



**Consolidated Financial Statements  
and Supplemental Schedules**

**Proprietors of the Boston Athenæum**

**September 30, 2019 and 2018**



# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Consolidated Financial Statements and Supplemental Schedules*

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## *Independent Auditors' Report*

The Board of Trustees  
Proprietors of the Boston Athenæum  
Boston, Massachusetts

We have audited the accompanying consolidated financial statements of the Proprietors of the Boston Athenæum (the "Athenæum"), which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Proprietors of the Boston Athenæum as of September 30, 2019 and 2018, and the changes in its consolidated net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the consolidated financial statements, in 2019, the Athenæum adopted Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities, Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

### ***Supplemental Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Schedules 1, 2, 3 and 4 present information as of September 30, 2019. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Mayer Hoffman McCann P.C.*

February 13, 2020  
Boston, Massachusetts



**PROPRIETORS OF THE BOSTON ATHENÆUM**

**Consolidated Statement of Activities**

**Year Ended September 30, 2019**  
**(with comparative totals for 2018)**

	<b>2019</b>			<b>2018</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
Operating revenues, gains and other support:				
Contributions, gifts and grants	\$ 1,171,469	\$ 377,937	\$ 1,549,406	\$ 1,497,455
Investment return designated for current operations	4,731,682	-	4,731,682	4,316,553
Membership dues revenue	1,140,794	-	1,140,794	1,192,692
Events and other program revenue	93,133	-	93,133	102,271
Rental and other non-program revenue	186,403	-	186,403	118,076
Appropriations from board-designated funds	77,375	-	77,375	52,000
Net assets released from restrictions	249,959	(249,959)	-	-
<b>Total</b>	<b>7,650,815</b>	<b>127,978</b>	<b>7,778,793</b>	<b>7,279,047</b>
Operating expenses, excluding depreciation and amortization:				
Program services	5,675,053	-	5,675,053	5,202,158
Supporting services:				
General and administrative	1,206,860	-	1,206,860	1,067,291
Fundraising and membership	1,094,343	-	1,094,343	994,996
<b>Total</b>	<b>7,976,256</b>	<b>-</b>	<b>7,976,256</b>	<b>7,264,445</b>
Increase (decrease) in net assets from operating activities before depreciation and amortization	(325,441)	127,978	(197,463)	14,602
Depreciation and amortization	960,074	-	960,074	950,942
<b>Increase (decrease) in net assets from operating activities</b>	<b>(1,285,515)</b>	<b>127,978</b>	<b>(1,157,537)</b>	<b>(936,340)</b>
Non-operating revenue:				
Contributions, gifts and grants	47,848	4,003,828	4,051,676	363,970
Investment return	1,350,021	914,836	2,264,857	6,913,274
less amounts designated for current operations	(2,551,865)	(2,179,817)	(4,731,682)	(4,316,553)
Appropriations from board-designated funds	(77,375)	-	(77,375)	(52,000)
<b>Total</b>	<b>(1,231,371)</b>	<b>2,738,847</b>	<b>1,507,476</b>	<b>2,908,691</b>
<b>Increase (decrease) in net assets</b>	<b>(2,516,886)</b>	<b>2,866,825</b>	<b>349,939</b>	<b>1,972,351</b>
Net assets, beginning of year	69,951,252	43,480,698	113,431,950	111,459,599
<b>Net assets, end of year</b>	<b>\$ 67,434,366</b>	<b>\$ 46,347,523</b>	<b>\$ 113,781,889</b>	<b>\$ 113,431,950</b>

**PROPRIETORS OF THE BOSTON ATHENÆUM**

***Consolidated Statement of Activities***

***Year Ended September 30, 2018***

	<u><i>Without Donor Restrictions</i></u>	<u><i>With Donor Restrictions</i></u>	<u><i>Total</i></u>
Operating revenues, gains and other support:			
Contributions, gifts and grants	\$ 1,322,157	\$ 175,298	\$ 1,497,455
Investment return designated for current operations	4,316,553	-	4,316,553
Membership dues revenue	1,192,692	-	1,192,692
Events and other program revenue	102,271	-	102,271
Rental and other non-program revenue	118,076	-	118,076
Appropriations from board-designated funds	52,000	-	52,000
Net assets released from restrictions	135,953	(135,953)	-
<b>Total</b>	<b><u>7,239,702</u></b>	<b><u>39,345</u></b>	<b><u>7,279,047</u></b>
Operating expenses, excluding depreciation and amortization:			
Program services	5,202,158	-	5,202,158
Supporting services:			
General and administrative	1,067,291	-	1,067,291
Fundraising and membership	994,996	-	994,996
<b>Total</b>	<b><u>7,264,445</u></b>	<b><u>-</u></b>	<b><u>7,264,445</u></b>
Increase (decrease) in net assets from operating activities before depreciation and amortization	(24,743)	39,345	14,602
Depreciation and amortization	950,942	-	950,942
<b>Increase (decrease) in net assets from operating activities</b>	<b><u>(975,685)</u></b>	<b><u>39,345</u></b>	<b><u>(936,340)</u></b>
Non-operating revenue:			
Contributions, gifts and grants	70,750	293,220	363,970
Investment return	3,795,143	3,118,131	6,913,274
less amounts designated for current operations	(2,803,654)	(1,512,899)	(4,316,553)
Appropriations from board-designated funds	(52,000)	-	(52,000)
<b>Total</b>	<b><u>1,010,239</u></b>	<b><u>1,898,452</u></b>	<b><u>2,908,691</u></b>
<b>Increase in net assets</b>	<b><u>34,554</u></b>	<b><u>1,937,797</u></b>	<b><u>1,972,351</u></b>
Net assets, beginning of year	69,916,698	41,542,901	111,459,599
<b>Net assets, end of year</b>	<b><u>\$ 69,951,252</u></b>	<b><u>\$ 43,480,698</u></b>	<b><u>\$ 113,431,950</u></b>

See accompanying notes to consolidated financial statements.

**PROPRIETORS OF THE BOSTON ATHENÆUM**

**Consolidated Statement of Functional Expenses**

Year Ended September 30, 2019  
(with comparative totals for 2018)

	2019				2018
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Membership</u>	<u>Total</u>	<u>Total</u>
Salaries and wages	\$ 2,539,729	\$ 660,417	\$ 611,687	\$ 3,811,833	\$ 3,543,162
Fringe benefits	521,244	134,795	125,540	781,579	642,106
Purchase of books, periodicals and artworks	709,379	-	-	709,379	328,588
Utilities and telephone	437,872	19,190	9,872	466,934	534,718
Building repair, maintenance and supplies	370,445	14,504	7,056	392,005	468,636
Payroll taxes	207,598	53,964	50,000	311,562	280,806
Contracted services - other	8,186	142,671	142,812	293,669	312,559
Office and postage expense	178,055	28,455	57,403	263,913	252,649
Rent	203,628	7,973	3,879	215,480	210,317
Receptions, travel and entertainment expense	111,104	17,780	29,170	158,054	162,744
Contracted services - exhibitions	134,230	-	-	134,230	57,022
Printing	49,522	3,245	47,498	100,265	127,219
Insurance	69,249	22,573	852	92,674	84,048
Contracted services - cataloging	92,520	-	-	92,520	91,763
Auditing	-	54,000	-	54,000	53,000
Legal	-	40,823	-	40,823	26,146
Contracted services - lectures and concerts	19,088	-	7,611	26,699	27,201
Grants	14,250	-	-	14,250	13,250
Contracted services - preservation and digital services	8,954	-	-	8,954	31,386
Professional fees - other	-	6,470	963	7,433	17,125
<b>Total operating expenses</b>	<b>5,675,053</b>	<b>1,206,860</b>	<b>1,094,343</b>	<b>7,976,256</b>	<b>7,264,445</b>
Allocation of depreciation	907,270	35,523	17,281	960,074	950,942
<b>Total functional expenses</b>	<b>\$ 6,582,323</b>	<b>\$ 1,242,383</b>	<b>\$ 1,111,624</b>	<b>\$ 8,936,330</b>	<b>\$ 8,215,387</b>



