

**Whitney Museum of
American Art**
Financial Statements
June 30, 2009 and 2008

Whitney Museum of American Art
Index
June 30, 2009 and 2008

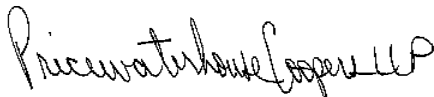
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Report of Independent Auditors

To the Board of Trustees of the
Whitney Museum of American Art:

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of the Whitney Museum of American Art ("the Museum") at June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

A discussed in Note 10 to the financial statements, the Museum restated its 2008 financial statements.



January 25, 2010

Whitney Museum of American Art
Statements of Financial Position
June 30, 2009 and 2008

	2009	2008 Restated
Assets		
Cash and cash equivalents	\$ 15,525,000	\$ 4,386,000
Accounts receivable	243,000	1,127,000
Contributions receivable	68,813,000	191,554,000
Publications and sales inventory	502,000	423,000
Prepaid expenses and other assets	1,143,000	1,945,000
Deferred building costs	23,904,000	19,804,000
Investments	172,842,000	89,547,000
Land, building and equipment, at cost, net	21,819,000	23,176,000
Art collection	-	-
Total assets	<u>\$ 304,791,000</u>	<u>\$ 331,962,000</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 9,869,000	\$ 9,881,000
Deferred traveling exhibition and other fees	<u>8,000</u>	<u>263,000</u>
Total liabilities	9,877,000	10,144,000
Net assets		
Unrestricted		
Operating	(2,665,000)	(787,000)
Designated by the trustees	<u>14,420,000</u>	<u>34,865,000</u>
Total unrestricted net assets	11,755,000	34,078,000
Temporarily restricted	118,015,000	122,657,000
Permanently restricted	<u>165,144,000</u>	<u>165,083,000</u>
Total net assets	<u>294,914,000</u>	<u>321,818,000</u>
Total liabilities and net assets	<u>\$ 304,791,000</u>	<u>\$ 331,962,000</u>

The accompanying notes are an integral part of the financial statements.

Whitney Museum of American Art
Statements of Activities
Year Ended June 30, 2009 With Comparative June 30, 2008 Totals

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total 2009	Total 2008 Restated
	Operating	Board Designated	Total				
Support and revenue							
Contributions, grants and bequests	\$ 3,502,000	\$ -	\$ 3,502,000	\$ 11,844,000	\$ 119,000	\$ 15,465,000	\$ 198,070,000
Membership dues	2,606,000	-	2,606,000	-	-	2,606,000	3,021,000
Benefit and special event income, net of \$657,000 of related expenses	4,151,000	-	4,151,000	-	-	4,151,000	3,808,000
Admission fees	2,363,000	-	2,363,000	-	-	2,363,000	3,027,000
Traveling exhibition fees, net of \$517,000 of related expense	610,000	-	610,000	-	-	610,000	315,000
Publications and sales income, net of \$936,000 of cost of goods sold	586,000	-	586,000	-	-	586,000	559,000
Fees and royalties	1,006,000	-	1,006,000	-	-	1,006,000	767,000
Investment return designated for current operations	5,454,000	-	5,454,000	-	-	5,454,000	2,970,000
Gain from real estate activities, net of rental expenses of \$439,000	203,000	-	203,000	-	-	203,000	324,000
Net assets released from restrictions							
Exhibition program	3,077,000	-	3,077,000	(3,077,000)	-	-	-
Building and renovation program	5,246,000	-	5,246,000	(5,246,000)	-	-	-
Support of other museum programs	1,920,000	-	1,920,000	(1,920,000)	-	-	-
Total support and revenue	<u>30,724,000</u>	<u>-</u>	<u>30,724,000</u>	<u>1,601,000</u>	<u>119,000</u>	<u>32,444,000</u>	<u>212,861,000</u>
Expenses and losses							
Program expenses							
Exhibitions	8,041,000	-	8,041,000	-	-	8,041,000	8,887,000
Curatorial and related support services	9,643,000	-	9,643,000	-	-	9,643,000	9,741,000
Education programs and Library	2,813,000	-	2,813,000	-	-	2,813,000	3,071,000
Publications and sales	1,521,000	-	1,521,000	-	-	1,521,000	1,187,000
Total program services	<u>22,018,000</u>	<u>-</u>	<u>22,018,000</u>	<u>-</u>	<u>-</u>	<u>22,018,000</u>	<u>22,886,000</u>
Supporting services							
Management and general	4,490,000	-	4,490,000	-	-	4,490,000	3,559,000
Fund raising	4,028,000	-	4,028,000	-	-	4,028,000	4,046,000
Total supporting services	<u>8,518,000</u>	<u>-</u>	<u>8,518,000</u>	<u>-</u>	<u>-</u>	<u>8,518,000</u>	<u>7,605,000</u>
Total expenses (includes \$1,882,000 and \$2,026,000 of depreciation and amortization for 2009 and 2008, respectively)	<u>30,536,000</u>	<u>-</u>	<u>30,536,000</u>	<u>-</u>	<u>-</u>	<u>30,536,000</u>	<u>30,491,000</u>
Excess of support and revenue over expenses and losses	188,000	-	188,000	1,601,000	119,000	1,908,000	182,370,000
Investment return less than amounts designated for current operations	-	(20,445,000)	(20,445,000)	(1,995,000)	(58,000)	(22,498,000)	(4,425,000)
Net assets released for capital campaign	-	2,549,000	2,549,000	(2,549,000)	-	-	-
Pre-construction costs for expansion program	-	(2,549,000)	(2,549,000)	-	-	(2,549,000)	(3,840,000)
Net assets released for purchases of art	-	1,699,000	1,699,000	(1,699,000)	-	-	-
Collection items purchased not capitalized	-	(1,699,000)	(1,699,000)	-	-	(1,699,000)	(1,777,000)
Reduction in force	(302,000)	-	(302,000)	-	-	(302,000)	-
Pension related charges other than net periodic costs	(1,764,000)	-	(1,764,000)	-	-	(1,764,000)	(787,000)
Change in net assets	<u>(1,878,000)</u>	<u>(20,445,000)</u>	<u>(22,323,000)</u>	<u>(4,642,000)</u>	<u>61,000</u>	<u>(26,904,000)</u>	<u>171,541,000</u>
Net assets							
Beginning of year	(787,000)	34,865,000	34,078,000	122,657,000	165,083,000	321,818,000	150,277,000
End of year	<u>\$ (2,665,000)</u>	<u>\$ 14,420,000</u>	<u>\$ 11,755,000</u>	<u>\$ 118,015,000</u>	<u>\$ 165,144,000</u>	<u>\$ 294,914,000</u>	<u>\$ 321,818,000</u>

