	39,436	9,504,595
Net Cash Provided By (Used In) Operating Activities	\$ (34,508,311)	\$ 3,831,771	\$ (30,676,540)
Supplemental Disclosure Of Cash Flow Information			
Accounts payable incurred for capital asset purchases	\$ 50,041	\$ —	\$ 50,041
Unrealized gain on investments	681,295	19,900,834	20,582,129

ART MUSEUM SUBDISTRICT OF THE METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE CITY OF ST. LOUIS AND ST. LOUIS COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2023

1. Summary Of Significant Accounting Policies

The Art Museum Subdistrict (the Subdistrict) was established by an act of the Missouri State Legislature in 1971. The Subdistrict operates the Saint Louis Art Museum and is supported by tax revenue from the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (the Zoo-Museum District). Support from the Zoo-Museum District represents a continuous appropriation of an allocation of property tax revenues from the City of St. Louis and St. Louis County, which are levied on behalf of the Subdistrict by the Zoo-Museum District. The Subdistrict has no authority to levy taxes on its own.

The following is a summary of the more significant accounting policies:

Reporting Entity

The Subdistrict's financial reporting entity has been determined in accordance with governmental accounting standards for defining the reporting entity and identifying entities to be included in its basic financial statements. The Subdistrict's financial reporting entity consists of the Subdistrict (the primary government) and its blended component unit, the St. Louis Art Museum Foundation (the Foundation).

The Foundation, a separate legal entity, was incorporated as a Missouri not-for-profit organization to act as an organization for certain Saint Louis Art Museum's fundraising activities. Members of the Board of Commissioners for the Subdistrict appoint the members of the Board of Directors for the Foundation. In addition, the Foundation manages the endowment of the Subdistrict and the income and resources generated by the Foundation support the efforts of the Subdistrict. Consequently, the Foundation is included as a blended component unit of the Subdistrict. The financial activity of the Foundation is presented as a separate enterprise fund and in a separate column in the accompanying basic financial statements to emphasize that it is legally separate from the Subdistrict. Separate financial statements of the Foundation are not prepared.

Basis Of Accounting

The Subdistrict and Foundation prepare their financial statements in accordance with accounting principles generally accepted in the United States of America for business-type activities, as prescribed by The Governmental Accounting Standards Board (GASB). Accordingly, the economic resource measurement focus and the accrual basis of accounting are used. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from nonexchange transactions (principally tax revenue from the Zoo-Museum District, grants and contributions) are recognized when all applicable eligibility requirements are met.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

Business-type activities distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with business-type activities ongoing operations. Revenues from merchandise sales and admissions, proceeds from deaccessions of collections, and members' contributions are reported as operating revenues. All expenses related to operating the Subdistrict or Foundation are reported as operating expenses. Transactions which are capital, financing, or investing related are reported as nonoperating revenues and expenses in its own category in the Statement of Revenues, Expenses and Changes in the Net Position.

Revenue Recognition

The Subdistrict recognizes merchandise sales as revenue at the point of sale. The Subdistrict and Foundation recognize members' contributions as revenue when received.

Tax revenue from the Zoo-Museum District represents a continuous appropriation to the Subdistrict by the Zoo-Museum District. Accordingly, the Subdistrict recognizes support from the Zoo-Museum District based on an allocation of property taxes which are levied by the Zoo-Museum District, net of the Zoo-Museum District management fee and an allowance for uncollectible accounts.

The Subdistrict and Foundation recognize contributions, including contributions receivable due in future periods, when the contribution is received and all eligibility requirements, including time requirements, are met.

Cash And Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents consist of cash on hand and in banks.

Investments

The Subdistrict and Foundation's investments are stated at fair value. Fair value of all debt and equity securities with a readily determinable fair value is based on quotations obtained from national securities exchanges.

The Subdistrict and Foundation invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

Fair Value Measurements

The Subdistrict and Foundation categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Capital Assets

Capital assets of the Subdistrict are recorded at original cost or, if donated, at acquisition value at date of donation. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and building improvements need to increase the value of the building or asset. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 5 years for furniture, fixtures, and equipment, 10 years for certain building improvements, and 30 to 75 years for buildings.

Leases

For arrangements where the Subdistrict is the lessee, a lease liability and a right to use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent the Subdistrict's right to use underlying assets for the lease term and lease liabilities represent the Subdistrict's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of the lease payments over the lease term.

The discount rates are based on estimates of the Subdistrict's incremental borrowing rate when the discount rates implicit in the lease arrangements cannot be readily determined. The Subdistrict includes lease extensions and termination options in the lease term if it is reasonably certain the Subdistrict will exercise the options after considering relevant economic factors. RTU assets and lease liabilities with terms for 12 months or less are not recognized.