**PROPRIETORS OF THE BOSTON ATHENÆUM**

**Consolidated Statement of Functional Expenses**

**Year Ended September 30, 2018**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Membership</u>	<u>Total</u>
Salaries and wages	\$ 2,465,721	\$ 493,773	\$ 583,668	\$ 3,543,162
Fringe benefits	446,848	89,484	105,774	642,106
Utilities and telephone	500,786	22,989	10,943	534,718
Building repair, maintenance and supplies	442,861	17,340	8,435	468,636
Purchase of books, periodicals and artworks	328,588	-	-	328,588
Contracted services - other	62,641	191,741	58,177	312,559
Payroll taxes	195,416	39,133	46,257	280,806
Office and postage expense	167,147	27,583	57,919	252,649
Rent	198,960	7,640	3,717	210,317
Receptions, travel and entertainment expense	43,130	40,758	78,856	162,744
Printing	68,198	22,523	36,498	127,219
Contracted services - cataloging	91,763	-	-	91,763
Insurance	61,240	21,956	852	84,048
Contracted services - exhibitions	57,022	-	-	57,022
Auditing	-	53,000	-	53,000
Contracted services - preservation and digital services	31,386	-	-	31,386
Contracted services - lectures and concerts	27,201	-	-	27,201
Legal	-	26,146	-	26,146
Professional fees - other	-	13,225	3,900	17,125
Grants	13,250	-	-	13,250
<b>Total operating expenses</b>	<b>5,202,158</b>	<b>1,067,291</b>	<b>994,996</b>	<b>7,264,445</b>
Allocation of depreciation	898,640	35,185	17,117	950,942
<b>Total functional expenses</b>	<b>\$ 6,100,798</b>	<b>\$ 1,102,476</b>	<b>\$ 1,012,113</b>	<b>\$ 8,215,387</b>

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Consolidated Statements of Cash Flows*

	<i>Years Ended September 30,</i>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 349,939	\$ 1,972,351
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization	960,074	950,942
Loss on provision for uncollectible pledge receivable	26,699	9,484
Net investment gains (loss)	137,215	(4,852,937)
Contributions and investment income restricted for long-term investment	(68,710)	(55,333)
(Increase) decrease in operating assets:		
Pledges receivable, net	(1,099,522)	6,949
Beneficial interest in perpetual trust	16,339	(21,210)
Other assets	43,922	(47,834)
Increase (decrease) in operating liabilities:		
Accounts payable	14,235	109,593
Accrued and other liabilities	(9,762)	25,745
Deferred revenue	38,693	(35,634)
	<u>59,183</u>	<u>(3,910,235)</u>
<b>Total adjustments</b>		
	<u>409,122</u>	<u>(1,937,884)</u>
<b>Net cash provided by (used in) operating activities</b>		
	<u>409,122</u>	<u>(1,937,884)</u>
<b>Cash flows from investing activities:</b>		
Expenditures for property, plant and equipment	(684,493)	(1,144,308)
Proceeds from sales and maturities of investments	39,158,919	33,268,472
Payments for purchases of investments	#####	#####
	<u>(285,796)</u>	<u>1,697,721</u>
<b>Net cash provided by (used in) investing activities</b>		
	<u>(285,796)</u>	<u>1,697,721</u>
<b>Cash flows from financing activities:</b>		
Contributions and investment income restricted for long-term investment	68,710	55,333
	<u>68,710</u>	<u>55,333</u>
<b>Net cash provided by financing activities</b>		
	<u>68,710</u>	<u>55,333</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>192,036</b>	<b>(184,830)</b>
Cash and cash equivalents, beginning of year	421,031	605,861
	<u>421,031</u>	<u>605,861</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 613,067</b>	<b>\$ 421,031</b>
	<u>\$ 613,067</u>	<u>\$ 421,031</u>
<b>Supplemental disclosure of noncash information:</b>		
Property, plant and equipment included in accounts payable	\$ 193,354	\$ 48,785

See accompanying notes to consolidated financial statements.

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Notes to Consolidated Financial Statements*

### **Note 1 - Summary of Significant Accounting Policies**

#### ***Organization***

The consolidated financial statements include the accounts of the Proprietors of the Boston Athenæum (the “Proprietors”) and the Boston Library Society (“BLS”), collectively referred to as the “Athenæum”. The Athenæum is a membership and research library founded in 1807. Its collection comprises more than a half million volumes, as well as a distinguished fine arts collection. The library is supported by proprietors who own shares in the library and by other members who pay annual dues. The Society was founded as a membership library in 1792. BLS’s book collection and other resources were merged with that of the Athenæum in 1939. All trustees and officers of BLS are also trustees and officers of the Proprietors.

#### ***Principles of Consolidation***

The consolidated financial statements have been prepared on the accrual basis in accordance with the provisions of accounting principles generally accepted in the United States of America.

#### ***Basis of Financial Statement Presentation***

The accompanying consolidated financial statements have been prepared to focus on the Athenæum as a whole. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net assets without donor restrictions* are net assets available for general use and not subject to donor-imposed restrictions. The Board has designated from net assets without donor restrictions net assets for endowment. Net assets without donor restrictions also include the investment in property, plant and equipment, net of accumulated depreciation and amortization.

*Net assets with donor restrictions* are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or by events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, donors of net assets with perpetual restrictions permit the Athenæum to use all or part of the income earned, as well as realized and unrealized gains, if any, on the related investments for general or specific purposes.

#### ***Fair Value Measurements***

The Athenæum reports required types of financial instruments in accordance with the fair value standards. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, the Athenæum reports certain investments using the net asset value (“NAV”) per share as determined by investment managers under the so called “practical expedient”. The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met.

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Notes to Consolidated Financial Statements*

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### ***Fair Value Measurements (Continued)***

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on a stock exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

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

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

It is possible that redemption rights may be restricted or eliminated by investment managers in the future in accordance with the underlying fund agreements. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observable inputs and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these consolidated financial statements.

#### ***Use of Estimates***

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

#### ***Cash and Cash Equivalents***

The Athenæum considers highly liquid debt securities with maturities of three months or less at the date of purchase to be cash equivalents. The Athenæum maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Cash held by investment managers are considered part of investments given the expectation of near term reinvestment. The Athenæum monitors its exposure associated with cash in bank deposits and has not experienced any losses in such accounts.

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Notes to Consolidated Financial Statements*

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### ***Pledges Receivable***

Pledges receivable are initially recorded at fair value utilizing Level 2 inputs as per the fair value policies elsewhere in this section. Contributions to be received after one year are valued using the present value of a risk adjusted rate to account for the inherent risk associated with the expected future cash flows. Amortization of the discount is included as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided based upon management's estimates including factors of historical experience and a specific review of collection trends that differ from the plan on individual accounts.

#### ***Investments and Investment Return***

Investments are carried at fair value. Fair value is determined as per the fair value policies described elsewhere in this section.

Net investment return (loss) is reported in the consolidated statement of activities and consist of interest and dividend income, realized and unrealized gains and losses less investment expenses.

The investments of the Athenæum are pooled and unitized for accounting purposes. Each fund subscribes to, or disposes of, units on the basis of the fair value per unit at the end of the calendar quarter within which the transactions take place. Investment return is allocated quarterly based on the number of units held by each fund at the beginning of the quarter.

#### ***Property, Plant and Equipment***

Building improvements, furniture and equipment, computers and software, and the automated library system are recorded at cost when such amounts exceed a management established capitalization threshold and have a useful life of one year or more. Expenditures for major renewals and improvements are capitalized while expenditures for maintenance and repairs are expensed as incurred. The land and building at 10½ Beacon Street, a registered historic landmark, are carried at cost and are not depreciated.

