



Financial Statements
June 30, 2020

Buffalo Bill Memorial Association

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Independent Auditor's Report

To the Board of Trustees
Buffalo Bill Memorial Association
Cody, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of Buffalo Bill Memorial Association (the Association), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the 18-month period then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Buffalo Bill Memorial Association as of June 30, 2020, and the changes in its net assets and its cash flows for the 18-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Restatement of previously issued financial statements

As discussed in Note 13 to the financial statements, an error resulting in an overstatement of amounts previously reported as net assets with donor restrictions as of December 31, 2018, was discovered during the current period. Accordingly, certain net assets with donor restrictions were reclassified to net assets without donor restrictions as of December 31, 2018. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Change in accounting principle

As discussed in Note 13 to the financial statements, the Association changed its accounting policy for collections. The Association’s collections, which are acquired through purchases and contributions, are no longer recognized as assets in the statement of financial position. The change has been applied retrospectively and thus, total collections capitalized were removed from the total assets and related net assets with and without donor restrictions as of December 31, 2018. Our opinion is not modified with respect to this matter.



Denver, Colorado
December 15, 2020

Buffalo Bill Memorial Association
Statement of Financial Position
June 30, 2020

Assets	
Cash, cash equivalents, and restricted cash	\$ 2,131,661
Operating investments	3,217,428
Promises to give, net	5,957,952
Prepaid expenses and other assets	642,030
Museum store inventory	645,955
Property and equipment, net	40,417,475
Beneficial interest in assets held by community foundation	873,319
Endowment	
Cash	287,753
Promises to give, net	1,135,268
Investments	64,726,191
Collections (<i>Note 1</i>)	
Total assets	\$ 120,035,032
Liabilities and Net Assets	
Accounts payable and accrued expenses	981,859
Deferred membership fees	265,963
Refundable advance - PPP loan	1,278,827
Note payable	5,794,328
Total liabilities	8,320,977
Net Assets	
Without donor restrictions	
Undesignated	429,196
Board-designated for capital reserve	603,183
Board-designated for endowment	7,043,127
Invested in property and equipment, net of related debt	34,623,147
	42,698,653
With donor restrictions	
Time restrictions	1,559,346
Purpose restrictions	14,924,491
Perpetual restrictions	52,531,565
	69,015,402
Total net assets	111,714,055
Total liabilities and net assets	\$ 120,035,032

Buffalo Bill Memorial Association
Statement of Activities
Period from January 1, 2019 to June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Gains			
Admissions	\$ 3,079,608	\$ -	\$ 3,079,608
Museum store and café sales	1,799,021	-	1,799,021
Less cost of goods sold	(963,248)	-	(963,248)
Net museum store and café sales	<u>835,773</u>	-	<u>835,773</u>
Contributions	2,088,662	12,692,097	14,780,759
In-kind contributions	369,534	284,525	654,059
Gross special event revenue	435,765	-	435,765
Less cost of direct benefits to donors	(120,330)	-	(120,330)
Net special event revenue	<u>315,435</u>	-	<u>315,435</u>
Catering and other income	997,258	-	997,258
Distributions from and change in value of beneficial interest in assets held by community foundation	-	35,521	35,521
Net investment return	1,013,414	8,092,597	9,106,011
Net assets released from restrictions	<u>16,990,814</u>	<u>(16,990,814)</u>	<u>-</u>
Total support, revenue, and gains	<u>25,690,498</u>	<u>4,113,926</u>	<u>29,804,424</u>
Expenses			
Expenses before facility costs			
Program services	10,622,315	-	10,622,315
Management and general	1,882,668	-	1,882,668
Fundraising and development	1,712,329	-	1,712,329
Total expenses before facility costs	<u>14,217,312</u>	-	<u>14,217,312</u>
Change in net assets before facility costs	<u>11,473,186</u>	<u>4,113,926</u>	<u>15,587,112</u>
Facility costs			
Depreciation	2,319,605	-	2,319,605
Occupancy and insurance	1,240,217	-	1,240,217
Total facility costs	<u>3,559,822</u>	-	<u>3,559,822</u>
Change in net assets before collections not capitalized	7,913,364	4,113,926	12,027,290
Collection items purchased but not capitalized	-	(166,072)	(166,072)
Change in Net Assets	7,913,364	3,947,854	11,861,218
Net Assets, Beginning of Year (Restated)	<u>34,785,289</u>	<u>65,067,548</u>	<u>99,852,837</u>
Net Assets, End of Year	<u>\$ 42,698,653</u>	<u>\$ 69,015,402</u>	<u>\$ 111,714,055</u>