Subscription-Based Information Technology Arrangements

During 2023, the Subdistrict implemented Government Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this Standard had no impact on the Subdistrict's beginning of year net position.

For arrangements where the Subdistrict has the right to use another party's information technology software, a SBITA liability and a right to use (RTU) intangible subscription asset are recognized at the commencement of the SBITA term. RTU subscription assets represent the Subdistrict's right to use underlying assets for the SBITA term and SBITA liabilities represent the Subdistrict's obligation to make payments arising from the agreement. RTU subscription assets and SBITA liabilities are recognized at the SBITA commencement date based on the estimated present value of the subscription payments over the SBITA term.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

The discount rates are based on estimates of the Subdistrict's incremental borrowing rate when the discount rates implicit in the SBITA arrangements cannot be readily determined. The Subdistrict includes SBITA extensions and termination options in the lease term if it is reasonably certain the Subdistrict will exercise the options after considering relevant economic factors. RTU subscription assets and SBITA liabilities with terms for 12 months or less are not recognized.

Prepaid Expenses

At December 31, 2023, prepaid expenses represent \$749,292 of payments to vendors for insurance costs and \$181,237 for other expenses.

Inventory Held For Resale

Inventory held for resale by the Subdistrict's Museum Shop is stated at the lower of cost or net realizable value, with cost being determined using the first-in, first-out method.

Collections

The Subdistrict collects works of art representing many periods and cultures. The Subdistrict's collections, as permitted by accounting principles generally accepted in the United States of America, are not capitalized in the accompanying financial statements because they meet all of the following criteria:

- The collections are held for public exhibition.
- The collection is cataloged, preserved, and cared for, with activities verifying the existence and condition of the collection performed annually.
- The Subdistrict's collections' policy requires the proceeds from the sales of deaccessioned items, which are items removed from the collection, to be used to acquire other objects for the collections.

The Subdistrict preserves, collects and interprets the collection through curatorial research and educational outreach. The Subdistrict's curatorial, conservation, library and registrarial staff work to interpret and present the permanent collections in the historic galleries of the Beaux Art building and the East Building.

Objects can be acquired, or accessioned, by purchase or by outright gift. Items acquired by outright gift are recorded as operating revenue and accessions of art for collections at their estimated acquisition value in the year of donation.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

A summary of the Subdistrict's accessions for the year ended December 31, 2023 is as follows:

Accessions of art for collections:	
Value of objects acquired by gift	\$ 2,570,644
Purchase of accessions of art for collections	2,623,258
	<hr/>
	\$ 5,193,902
	<hr/>

Accrued Expenses

The Subdistrict's accrued expenses balance of as of December 31, 2023 represents \$724,929 of accrued salaries due to employees, \$95,351 of accrued contributions to the Employee Retirement System of the City of St. Louis, and \$866,186 of benefit time due to employees. Benefit time is granted to all full-time employees based on years of continuous service. No employee shall be allowed to exceed the maximum carryover of days, based on the employee's years of service, past December 31 of any given year without the written approval of the Director.

Other Liabilities

The Subdistrict's other liabilities as of December 31, 2023 represent \$425,201 of unearned income to be recognized in future periods and \$195,306 exhibition shared cost liability. The Foundation's other liabilities as of December 31, 2023 represent \$2,371,132 of unearned income to be recognized in future periods.

Deferred Outflows Of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period or periods and so will not be recognized as an outflow of resources until then. Deferred outflows of resources include pension-related deferrals required by GASB Statement No. 68.

Deferred Inflows Of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period or periods and so will not be recognized as an inflow of resources until then. Deferred inflows of resources include pension-related deferrals required by GASB Statement No. 68.

Pensions

Pension-related expenses, liabilities, deferred outflows of resources and deferred inflows of resources have been determined on the same bases as they are reported by the Employees Retirement System of the City of St. Louis (the System). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY

Notes To Combined Financial Statements (*Continued*)

Net Position

The Subdistrict and Foundation's net position is classified for financial reporting purposes in the following categories:

Net investment in capital assets - This component of net position reports the difference between capital assets less both the accumulated depreciation and the accumulated amortization and the outstanding balance of debt, excluding unexpended bond proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted - Expendable - This component of net position includes net position whose use by the Subdistrict or the Foundation is subject to externally imposed stipulations that can be fulfilled by actions of the Subdistrict or the Foundation.