Provisions for depreciation are based on the following expected useful lives using the straight-line method:

Furniture and equipment	10 years
Computers and software	4-10 years
Automated library system	5 years
Building and leasehold improvements	Lesser of the life of the lease plus granted extensions or the useful life of the asset

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Notes to Consolidated Financial Statements*

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### ***Beneficial Interest in Perpetual Trust***

Beneficial interest in perpetual trusts are reported at the fair value of investments held by the trust for the benefit of the Athenæum as per the fair value policies elsewhere in this section. The trust periodically makes distributions to the Athenæum and such amounts are included within the spending policy amounts within the consolidated statement of activities. Given the perpetual nature of this instrument, changes in fair value of the underlying investments are accounted for as a non-operating item with donor restrictions. In the event that the Athenæum no longer exists as an entity, such amounts could be allocable to other uses at the discretion of the trustees of the assets.

#### ***Deferred Revenue***

Deferred revenue principally represents the ratable portion of amounts received for annual memberships that expire after the close of the fiscal year. In addition, deferred revenue represents deposits for future event rentals and the unspent balance of gift cards.

#### ***Revenue Recognition and Operations***

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Realized and unrealized gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets, such as the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as “net assets released from restriction” between the classes of net assets.

Contribution, gifts and grants, including unconditional promises to give, are initially recorded as revenue at fair value when verifiably committed. Fair value is determined at the original date of record as described in this section using Level 2 fair value inputs. Conditional contributions and intentions to give are recorded as revenue when the conditions have been met. Contributions are reflected in net assets without donor restrictions or in net assets with donor restrictions based on the existence or absence of donor restrictions. Amounts received with donor-imposed restrictions that are recorded as revenues in net assets with donor restrictions are reclassified to net assets without donor restrictions when the time or purpose restriction has been satisfied.

Operating revenues consist of those items attributable to the Athenæum’s membership dues, events, rentals, net assets released from restriction, contributions (including gifts and grants all related to annual fund support and support of the Athenæum’s operations), investment return designated for operations and appropriations from board-designated funds.

Non-operating activities include contributions (including gifts and grants not related to annual fund support and support of the Athenæum’s operations) investment returns less amounts designated for operations, and appropriations from board-designated funds to operations.

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Notes to Consolidated Financial Statements*

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### ***Revenue Recognition and Operations (Continued)***

A substantial portion of the Athenæum's revenue is derived from membership dues, events, and rentals. Membership dues are recorded as earned over a one-year period from the date of receipt. Events revenue is recorded as revenue on the date of the event. Advance sales are recorded as deferred revenue. Rental revenue is recorded as revenue on the date of the rental. These are recorded as deferred revenue and are recognized as income when the related services are provided.

#### ***Collections***

The collections which were acquired through purchases and contributions since the Athenæum's inception are not recognized as assets on the consolidated statement of financial position; however such items are managed per the policy below. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired and as releases of restricted net assets if the assets used to purchase the items were used to fund the purchase. Contributed collection items are not reflected as revenue in the consolidated financial statements. Proceeds from de-accessions or insurance recoveries are reflected as increases in net assets.

The Athenæum's collections are made up of books, artifacts of historical significance and art objects that are held for educational, research, scientific and curatorial purposes. Each of the items is cataloged, preserved and cared for, and activities verifying their existence and accessing their condition are performed continuously.

#### ***Donated Services***

No amounts have been reflected in the consolidated financial statements for donated services as such items did not meet the standards for recognition. The Athenæum pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Athenæum with its programs.

From time to time, the Athenæum receives gifts in-kind which for the most part represent contributions to the collection and are not recognized as revenue. Non collection gifts in-kind are recorded as revenue when the gift is committed at its estimated fair market value using objective and acceptable methods depending on the nature of the item.

#### ***Functional Allocation of Expenses***

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Facilities and depreciation and amortization of property, plant and equipment have been allocated to functional classifications based on management's estimates.

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Notes to Consolidated Financial Statements*

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### ***Income Tax Status***

The Athenæum is recognized by the Internal Revenue Service as an organization described under Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state income taxes on related income. Given the limited taxable activities, management has concluded that disclosures related to tax provisions are not necessary.

#### ***Uncertain Tax Positions***

The Athenæum accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. The Athenæum has identified its tax status as a tax exempt entity and its treatment of income as related or unrelated as its only significant tax positions; however, the Athenæum has determined that such tax positions do not result in an uncertainty requiring recognition. The Athenæum is not currently under examination by any taxing jurisdictions. The Athenæum’s Federal and state tax returns are generally open for examination for three years following the date filed.

#### ***New Accounting Pronouncement***

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities, Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Athenæum has adopted ASU No. 2016-14 and has adjusted the presentation of these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

#### ***Reclassifications***

Certain amounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the 2019 presentation. These reclassifications had no effect on previously reported results of operations.

#### ***Subsequent Events***

The Athenæum has evaluated subsequent events through February 13, 2020, the date that the consolidated financial statements were authorized to be issued.



# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Notes to Consolidated Financial Statements*

### **Note 2 - Liquidity and Availability**

The Athenæum regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Athenæum has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Athenæum considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, the Athenæum seeks to operate with a budget surplus and anticipates collecting revenue in excess of general expenditures. Refer to the consolidated statements of cash flows which identify the sources and uses of the Athenæum's cash for the years ended September 30, 2019 and 2018.

Although not expected to be needed, the spendable yet restricted portion of the Athenæum's net assets could be used to meet cash needs if necessary. Prudent investment management, however, must be considered to ensure the preservation of the funds for future use.

As of September 30, 2019, the following table shows the total financial assets held by the Athenæum and the amounts of those financial assets available within one year of the balance sheet date to meet general expenditures:

Financial assets available to meet general expenditures over the next 12 months:

Cash and cash equivalents	\$	487,336
Pledges receivable, net		23,250
Endowment spending rate distribution and appropriations		<u>4,572,333</u>

**Total financial assets available to meet general expenditures  
over the next 12 months**

**\$ 5,082,919**

Were the need to arise to access greater liquidity than shown, by vote of its Board of Trustees, the Athenæum could also access its board-designated endowment valued at \$48.4 and \$49.4 million at September 30, 2019 and 2018, respectively.

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Notes to Consolidated Financial Statements*

### **Note 3 - Pledges Receivable**

Pledges receivable are as follows at September 30:

	<b>2019</b>	<b>2018</b>
Due: Less than one year	\$ 1,113,250	\$ 98,623
One to five years	76,000	19,500
Greater than five years	-	-
Total pledges receivable	1,189,250	118,123
Less: Discounts to present value	-	-
Allowances for uncollectible pledges	(1,780)	(3,476)
<b>Net pledges receivable</b>	<b>\$ 1,187,470</b>	<b>\$ 114,647</b>

### **Note 4 - Investments and Fair Value Measurements**

The following table is a summary of investments and beneficial interest in a perpetual trust along with the fair value method used in valuation at September 30:

	<b>2019</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 3</b>	<b>NAV</b>	
Investments:				
Money market funds	\$ 6,358,158	\$ -	\$ -	\$ 6,358,158
Debt securities	239,008	-	-	239,008
Mutual funds:				
Equity securities	47,608,549	-	-	47,608,549
Debt securities	27,415,954	-	-	27,415,954
Partnerships:				
Equity funds	-	-	10,067,968	10,067,968
Preferred stock	1,000	-	-	1,000
Subtotal investments	81,622,669	-	10,067,968	91,690,637
Beneficial interest in perpetual trust	-	658,058	-	658,058
<b>Total financial assets at fair value</b>	<b>\$ 81,622,669</b>	<b>\$ 658,058</b>	<b>\$ 10,067,968</b>	<b>\$ 92,348,695</b>