The accompanying notes are an integral part of the financial statements.

Whitney Museum of American Art
Statement of Activities
Year Ended June 30, 2008, as restated

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total 2008 Restated
	Operating	Board Designated	Total			
Support and revenue						
Contributions, grants and bequests	\$ 4,091,000	\$ -	\$ 4,091,000	\$ 65,796,000	\$ 128,183,000	\$ 198,070,000
Membership dues	3,021,000	-	3,021,000	-	-	3,021,000
Benefits and special event income, net of \$1,046,000 of related expenses	3,808,000	-	3,808,000	-	-	3,808,000
Admission fees	3,027,000	-	3,027,000	-	-	3,027,000
Traveling exhibition fees, net of \$906,000 of related expenses	315,000	-	315,000	-	-	315,000
Publications and sales income, net of \$1,479,000 of cost of goods sold	559,000	-	559,000	-	-	559,000
Fees and royalties	767,000	-	767,000	-	-	767,000
Investment return designated for current operations	2,970,000	-	2,970,000	-	-	2,970,000
Gain from real estate activities, net of rental expenses of \$360,000	324,000	-	324,000	-	-	324,000
Net assets released from restrictions						
Exhibition program	2,619,000	-	2,619,000	(2,619,000)	-	-
Building and renovation program	7,085,000	-	7,085,000	(7,085,000)	-	-
Support of other museum programs	1,905,000	-	1,905,000	(1,905,000)	-	-
Total support and revenue	<u>30,491,000</u>	<u>-</u>	<u>30,491,000</u>	<u>54,187,000</u>	<u>128,183,000</u>	<u>212,861,000</u>
Expenses and losses						
Program expenses						
Exhibitions	8,887,000	-	8,887,000	-	-	8,887,000
Curatorial and related support services	9,741,000	-	9,741,000	-	-	9,741,000
Education programs and Library	3,071,000	-	3,071,000	-	-	3,071,000
Publications and sales	1,187,000	-	1,187,000	-	-	1,187,000
Total program services	<u>22,886,000</u>	<u>-</u>	<u>22,886,000</u>	<u>-</u>	<u>-</u>	<u>22,886,000</u>
Supporting services						
Management and general	3,559,000	-	3,559,000	-	-	3,559,000
Fund raising	4,046,000	-	4,046,000	-	-	4,046,000
Total supporting services	<u>7,605,000</u>	<u>-</u>	<u>7,605,000</u>	<u>-</u>	<u>-</u>	<u>7,605,000</u>
Total expenses (includes \$2,026,000 and \$2,086,000 of depreciation and amortization for 2008 and 2007, respectively)	<u>30,491,000</u>	<u>-</u>	<u>30,491,000</u>	<u>-</u>	<u>-</u>	<u>30,491,000</u>
Excess of support and revenue over expenses and losses	-	-	-	54,187,000	128,183,000	182,370,000
Investment return less than amounts designated for current operations	-	(3,919,000)	(3,919,000)	(478,000)	(28,000)	(4,425,000)
Net assets released from capital campaign	-	3,840,000	3,840,000	(3,840,000)	-	-
Pre-construction costs for expansion program	-	(3,840,000)	(3,840,000)	-	-	(3,840,000)
Net assets released for purchases of art	-	1,777,000	1,777,000	(1,777,000)	-	-
Collection items purchased not capitalized	-	(1,777,000)	(1,777,000)	-	-	(1,777,000)
Contribution transfer	-	-	-	(1,789,000)	1,789,000	-
Pension related charges other than net periodic costs	(787,000)	-	(787,000)	-	-	(787,000)
Change in net assets	(787,000)	(3,919,000)	(4,706,000)	46,303,000	129,944,000	171,541,000
Net Assets						
Beginning of year	-	38,784,000	38,784,000	76,354,000	35,139,000	150,277,000
End of year	<u>\$ (787,000)</u>	<u>\$ 34,865,000</u>	<u>\$ 34,078,000</u>	<u>\$ 122,657,000</u>	<u>\$ 165,083,000</u>	<u>\$ 321,818,000</u>

The accompanying notes are an integral part of the financial statements.