Restricted - Nonexpendable - This component of net position includes amounts subject to externally imposed stipulations that the assets be maintained permanently by the Subdistrict or the Foundation. Such assets include the Subdistrict or the Foundation's permanent endowment fund. The current spending rate has been set at 4.5% of the trailing five-year (20 quarter) average account balance. If, due to market conditions or other issues, the Director and/or Controller deem it inadvisable to withdraw the entire 4.5% amount during any one year, they will have the authority to either take less than the 4.5%, or to withhold taking any withdrawal from the account during that year. The net amount of appreciation available for authorization of expenditure as of December 31, 2023 was \$1,381,501 and is reported in restricted expendable net position of the Subdistrict. The net amount of appreciation available for authorization of expenditure as of December 31, 2023 was \$70,503,954 and is reported in restricted expendable net position of the Foundation. Depending on the presence or absence of donor stipulations as to use, the amount harvested is recorded as a part of unrestricted or restricted - expendable net positions.

Unrestricted - For the Subdistrict, this component of net position includes net positions that are not subject to externally imposed stipulations. For the Foundation, this component of net position includes amounts that are for the support of the Subdistrict, but that are not subject to externally imposed stipulations. Unrestricted net position may be assigned for specific purposes by action of the Board of Commissioners of the Subdistrict or the Board of Directors of the Foundation. When an expense is incurred that can be paid using either restricted or unrestricted resources, the Subdistrict and the Foundation's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

Estimates And Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Subdistrict and Foundation to make estimates and assumptions that affect the reported amounts of assets and liabilities as of 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.

Contributed Services

A substantial number of unpaid volunteers contribute services to the Subdistrict. The estimated value of this contributed time for the year ending December 31, 2023 is \$148,683. The value of contributed services is not reflected in the accompanying statement of revenues, expenses and changes in net position.

Tax Status

The Subdistrict is exempt from federal income taxes under Sections 115(a) and 501(c)(3) of the Internal Revenue Code, except for any unrelated business income activities.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for any unrelated business income activities.

Subsequent Events

Management has evaluated subsequent events through the Independent Auditors' Report date, which is when the financial statements were available for issue.

2. Investments

All investment decisions of the Subdistrict and Foundation are recommended by the Investment Committee and made in accordance with the Investment Policy Statement adopted by the Subdistrict and the Foundation in May 2014 and most recently amended December 2020.

Subdistrict

The Subdistrict's investments are maintained in accordance with state laws governing the investment of public funds; specifically, those contained in Article 6, Section 23 of the Missouri Constitution. As such, the Subdistrict's investments, excluding assets which were donated, consist of fixed income securities, specifically municipal bonds, U.S. Treasury and U.S. Agency securities. The Subdistrict's Investment Committee has the responsibility of ensuring compliance with the existing investment policy, monitoring management's compliance with state laws, and recommending any changes to investment custodians, managers or changes to the policy.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The Subdistrict's investment policy provides that the Subdistrict's investment pool, excluding assets which were donated, should consist entirely of fixed income securities, specifically municipal bonds, U.S. Treasury and U.S. Agency securities, with maturity dates staggered over approximately a five-year maturity.

As of December 31, 2023, the Subdistrict had the following investments and related maturities:

	Fair Value	Investment Maturities (In Years)		
		Less Than One	One To Five	No Maturity
Investment type:				
U.S. Treasury	\$ 11,856,146	\$ 896,014	\$ 10,960,132	\$ —
U.S. Agencies	4,173,500	1,207,562	2,965,938	—
Municipal bonds	1,289,397	1,289,397	—	—
Certificates of deposit	8,855,194	1,543,920	7,311,274	—
Money market mutual funds	37,021	—	—	37,021
Total	\$ 26,211,258	\$ 4,936,893	\$ 21,237,344	\$ 37,021

As of December 31, 2023, the Subdistrict had the following recurring fair value measurements:

	Fair Value	Fair Value Measurements	
		Level 1	Level 2
Investment type:			
U.S. Treasury	\$ 11,856,146	\$ —	\$ 11,856,146
U.S. Agencies	4,173,500	—	4,173,500
Municipal bonds	1,289,397	—	1,289,397
Money market mutual funds	37,021	37,021	—
Total	\$ 17,356,064	\$ 37,021	\$ 17,319,043

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's.