# PROPRIETORS OF THE BOSTON ATHENÆUM

## Notes to Consolidated Financial Statements

### Note 4 - Investments and Fair Value Measurements (Continued)

The following table is a summary of investments and beneficial interest in a perpetual trust along with the fair value method used in valuation at September 30:

	<b>2018</b>			
	<b>Level 1</b>	<b>Level 3</b>	<b>NAV</b>	<b>Total</b>
Investments:				
Money market funds	\$ 5,162,060	\$ -	\$ -	\$ 5,162,060
Debt securities	227,509	-	-	227,509
Mutual funds:				
Equity securities	54,373,125	-	-	54,373,125
Debt securities	21,910,942	-	-	21,910,942
Partnerships:				
Equity funds	-	-	10,551,913	10,551,913
Preferred stock	1,000	-	-	1,000
Subtotal investments	<u>81,674,636</u>	<u>-</u>	<u>10,551,913</u>	<u>92,226,549</u>
Beneficial interest in perpetual trust	<u>-</u>	<u>674,397</u>	<u>-</u>	<u>674,397</u>
<b>Total financial assets at fair value</b>	<b><u>\$ 81,674,636</u></b>	<b><u>\$ 674,397</u></b>	<b><u>\$ 10,551,913</u></b>	<b><u>\$ 92,900,946</u></b>

All of the investments at September 30, 2019 and 2018 measured at NAV have redemption periods of 90 days or less.

The Athenæum has no intentions or plans to liquidate any NAV practical expedient investments at other than NAV per share. There were no unfunded commitments under various investment vehicles at September 30, 2019 or 2018.

# PROPRIETORS OF THE BOSTON ATHENÆUM

## Notes to Consolidated Financial Statements

### Note 4 - Investments and Fair Value Measurements (Continued)

The following table presents the changes in the beneficial interest in perpetual trust for the year ended September 30, 2019 for investments measured at fair value on a recurring basis using unobservable inputs (Level 3):

	<b>Level 3</b>
	<b>Roll Forward</b>
Beneficial interest in perpetual trust balance at September 30, 2017	\$ 653,187
Investment return and fees	42,626
Distributions	<u>(21,416)</u>
Beneficial interest in perpetual trust balance at September 30, 2018	674,397
Investment return and fees	4,587
Distributions	<u>(20,926)</u>
Beneficial interest in perpetual trust balance at September 30, 2019	\$ <u><u>658,058</u></u>

### Note 5 - Property, Plant and Equipment

Property, plant and equipment as of September 30 consist of:

	<b>2019</b>	<b>2018</b>
Land and building	\$ 199,303	\$ 199,303
Building and leasehold improvements	34,757,811	34,728,911
Furniture and equipment	1,166,039	1,166,039
Computers and software	67,217	67,217
Automated library system	179,133	179,133
Assets not yet placed in service	<u>1,101,470</u>	<u>306,133</u>
	37,470,973	36,646,736
Less: accumulated depreciation and amortization	<u>16,423,067</u>	<u>15,467,818</u>
	<b>\$ <u><u>21,047,906</u></u></b>	<b>\$ <u><u>21,178,918</u></u></b>

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Notes to Consolidated Financial Statements*

### **Note 6 - Endowments**

#### ***Endowment***

The Athenæum's endowment consists of over 500 endowment funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed or legal restrictions.

#### ***Interpretation of Relevant Law and Spending Policy***

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as enacted in Massachusetts as requiring the preservation 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 Athenæum retains in perpetuity: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift and instrument at the time the accumulation is added to the fund, as applicable. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Athenæum in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Athenæum considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purposes of the Athenæum and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the Athenæum; and
- 7) The investment policies of the Athenæum.

#### ***Endowment Funds with Deficiencies***

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). These deficits resulted from unfavorable market fluctuations that generally occurred shortly after the investment of newly established endowments, and authorized distribution that was deemed prudent. The Athenæum has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

# PROPRIETORS OF THE BOSTON ATHENÆUM

## Notes to Consolidated Financial Statements

### Note 6 - Endowments (Continued)

#### Endowment Funds with Deficiencies (Continued)

At September 30, 2019 and 2018, funds with deficiencies were reported in net assets with donor restrictions as follows;

	<b>2019</b>	<b>2018</b>
Fair value of underwater endowment funds	\$ 1,092,443	\$ 1,074,217
Original endowment gift amount	<u>1,174,835</u>	<u>1,132,380</u>
<b>Deficiencies of underwater endowment funds</b>	<b><u>\$ (82,392)</u></b>	<b><u>\$ (58,163)</u></b>

#### Return Objectives and Risk Parameters

The prudent management of endowment funds should provide a net return (dividends and interest plus capital appreciation less investment fees) that is necessary to preserve and enhance (in real dollar terms) the principal of the endowment funds, and at the same time to provide a consistent source of income for the Athenæum's current and future operations and needs in accordance with donor intent. The Athenæum expects that its endowment funds will be managed for long-term results. It neither expects nor encourages high turnover nor emphasis on the short term.

#### Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Athenæum 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 Athenæum targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, the Athenæum seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

#### Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives

The Board of the Athenæum determines the method to be used to distribute endowment funds for expenditure. The Athenæum had a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior twelve quarters through March 31 of the year proceeding the year in which the distribution is planned. Commencing with fiscal year 2019, the Athenæum adopted a policy of increasing the distribution by the published CPI-U rate for Boston-Cambridge-Newton, averaged over the 12 months, ending in July of the year proceeding the year in which the distribution is planned, plus 1%. Accordingly, over the long term, the Athenæum expects the current investment policy to exceed the spending policy, thus preserving the purchasing power of the endowment. Appropriations approved for fiscal year 2020 are \$4,572,333.

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Notes to Consolidated Financial Statements*

### **Note 6 - Endowments (Continued)**

#### ***Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives (Continued)***

Fifty percent of the Board-approved spending rule from most book funds covers the costs of acquiring books and other specified materials for the collection. The remaining fifty percent associated with these funds is used to cover the costs of the cataloging, conservation, preservation and maintenance of the book collection.

Endowment assets include donor-restricted and Board-designated investments as well as beneficial interests in perpetual trusts. Changes in endowment assets for the years ended September 30, 2019 and 2018 are as follows:

	<b>2019</b>		
	<b><i>Without Donor Restrictions</i></b>	<b><i>With Donor Restrictions</i></b>	<b><i>Total</i></b>
Endowment and funds functioning as endowment, beginning of year	\$ 49,438,538	\$ 42,698,082	\$ 92,136,620
Investment return:			
Interest and dividend income	1,168,581	891,265	2,059,846
Net realized and unrealized gains	156,655	59,737	216,392
Investment management fees	<u>(30,319)</u>	<u>(36,166)</u>	<u>(66,485)</u>
Investment return	<u>1,294,917</u>	<u>914,836</u>	<u>2,209,753</u>
Additions	-	68,712	68,712
Transfers	237,447	-	237,447
Appropriation for expenditure: for current operations	<u>(2,551,865)</u>	<u>(2,179,817)</u>	<u>(4,731,682)</u>
<b>Endowment and funds functioning as endowment, end of year</b>	<b><u>\$ 48,419,037</u></b>	<b><u>\$ 41,501,813</u></b>	<b><u>\$ 89,920,850</u></b>

The transfer is for the reimbursement of a prior year appropriation for fixed asset additions funded through the capital campaign.