Whitney Museum of American Art
Statements of Cash Flows
Years Ended June 30, 2009 and 2008

	2009	2008 Restated
Cash flows from operating activities		
Change in net assets	\$ (26,904,000)	\$ 171,541,000
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	1,882,000	2,026,000
Purchases of art	1,699,000	1,777,000
Net unrealized and realized losses on investments	17,637,000	1,686,000
Contributions restricted for the expansion and renovation program	(18,420,000)	(16,171,000)
Contributions restricted for endowment	(99,964,000)	(27,501,000)
Change in operating assets and liabilities		
Decrease in accounts receivable and prepaid expenses	1,686,000	2,461,000
(Increase) decrease in contributions receivable	122,741,000	(146,112,000)
(Increase) decrease in publications and sales inventories	(79,000)	350,000
Increase (decrease) in accounts payable and accrued expenses	(12,000)	738,000
Decrease in deferred traveling exhibition fees	(255,000)	(655,000)
Net cash provided by (used in) by operating activities	<u>11,000</u>	<u>(9,860,000)</u>
Cash flows from investing activities		
Purchases of land, building and equipment	(526,000)	(199,000)
Increase in deferred project costs	(4,100,000)	(10,376,000)
Proceeds from sale of investments	28,207,000	38,242,000
Purchases of investments	(129,138,000)	(58,797,000)
Purchases of art	(1,699,000)	(1,777,000)
Net cash used in investing activities	<u>(107,256,000)</u>	<u>(32,907,000)</u>
Cash flows from financing activities		
Contributions restricted for endowment	99,964,000	27,501,000
Contributions restricted for the expansion and renovation program	18,420,000	16,171,000
Net cash provided by financing activities	<u>118,384,000</u>	<u>43,672,000</u>
Net increase in cash and cash equivalents	11,139,000	905,000
Cash and cash equivalents		
Beginning of year	<u>4,386,000</u>	<u>3,481,000</u>
End of year	<u>\$ 15,525,000</u>	<u>\$ 4,386,000</u>

The accompanying notes are an integral part of the financial statements.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2009 and 2008

1. Summary of Significant Accounting Policies

The Whitney Museum of American Art (the "Museum") was founded in 1930 by Gertrude Vanderbilt Whitney and is dedicated to collecting, preserving, interpreting, and exhibiting American art. The Museum serves a wide variety of audiences from its New York City location. The Museum also operates a corporate sponsored branch location in New York City.

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

Net Asset Classifications

The Museum reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

- Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired. The Museum's Board of Trustees has designated a portion of the unrestricted net assets for investment in land, building and equipment and long-term investment.
- Temporarily restricted net assets contain donor-imposed restrictions that require the Museum to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Museum.
- Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Museum to use, or expend, part or all of the income derived from the donated assets for either specified or unspecified purposes.

Cash and Cash Equivalents

Cash equivalents are short-term highly liquid investments with original maturities of three months or less. The Museum includes all money market funds as cash equivalents, with the exception of those money market funds which are included as investments (see Note 2).

Inventory

Inventory consists of books, exhibition catalogues, posters, note cards and other merchandise valued at the lower of average cost or market. Inventory consisted of \$297,000 and \$322,000 of finished goods and \$205,000 and \$101,000 of work in process at June 30, 2009 and 2008, respectively.

Investments

Equity securities are carried at market value based on the last reported sales price at the end of the fiscal year. Fixed income securities are valued by the investment managers using pricing services from financial institutions.

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June 30, 2009 and 2008

Alternative investments include investments in limited partnerships and hedge funds. The Museum values these investments in accordance with valuations provided by the investment managers of the underlying funds. As a general rule, investment managers of funds value investments based upon the best information available for a given circumstance and may incorporate assumptions that are the investment manager's best estimates after considerations of a variety of internal and external factors. The funds may make investments in securities that are publicly traded, which are generally valued based on observable market prices, unless a restriction exists. Investments for which observable market prices do not exist are reported at fair value as determined by the fund's investment manager. The Museum's management may consider other factors in assessing the fair value of these investments. Some of these funds may not have readily ascertainable market values and may be subject to withdrawal restrictions. The fair value of the funds represents the amount the Museum expects to receive at June 30, 2009 and 2008, if it had liquidated its investments in the funds on these dates. Because alternative investments may not be readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material. Certain of the partnerships enter into contractual commitments including futures and option contracts and other derivative financial instruments. These contracts are valued by the partnerships at the last reported sales price and involve elements of market risk in excess of the amounts recognized on the partnership statement of financial condition. Risks arise from the potential changes in securities values and interest rates. The Museum records its share of the net income or loss for the accounting period in proportion to its participating percentage in each partnership.

Purchases and sales of securities are reflected on a trade-date basis. Realized gains and losses on sales of securities are determined on an average-cost basis. Dividend income is recorded on the ex-dividend date and interest income is recorded as earned on an accrual basis.

Unrealized gains and losses are determined by comparison of specific costs of acquisition to market values at the last day of the fiscal year.

Some of the Museum's investments are pooled to facilitate their management. Investment income is allocated among the individual components of unrestricted, temporarily restricted and permanently restricted net assets based on donor restrictions or the absence thereof, using percentage of participation based on their carrying value or market value.

The Museum manages its investment portfolio on a total return basis. To preserve the investments' long-term value, the Museum makes available to be spent each year 5% of the investment portfolio's average market value for the preceding three years ending December 31, excluding investment and custodial fees (the "spending rate").

Per a resolution passed by the Executive Committee of the Board of Trustees on December 13, 2007, the Museum is permitted to draw, from received endowment gifts and pledge payments, as much as 1.25% at the end of each calendar quarter of the market value amount of the gift, starting in the immediate calendar quarter following receipt of the gift. The Museum is permitted to continue drawing as much as 1.25% per quarter (5.0% annually) until at least four calendar quarters pass following the receipt of the gift, and a new fiscal year begins. At that point, the Museum is permitted to draw up to 5.0% of the previous December 31 market value of the gift at any point during the course of each fiscal year that follows.