The Subdistrict's investment policy requires the average credit quality of the portfolio be maintained at AA- or higher, as rated by Moody's and/or Standard and Poor's. The policy dictates that split-rated issues in which one of the ratings is below investment grade are not permissible.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

The following table lists the credit quality ratings per Standard and Poor's of the Subdistrict's investments as of December 31, 2023:

Investment type:	Fair Value	Quality Ratings	
		AA+	Unrated
U.S. Agencies	\$ 4,173,500	\$ 4,173,500	\$ —
Municipal bonds	1,289,397	1,289,397	—
Money market mutual funds	37,021	—	37,021
Total	\$ 5,499,918	\$ 5,462,897	\$ 37,021

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a counterparty to a transaction for investments or a bank failure for deposits, the Subdistrict will not be able to recover the value of the investments, collateral securities, or deposits that are in the possession of the counterparty or bank. The Subdistrict does not have a formal policy related to custodial credit risk of investments or deposits. Protection of the Subdistrict's deposits is provided by the Federal Deposit Insurance Corporation and by eligible securities pledged by the financial institutions. At December 31, 2023, all bank balances were entirely insured or collateralized.

Concentration Of Credit Risk

The Subdistrict's investment policy provides that the Subdistrict's investment pool, excluding assets which were donated, should consist entirely of fixed income securities, specifically municipal bonds, U.S. Treasury and U.S. Agency securities.

At December 31, 2023, the Subdistrict held the following investments that, individually, were greater than 5% of the Subdistrict's total investments:

Investment Type	
Federal Farm Credit	6.42%

Investments are reported in the Subdistrict's accompanying statement of net position as of December 31, 2023, as follows:

Current investments:	
Unrestricted	\$ 839,595
Noncurrent investments:	
Unrestricted	19,224,629
Restricted	6,147,034
Total Investments	<u>\$ 26,211,258</u>

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

Foundation

The Foundation is incorporated as a Missouri not-for-profit organization organized under Chapter 355 of the Missouri revised Statutes, and as such, is not subject to the restrictions on investments of governmental subdivisions contained in Article 6, Section 23 of the Missouri Constitution. Specifically, not-for-profit corporations are not restricted under Missouri law from investing in corporate stock and similar investments.

Interest Rate Risk

Interest rate risk is the risk that the fair value of securities will be adversely affected by a change in interest rates. The Foundation's investment policy provides that the Foundation's investment pool may consist of fixed income securities with maturity dates not exceeding 10 years.

As of December 31, 2023, the Foundation had the following investments and maturities:

	Fair Value	Investment Maturities (In Years)				No Maturity
		Less Than One	One To Five	Six To Ten		
Investment type:						
U.S. Treasury	\$ 35,411,927	\$ 13,050,337	\$ 20,212,214	\$ 2,149,376	\$	—
U.S. Agencies	3,326,114	—	2,294,195	1,031,919		—
Taxable municipal bonds	33,082,400	3,303,991	20,184,971	9,593,438		—
Certificates of deposit	17,108,670	2,798,993	14,053,800	255,877		—
Mutual funds	189,813,560	—	—	—		189,813,560
Money market mutual funds	685,184	—	—	—		685,184
Other investments	31,073	—	—	—		31,073
Total	\$ 279,458,928	\$ 19,153,321	\$ 56,745,180	\$ 13,030,610	\$	190,529,817

As of December 31, 2023, the Foundation has the following recurring fair value measurements:

	Fair Value	Fair Value Measurements		
		Level 1	Level 2	Not Applicable
Investment type:				
U.S. Treasury	\$ 35,411,927	\$ —	\$ 35,411,927	\$ —
U.S. Agencies	3,326,114	—	3,326,114	—
Taxable municipal bonds	33,082,400	—	33,082,400	—
Mutual funds	189,813,560	189,813,560	—	—
Money market mutual funds	685,184	685,184	—	—
Other investments	31,073	—	—	31,073
Total	\$ 262,350,258	\$ 190,498,744	\$ 71,820,441	\$ 31,073

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's.

The Foundation's investment policy requires that the average credit quality of the portfolio of investments be maintained at AA or higher, and that corporate fixed income securities be limited to quality ratings of BBB or above, as rated by Moody's and/or Standard and Poor's. The policy dictates that split-rated issues in which one of the ratings is below investment grade are not permissible.

The following table lists the credit quality ratings per Standard and Poor's of the Foundation's investments as of December 31, 2023:

	Fair Value	Quality Ratings				
		AAA	AA+	AA	AA-	Unrated
Investment type:						
U.S. Agencies	\$ 3,326,114	\$ —	\$ 3,326,114	\$ —	\$ —	\$ —
Taxable municipal bonds	33,082,400	9,583,765	7,687,211	14,000,655	1,810,769	—
Mutual funds	189,813,560	—	—	—	—	189,813,560
Money market mutual funds	685,184	—	—	—	—	685,184
Other investments	31,073	—	—	—	—	31,073
Total	\$ 226,938,331	\$ 9,583,765	\$ 11,013,325	\$ 14,000,655	\$ 1,810,769	\$ 190,529,817

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a counterparty to a transaction for investments or a bank failure for deposits, the Foundation will not be able to recover the value of the investments or collateral securities that are in the possession of the counterparty or bank. The Foundation does not have a formal policy related to custodial credit risk of investments or deposits. At December 31, 2023, \$93,076, of the Foundation's bank balance was uninsured and uncollateralized, and thus exposed to custodial credit risk.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

Concentration Of Credit Risk

As of December 31, 2023, the Museum and Foundation's Investment Policy Statement includes an asset allocation with the following target investment allocations and a permissible variance for total asset classes of +/- 3% and for specific investment types of +/- 20%.