Buffalo Bill Memorial Association
Statement of Functional Expenses
Period from January 1, 2019 to June 30, 2020

	Program Services	Management and General	Fundraising and Development	Total
Salaries, wages, taxes and benefits	\$ 7,645,334	\$ 1,353,500	\$ 1,174,561	\$ 10,173,395
Depreciation	2,279,523	27,413	12,670	2,319,606
Occupancy, insurance, maintenance	1,200,516	33,769	5,931	1,240,216
Cost of goods sold	963,248	-	-	963,248
Fees for services	404,870	192,019	168,736	765,625
Research projects	732,847	-	-	732,847
Office expenses	104,871	118,517	149,784	373,172
Travel and meals	216,228	78,947	29,087	324,262
Exhibitions	321,052	-	-	321,052
Advertising and promotion	195,558	99,171	12,157	306,886
Interest	275,033	19,499	-	294,532
Information technology	216,914	12,852	49,362	279,128
Curatorial and collection activities and supplies	276,948	-	-	276,948
Program activities and supplies	175,294	-	-	175,294
Cost of direct benefits to donors	-	-	120,330	120,330
Other	8,886	75	90,208	99,169
Publications	48,480	8,088	38,434	95,002
	<u>15,065,602</u>	<u>1,943,850</u>	<u>1,851,260</u>	<u>18,860,712</u>
Less expenses included with revenues				
Cost of goods sold	(963,248)	-	-	(963,248)
Cost of direct benefits to donors	-	-	(120,330)	(120,330)
Less depreciation and occupancy presented separately	<u>(3,480,039)</u>	<u>(61,182)</u>	<u>(18,601)</u>	<u>(3,559,822)</u>
Total expenses before facility costs	<u>\$ 10,622,315</u>	<u>\$ 1,882,668</u>	<u>\$ 1,712,329</u>	<u>\$ 14,217,312</u>

Buffalo Bill Memorial Association
Statement of Cash Flows
Period from January 1, 2019 to June 30, 2020

Operating Activities	
Admissions receipts	\$ 3,345,571
Museum store sales receipts	1,799,021
Contributions received, net of amounts restricted for endowment	10,876,322
Receipts from special events	435,765
Other cash receipts	896,479
Refundable advance - PPP loan	1,278,827
Interest income	37,335
Payments for salaries, benefits and payroll taxes	(9,949,879)
Payments to vendors	(5,213,858)
Interest paid	(377,062)
Net Cash from Operating Activities	3,128,521
Investing Activities	
Purchases of property and equipment	(7,244,055)
Purchases of operating investments	(676,737)
Sales of operating investments	183,484
Purchases of collections	(166,072)
Proceeds from sale of assets held for sale	1,187,788
Net withdrawals from endowment	1,528,751
Net Cash (used for) Investing Activities	(5,186,841)
Financing Activities	
Collection of contributions restricted for endowment	121,412
Proceeds from lines of credit	1,958,636
Payments on lines of credit	(2,858,971)
Proceeds from issuance of note payable	4,818,182
Principal payments on note payable	(596,766)
Net Cash from Financing Activities	3,442,493
Net Change in Cash, Cash Equivalents, and Restricted Cash	1,384,173
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	1,035,241
Cash, Cash Equivalents, and Restricted Cash, End of Period	\$ 2,419,414

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The Buffalo Bill Memorial Association (the Association), dba the Buffalo Bill Center of the West is a not-for-profit institution in Cody, Wyoming whose mission is “Connecting people to the stories of the American West.” It does so through five museums, a research library and archives, and extensive education programs focused on the art, culture, history, mythology, natural history, and peoples of the region. Each year, the Center welcomes thousands of travelers from around the world who visit its galleries and exhibits and offers virtual experiences to thousands more through online services. The Association is an agency of purely public charity that relies upon the generosity of its supporters; earned income from admissions, store sales, restaurant sales, events and programs; and returns on institutional investments.