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Art Collection

The Museum has an extensive collection of art, including paintings, sculpture, photographs, drawings, prints, and films and videos. The collection is maintained under the care of the Registration Department staff and is held for research, education and public exhibition in furtherance of public service, rather than for financial gain. As a matter of policy, proceeds from the sale of collection items are used to acquire other items for the collection. The Museum does not include either the cost or the value of its collection in the statement of financial position, nor does it recognize gifts of collection items as revenues in the statement of activities. Since items acquired for the collection by purchase are not capitalized, the cost of those acquisitions is reported as decreases in net assets in the statement of activities.

Measure of Operations

The Museum includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities. The measure of operations includes investment income equal to a defined spending rate, and interest earned from short-term investments on cash held for working capital. It excludes additions to temporarily and permanently restricted net assets, investment return in excess of the spending rate, purchases and sales of collection items, pre-construction costs relating to the building expansion project, defined benefit charges other than net periodic benefit cost, and board designated contributions and activities.

Contributions

The Museum records as revenue, cash and unconditional promises to give in the period received. Unconditional contributions are recorded at the net present value of the amounts expected to be collected. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

The Museum records unconditional contributions as temporarily restricted revenue if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Museum has volunteers who provide administrative support to various Museum programs. Such contributed services do not meet the criteria for recognition of contributed services contained in accounting principles generally accepted in the United States of America and, accordingly, are not reflected in the accompanying financial statements.

Membership Dues

Membership dues for individual and corporate membership categories are recognized in the applicable year that the subscription commences.

Functional Allocation of Expenses

The costs of providing Museum programs and other activities have been presented in the accompanying statement of activities. Management and general expenses include executive and financial administration, human resources and information services. Fundraising activities of the Museum include salaries and employee benefits of program staff who develop proposals for fundraising; solicit contributions for those needs and for endowment purposes from individuals, corporations, government agencies and foundations; and conduct special fundraising events. Depreciation, utilities, building maintenance and other operating costs are allocated to program areas and supporting services based on space usage information. Fundraising costs are expensed as incurred.

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Advertising and public relations costs are generally expensed when incurred, except when related to the Museum's exhibition program, for which the costs are recognized on a straight-line basis over the scheduled exhibition period. In fiscal 2009 and 2008, the Museum incurred advertising and public relations expenses of \$624,000 and \$712,000 respectively, excluding Museum labor and overhead.

Land, Building and Equipment

Land, building and equipment are stated at cost and expenditures in excess of \$2,500 are capitalized. The Museum's building and capital improvements, office furniture and equipment are being depreciated on a straight-line basis over their estimated useful lives (building - fifty years; capital improvements, office furniture and equipment - three to fifteen years or the remaining useful life of the building). Leasehold improvements are amortized on a straight-line basis over the shorter of the lives of the assets or the terms of the leases. Depreciation and amortization costs are allocated among the programs and supporting services benefited. The Museum has adopted a policy of implying a time restriction that expires over the useful life of long-lived assets acquired or constructed with contributions restricted for that purpose and therefore releases amounts from temporarily restricted net assets equal to the depreciation expense of fixed assets built or acquired with such temporarily restricted contributions. The amount of \$1,360,000 released in fiscal 2009 and 2008 helped to offset depreciation and amortization expense of \$1,882,000 and \$2,026,000 in fiscal 2009 and 2008, respectively.

Estimates

The preparation of 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The more significant estimates made relate to the valuation of accounts receivable and contributions receivable, valuation of investments, deferred exhibition costs and actuarial assumptions used in the calculation of pension benefits. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments which potentially subject the Museum to concentrations of credit risk, consist principally of cash and cash equivalents and investments in fixed income funds, equity funds and limited partnerships. The Museum maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The Museum's cash investments are placed with high credit quality financial institutions. The Museum has not experienced any losses in such accounts.

Reclassification

Certain prior years' amounts have been reclassified to conform with the fiscal 2009 presentation.

Tax Status

The Museum is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as an organization which is not a private foundation under Section 509(a).

Accounting for Uncertainties in Income Taxes

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109*. This interpretation prescribes a recognition threshold and measurement attribute for the

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financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification and other matters. The adoption of FIN 48 in 2008 did not have a material impact on the Museum's financial statements.

New Authoritative Pronouncements

Effective July 1, 2008, the Museum adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement data.

SFAS 157 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under SFAS 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Museum for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The adoption of SFAS 157 to the Museum's financial assets did not have any impact on the financial statements (see Note 2).

The provisions of SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159) were effective July 1, 2008. SFAS No. 159 gives entities the option, at specific election dates, to measure certain financial assets and liabilities at fair value. The election may be applied to financial assets and liabilities on an instrument by instrument basis, is irrevocable, and may only be applied to entire instruments. Unrealized gains and losses on instruments for which the fair value option has been elected are reported in earnings at each subsequent reporting date. The Museum did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" (SFAS No. 165). SFAS No. 165 provides guidance on management's assessment of subsequent events and incorporates

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this guidance into accounting literature. SFAS No. 165 is effective prospectively for interim and annual periods ending after June 15, 2009. The implementation of this standard did not have a material impact on the financial statements. The Museum evaluated subsequent events through January 25, 2010, the date the financial statements were available to be issued.

2. Investments

The Museum's investment portfolio consisted of the following at June 30,

	2009		2008	
	Market	Cost	Market	Cost
Cash and cash equivalents	\$ 93,668,000	\$ 93,668,000	\$ 12,724,000	\$ 12,724,000
Fixed income investments	7,263,000	7,136,000	6,723,000	6,374,000
Equity investments	25,530,000	30,783,000	27,999,000	26,181,000
Hedged equity	38,328,000	39,600,000	30,757,000	24,600,000
Absolute return	5,740,000	6,496,000	7,261,000	6,573,000
Private equity	26,000	290,000	82,000	445,000
Real assets	2,287,000	4,046,000	4,000,000	4,000,000
Total investments	<u>\$ 172,842,000</u>	<u>\$ 182,019,000</u>	<u>\$ 89,546,000</u>	<u>\$ 80,897,000</u>

As of June 30, 2009, a limited partnership investment totaling \$26,000 was managed by a Trustee of the Museum.

