STERLING AND FRANCINE
CLARK ART INSTITUTE

Financial Statements

June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
STERLING AND FRANCINE CLARK ART INSTITUTE
255 South Street
Williamstown, MA 01267

Opinion

We have audited the accompanying financial statements of Sterling and Francine Clark Art Institute ("the Clark", a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sterling and Francine Clark Art Institute as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sterling and Francine Clark Art Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sterling and Francine Clark Art Institute's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sterling and Francine Clark Art Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Sterling and Francine Clark Art Institute's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Adelson + Company PC

ADELSON & COMPANY PC

November 9, 2022

Sterling and Francine Clark Art Institute
STATEMENT OF FINANCIAL POSITION
June 30,

	2022	Comparative 2021
Assets		
Current assets		
Cash and equivalents	$ 3,261,643	$ 3,131,819
Unconditional promises to give - current (Note 5)	727,384	6,015,466
Other receivables	2,144,898	1,433,494
Inventory - museum shop	328,317	373,834
Prepaid expenses	271,952	384,346
Total current assets	6,734,194	11,338,959
Other assets		
Long-term investments, at fair value (Note 4)	470,551,495	537,950,069
Charitable trusts receivable (Note 3)	8,429,080	7,971,267
Unconditional promises to give - long-term (Note 5)	658,476	579,728
Mortgages receivable - employees (Note 7)	134,159	143,795
Property and equipment, net (Note 6)	183,850,660	189,992,834
Right-of-use assets	9,287	31,575
Art and library collections	1	1
Total assets	$ 670,367,352	$ 748,008,228
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	$ 1,746,352	$ 1,150,689
Accrued salaries and payroll liabilities	1,244,280	1,122,392
Lease liabilities-current	17,373	25,226
Notes payable due within one year (Note 8)	1,175,000	1,135,000
Total current liabilities	4,183,005	3,433,307
Other long-term liabilities	205,291	15,507
Lease liabilities - long-term	-	10,858
Long-term debt (Note 8)	80,632,876	82,100,052
Total liabilities	85,021,172	85,559,724
Net assets (Note 10)		
Without donor restrictions	418,354,423	473,684,739
With donor restrictions	166,991,757	188,763,765
Total net assets	585,346,180	662,448,504
Total liabilities and net assets	$ 670,367,352	$ 748,008,228

See notes to financial statements.

Sterling and Francine Clark Art Institute
STATEMENT OF ACTIVITIES
For the Year Ended June 30,

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Comparative Total 2021
Operating activities				
Revenue and support				
Investment support for operating activities (Note 4)	$ 10,494,234	$ 5,361,754	$ 15,855,988	$ 15,512,880
Museum shop, net	36,555	-	36,555	(41,210)
Admissions	814,205	-	814,205	553,094
Exhibition fees	63,123	-	63,123	29,499
Public education programs	3,034	-	3,034	-
Grant income	60,000	1,144,544	1,204,544	470,863
Contributions	753,005	2,544,490	3,297,495	4,235,259
Membership - Friends of the Clark	1,389,264	-	1,389,264	1,156,092
Occupancy, event and other income	519,899	-	519,899	228,215
Net assets released from restrictions:				
Satisfaction of program purposes	7,759,159	(7,759,159)	-	-
Total revenue and support	21,892,478	1,291,629	23,184,107	22,144,692
Expenses				
Program Services				
Research and academic programs	5,006,551	-	5,006,551	4,580,834
Museum programs	15,756,484	-	15,756,484	13,981,722
External relations	2,778,465	-	2,778,465	2,513,778
Total program expenses	23,541,500	-	23,541,500	21,076,334
Support Services				
Management and general	3,983,947	-	3,983,947	3,408,247
Fund-raising	1,611,317	-	1,611,317	1,261,489
Total support services	5,595,264	-	5,595,264	4,669,736
Total expenses	29,136,764	-	29,136,764	25,746,070
Change in net assets from operating activities	(7,244,286)	1,291,629	(5,952,657)	(3,601,378)
Non-operating activities				
Net investment income (loss) after operating support	(52,200,427)	(19,448,627)	(71,649,054)	158,699,165
Contributions	-	84,042	84,042	47,112
Net assets released from restriction	3,699,052	(3,699,052)	-	-
CARES Act Employer Retention Credit (Note 14)	737,811	-	737,811	1,367,139
Collection items purchased	(322,466)	-	(322,466)	(876,480)
Total non-operating activities	(48,086,030)	(23,063,637)	(71,149,667)	159,236,936
Change in net assets	(55,330,316)	(21,772,008)	(77,102,324)	155,635,558
Net assets, beginning	473,684,739	188,763,765	662,448,504	506,812,946
Net assets, ending	$ 418,354,423	$ 166,991,757	$ 585,346,180	$ 662,448,504

See notes to financial statements.