The Association changed its financial year end from December 31 to June 30 effective with the current period ended June 30, 2020. The financial statements for the current period include activity of the Association for the eighteen months ended June 30, 2020.

COVID-19 Impact

The outbreak of the 2020 coronavirus disease (“COVID-19”), which was declared a global pandemic by the World Health Organization on March 11, 2020, and the related responses by public health and governmental authorities to contain and combat its outbreak and spread, adversely affected workforces, economies, and financial markets globally. In accordance with mandates from local public health authorities, the Association closed its facilities mid-March and re-opened in May 2020 with additional safety protocols in place.

The Association is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of these financial statements, the full impact to the Association’s financial position is not known.

Adoption of FASB Accounting Standards Updates

As of January 1, 2019, the Association adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. The Association has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

As of January 1, 2019, the Association adopted provisions of Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents, by including amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-

period total amounts shown on the statement of cash flows. Retrospective application of the amendment is required.

As of January 1, 2019, FASB has issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This standard assists the Association in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. The Association has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08. The Association has adopted these standards as management believes this presentation improve the usefulness and understandability of the Association's financial reporting and eliminates a diversity in practice in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows.

Cash, Cash Equivalents, and Restricted Cash

The Association considers all cash and highly liquid financial instruments with original maturities of three months or less, to be cash and cash equivalents. Restricted cash represents cash held for long-term purposes of property acquisition. Endowment cash are funds held for future transfer to the endowment investment portfolio.

The following table provides a reconciliation of the components of cash, cash equivalents, and restricted cash reported within the statement of financial position and the statement of cash flows:

Cash and cash equivalents	\$ 1,357,260
Restricted cash for long-term purposes	774,401
Endowment cash	287,753
	<u>\$ 2,419,414</u>

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2020, management has determined no allowance is necessary.

Museum Store Inventory

Inventory is comprised of primarily program-related items held for sale in the Association store. Inventory is stated at the lower of cost or net realizable value using the weighted average cost method, which approximates the first-in first-out method. At June 30, 2020, management has determined no allowance for obsolete inventory is necessary.

Property and Equipment

Property and equipment additions over \$2,500 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to seventy-five years. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Applicable interest charges incurred during the construction of facilities are capitalized as one of the elements of cost. The Association capitalized interest expense of \$96,395 for the 18-month period ended June 30, 2020. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets and the costs of exhibits are expensed currently.

The Association reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. Management has determined there are no indicators of asset impairment at June 30, 2020.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Association had no direct internal investment expenses during the 18-month period ended June 30, 2020.

Beneficial Interest in Assets Held by Community Foundation

Previously, the Association established a fund with the Wyoming Community Foundation (CF), and named itself beneficiary. The Association granted variance power to CF, which allows it to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The funds are held and invested by CF for the Association's benefit and are reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities. The fund is perpetual in nature and provides for periodic distributions to the Association in accordance with a spending-rate formula, as amended from time-to-time. Any such distributions are available for discretionary spending on educational programs and acquisition of collections.

Collections

The Association's collections are made up of artifacts of historical, natural and artistic significance. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or in net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributions of collection items are not reflected in the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. Effective January 1, 2019, the Association changed its accounting policy of capitalizing collections. The statement of activities reflects the change in accounting policy of \$90,169,595 through a restatement to the opening net assets as of December 31, 2018 (Note 13).