Investment return and its classification in the statement of activities for the year ended June 30, 2009 (with summarized and comparative totals for the year ended June 30, 2008) were as follows:

	Unrestricted				2009 Total	2008 Total
	Operations	Board Designated	Temporarily Restricted	Permanently Restricted		
Dividends and interest	\$ -	\$ 333,000	\$ 42,000	\$ 1,000	\$ 376,000	\$ 1,024,000
Interest on other investments		448,000		-	448,000	365,000
Gains and losses from partnership investments	-	(154,000)	-	-	(154,000)	178,000
Realized gains/(losses)	-	393,000	50,000	1,000	444,000	3,085,000
Unrealized gains/(losses)	-	(15,849,000)	(2,019,000)	(59,000)	(17,927,000)	(5,918,000)
Spending rate allocation designated for current operations	4,630,000	(4,630,000)	-	-	-	-
Dividends and interest allocation designated for current operations	824,000	(781,000)	(42,000)	(1,000)	-	-
Less: advisory and custody fees		(205,000)	(26,000)	-	(231,000)	(189,000)
Total return on investments	5,454,000	(20,445,000)	(1,995,000)	(58,000)	(17,044,000)	(1,455,000)
Investment return designated for current operations - spending rate and interest on short-term investments	(5,454,000)				(5,454,000)	(2,970,000)
Investment return less than amounts designated for current operations	\$ -	\$ (20,445,000)	\$ (1,995,000)	\$ (58,000)	\$ (22,498,000)	\$ (4,425,000)

Investment return designated for current operations of \$5,454,000 represents funds which have been made available for spending pursuant to the authorized spending rate. The \$20,445,000 of investment loss in board designated net assets represents an unrestricted loss of \$15,482,000, interest from short-term investments of \$448,000, and a portion of the \$5,454,000 which was made available for spending. The \$1,995,000 loss in the temporarily restricted investment category represents the temporarily restricted investment return earned on permanently restricted net

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assets. The \$58,000 in investment loss remaining in permanently restricted net assets represents the permanently restricted investment return for the Film and Video Department endowment.

The fair value of the Museum's financial assets that are measured on a recurring basis at June 30, 2009 are as follows:

	Fair Value at June 30, 2009	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 93,668,000	\$ 93,668,000	\$ -	\$ -
Fixed income investments	7,263,000	-	7,263,000	-
Equity investments	25,530,000	5,655,000	9,222,000	10,653,000
Hedged equity	38,328,000	-	2,779,000	35,549,000
Absolute return	5,740,000	-	-	5,740,000
Private equity	26,000	-	-	26,000
Real assets	2,287,000	-	-	2,287,000
	<u>\$ 172,842,000</u>	<u>\$ 99,323,000</u>	<u>\$ 19,264,000</u>	<u>\$ 54,255,000</u>

The following is a description of the Museum's valuation methodologies for assets and liabilities measured at fair value.

Fair value for Level 1 is based upon quoted prices in active markets that the Museum has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The Museum does not adjust the quoted price for such assets and liabilities.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

Fair value for Level 3, is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all.

Investments included in Level 3 primarily consist of the Museum's ownership in alternative investments. The value represents the ownership interest in the net asset value (NAV) of the respective funds. The fair values (NAV) of the investments held by the funds that do not have readily determinable fair values are determined by the investment managers and are based on estimates that require varying degrees of judgment. The Museum has performed due diligence around these investments to ensure NAV is an appropriate measure of fair value as of June 30. Because of the inherent uncertainty of valuing these investments and certain underlying investments held by them, the Museum's estimate of fair value may differ significantly from the values that would have been used had a ready market for the investments existed. These investments may be illiquid and thus there can be no assurance that the Museum will be able to realize the value of such investments in a timely manner. For partnership interests, gains and losses are dependent upon the general partners' distributions during the life of each partnership.

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The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The table below presents the change in fair value measurements that used Level 3 inputs during the year ended June 30, 2009:

Balance, beginning of year	\$ 51,812,000
Interest and dividends	80,000
Realized and unrealized (losses) gains	(10,389,000)
Purchases, sales and settlements	<u>12,752,000</u>
Balance, end of year	<u>\$ 54,255,000</u>

All net realized and unrealized gains in the table above are reflected in the accompanying statement of activities. Net unrealized losses relate to those financial instruments held by the Museum at June 30, 2009.

3. Contributions Receivable

Contributions receivable, discounted to fair value at June 30, 2009 and 2008, consisted of unconditional promises to give and are due from the following:

	2009	2008 Restated
Individuals	\$ 63,688,000	\$ 179,652,000
Corporations	2,642,000	2,928,000
Foundations	4,185,000	5,018,000
Government, State and City	<u>1,167,000</u>	<u>8,261,000</u>
Gross contributions receivable	71,682,000	195,859,000
Less: Discount to present value (at rates between 2.07% and 4.75%)	<u>(2,869,000)</u>	<u>(4,305,000)</u>
	<u>\$ 68,813,000</u>	<u>\$ 191,554,000</u>

The gross contributions receivable are due to be collected as follows:

Fiscal Year June 30,	
2010	\$ 23,206,000
2011	23,360,000
2012	11,306,000
2013 - and thereafter	<u>13,810,000</u>
	<u>\$ 71,682,000</u>

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4. Land, Building and Equipment

Land, building and equipment comprised the following at June 30, 2009 and 2008:

	2009	2008
Land	\$ 4,744,000	\$ 4,744,000
Building and capital improvements	38,501,000	38,030,000
Leasehold improvements	1,926,000	1,926,000
Office furniture and equipment	<u>3,611,000</u>	<u>3,557,000</u>
	48,782,000	48,257,000
Less: Accumulated depreciation	<u>(26,963,000)</u>	<u>(25,081,000)</u>
Land, building and equipment, net	<u>\$ 21,819,000</u>	<u>\$ 23,176,000</u>

Depreciation expense totaled \$1,882,000 and \$2,026,000 for the years ended June 30, 2009 and 2008, respectively.