**PROPRIETORS OF THE BOSTON ATHENÆUM**

***Notes to Consolidated Financial Statements***

**Note 6 - Endowments (Continued)**

	<b>2018</b>		
	<b><i>Without Donor Restrictions</i></b>	<b><i>With Donor Restrictions</i></b>	<b><i>Total</i></b>
Endowment and funds functioning as endowment, beginning of year	\$ 48,731,512	\$ 40,995,291	\$ 89,726,803
Investment return:			
Interest and dividend income	1,028,360	869,998	1,898,358
Net realized and unrealized gains	2,771,048	2,303,664	5,074,712
Investment management fees	<u>(52,281)</u>	<u>(55,532)</u>	<u>(107,813)</u>
Investment return	<u>3,747,127</u>	<u>3,118,130</u>	<u>6,865,257</u>
Additions	1,000	97,560	98,560
Appropriation for expenditure:			
for current operations	(2,803,654)	(1,512,899)	(4,316,553)
for fixed assets	<u>(237,447)</u>	<u>-</u>	<u>(237,447)</u>
Total appropriation	<u>(3,041,101)</u>	<u>(1,512,899)</u>	<u>(4,554,000)</u>
<b>Endowment and funds functioning as endowment, end of year</b>	<b><u>\$ 49,438,538</u></b>	<b><u>\$ 42,698,082</u></b>	<b><u>\$ 92,136,620</u></b>



# PROPRIETORS OF THE BOSTON ATHENÆUM

## Notes to Consolidated Financial Statements

### Note 7 - Net Assets

The following is a summary of board-designated without donor restriction net asset activity for the years ended September 30, 2019 and 2018:

2019						
<i>Board-Designated Fund</i>	<i>Beginning Balance</i>	<i>Additions</i>	<i>Draw Down (for Capital Expenditures)</i>	<i>Draw Down (for Non-capital Expenditures)</i>	<i>Investment Return (Net of Fees)</i>	<i>Ending Balance</i>
10 1/2 Beacon Street Fund	\$ 163,800	\$ 47,848	\$ (122,555)	\$ (25,375)	\$ 3,540	\$ 67,258
Vision fund	71,166	-	-	(52,000)	-	19,166
Art deaccession funds	24,408	-	-	-	-	24,408
Art acquisition funds	12,533	2,366	-	-	-	14,899
<b>Total</b>	<b>\$ 271,907</b>	<b>\$ 50,214</b>	<b>\$ (122,555)</b>	<b>\$ (77,375)</b>	<b>\$ 3,540</b>	<b>\$ 125,731</b>
2018						
<i>Board-Designated Fund</i>	<i>Beginning Balance</i>	<i>Additions</i>	<i>Draw Down (for Capital Expenditures)</i>	<i>Draw Down (for Non-capital Expenditures)</i>	<i>Investment Return (Net of Fees)</i>	<i>Ending Balance</i>
10 1/2 Beacon Street Fund	\$ 880,896	\$ 111,976	\$ (838,175)	\$ -	\$ 9,103	\$ 163,800
Vision fund	123,166	-	-	(52,000)	-	71,166
Art deaccession funds	24,308	100	-	-	-	24,408
Art acquisition funds	10,446	2,087	-	-	-	12,533
<b>Total</b>	<b>\$ 1,038,816</b>	<b>\$ 114,163</b>	<b>\$ (838,175)</b>	<b>\$ (52,000)</b>	<b>\$ 9,103</b>	<b>\$ 271,907</b>

# PROPRIETORS OF THE BOSTON ATHENÆUM

## Notes to Consolidated Financial Statements

### Note 7 - Net Assets (Continued)

The net assets are summarized as follows as of September 30:

	<i>Without Donor Restrictions</i>	<i>2019 With Donor Restrictions</i>	<i>Total</i>
<b>Detail of Net Assets</b>			
Operating funds:			
Net investment in plant	\$ 19,116,600	\$ 1,931,306	\$ 21,047,906
Net assets related to operations	(227,002)	-	(227,002)
Board-designated funds	125,731	-	125,731
Total operating funds	19,015,329	1,931,306	20,946,635
Endowment corpus:			
Book fund endowment	-	12,987,671	12,987,671
Other special purpose endowment	-	13,417,709	13,417,709
General endowment	-	3,036,784	3,036,784
Beneficial interest in trust	-	658,058	658,058
Total endowment corpus	-	30,100,222	30,100,222
Unexpended gain on donor-restricted endowment:			
Book acquisitions	-	5,845,896	5,845,896
Special purpose available for program activities	-	3,251,700	3,251,700
General endowment funds available for appropriation	-	2,303,995	2,303,995
Total unexpended gain on donor-restricted endowment	-	11,401,591	11,401,591
Total endowment	-	41,501,813	41,501,813
Board restricted quasi-endowment	48,419,037	-	48,419,037
Purpose restricted funds:			
Capital projects	-	2,141,699	2,141,699
Time restriction	-	137,795	137,795
Program activities	-	634,910	634,910
Total purpose restricted funds	-	2,914,404	2,914,404
<b>Total net assets</b>	<b>\$ 67,434,366</b>	<b>\$ 46,347,523</b>	<b>\$ 113,781,889</b>

# PROPRIETORS OF THE BOSTON ATHENÆUM

## Notes to Consolidated Financial Statements

### Note 7 - Net Assets (Continued)

	<b>2018</b>	
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
<b>Detail of Net Assets</b>	<b>Total</b>	
Operating funds:		
Net investment in plant	\$ 20,941,030	\$ 237,888
Net assets related to operations	(700,223)	-
Board-designated funds	271,907	-
Total operating funds	20,512,714	237,888
Endowment corpus:		
Book fund endowment	-	12,974,120
Other special purpose endowment	-	13,365,300
General endowment	-	3,076,019
Beneficial interest in trust	-	674,397
Total endowment corpus	-	30,089,836
Unexpended gain on donor-restricted endowment:		
Book acquisitions	-	6,549,030
Special purpose available for program activities	-	3,617,850
General endowment funds available for appropriation	-	2,441,366
Total unexpended gain on donor-restricted endowment	-	12,608,246
Total endowment	-	42,698,082
Board restricted quasi-endowment	49,438,538	-
Purpose restricted funds:		
Time restriction	-	137,794
Program activities	-	406,934
Total purpose restricted funds	-	544,728
<b>Total net assets</b>	<b>\$ 69,951,252</b>	<b>\$ 43,480,698</b>
	<b>\$ 113,431,950</b>	

Net assets released from donor restrictions primarily through the spending policy by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors or by the passage of time were as follows for the years ended September 30:

	<b>2019</b>	<b>2018</b>
Expenditures for program activities	\$ <u>249,959</u>	\$ <u>135,953</u>

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Notes to Consolidated Financial Statements*

### **Note 8 - Leases**

The Athenæum leases a portion of its facilities under operating lease agreements which expire through 2040. On January 11, 2019, the Athenæum entered into a 246 month lease agreement for 25,350 square feet consisting of portions of the first, fifth and sixth floors of the building located at 14 Beacon Street, Boston, Massachusetts. This lease will begin on December 1, 2019. Under the agreement, the Athenæum has five options to extend the lease for successive terms of 10 years each. With the execution of this new lease, the prior lease for this property terminated on November 31, 2019. Rent expense was \$215,479 and \$210,316 in 2019 and 2018, respectively. The lease agreements provide for the payment of increases in operating costs of the related facility over the term of the leases. Also included in the lease agreement is a \$1,750,000 tenant improvement allowance, none of which was used as of September 30, 2019. Future minimum lease payments are as follows:

<b>Year Ending September 30,</b>	
2020	\$ 478,800
2021	1,183,000
2022	1,233,700
2023	1,267,500
2024	1,267,500
Thereafter	<u>19,857,500</u>
	<b><u>\$ 25,288,000</u></b>

### **Note 9 - Employees' Retirement Plan**

Retirement benefits for employees are funded and vested under a defined contribution plan with Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). The Athenæum's contribution percentage was 5% plus an additional match of up to 3% (maximum possible contribution of 8%) for the years ended September 30, 2019 and 2018. The Athenæum's expense under this program is recorded and accounted for annually as a portion of the total compensation of each eligible participant and aggregated \$222,208 and \$205,076 for 2019 and 2018, respectively.