Sterling and Francine Clark Art Institute
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30,

	Program Services			Support Services				
	Research and Academic Programs	Museum Programs	External Relations	Management and General	Fund-Raising	Buildings and Grounds	Total 2022	Comparative 2021
Compensation and related expenses								
Salaries	$ 877,927	$ 2,253,383	$ 746,169	$ 1,638,761	$ 618,925	$ 1,083,778	$ 7,218,943	$ 6,659,910
Payroll taxes	63,214	162,251	53,727	117,996	44,564	78,034	519,786	476,353
Employee benefits	230,519	591,676	179,470	430,293	162,513	284,570	1,879,041	1,556,827
Total	1,171,660	3,007,310	979,366	2,187,050	826,002	1,446,382	9,617,770	8,693,090
Conservation and care of collection	47,395	59,649	-	-	-	-	107,044	46,116
Operational expenses	135,368	-	477,797	-	-	-	613,165	437,385
Exhibitions and community events	108,434	2,042,595	195,547	-	408,986	20,429	2,775,991	1,347,931
Maintenance and repairs	62,817	127,747	33,160	114,412	-	1,980,518	2,318,654	2,007,095
Administrative	135,838	193,702	169,885	781,685	145,511	206,905	1,633,526	1,261,364
Professional and contract services	349,172	1,639,713	462,426	327,086	84,053	10,750	2,873,200	2,247,026
Food service, net	-	-	313,949	-	-	-	313,949	261,590
Debt interest	-	-	-	-	-	2,745,467	2,745,467	2,938,471
Depreciation and amortization	73,927	-	-	-	-	6,931,743	7,005,670	7,038,946
Total expenses	2,084,611	7,070,716	2,632,130	3,410,233	1,464,552	13,342,194	30,004,436	26,279,014
Allocation of Building and Grounds	2,921,940	8,685,768	1,014,007	573,714	146,765	(13,342,194)	-	-
Total expenses	5,006,551	15,756,484	3,646,137	3,983,947	1,611,317	-	30,004,436	26,279,014
Less expenses included with revenues on the Statement of Activities	-	-	(867,672)	-	-	-	(867,672)	(532,944)
Total expenses included in the expense section of the Statement of Activities	$ 5,006,551	$ 15,756,484	$ 2,778,465	$ 3,983,947	$ 1,611,317	$ -	$ 29,136,764	$ 25,746,070

See notes to financial statements.

Sterling and Francine Clark Art Institute
STATEMENT OF CASH FLOWS
For the Year Ended June 30,

	2022	Comparative 2021
Operating activities		
Change in net assets	$ (77,102,324)	$ 155,635,558
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	7,005,670	7,038,946
Realized and unrealized losses (gains) on investments	58,046,063	(176,031,631)
Interest accrued on long term debt	5,728	5,558
Amortization of premium from long-term debt	(472,016)	(373,853)
Acquisitions for art and library collections	322,466	876,480
(Increase) decrease in operating assets:		
Unconditional promises to give	5,209,334	5,442,270
Other receivables	(711,404)	(825,442)
Inventory - museum shop	45,517	57,876
Prepaid expenses	112,394	(68,341)
Charitable trusts receivable	(457,813)	(333,950)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	888,624	286,397
Net cash provided (used) by operating activities	(7,107,761)	(8,290,132)
Investing activities		
Proceeds from net investment transactions	9,352,511	10,950,824
Payments for property and equipment	(841,208)	(709,894)
Principal payments on mortgages receivable	9,636	92,778
Acquisitions for art and library collections	(322,466)	(876,480)
Net cash provided (used) by investing activities	8,198,473	9,457,228
Financing activities		
Debt issuance costs	(195,888)	-
Proceeds from debt issuance	370,000	-
Principal payments on long-term debt	(1,135,000)	(885,000)
Net cash provided (used) by financing activities	(960,888)	(885,000)
Increase (decrease) in cash and cash equivalents	129,824	282,096
Cash and cash equivalents, beginning	3,131,819	2,849,723
Cash and cash equivalents, ending	$ 3,261,643	$ 3,131,819
Supplemental cash flow disclosure:		
Noncash transaction:		
Refund Series 2016 bonds	$ 15,000,000	$ -
Interest paid	$ 3,209,649	$ 3,303,800