5. Lease Income and Commitments

The Museum leases certain property to two retail tenants. As of June 30, 2009, the Museum has renewed its lease with both of the tenants, for a term of five years, which either party may cancel upon 5 months notice. The minimum base rent for FY 2009 was \$635,000.

The Museum leases office, storage and studio space under noncancelable lease agreements, which expire on various dates through fiscal 2016 and which are subject to escalation for real estate tax increases and other building operating expenses. Minimum base rental payments are as follows:

Fiscal Year June 30,	
2010	\$ 1,025,000
2011	1,058,000
2012	1,093,000
2013	1,128,000
2014	1,032,000
Thereafter	<u>1,963,000</u>
	<u>\$ 7,299,000</u>

Rent expense (including escalation costs) amounted to \$990,000 and \$1,296,000 for the years ended June 30, 2009 and 2008, respectively.

6. Pension Plan

The Museum has a defined benefit pension plan (the "Plan") covering substantially all of its employees. The benefits are computed on the basis of years of credited service and the average compensation, as defined, in the Plan. The normal monthly retirement benefit is the greater of (1) 1% of average monthly earnings plus .65% of average monthly earnings in excess of "covered compensation" multiplied by years of credited service (up to a maximum of 30 years) and (2) the annuity value of the following account: the lump-sum value of a participant's accrued benefit as of June 30, 1991, plus 3% of yearly earnings for each year of credited service after June 30, 1991, and before July 1, 2008 plus monthly interest earned on a participant's account beginning July 31, 1991. The Museum's funding policy is to contribute annually the minimum amount based upon the

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related actuarial determinations. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. Pension costs are accounted for on the basis of the projected unit credit method.

The following table provides information with respect to the defined benefit plan as of and for the years ended June 30, 2009 and 2008:

	2009	2008
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 6,983,000	\$ 6,521,000
Service cost	385,000	412,000
Interest cost	418,000	384,000
Settlements	(921,000)	-
Actuarial loss (gain)	654,000	(259,000)
Benefits paid	<u>-</u>	<u>(75,000)</u>
Benefit obligation at end of year	<u>7,519,000</u>	<u>6,983,000</u>
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	5,415,000	4,732,000
Actual return on plan assets	(1,002,000)	(325,000)
Company contribution	265,000	1,481,000
Settlements	(921,000)	-
Benefits paid	-	(75,000)
Administrative expenses paid	<u>(347,000)</u>	<u>(397,000)</u>
Fair value of plan assets at end of year	<u>3,410,000</u>	<u>5,416,000</u>
Funded status at end of year	<u>\$ (4,109,000)</u>	<u>\$ (1,568,000)</u>
Amounts recognized in the statement of financial position consist of		
Accounts payable and accrued expenses	<u>\$ (4,109,000)</u>	<u>\$ (1,568,000)</u>
Total liabilities	<u>\$ (4,109,000)</u>	<u>\$ (1,568,000)</u>
Amounts recognized in unrestricted net assets consist of		
Net prior service cost/(credit)	\$ 660,000	\$ 740,000
Net loss/(gain)	<u>3,451,000</u>	<u>1,607,000</u>
Total	<u>\$ 4,111,000</u>	<u>\$ 2,347,000</u>
Accumulated benefit obligation at end of year	<u>\$ 6,186,000</u>	<u>\$ 5,900,000</u>

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	2009	2008
Components of net periodic benefit cost and other amounts recognized in unrestricted net assets		
Service cost	\$ 385,000	\$ 412,000
Interest cost	418,000	384,000
Expected return on plan assets	(359,000)	(405,000)
Amortization and prior service cost	80,000	80,000
Recognized actuarial loss (gain)	95,000	1,600
Net periodic benefit cost	<u>619,000</u>	<u>472,600</u>
Other changes in Plan assets and benefit obligation recognized in unrestricted net assets		
Net loss/(gain)	2,362,000	869,000
Amortization of net loss/(gain)	(518,000)	(1,600)
Amortization of prior service cost/(credit)	<u>(80,000)</u>	<u>(80,000)</u>
Total recognized in unrestricted net assets	<u>1,764,000</u>	<u>787,400</u>
Total recognized in net period benefit cost and unrestricted net assets	<u>\$ 2,383,000</u>	<u>\$ 1,260,000</u>

	2009	2008
Weighted-average assumptions as of June 30 used for obligations		
Discount rate	6.00%	6.75%
Expected return on plan assets	7.50%	8.00%
Weighted-average assumptions as of June 30 used for net periodic benefit cost for years ending June 30		
Discount rate	6.75%	6.25%
Expected return on plan assets	7.50%	8.00%
Measurement date	6/30/2009	7/1/2008

The Museum determines its expected return on plan assets assumption by evaluating both historical returns of major asset classes and estimates of future returns over the next 20 years. Current market factors, such as inflation and interest rates, as well as asset diversification are evaluated when long-term capital market assumptions are determined. Historical returns are reviewed to verify reasonability and appropriateness.