The Athenæum also has a supplemental deferred annuity plan with TIAA-CREF that qualifies under Section 403(b) of the Internal Revenue Code. Employees may make voluntary deferrals into the plan up to the maximum amount allowed by the Internal Revenue Code. The Athenæum does not contribute to this plan.

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Notes to Consolidated Financial Statements*

### **Note 10 - Related Parties**

The Athenæum from time to time enters into transactions pursuant to its existing conflict of interest policy to ensure that such transactions are considered in the best interest of the Athenæum. The transactions are reviewed and approved by the Board of Trustees annually. These transactions were as follows:

The Assistant Treasurer of the Athenæum is a principal in the investment company that was the custodian of the Athenæum's investments until the month of May 2018. Custodian and investment management fees incurred from this company amounted to \$0 and \$57,461 in 2019 and 2018, respectively.

A partner and a retired partner of one of the Athenæum's legal firms are members of the Board of Trustees. Legal fees incurred from this firm amounted to \$87,067 and \$131,427 in 2019 and 2018, respectively.

A member of the Board of Trustees of the Athenæum was an executive vice president of an insurance brokerage firm from which the Athenæum purchases insurance coverage. Insurance premiums brokered through this firm amounted to \$92,674 and \$84,048 in 2019 and 2018, respectively.

***Supplemental Schedules***

**PROPRIETORS OF THE BOSTON ATHENÆUM**

***Consolidating Statement of Financial Position***

***September 30, 2019***

	<b><i>Proprietors of the Boston Athenæum</i></b>	<b><i>The Boston Library Society</i></b>	<b><i>Consolidated</i></b>
<b>Assets</b>			
Cash and cash equivalents	\$ 613,067	\$ -	\$ 613,067
Pledges receivable, net	1,187,470	-	1,187,470
Other assets	134,161	-	134,161
Investments	90,724,358	966,279	91,690,637
Property, plant and equipment, net	21,047,906	-	21,047,906
Beneficial interest in perpetual trust	<u>658,058</u>	<u>-</u>	<u>658,058</u>
<b>Total assets</b>	<b><u>\$ 114,365,020</u></b>	<b><u>\$ 966,279</u></b>	<b><u>\$ 115,331,299</u></b>
<b>Liabilities and Net Assets</b>			
Liabilities:			
Accounts payable	\$ 416,385	\$ -	\$ 416,385
Accrued and other liabilities	502,208	-	502,208
Deferred revenue	<u>630,817</u>	<u>-</u>	<u>630,817</u>
<b>Total liabilities</b>	<b><u>1,549,410</u></b>	<b><u>-</u></b>	<b><u>1,549,410</u></b>
Net assets:			
Without donor restrictions	66,785,713	648,653	67,434,366
With donor restrictions	<u>46,029,897</u>	<u>317,626</u>	<u>46,347,523</u>
<b>Total net assets</b>	<b><u>112,815,610</u></b>	<b><u>966,279</u></b>	<b><u>113,781,889</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 114,365,020</u></b>	<b><u>\$ 966,279</u></b>	<b><u>\$ 115,331,299</u></b>

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Book Endowment Funds*

*September 30, 2019*

Adams, Thomas H.	\$	17,168
Akins, Cary W., M.D.		4,469
Aldrich, C. Duane		123,869
Aldrich, Virginia		72,928
Alexander, Jean Sears		6,206
Allen, Adele Waterman		43,872
Altschuller, Alex & Trish		3,908
Ames, Sarah Russell		379,556
Anderson, Catherine S.		18,789
Anderson, Rae & Christina		10,070
Appleton, Helen Kortright		49,030
Appleton, Samuel		141,823
Armstrong, Katharine Cortesi		9,045
Armstrong, Rodney		331,480
Atkins, Robert E.		18,204
Atkinson, Susan Ashley		14,248
Ayer, Dr. & Mrs. James Bourne		686,010
Baker, Morton H.		10,416
Banks, Gail & Edward C. Pinkus		41,363
Bardwell, T. C.		6,334
Barrett, Joan & Dorothea Bowditch Jones		9,703
Batchelder, Katharine A.		20,653
Beacon Hill Reading Group		16,056
Beck, Emily Morison		5,473
Belknap, Judith Levitt		10,804
Bemis, George F. - reading room and purchase of books		308,964
Bennett, Susan		21,826
Bentinck-Smith, William		71,223
Berman, Ann E. & Samuel S. Spektor Jr.		68,182
Beston, Henry		7,316
Biewend, Cameron		42,289
Billings, Robert Charles		22,217
Bird, Anna Child		262,507
Bird, Charles Sumner		51,314
Bishop, John, IV		7,782
Bledsoe, Robin		4,895
Bloom, Arnold		6,382
Bok, Derek & Sissela		11,685
Bok, Joan Toland		113,989
Boston Library Society book funds		94,628
Bowditch, Nathaniel Ingersoll		11,104
Bradford, Edward H. & Edith Fiske		20,545
Brandt, John H.		24,158
Bromfield, John		6,334,262
Brown, Annella		10,021



# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Book Endowment Funds*

*September 30, 2019*

Brush, Ruth Seaman	\$	61,304
Bryant, William J.		14,608
Buchanan, Helen E.		4,008
Buchanan, Paul G.		5,258
Bush, James & Reginald Taylor		4,838
Cahill, Dorothy G.		54,100
Carey, Margaret		22,547
Carlhian, Jean Paul		5,686
Cheimets, Sheila		13,355
Child, Susan Furlow		39,414
Clark, Edward		6,604
Clark, George H.		11,527
Clark, Grenville, Jr.		26,689
Cohen, Winifred		9,601
Cohn, Haskell		101,746
Collier, David & Thomas		16,647
Confederate Imprints Fund		117,179
Cooke, Pauline M.		6,426
Coolidge, Georgina L. & Lucy R.		5,452
Cortesi, Roger		20,947
Coughlin, William G.		81,261
Council of Associate Members		22,163
Cox, Archibald		30,120
Crowell, Thomas Irving		16,963
Cunningham, Henry W.		18,516
Cushing, William T. & Jean G.		24,217
Cuthrell, Hiram J., Jr.		5,584
Cutler, Anna W.		13,566
Danielson, Barbara Deering		44,690
Davis, George Bancroft		23,892
de Neufville, Richard & Virginia		5,504
Demarest, William		7,483
Dickinson, Charles C., III		44,498
Dodge, Rear Admiral F. Riley		9,655
Donaldson, Denny Emanuel		4,179
Droque, Walter G.		60,822
Duke, Peter Beauregard		87,482
Dumbaugh, Frank Richard & Alice Josephine Cantwell		257,262
Eliot, Theresa Ann		52,660
Elliot, John Morse		46,621
Emerson, Dr. & Mrs. L. Eugene		16,134
Falco, K. Mathea		11,237
Fine, Norma & Phil		17,756
Flahive, Gertrude O.		8,846
Flood, Dorothy J.		9,371

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Book Endowment Funds*

*September 30, 2019*

Flower, Nicholas William	\$	5,582
Friedman, Lee M.		205,189
Galvin, John T. & Ruth M.		74,914
Gannon, Joseph J.		19,943
Gowing, Charles D.		8,316
Gowing, Elizabeth Stuart		54,189
Gray, Russell		22,217
Greene, Charlotte Nichols		22,213
Greene, Stephen		59,996
Halfyard, Robert L.		346,265
Harder, Hollie Markland, Dr.		13,893
Harder, Torrence C.		20,235
Harrison, John P.		10,990
Hart, Francis B.		34,663
Hartmann, Edward G.		5,725
Healy, Henry S.		78,406
Helman, Edith F.		14,075
Hemenway, Alfred		22,217
Herrick, George Gardner		15,653
Hersey, Heloise		16,659
Higgins, Eileen		5,934
Hilton, Nancy T.		277,265
Hofer, Philip		80,583
Hollingsworth, Amor		8,446
Hornblower, Henry		163,963
Houghton, Priscilla Dewey		5,071
Huff, Ann & J. Craig		2,872
Hulse, James Henry		8,109
Hurd, Christopher W.		9,864
Hurd, Joy Dickerman		14,565
Hyland, Christopher S.		10,319
Ingalls, Jerome M.		5,263
Ingram, David B.		11,719
Jackson, Charles		138,005
Janicco, Terence		12,967
Johnson, Elsie Livingston		162,054
Johnson, Harriet		4,937
Johnson, Marrian G.		16,580
Jolliffe, Ruth Oliver		31,962
Justley, Kathryn B.		4,414
Kates, Sumner Roy		49,865
Kehoe, William F.		123,988
Kelsey, Robert Louis		102,325
King, Stanley & Margaret P.		28,186
Klinck, Mary Elizabeth deFreest		17,482