Asset Class	Target Allocation
Equity investments:	
US equity investments:	
Total market	11.50%
Large cap value	16.00%
Small cap market	7.00%
Small cap value	11.00%
REIT's	3.50%
International equity investments:	
International total world (x-US)	7.50%
International large value	5.00%
International small cap	8.50%
Fixed income investments	30.00%
Total	100.00%

At December 31, 2023, the Foundation did not hold any investments that, individually, were greater than 5% of the Foundation's total investments. This excludes any U.S. Government backed securities and pooled funds.

Investments are reported in the Foundation's accompanying statement of net position as of December 31, 2023, as follows:

Current investments:	
Unrestricted	\$ 19,388,418
Restricted	961,201
Noncurrent investments:	
Unrestricted	113,984,275
Restricted	145,125,034
Total Investments	\$ 279,458,928

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

3. Capital Assets

The following is a summary of changes in capital assets for the Subdistrict for the year ended December 31, 2023:

	Balance January 1, 2023	Additions And Reclassifications	Retirements And Reclassifications	Balance December 31, 2023
Capital assets not being depreciated:				
Construction in process	\$ 330,890	\$ 161,432	\$ (145,691)	\$ 346,631
Capital assets being depreciated:				
Buildings and building improvements	178,883,121	127,288	—	179,010,409
Furniture, fixtures and equipment	3,387,284	370,219	(151,079)	3,606,424
Total capital assets being depreciated	182,270,405	497,507	(151,079)	182,616,833
Less accumulated depreciation for:				
Buildings and building improvements	71,627,708	5,874,342	—	77,502,050
Furniture, fixtures and equipment	3,310,705	158,513	151,079	3,318,139
Total accumulated depreciation	74,938,413	6,032,855	151,079	80,820,189
Total capital assets being depreciated, net	107,331,992	(5,535,348)	—	101,796,644
Capital assets, net	107,662,882	(5,373,916)	(145,691)	102,143,275
Intangible right to use assets being amortized:				
Equipment lease	245,870	—	—	245,870
Building leases	1,557,420	—	—	1,557,420
Subscription-based information technology arrangements	—	627,625	—	627,625
Total intangible right to use assets being amortized	1,803,290	627,625	—	2,430,915
Less accumulated amortization for:				
Equipment lease	22,538	49,174	—	71,712
Building leases	394,905	195,435	—	590,340
Subscription-based information technology arrangements	—	241,963	—	241,963
Total accumulated amortization	417,443	486,572	—	904,015
Total intangible right to use assets being amortized, net	1,385,847	141,053	—	1,526,900
Capital assets and intangible right to use assets, net	\$ 109,048,729	\$ (5,232,863)	\$ (145,691)	\$ 103,670,175

Depreciation expense for 2023 was allocated to the following functions of the Subdistrict:

	Depreciation Expense	Amortization Expense	Total
Building operations and maintenance	\$ 5,878,475	\$ 114,147	\$ 5,992,622
Administration	113,275	291,137	404,412
Curatorial and conservation	41,105	81,288	122,393
	\$ 6,032,855	\$ 486,572	\$ 6,519,427

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

4. Tax Revenue From The Zoo-Museum District

Tax revenue from the Zoo-Museum District represents property tax revenues allocated to the Subdistrict from the following sources:

City of St. Louis, Missouri	\$ 4,041,502
St. Louis County, Missouri	<u>23,453,788</u>
	<u><u>\$ 27,495,290</u></u>

5. Leases - Lessee

The Subdistrict has entered into leasing arrangements for warehouse space, art storage space and equipment. The lease contracts for art storage space, equipment and warehouse space expire in 2025, 2027 and 2031, respectively, assuming all renewal options are exercised by the Subdistrict. The right to use assets are intangible assets and are recorded in capital assets as building and equipment leases. See Note 3. During 2023, the Subdistrict paid \$269,341 in lease payments.