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a capital reserve and a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Association reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions with donor restrictions are released from restrictions at the time the condition is met. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Revenue and Revenue Recognition

The performance obligations of providing access to the facilities or transferring an item at the time of sale are recognized at the time of admission, or sale, respectively. The Association recognizes membership revenue over the membership period, which is generally one year, during which time members have continuous access to the Association's facilities. Membership dues relating to future periods are deferred to the applicable period and are recorded as deferred membership fees in the accompanying statement of financial position.

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest are received. Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Association received a refundable advance under the Paycheck Protection Program (PPP) of \$1,278,827 that has not been recognized as of June 30, 2020 because qualifying expenditures have not yet been submitted for forgiveness (Note 7).

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Association recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Association recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Association's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Association records donated professional services at the respective fair values of the services received (Note 12).

Advertising Costs

Advertising costs are expensed as incurred and totaled \$306,886 during the period from January 1, 2019 to June 30, 2020.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of functional expenses, which presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Such allocations are determined by management on an equitable basis. Costs primarily salaries, wages, taxes and benefits, insurance, advertising and promotion, travel and meals, information technology, and publications are allocated on a time and effort basis, and depreciation, maintenance, and other occupancy costs, which are allocated on square footage basis, and are recorded accordingly in the statement of functional expenses.

Income Taxes

The Association is organized as a Wyoming nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Association is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Association is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Association files Form 990-T with the IRS to report its unrelated business taxable income. The Association did not incur significant income tax expense during the 18-month period ended June 30, 2020.

Management believes that the Association has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Association would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Association's Forms 990-T and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2016.

Sales Taxes

The Association collects sales tax from patrons on qualifying purchases and remits the entire amount to the state. The Association's policy is to exclude the tax collected and remitted to the state from revenue and expenses.

Estimates

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

Financial Instruments and Credit Risk

The Association manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Association has not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Association's mission. Investments are made by diversified investment managers under the guidelines of the Outsourced Chief Investment Officer whose performance is monitored by the Finance, Investment and Personnel Committee and the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Trustees believe that the investment policies and guidelines are prudent for the long-term welfare of the Association.

Subsequent Events

The Association has evaluated subsequent events through December 15, 2020, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,357,260
Operating investments	200,694
Other assets	241,171
Promises to give due within the next year	1,728,119
Distributions from beneficial interests in assets held by community foundation	34,933
Endowment spending-rate distributions and appropriations	2,322,000
	\$ 5,884,177

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Accumulated earnings on donor-restricted endowment funds are subject to an annual spending draw as determined by the Board of Trustees and specific donor agreements in place (Note 9). A board-designated endowment of \$7,043,127 is subject to the same annual spending policy. Although the Association does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditures as part of annual endowment spending appropriation), these amounts could be made available if necessary. Budgeted distributions for fiscal year ending June 30, 2021 are expected to be spent on programmatic activities to satisfy specific donor restrictions on earnings.

The Association regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Association typically follows a policy of operating with a balanced budget, except under the current COVID-19 environment. As part of management’s liquidity plan, the Association has access to a line of credit in the amount of \$1.5 million (Note 6).

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Association can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Association develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset.

The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Association's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of the Association's investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values and closing market prices. The Association invests in fixed-income securities valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions. These investments are considered to be Level 2 measurements. The fair value of the beneficial interest in assets held by community foundation is based on the fair values of the underlying investments as reported by community foundation, which is considered to be a Level 3 measurement.