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Book Endowment Funds*

*September 30, 2019*

Klinck, Mason Joseph O'Neil, Sr.	\$	21,587
Koelsch, Alvin C. & Alice B.		12,765
Kosta, Mary		5,917
Krasauskas, John		27,522
Kunian, Stephen T.		36,142
Lacy, Clive W.		31,832
Lally, Francis J.		8,811
Lamb, Rosamond		15,907
Lamont, John H., M.D. & Lorna J.		54,181
Lang, Howard W.		99,278
Larus, Joel		15,493
Laughlin, Henry A.		6,730
Leef, Andrew Newton		8,694
Leef, Charles N.		4,888
Lewis, Bettilu Porterfield		22,498
Life Members Book Fund		46,875
Lincoln, Robin		14,093
Logan, Sheridan Ashton		49,371
Lord, Arthur		62,631
Loring, Augustus P.		58,215
Loring, Caleb, Jr. - Confederate Imprints		175,472
Loring, Stanton D.		19,830
Lyman, Cynthia & John L.		48,703
MacFadden, Priscilla S.		94,112
Malt, Ronald A.		46,948
Maltsberger, Ruth Rogers		59,346
Manning, Hiram Peter		11,809
Marcantonio, Joseph		27,817
Marshall, Jane & Jeffrey		59,306
Matthews, Albert		30,044
Maycock, Susan E.		9,682
Mazzulli, Luigi & Mary		16,450
McElaney, Elizabeth		7,468
McGrath, Linda Byers		5,452
McKibbin, David M. K.		65,940
Members book funds		25,534
Merrill, Mary		56,263
Metcalf, Arthur G. B.		88,845
Mill, Wm. Malcolm & Mildred Foye		9,057
Milton, Constance R.		10,905
Mitchell, Jerrold I. W.		21,551
Moore, Roger Allan		9,107
Morison, Patricia G.		5,646
Morse, Samuel T.		31,841
Moulton, Arthur Wheelock		38,967

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Book Endowment Funds*

*September 30, 2019*

Mountz, James T.	\$	5,284
Mullins, Corinne M.		18,514
Mulroy, Richard & Anne		6,964
Murray, Henry A.		17,832
Nathan, E. Geoffrey & Ruth Gordon		6,178
Nelson, Alan A.		2,947
Neustadt, Maurice		5,032
Newman, Oliver Adams		56,291
Nichols, Frederick		87,756
Nichols, Guy		6,082
Nichols, J. Howard		9,251
Nichols, Lyman		50,495
Nordell, Roderick		19,971
Nylander, Robert Harrington		10,418
O'Brian, Patrick		6,699
Oliver, Andrew		86,484
Oliver, Peter		41,665
O'Meara, Michael J. & Ellen Esther		42,979
Osborne, Marjorie B. & Gordon		46,775
Osgood, Esther E.		9,346
Osgood, Nancy & William		12,700
Paine, Susan W.		20,790
Paine, Victoria L. M.		9,843
Parkman, George F.		308,088
Parsons, Susan		22,217
Paterson, Stanley & Carl Seaburg		39,816
Pellegrino, Joseph		14,687
Perera, Guido R.		15,248
Peretz, Anne L.		15,845
Perry, Arthur & Emily		9,487
Phillips, Bradley S.		13,194
Pickman, Hester C.		8,288
Potts, Barbara B.		5,356
Pragnell, Walter L. & Ruth J.		9,351
Proprietor's Book Fund		621,981
Prouty, Roger W.		58,206
Reinhard Family		24,815
Richmond, Carlton		16,712
Righter, James V.		16,640
Robertson, Hannah Doane Carter		506,815
Rosen, Fred S., M.D.		6,818
Roy, Adelard A. & Valeda Lee		100,470
Ruzicka, Tatiana		9,879
Sammarco, Anthony Mitchell		8,159
Sargent, Daniel		23,198

# PROPRIETORS OF THE BOSTON ATHENÆUM

## *Book Endowment Funds*

*September 30, 2019*

Satterthwaite, James Sheafe & Margaret Howard Speer	\$	29,100
Sears, Evelyn G.		22,063
Segre, Emilio		5,474
Serantes, Carmen & Alfonso		12,320
Severne, Homer A.		81,922
Shapiro, Robert N.		28,926
Shawmut Bank		9,049
Shenton, Robert & Elizabeth		18,986
Sherwood, Robert S. & Arlene R.		11,723
Shibata, Masahiko		7,106
Shields, Lawrence Thornton		12,148
Shields, Robert		6,406
Shurcliff, Katherine B.		27,795
Slater, Alan		20,054
Smith, Charles E.		12,486
Smith, Stanley Webster		15,325
Snyder, Arthur F. F.		7,316
Stacey, Roger Foy		53,150
Stearn, Samuel, Mildred & Marvin		12,317
Stephenson, Robert B.		7,855
Stewart, Reba		9,269
Stone, Mary Lovell		24,742
Sullivan, Thomas Russell		5,550
Swan, Marshall W. S.		9,074
Taft, Edward A.		45,760
Taylor, Thomas Heyward		18,248
Terry, George F.		5,550
Thayer, Ethel Randolph		30,997
Thoma, Henry F.		127,347
Thompson, Zane Albion		127,938
Thomson, William Orville		10,640
Thoron, Gray		26,031
Trubek, Elizabeth Throckmorton		11,618
Trumbull, Frank S.		6,056
Tucker, Norman		6,546
Tucker, Ruth		77,749
Vaillant, Marion W.		25,452
Vershbow, Arthur & Charlotte		256,127
Vickery, Robert G.		29,720
Vogel, Stanley M.		22,081
Wakefield, Mary May Binney		134,468
Ward, Thomas Wren		22,217
Webber, Vila B.		12,767
Wellington, Martha Underwood		132,151
Wentworth, Michael Justin		18,437

**PROPRIETORS OF THE BOSTON ATHENÆUM**

***Book Endowment Funds***

***September 30, 2019***

Whitehill, Walter Muir	\$	29,544
Wick, Kathleen L. & Peter A.		22,403
Wiggin, John H.		10,036
Wiggin, Kathleen I.		9,829
Williams, Alexander		438,443
Windsor, Elizabeth Foster		55,404
Winslow, Ola Elizabeth		22,250
Wirth, Jacob & Dorothy		37,046
Woolsey, John M.		22,114
Wootton, Major John Graham		19,118
Wootton, Mary Louissetta B.		15,120
Yntema, Douwe B.		268,874
Young Presidents Organization		<u>11,658</u>
<b>Total book endowment funds</b>	<b>\$</b>	<b><u><u>19,938,248</u></u></b>
Funds classified as follows:		
Without donor restrictions	\$	1,104,681
With donor restrictions		<u>18,833,567</u>
<b>Total book endowment funds</b>	<b>\$</b>	<b><u><u>19,938,248</u></u></b>