Amounts in unrestricted net assets expected to be recognized in net periodic benefit cost in fiscal 2010

Amortization of unrecognized net loss (gain)	\$ 266,000
Amortization of prior service cost	<u>63,000</u>
Total	<u>\$ 329,000</u>

Estimated contributions expected to be paid by the Museum during the fiscal year ending June 30, 2010 total \$1,000,000.

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The Museum's pension plan weighted average asset allocation at June 30, 2009 and 2008 by asset category is as follows:

	Allocation Percentage 2009	Allocation Percentage 2008
Equity securities	65.6%	65.8%
Debt securities	30.3%	29.2%
Real estate	4.1%	5.0%
Total	<u>100.0%</u>	<u>100.0%</u>

The Museum's pension plan invests primarily in equity and debt securities that are within prudent levels of risk and provide for necessary liquidity requirements. The long-term objective is to limit the variability of its pension funding requirements while maintaining funding at levels that will ensure the payment of obligations as they come due. The Museum's plan assets are measured against benchmarks established by the Museum's advisors and the Investment Committee, who has the authority to recommend changes as deemed appropriate.

At June 30, 2009, the Museum's target allocation percentages for plan assets were 65% equity securities, 30% debt securities and 5% real estate securities. The targets may be adjusted periodically to reflect current market conditions and trends as well as inflation levels, interest rates and the trend thereof.

Benefits expected to be paid in cash in the next five fiscal years ending June 30 are as follows:

Future Expected Benefits

2010	\$ 271,000
2011	406,000
2012	1,311,000
2013	160,000
2014	572,000
2015-2019	3,193,000

7. Loan Payable

During fiscal 2009, the Museum increased a \$5,000,000 line of credit to \$10,000,000 line of credit. As of June 30, 2009 and June 30, 2008, there were no funds borrowed under the line. Under the terms of the agreement, the Museum may borrow funds as needed, with repayment due on demand by the bank. The line of credit gives the Museum the option to borrow at an interest rate equal to 50 percent above the three-month LIBOR rate. Certain investments have been pledged as collateral for this loan, equal to the face value of any loan that may be outstanding.

During fiscal 2003, the Museum entered an arrangement with a trustee whereby the trustee will provide up to \$500,000 of funding for the construction of a conservation studio. The borrowings under this arrangement are due 36 calendar months after the date of the first funding request. Such borrowings are interest free for two years after which time, the outstanding amounts bear interest at an annual rate of 10%. This amount was forgiven by the trustee and recognized in temporarily restricted contribution revenue during fiscal 2008.

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8. Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30:

	2009	2008 Restated
Exhibition programs	\$ 2,017,000	\$ 2,656,000
Purchase of art	987,000	1,286,000
Building and renovation program, includes expenditures not yet depreciated	113,140,000	116,524,000
Support of other Museum programs	1,871,000	2,191,000
Total temporarily restricted net assets	<u>\$ 118,015,000</u>	<u>\$ 122,657,000</u>

Permanently restricted net assets consisted of the following at June 30:

	2009	2008
Endowment funds, income unrestricted	\$ 154,089,000	\$ 154,083,000
Endowment funds, income temporarily restricted for		
Support of the Biennial exhibition program	3,783,000	3,783,000
Purchases of works of art	1,735,000	1,735,000
Curatorial support for photography acquisitions and exhibition programs	5,537,000	5,482,000
Total permanently restricted net assets	<u>\$ 165,144,000</u>	<u>\$ 165,083,000</u>

During 2008, two donor pledges in the amount of \$1,789,000, were reclassified from temporarily restricted net assets to permanently restricted net assets.

9. Endowment

In 2009, the Museum adopted the enhanced disclosure requirements of FASB Staff Position FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA)*, and *Enhanced Disclosures for All Endowment Funds*.

The Museum's endowment consists of approximately 43 individual funds established for a variety of purposes. The Endowment includes both donor restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Museum has interpreted the State of New York's enacted version of the Uniform Management of Institutional Funds Act ("UMIFA") as requiring the preservation of the historic dollar value of donor- restricted endowment funds (absent explicit donor stipulations to the contrary). The term historic dollar value is defined as the aggregate fair value in dollars of (i) an endowment fund at the time it became an endowment fund and each subsequent donation to the fund at the time it is made. As a result of this interpretation, the Museum classifies as permanently restricted net assets (a) the original value of gifts donated to the permanently restricted net assets, (b) the original value of subsequent gifts to the permanent endowment and (c) appreciation

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(depreciation), gains (losses) and income earned on the fund when the donor states that such-increases or decreases are to be treated as changes in permanently restricted net assets. The remaining portion of the donor- restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted and unrestricted net assets.

The Board of Trustees further understands that expenditures from a donor- restricted fund are limited to the uses and purposes for which the endowment fund is established and the use of net appreciation, realized and unrealized gains is limited to the extent that the fair value of a donor- restricted fund exceeds the historic dollar value of the fund to the extent that such expenditure is prudent, considering the long and short term needs of the Museum in carrying out its purposes, it present and anticipated financial requirement and expected total return on its investments.

The Museum's spending policy rate is designed to stabilize annual spending levels and to present the real value of the investment portfolio over time. To meet these objectives, the Museum Board of Trustees has authorized a spending rate of 5% of the moving average of the fair value of endowment investments for the previous twelve quarters. This spending policy is consistent with the Museum's objectives to utilize income to support programs while preserving capital and ensuring future endowment growth.

Endowment funds are invested with Investment Managers charged with meeting or exceeding the representative index, universe or blended market index and universe that most closely corresponds to the Investment Manager's style of investment management. The investment strategy emphasizes long-term appreciation of the assets and consistency of total portfolio returns to support general operations while ensuring the preservation of capital.