See notes to financial statements.

STERLING AND FRANCINE CLARK ART INSTITUTE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities
The Sterling and Francine Clark Art Institute, (the "Clark") is a nonprofit charitable corporation which advances scholarship and the public understanding of art through the preservation, enhancement, presentation, and interpretation of its collections, and through a variety of programs that both address its diverse audiences and serve the art history and museum fields.

Income Taxes
The Clark is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code and state taxes under applicable state law. In addition, the Clark qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation under Section 509(a)(3).

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition. The Clark's tax returns are subject to examination by taxing authorities for all years ending on or after June 30, 2019.

Basis of Accounting and Financial Statement Presentation
The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds will be maintained in perpetuity.

Contributions
Contributions received (excluding Art and Library Collection items) are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

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. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support within net assets without donor restrictions.

Promises to Give
Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one

year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Clark uses an allowance method for promises to give based upon management's analysis of the accounts and prior collection experience.

Cash and Equivalents
For the purpose of the statement of cash flows, the Clark considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Inventories
Inventories are stated at the lower of acquisition cost or net realizable value. Cost is determined by the first-in, first-out method.

Investments
Investments are presented in the financial statements at fair value. Unrealized gains and losses are included in the changes in net assets. Investment categories and their respective valuations are:

Invested cash (Note 4) may comprise of cash and/or money market funds that are classified as long-term investments. Invested cash is valued at cost, which approximates fair value.

Corporate stocks, corporate and government bonds, mutual funds, and other publicly traded securities are generally valued based on the closing price listed on public securities pricing services.

Investments in privately held partnerships, including alternative investments such as private equity, real estate and hedge fund limited partnerships, and beneficial interest held by others are valued at fair value based on the NAV reported by the managers as described under Basis of Reporting following.

Basis of Reporting – Alternative investments
Marketable alternative investments include hedge funds and emerging market securities. Private investments, real estate, commodities and marketable alternative investments generally consist of funds and limited partnerships managed by external managers. These external investment vehicles often do not have quoted market prices. In the absence of quoted market prices, the fair value is determined by the external managers. Most of these external managers calculate the Clark's capital account or net assets value (NAV) in accordance with, or in a manner consistent with, US GAAP. As a practical expedient, the Clark is permitted under US GAAP to estimate the fair value of its investments managed by these external managers using the reported NAV provided by the external managers. Due to the inherent uncertainties of valuation, these estimated fair values may differ significantly from the values that would have been realized had a readily available market for these investments existed, and these differences could be material.

Basis of Reporting – Beneficial interest held by others
The supported organization reports its investments held in the pool at fair value in accordance with GAAP. Fair value is defined as the amount that would be received as a result of selling an asset or, the amount that would be paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants at the measurement date.

Certain investment vehicles held in the pool do not have quoted market prices. These include 1) hedge fund investments with managers of global long/short equities and absolute return strategies; 2) investments in venture capital, buyout, real asset and real estate partnerships; and 3) certain other commingled funds. In the absence of quoted market prices of these investment vehicles, the fair value is determined by the supported organization based on information provided by external managers. Most of these external managers calculate the supported organization's capital account or net asset value (NAV) in accordance with, or in a manner consistent with, GAAP. GAAP permits the supported organization to estimate the fair value of these investments by using the reported NAV provided by the external managers as a practical expedient. Due to the inherent uncertainties of valuation, these estimated fair values may differ significantly from the values that would have been reported had a readily available market for these investments existed, and these differences could be material.