The following represents future minimum lease payments required under the lease arrangements as of December 31:

Year	Principal	Interest	Total
2024	\$ 242,204	\$ 32,933	\$ 275,137
2025	238,755	26,119	264,874
2026	168,888	20,147	189,035
2027	154,860	14,775	169,635
2028	130,493	10,757	141,250
2029-2031	307,553	9,997	317,550
	<u>\$ 1,242,753</u>	<u>\$ 114,728</u>	<u>\$ 1,357,481</u>

6. Subscription-Based Information Technology Arrangements – Lessee

The Subdistrict has entered into subscription-based information technology arrangements (SBITA). The SBITA contracts expire in 2024, 2025, and 2028, assuming all renewal options are exercised by the Subdistrict. The right to use subscription assets are intangible assets and are recorded in capital assets. See Note 3. During 2023, the Subdistrict paid \$158,269 in SBITA payments.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements *(Continued)*

The following represents future minimum payments under the SBITA arrangements as of December 31:

Year	Principal	Interest	Total
2024	\$ 126,351	\$ 15,842	\$ 142,193
2025	53,598	11,551	65,149
2026	56,278	8,871	65,149
2027	59,092	6,057	65,149
2028	62,046	3,102	65,148
	\$ 357,365	\$ 45,423	\$ 402,788

7. Noncurrent Liabilities

Following is a summary of the changes in noncurrent liabilities of the Subdistrict for the year ended December 31, 2023.

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Deferred rental deposit	\$ —	\$ 24,100	\$ —	\$ 24,100	\$ —
Lease liability	1,472,671	—	(229,918)	1,242,753	242,204
SBITA liability	—	509,622	(152,257)	357,365	126,351
	\$ 1,472,671	\$ 533,722	\$ (382,175)	\$ 1,624,218	\$ 368,555

Following is a summary of the changes in noncurrent liabilities of the Foundation for the year ended December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Obligations under split-interest agreements	\$ 296,387	\$ 20,419	\$ (57,970)	\$ 258,836	\$ 57,260
Other liabilities	—	2,431,000	(59,868)	2,371,132	895,098
	\$ 296,387	\$ 2,451,419	\$ (117,838)	\$ 2,629,968	\$ 952,358

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

8. Split-Interest Agreements

The Foundation administers gift annuities subject to obligations to pay fixed amounts periodically to the respective donor or designated beneficiaries during their lifetimes. Assets held under these split-interest agreements are included in investments and long-term investments. Contribution revenue is recorded at the inception date of each split-interest agreement, net of the related obligation under split-interest agreement, which is recorded at present value utilizing interest rates ranging between 4.5% and 10.9%, for estimated future payments to be made to the donors or designated beneficiaries during their lifetimes. The obligations under split-interest agreements are adjusted over the term of the agreements for changes in the fair value of the assets, accretion of the discount, and other changes in estimates of future benefits.

9. Retirement Plans

General Information About The Pension Plan

Plan description. The Employees Retirement System of the City of St. Louis (the System) is a cost-sharing multiple-employer public employee's retirement system for nonuniformed employees of the City of St. Louis and certain other public entities funded by, or providing services to, residents of the City of St. Louis. All non-uniformed employees of the City and certain other public entities funded by or providing services to residents of the City become members of the System upon employment with the exception of employees hired after attaining age 60. The System issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Employees' Retirement System of the City of St. Louis; 1114 Market Street, Suite 900; St. Louis, Missouri 63101.

Benefits provided. The System provides for defined benefit payments for retirement, death, or disability to eligible employees or their beneficiaries based upon creditable service, final average compensation, and a benefit compensation base. Benefits vest with employees covered by the System after the employee has attained five years of creditable service. Employees retire with full retirement benefits after the age of 65 or if the employee's age and creditable service combined equal or exceed 85. Employees may retire and receive a reduced benefit after age 60 with five years of creditable service; age 55 with at least 20 years of creditable service; or at any age with 30 years of creditable service. The monthly pension benefits of all retirees or their beneficiaries are adjusted accordingly to the changes in the Consumer Price Index of the U.S. Department of Labor. Increases are limited each year, with total increases to retirees or their beneficiaries limited to 25%.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

On June 8, 2000, the Mayor of the City approved an ordinance passed by the Board of Aldermen, authorizing a Deferred Retirement Option Plan (DROP), which became effective January 1, 2001. This plan states that when members reach retirement age, they are allowed to work for five additional years and defer receipt of their retirement allowance. The calculation of average salary for retirement benefits will not include the additional years of service after normal retirement age. The amount that would have been received as retirement benefit is put in a special DROP account monthly. The DROP account will not be adjusted for cost of living increases as the normal retirement benefits are. The DROP account earns interest at the actuarial valuation rate of return and at the 10-year U.S. Treasury Bond yield as of September 30, for DROP participants enrolling February 1, 2003 and thereafter. After the member completely terminates employment, the member can withdraw amounts from the DROP account in a lump sum or according to a deferred retirement payment plan.