The Museum's endowments consisted of the following at June 30, 2009 and 2008:

**Endowment Net Asset Composition by Type of Fund
as of June 30, 2009**

	Unrestricted Operating/ Board Designated	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (10,129,000)	\$ (310,000)	\$ 165,144,000	\$ 154,705,000
Board-designated endowment funds	21,612,000			21,612,000
Total funds	\$ 11,483,000	\$ (310,000)	\$ 165,144,000	\$ 176,317,000

**Endowment Net Asset Composition by Type of Fund
as of June 30, 2008**

	Unrestricted Operating/ Board Designated	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 706,000	\$ 1,685,000	\$ 165,083,000	\$ 167,474,000
Board-designated endowment funds	31,222,000	-	-	31,222,000
Total funds	\$ 31,928,000	\$ 1,685,000	\$ 165,083,000	\$ 198,696,000

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The Museum's endowment funds had the following changes for the years ended June 30, 2009 and 2008.

	Changes in Endowment Net Assets For the Fiscal Year Ended June 30, 2009			
	Unrestricted Operating/ Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, June 30, 2008	\$ 31,928,000	\$ 1,685,000	\$ 165,083,000	\$ 198,696,000
Investment return				
Investment income	824,000	-	-	824,000
Net appreciation/depreciation (realized and unrealized)	<u>(15,815,000)</u>	<u>(1,995,000)</u>	<u>(58,000)</u>	<u>(17,868,000)</u>
Total investment return	<u>(14,991,000)</u>	<u>(1,995,000)</u>	<u>(58,000)</u>	<u>(17,044,000)</u>
Contributions			119,000	119,000
Appropriation of endowment assets for expenditure	<u>(5,454,000)</u>			<u>(5,454,000)</u>
Endowment funds, June 30, 2009	<u>\$ 11,483,000</u>	<u>\$ (310,000)</u>	<u>\$ 165,144,000</u>	<u>\$ 176,317,000</u>

	Changes in Endowment Net Assets For the Fiscal Year Ended June 30, 2008			
	Unrestricted Operating/ Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, June 30, 2007	\$ 35,847,000	\$ 2,627,000	\$ 35,139,000	\$ 73,613,000
Investment return				
Investment income	881,000	143,000	-	1,024,000
Net appreciation/depreciation (realized and unrealized)	<u>(2,195,000)</u>	<u>(621,000)</u>	<u>(28,000)</u>	<u>(2,844,000)</u>
Total investment return	<u>(1,314,000)</u>	<u>(478,000)</u>	<u>(28,000)</u>	<u>(1,820,000)</u>
Contributions	-	-	129,972,000	129,972,000
Appropriation of endowment assets for expenditure	<u>(2,605,000)</u>	<u>(464,000)</u>		<u>(3,069,000)</u>
Endowment Funds, June 30, 2008	<u>\$ 31,928,000</u>	<u>\$ 1,685,000</u>	<u>\$ 165,083,000</u>	<u>\$ 198,696,000</u>

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The endowment funds classified as permanently restricted, temporarily restricted and unrestricted net assets consist of the following:

	June 30, 2009	June 30, 2008
Permanently restricted net assets		
Museum operations	\$ 139,661,000	\$ 139,543,000
Conservation	3,000,000	3,000,000
Director	2,000,000	2,000,000
Education	4,615,000	4,615,000
Independent Study Program	1,265,000	1,265,000
Library/Publications	2,056,000	2,056,000
Acquisitions	1,735,000	1,735,000
Exhibitions	8,150,000	8,150,000
Curatorial	1,800,000	1,800,000
Film & Video	862,000	919,000
	<u>165,144,000</u>	<u>165,083,000</u>
Total endowment funds classified as permanently restricted net assets		
Temporarily restricted net assets		
Exhibitions	(282,000)	1,030,000
Curatorial	(18,000)	142,000
Lobby Flowers	4,000	28,000
Acquisitions	(14,000)	485,000
	<u>(310,000)</u>	<u>1,685,000</u>
Total endowment funds classified as temporarily restricted net assets		
Unrestricted net assets		
Unrestricted purposes	<u>11,483,000</u>	<u>31,928,000</u>
Total endowment funds classified as unrestricted net assets	<u>11,483,000</u>	<u>31,928,000</u>
Total endowment funds	<u>\$ 176,317,000</u>	<u>\$ 198,696,000</u>

As a result of unfavorable market fluctuations, some of the fair value of assets associated with individual donor-restricted endowment funds has fallen below historic dollar value. The aggregate amounts by which fair value was below historic value was \$8,986,000 and \$974,000 as of June 30, 2009 and 2008, respectively.

10. Restatement of 2008 financial statements

In fiscal 2009, the Museum became aware of an error that occurred in fiscal 2008 related to the recognition of grant revenue. In fiscal 2007, the Museum was awarded a grant through the Economic State Development Corporation to support the Museum's capital expansion project. In fiscal 2008, the Museum incurred approximately \$8.2 million of expenditures related to the capital expansion project that were reimbursed through the grant proceeds in fiscal 2009. In accordance with revenue recognition criteria, the Museum should have recorded a grants receivable as of June 30, 2008, however recorded this revenue in fiscal 2009, when the grant proceeds were received.

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The impact to the 2008 financial statements for the restatement described above is as follows:

Financial Statement Caption	As Previously Reported	Restatement	As Restated
Contributions receivable	\$ 183,355,000	\$ 8,199,000	\$ 191,554,000
Contributions, grants and bequests	\$ 189,871,000	\$ 8,199,000	\$ 198,070,000
Net assets	\$ 313,619,000	\$ 8,199,000	\$ 321,818,000