**PROPRIETORS OF THE BOSTON ATHENÆUM**

***Special Endowment Funds***

***September 30, 2019***

Adams, Mitchell & Kevin Smith	Art acquisitions Bicentennial Fund	\$ 11,209
Anonymous	Chief Conservator	1,708,404
Anonymous	Children's Librarian	1,023,617
Anonymous	Materials related to Canada	425,746
Anonymous	Programs & events	58,329
Bain, Caroline D.	Archivist	647,396
Baylor, Ruth M.	Events	30,489
Virginia L. Beatty Proprietor Shares	Proprietor Shares	50,257
Beck, Emily	Conservation Funds	8,977
Berman, Ann E. & Samuel S. Spektor Jr.	Conservation Funds	32,560
Berry, Joseph Breed	Minor amenities	5,526
Billings, Robert Charles	Printing of books	36,154
Bromer, Anne C. & David J.	Curator of rare books & manuscripts	754,855
Cabot Family Charitable Trust	Director's position	292,054
Calderwood, Norma Jean	Exhibition Gallery	648,558
Calderwood, Stanford	Director's position	2,895,677
Chamberlain, Elsie	Building	843,612
Choate, Elizabeth C.	Print acquisitions	11,390
Cummings, Charles A.	Books & photographs on architecture & allied arts	46,928
Dana, Charles S.	Flowers for Athenaeum desks & staff salaries	146,138
Daye, Stephen	Purchase & binding of early newspapers	186,018
Donaldson, Oliver S. & Jennie R.	Conservation & binding of books	85,151
Dumbaugh, Karin	Materials on Boston Common, Public Garden & Comm. Ave.	26,230
Eaton, John Hubbard Sturgis	Lectures	194,420
Emmet, Alan	Book conservation	49,430
Galvin, Ruth	Publications	73,099
Gardiner, Tudor	Book conservation	27,608
Good Samaritan	Internships	244,329
Gray, Russell	Pension	24,216
Hale, Martin & Deborah	Conservation	113,741
Halfyard, Robert	Lecture	83,582
Hall, Ariel W.	Concerts	99,032
Harder, Torrence C.	Lectures & events	112,817
Harris, Henry	Use of Fine Arts Committee	178,144
Hayes, Bartlett Jr.	Poster acquisitions	21,314
Henry, Bayard	Art conservation	10,008
Henry, Bayard	Performing arts	163,512
Hilles, Susan Morse	Art acquisitions	128,390
Hilles, Susan Morse	Curator of paintings & sculpture	1,154,236
Hilles, Susan Morse	Fine arts acquisitions	832,407
Hilles, Susan Morse	Lectures & events	46,291
Howe, Frances Hovey	Print acquisitions	399,701
Hunnewell, James	Conservation	71,729
Hunt, William Morris, II	Photography acquisitions	75,927
Jewell, Harvey	Staff pension	905,958
Kelley, Donald C.	Exhibition & events	82,172
Kimball Staff Fund	Assistance to Athenaeum employees	10,441
Klinck, Mary Elizabeth Knickerbocker deFreest	Lectures	42,744
Klinck, Mason J. O., Sr.	Conservation lectures	42,744
Lacy, Clive Q.	Conservation	68,676
Lamb, Rosamond, established in memory of Horatio A. Lamb	Conservation	209,904
Lane, Arthur	Materials related to maritime history	147,904
Loring, Caleb	Fellowships	48,611
Loring, Caleb	Internships	28,381
Lothrop, Eleanor & Francis B.	Book conservation	17,540
Lovelace, Richard S.	Conservation	27,152
Mason, Charles E., Jr.	Operation of Print Room, including purchases	111,708

**PROPRIETORS OF THE BOSTON ATHENÆUM**

***Special Endowment Funds***

*September 30, 2019*

Mead, Agneta	Conservation	\$ 14,614
Mooney, Mary C. E.	Fellowships	86,670
Morse, Elizabeth	Paper conservation	7,422
Mudge, Mr. & Mrs. L. Taylor	Fellowships	109,830
National Endowment for the Humanities	Head of technical services & automation	1,886,638
Newman, Robert B.	Conservation	9,472
Nielsen, Gertrude B.	Art conservation	9,972
Nordell, Joan	Education & community affairs	63,172
Oliver, Andrew	Events	139,004
Others	Art acquisitions	46,590
Others	Art conservation	4,414
Others	Art gallery	90,414
Others	At the discretion of the director	59,957
Others	Book conservation - 21 C	22,384
Others	Children's Library outreach	11,079
Others	Conservation	75,429
Others	Fellowships	21,380
Others	Lectures & events	98,150
Others	Print room 21 C	1,449
Others	Publications	46,488
Others	Staff pension	304,962
Peterson, Marilyn L. R.	Conservation	13,456
Sammarco, Anthony M.	Print acquisitions	9,593
Sears, Dr. Bernard R. & Edna M.	Book conservation	27,385
Severy, Alexander K.	Book conservation	4,167
Severy, Robert P.	Art conservation	7,318
Starr, Donald C.	Internships	113,538
State Street Bank	Print acquisitions	12,433
Steiner, W. H. C.	Print acquisitions	36,141
Strong Family	Cataloging & conservation	31,863
Thomson, William Orville	Lectures	55,800
Wallace, Linda Clark	At the discretion of the director	5,514
Washington Library	George Washington Library collection	291,791
Weems, Katherine Lane	Print acquisitions	291,403
West, Emily	Art conservation	16,541
Wick, Kathleen	Conservation	117,946
Wiles, Eleanor	Conservation	47,905
Wyman, Ellen Mann	Print acquisitions	8,363
		<hr/>
<b>Total special endowment funds</b>		<b>\$ <u>20,023,790</u></b>
Funds classified as follows:		
Without donor restrictions		\$ 3,354,381
With donor restrictions		<u>16,669,409</u>
		<hr/>
<b>Total special endowment funds</b>		<b>\$ <u>20,023,790</u></b>



# PROPRIETORS OF THE BOSTON ATHENÆUM

## General Endowment Funds

September 30, 2019

Atkins, Robert E.	\$	179,332
Baldwin, George W.		3,758
Bell, Helen Choate		3,758
Boston Library Society Funds		871,651
Broderick, Dr. and Mrs. Francis P.		138,280
Bullard, M. R.		415,271
Burdon-Muller, Roland		2,993
Cabot, George		84,813
Channing, Katherine M.		3,758
Cruft, Francis Cordis		16,641
Curtiss, Frederic		16,641
Dustin, Florence		351,367
Emmons, Elizabeth		3,758
Everett, Edward Memorial		2,685
Fanning, Marshall		10,731
Friedman, Lee M.		77,563
Gannet, William W.		20,118
General endowment		2,057,758
Gibbs, Jeannette P.		171,972
Greer, Ina May		213,351
Hacker, Barbara Lang & Howard W. Lang		2,397,047
Hilles, Susan Morse		1,679,582
Howes, William Burley		274,172
Jewell, Harvey Centennial Fund		1,198,858
Lincoln, George		252,825
Loring, Caleb		547,513
Loring, Stanton		97,536
Maltsberger, John T.		105,027
McIntyre, Helen Horner		1,058,828
Mead, Charles		170,403
Metcalf, Elinor Gregory		78,045
Mooney, Mary C. E.		199,512
Paine, Richard C.		235,235
Peterson, Marilyn R.		666,201
Sargent, Daniel		84,813
Sibley, Henry Clark		34,301
Smith, Eleanor Frothingham		46,714
Sullivan, Thomas Russell		3,740
Stange, Alida		230,852
Thacher, Josephine		132,290
Thomas, Augusta		658,058
Twenty-First Century Club		2,165,346
Washington Paintings Fund		7,060,165
Weems, Katharine Lane		427,715
Other Board-designated endowment funds		25,507,835
	<b>\$</b>	<b><u>49,958,812</u></b>
Funds classified as follows:		
Without donor restrictions	\$	43,959,975
With donor restrictions		<u>5,998,837</u>
<b>Total general endowment funds</b>	<b>\$</b>	<b><u>49,958,812</u></b>