Contributions. The System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits due. If contributions are necessary, level percentage of payroll employer contribution rates are determined using the projected unit credit actuarial cost method. Employer contribution rates are established annually by the Board of Trustees of the Employees' System based on an actuarial study. Deductions from plan assets are financed from plan additions.

The Board of Trustees established the required employer contributions rate based on active member payroll of 16.97% effective July 1, 2023. Employees who became members of the System prior to October 14, 1977, and continued to make contributions, may make voluntary contributions to the System equal to 3% of their compensation until the employee's compensation equals the maximum annual taxable earnings under the Federal Social Security Act. Thereafter, employees may contribute 6% of their compensation for the remainder of the calendar year. The Subdistrict's contributions to the System for the year ended December 31, 2023 were \$2,288,006.

**Pension Liabilities, Pension Expense, And Deferred Outflows Of Resources And
Deferred Inflows Of Resources Related To Pensions**

At December 31, 2023, the Subdistrict reported a liability of \$20,344,917 as its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated October 1, 2022.

The Subdistrict's proportion of the net pension liability was based on the Subdistrict's contributions relative to the contributions of all participating employers for the System's plan year ended September 30, 2023. At September 30, 2023, the Subdistrict's proportion was 5.55%, which was an increase of 0.12% from its proportion measured as of September 30, 2022.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

For the year ended December 31, 2023, the Subdistrict recognized pension expense of \$4,891,754, which includes \$2,288,006 of the Subdistrict's contributions to the System for the year ended December 31, 2023. At December 31, 2023, the Subdistrict reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources
Differences between expected and actual experience	\$ 784,208
Changes of assumptions	—
Net difference between expected and actual earnings on pension plan investments	3,391,220
Changes in Subdistrict's proportion and differences between Subdistrict contributions and Subdistrict's proportionate share of contributions	346,936
Subdistrict contributions subsequent to the measurement date of September 30, 2023	535,301
	\$ 5,057,665

Deferred outflows of resources of \$535,301 resulting from Subdistrict contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the Subdistrict's fiscal year following the System's fiscal year as follows:

Year	Net Deferred Outflows (Inflows) Of Resources
2024	\$ 2,050,298
2025	770,181
2026	1,874,362
2027	(172,477)
	\$ 4,522,364

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

Actuarial assumptions. The total pension liability measured as of September 30, 2023 is based on an actuarial valuation as of October 1, 2022 using the following actuarial assumptions:

Inflation	2.5%
Salary increases	2.5% annually, average, plus merit component based on employee's years of service (range from 2.5% to 4.55%)
Investment rate of return	7.25% net of investment expense
Mortality rates - active	135% of the Pub-2010 General Employee below-median income mortality table for males and 155% for females projected with generational mortality improvements from 2010 using Scale MP-2019
Mortality rates - healthy	125% of the Pub-2010 General Retiree below-median income mortality table for males and 120% for females projected with generational mortality improvements from 2010 using Scale MP-2019
Mortality rates - disabled	120% of the Pub-2010 Non-Safety Disabled Retiree mortality table for males and 110% for females projected with generational mortality improvements from 2010 using Scale MP-2019

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighing the expected future real rate of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the last capital market assumptions. Specifically, the System uses Marquette Associates' capital market assumption in analyzing the System's asset allocation.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to the expected long-term real return and reflecting expected volatility and correlation.

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

The target allocation and best estimate of the geometric rate of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate Of Return
Large cap	20.50%	6.83%
Mid cap	7.00%	7.30%
Small cap	6.00%	7.90%
International large cap	12.00%	7.53%
Emerging markets	3.00%	7.60%
Bank loans	3.00%	9.40%
Core plus fixed income	11.00%	5.80%
Core fixed income	11.00%	4.90%
High yield	3.00%	9.00%
Core real estate	7.50%	6.80%
Infrastructure	5.00%	6.90%
Private equity	5.00%	11.40%
Hedge funds	3.00%	5.30%
Defensive equity	3.00%	6.20%
Total	100.00%	7.35%

Discount rate. The discount rate used to measure the total pension liability was 7.25% as of September 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from System members will be made at the current contribution rate. Based on these assumptions, the System's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of investment expenses but without reduction for administrative expenses.