The Association uses Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the fair values of private equity, fund of funds and pooled hedge funds which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Buffalo Bill Memorial Association

Notes to Financial Statements

June 30, 2020

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2020:

	Total	Fair Value Measurement at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Money market funds (at cost)	\$ 291,677	\$ -	\$ -	\$ -
Mutual funds	32,398,108	32,398,108	-	-
Fixed-income securities	17,965,603	-	17,965,603	-
Other	44,093	44,093	-	-
At NAV				
Private equity funds	5,186,008	-	-	-
Fund of funds	8,736,764	-	-	-
Pooled hedge fund	3,321,366	-	-	-
	<u>\$ 67,943,619</u>	<u>\$ 32,442,201</u>	<u>\$ 17,965,603</u>	<u>\$ -</u>
Operating investments	\$ 3,217,428			
Endowment investments	<u>64,726,191</u>			
	<u>\$ 67,943,619</u>			
Beneficial interest in assets held by community foundation	<u>\$ 873,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 873,319</u>

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient were as follows at June 30, 2020:

	Number of Investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds	5	\$ 5,186,008	\$ -	Illiquid	None
Fund of funds	1	8,736,764	-	Quarterly, Limited	90 days
Pooled hedge fund	1	3,321,366	-	Quarterly, Limited	60 days
		<u>\$ 17,244,138</u>	<u>\$ -</u>		

Private equity funds – funds focused on growth in equity through investments in buyout, debt, real estate and venture funds. These investments are not readily redeemable. Distributions normally are received through liquidation of the underlying assets in the fund.

Fund of funds – a pooled investment fund that invests in a variety of underlying funds. Redemption is subject to one-year lock-up provision.

Pooled hedge fund – a fund that invests in a diversified group of pooled funds domiciled both within and outside the United States. Redemption is subject to one or two-year lock-up provisions.

The following presents a reconciliation of the beginning and ending balances of the beneficial interest in assets held by community foundation for the 18-month period ended June 30, 2020:

Balance, beginning of the period	\$ 837,798
Net investment return	72,479
Distributions	(36,958)
Balance, end of the period	\$ 873,319

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2020:

Within one year	\$ 2,040,457
In one to five years	5,672,000
	7,712,457
Less discount to net present value at rates ranging from 3.75% to 5.5%	(619,237)
	\$ 7,093,220

Promises to give appear as follows in the statement of financial position:

Promises to give, net	\$ 5,957,952
Endowment promises to give, net	1,135,268
	\$ 7,093,220

At June 30, 2020, three donors accounted for 79% of outstanding promises to give. Of the total promise to give, approximately \$3.5 million was outstanding from members of the Board of Trustees. During the 18-month period ended June 30, 2020, members of the Board of Trustees contributed approximately \$9 million.

Note 5 - Property and Equipment

Property and equipment consist of the following at June 30, 2020:

Land, buildings, and improvements	\$ 54,746,121
Exhibits	13,627,099
Furniture, fixtures, and equipment	2,884,926
	71,258,146
Less accumulated depreciation	(31,076,103)
	40,182,043
Construction in progress	235,432
	\$ 40,417,475

During the 18-month period ended June 30, 2020, the Association completed a full renovation of the Cody Firearms Museum, which houses a comprehensive collection of American firearms.

Note 6 - Line of Credit

The Association has an unsecured revolving line of credit of \$1.5 million. Borrowings under the line bear an interest rate equal to or greater of the floor of 4.75% or the prime rate (4.75% at June 30, 2020). The line matures on January 1, 2022. At June 30, 2020, no amounts were outstanding on the line of credit.

Note 7 - Refundable Advance - Paycheck Protection Program (PPP) Loan

The Association was granted a \$1,278,827 loan under the Paycheck Protection Program (PPP), administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Association is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was initially recorded as a refundable advance and the forgiveness will be recorded in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses and certain other requirements are met. No contribution revenue has been recorded for the period ended June 30, 2020. The Association will be required to repay any portion of the loan not forgiven, plus interest accrued at 1%, in monthly payments in accordance with the terms of the PPP loan upon notification of partial forgiveness. Management believes the Association is eligible for a full forgiveness.

Note 8 - Note Payable

The Association has a 4.55% interest bearing term loan to bridge the Cody Firearms Museum renovation expenses and related promises to give payments in an amount of \$6,292,977. The note matures on August 1, 2024 and is due in monthly payments of principal and interest of \$123,158. The note is collateralized by promises to give. The Association is required to comply with certain nonfinancial covenants.