Sensitivity of the Subdistrict's proportionate share of the net pension liability to changes in the discount rate. The following presents the Subdistrict's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Subdistrict's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Subdistrict's proportionate share of the net pension liability as of December 31, 2023	\$ 26,702,505	\$ 20,344,917	\$ 14,933,882

**ART MUSEUM SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE
CITY OF ST. LOUIS AND ST. LOUIS COUNTY**

Notes To Combined Financial Statements (*Continued*)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

Payables To The Pension Plan

The Subdistrict did not report any payables to the System for 2023.

403 (b) Plan

The Subdistrict offers its employees the ability to save for retirement through an optional 403(b) plan (Plan). The Plan was created in accordance with Internal Revenue Code Section 403(b). The Plan is fully funded by the employees that have chosen to participate, no contributions are made by the Subdistrict.

10. Risk Management

The Subdistrict and the Foundation are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; theft of, damage to, and destruction of collections; errors and omissions; injuries to employees; and natural disasters. The Subdistrict and Foundation purchase commercial insurance for these risks of loss. Settled claims did not exceed commercial coverage in the past three years.

11. Tax Abatements

The Subdistrict recognizes tax revenue based on an allocation of property taxes levied and collected by the Zoo-Museum District. The Zoo-Museum District levies and collects property taxes on behalf of the Subdistricts based on the assessed valuation of property in the City of St. Louis, Missouri (the City) and St. Louis County, Missouri (the County). Both the City and the County have entered into property tax abatement agreements with local businesses under various state statutes. Under these state statutes, the City and the County may grant property tax abatements for the purpose of attracting or retaining businesses within their jurisdictions. The Subdistrict's allocated revenues were reduced under these agreements entered into by the City and the County. City property tax allocated revenues were reduced by approximately \$512,700 for 2022, for taxes assessed on January 1 and payable by December 31 of the same year. County property tax allocated revenues were reduced by approximately \$366,000 for 2023, for taxes assessed on January 1 and payable by December 31 of the same year. Information regarding the City property tax allocated revenue reduction for 2023 is unavailable.

Required Supplementary Information

ART MUSEUM SUBDISTRICT OF THE METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE CITY OF ST. LOUIS AND ST. LOUIS COUNTY

SCHEDULES OF SELECTED PENSION INFORMATION EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

Schedule Of Subdistrict's Proportionate Share Of The Net Pension Liability

Plan Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Subdistrict's proportion of the net pension liability	5.5457%	5.4269%	5.1998%	4.9411%	4.7566%	4.5009%	4.2066%	3.9538%	3.7971%
Subdistrict's proportionate share of the net pension liability	\$ 20,344,917	\$ 19,667,325	\$ 9,042,343	\$ 14,024,362	\$ 10,353,911	\$ 7,614,931	\$ 7,307,481	\$ 8,273,109	\$ 8,624,107
Subdistrict's covered-employee payroll	13,801,547	13,421,980	12,513,729	12,194,135	11,505,845	10,865,298	10,136,866	9,429,227	9,830,362
Subdistrict's proportionate share of net pension liability as a percentage of its covered-employee payroll	147.41%	146.53%	72.26%	115.01%	89.99%	70.08%	72.09%	87.74%	87.73%
Plan fiduciary net position as a percentage of the total pension liability	68.20%	67.70%	84.10%	73.80%	78.60%	83.00%	82.46%	78.52%	76.22%

Schedule Of Subdistrict's Contributions

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Required contribution	\$ 2,288,006	\$ 1,963,232	\$ 1,819,008	\$ 1,558,331	\$ 1,421,231	\$ 1,347,676	\$ 1,272,100	\$ 1,248,391	\$ 1,386,774
Contributions in relation to the required contribution	2,288,006	1,963,232	1,819,008	1,558,331	1,421,231	1,347,676	1,272,100	1,248,391	1,386,774
Subdistrict's covered-employee payroll	14,143,175	12,792,743	12,794,261	12,347,578	11,274,213	11,328,949	10,357,551	9,528,783	9,581,296
Contributions as a percentage of covered-employee payroll	16.18%	15.35%	14.22%	12.62%	12.61%	11.90%	12.28%	13.10%	14.47%

Note: The Subdistrict implemented GASB 68 for the year ended December 31, 2015. Years will be added to these schedules in future years until 10 years of information is provided.

Changes Of Benefit Terms Or Assumptions

There were no changes to benefit terms in the plan in 2023.

There were changes to the actuarial assumptions in 2020 based on an experience study performed for the period from October 1, 2014 through September 30, 2019. There have been no changes of assumptions since 2020 or prior to 2020. See the actuarial assumptions for 2023 at Note 9.