Future maturities of note payable are as follows:

<u>Years Ending June 30,</u>		
2021		\$ 1,131,790
2022		1,289,848
2023		1,350,628
2024		1,414,270
2025		607,792
		\$ 5,794,328

Subsequent to year end, the Association paid down a portion of the existing note payable and refinanced the balance in the amount of \$4,615,393. The new note bears interest at 3.9%, matures on October 1, 2024 and is due in 47 payments of principal and interest of \$104,014. The collateral remained unchanged and the Association continues to be required to comply with certain nonfinancial covenants.

Note 9 - Endowment

The Association's endowment (Endowment) consists of various funds established by donors. The Endowment also includes certain net assets without donor restrictions designated for endowment by the Board of Trustees. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Association's Board of Trustees has interpreted the Wyoming Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of June 30, 2020, there were no such donor stipulations. As a result of this interpretation, the Association retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Association considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of June 30, 2020, the Association had the following Endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 7,043,127	\$ -	\$ 7,043,127
Donor-restricted endowment funds			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	51,501,488	51,501,488
Accumulated investment gains	-	7,604,597	7,604,597
	<u>\$ 7,043,127</u>	<u>\$ 59,106,085</u>	<u>\$ 66,149,212</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Association has interpreted UPMIFA to suspend spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2020, funds with original gift values of \$150,483, fair values of \$131,345 and deficiencies of \$19,138 have been reported in net assets with donor restrictions. The deficiencies resulted from unfavorable market fluctuations.

Investment and Spending Policies

The Association has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations. Over time, long-term rates of return along with donations and designations into the Endowment, should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

An endowment spending-rate formula is used to determine the maximum amount to spend from the Endowment each year. The rate, determined and adjusted from time to time by the Board of Trustees, is applied to the fair value of the Endowment investments for the prior 12 quarters to determine the spending amount for the upcoming year. The spending for the 18-month period ended June 30, 2020 was 4.6%. In establishing this policy, the Board of Trustees considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time. Accordingly, over the long term, the Association expects the current spending policy to preserve the net assets with donor restrictions held in perpetuity. This is consistent with the objective to preserve the original fair values of the original gifts made to the Endowment as well as to provide an opportunity for real growth through new gifts and undistributed investment return.

Changes in Endowment net assets for the 18-month period ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of period	\$ 7,272,971	\$ 52,633,845	\$ 59,906,816
Contributions	-	1,194,103	1,194,103
Net investment return	999,268	7,696,684	8,695,952
Appropriation of endowment earnings pursuant to distribution policy	(390,024)	(2,252,810)	(2,642,834)
Change in board and donor intent	(839,088)	(165,737)	(1,004,825)
Endowment net assets, end of period	<u>\$ 7,043,127</u>	<u>\$ 59,106,085</u>	<u>\$ 66,149,212</u>

Note 10 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2020:

Subject to the passage of time	\$ 1,559,346
Subject to expenditure for specified purpose	
Educational programs	3,297,754
Acquisition of collections	1,668,802
Capital improvements	890,242
Research activities	875,769
Curatorial and conservation	375,196
Marketing and other	212,131
	<u>7,319,894</u>
Endowment	
Subject to appropriation and expenditure when a specified event occurs	
Restricted by donors for	
Education	3,458,476
Curatorial and conservation	1,426,546
Acquisition of collections	1,130,505
Research activities	749,094
Grounds maintenance and improvements	252,978
General operations	586,998
	<u>7,604,597</u>
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation	
Curatorial and conservation	12,852,507
Education	5,972,108
Research activities	4,871,485
Acquisition of collections	2,307,884
Grounds maintenance and improvements	1,000,000
General operations	24,497,504
	<u>51,501,488</u>
Total endowments	<u>59,106,085</u>
Perpetual in nature, not subject to spending policy or appropriation	
Beneficial interest in assets held by community foundation, distributions from which are restricted for educational programs and acquisition of collections	873,313
Land restricted for use	156,764
	<u>1,030,077</u>
	<u>\$ 69,015,402</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows during the 18-month period ended June 30, 2020:

Expiration of time restrictions	\$ 358,064
Satisfaction of purpose restrictions	
Capital improvements - Cody Firearms Museum	11,798,188
Education	1,425,631
Research activities	951,628
Curatorial and conservation	170,407
Acquisition of collections	112,399
General operations	137,596
Restricted-purpose spending-rate distributions and appropriations	
Curatorial and conservation	571,208
Education	493,583
Research activities	267,016
Acquisition of collections	187,135
General operations	517,959
	\$ 16,990,814

Note 11 - Employee Benefits

The Association sponsors a tax-deferred annuity plan (the Plan), qualified under IRC Section 403(b), covering substantially all employees who complete one year of service and work at least 1,000 hours in a year. Once the employee works 1,000 hours in a year, they are eligible for an Association-funded matching contribution up to 4%. The Plan also provides that qualified employees may voluntarily contribute a percentage of their salary to the Plan, up to the maximum contribution allowed by the IRS. During the period January 1, 2019 to June 30, 2020, the Association contributed \$168,941 to the Plan.

The Association has a medical benefit plan covering full-time employees of the Association and their dependents. The Plan is a partially self-funded plan under which participant claims up-to a specific deductible are obligations of the Plan. The Plan is funded through employee premiums and employer monies at a level sufficient to pay for the benefits provided by the Plan. The Plan maintains a \$50,000 individual stop-loss deductible and a \$50,000 aggregating specific deductible.

Note 12 - Donated Professional Services and Materials

The Association received the following donated services and materials during the period ended June 30, 2020:

	Program Services	Management and General	Fundraising and Development	Total
Advertising	\$ 96,120	\$ 23,880	\$ -	\$ 120,000
Information technology	39,906	5,336	4,578	49,820
Fees for services	8,000	14,162	-	22,162
Travel	5,000	-	-	5,000
Other	3,135	75	65,910	69,120
	<u>\$ 152,161</u>	<u>\$ 43,453</u>	<u>\$ 70,488</u>	<u>\$ 266,102</u>

Total in-kind contributions of \$654,059 included \$387,957 of assets initially capitalized and held for sale.

Note 13 - Restatement and Change in Accounting Principle

During the 18-month period ended June 30, 2020, material errors effecting the previously issued financial statements were identified in the net amount of approximately \$14.5 million. Net assets associated with property and equipment placed into service in the prior years have not been released from restrictions as required by Accounting Standard Update 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities* adopted in the prior year in the amount of \$16.6 million. In addition, promises to give in the amount of approximately \$2.1 million without any purpose restrictions should have been accounted for as with donor restrictions because of the timing of payments to be received in the future.

Historically, the Association recorded collections under total assets on the statement of financial position. During the 18-month period ended June 30, 2020, management elected to change the Association's accounting policy to no longer capitalize collections as allowed under generally accepted accounting principles as the methodology better reflected the long-term non-depreciable nature of the collection items. The change was applied retrospectively to the earliest period presented.

There was no change on the previously reported net income of the Association as a result of the restatement or the change in accounting principle.

Buffalo Bill Memorial Association

Notes to Financial Statements

June 30, 2020

The effects of the restatement to previously issued financial statements and the change in accounting principle as of December 31, 2018 are as follows:

	As Previously Reported	Restatement	Change In Accounting Policy	As Restated
Assets				
Collections	\$ 90,169,595	\$ -	\$ (90,169,595)	\$ -
Total Assets	\$ 193,451,883	\$ -	\$ (90,169,595)	\$ 103,282,288
Net Assets				
Without donor restrictions	\$ 20,792,446	\$ 14,480,388	\$ (487,545)	\$ 34,785,289
With donor restrictions	169,229,986	(14,480,388)	(89,682,050)	65,067,548
	190,022,432	-	(90,169,595)	99,852,837
Liabilities and Net Assets	\$ 193,451,883	\$ -	\$ (90,169,595)	\$ 103,282,288