NOTE 1 - (continued)

The Clark, with input from its investment managers, has performed due diligence in the valuation of its private equity, marketable alternative investments and beneficial interest held by others to ensure they are recorded at fair value as of June 30, 2022 and 2021.

Furthermore, while the Clark believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value could result in a different estimate of fair value at the reporting date.

Investment income is recorded as:

- A change in net assets with donor restrictions if the terms of the gift require that it be added to the principal of a permanent endowment fund;
- A change in net assets with donor restrictions if the terms of the gift impose restrictions on the current use of the income or net realized and unrealized gains or losses; and
- A change in net assets without donor restrictions in all other cases.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments and related activity reported on the financial statements.

Retirement Plans

The Sterling and Francine Clark Art Institute Retirement Plan ("Plan") is a Defined Contribution (Money Purchase) plan which was effective as of April 1, 1963. Employees who work at least 1,000 hours per year are eligible after completing one year of employment. The Clark's contributions to this plan totaled $508,743 and $499,703 for the years ended June 30, 2022 and 2021.

In October 2002, the Clark established a Supplemental Defined Contribution Plan for its Highly Compensated Employees. The Clark's contribution to this plan was $8,442 and $7,846 for the years ended June 30, 2022 and 2021.

Effective July 1, 2021, the Clark established supplemental executive retirement plan (SERP) for the Executive Director in recognition of service to the Clark. In accordance with Internal Revenue Code section 457(f), the plan is a nonqualified, employer funded deferred compensation plan. Vested accrued contributions are adjusted annually based on the investment performance of the endowment. At June 30, 2022, the balance in the SERP account was $200,089.

Property and Equipment

The Clark capitalizes all expenditures for property and equipment with a useful life greater than one year and a cost in excess of $5,000. Purchased equipment is recorded at cost. Donated equipment is recorded at fair market value at the date of the donation. Depreciation of buildings and equipment is provided over the estimated useful lives of the assets using the straight-line method.

Art and Library Collections and Deaccession

The Art and Library Collections, which were acquired through purchases and contributions since the Clark's inception, are included as an asset on the statement of financial position valued at a $1 and are not considered assets in the monetary sense. Purchased collection items are reported as non-operating items which decrease 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. Contributed collection items are excluded from the financial statements. Proceeds from deaccessions or insurance recovery are reflected as increases in the appropriate net asset classes.

The acquisition, accessioning, deaccessioning, care, and loans of works in the collections are conducted in a manner that conforms to the Clark's mission, complies with applicable law, and conforms to the AAM Code of Ethics for Museums.

NOTE 1 - (continued)

Deaccessioning of works in the collections is conducted in accordance with the AAMD Policy on Deaccessioning and the Clark's board-approved Collections Management Policy. The purpose of removing works of art from the permanent collection through sale, exchange, or other means is solely for the advancement of the Clark's mission and to strengthen the collection through the acquisition of more relevant and meaningful works for the permanent collection. Therefore, any assets accrued through deaccessioning shall be employed only to acquire additional accessioned works of art.

The Clark's policy is to maintain and continue to acquire significant, relevant and meaningful works of art for its collection and books for its library. Each item is cataloged, protected, secured, preserved, and cared for, and activities verifying their existence and assessing their condition are continuously performed.

Revenue Recognition

Admissions

Ticket sales, which are nonrefundable, are recognized as revenue upon the Clark fulfilling its obligation of admitting and presenting the service to each ticketholder. Accordingly, the performance obligation is satisfied at a point in time.

Memberships

The Clark offers one-year, nonrefundable, memberships for which benefits include discounts on admissions, at the museum shop, and on various programs. Revenue is recognized when the membership is purchased.

Contributions and Grants

The Clark recognizes contributions when cash, securities, or other assets; unconditional promises to give or non-exchange grants; or notification of a beneficial interest are received. Grants, which are exchange transactions, are recorded as services are provided. Conditional promises to give, 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.

Museum Shop Income

Museum shop sales are recognized at the time of purchase.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function which are summarized in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are:

- Buildings and Grounds expenses, including salaries and benefits, which are allocated on a square footage basis of the building and the location of the various programs and activities.
- Fundraising salaries and benefits which are allocated on a departmental basis as estimated percentages of time and effort of fundraising activities.

Advertising

The Clark expenses advertising costs as incurred. Advertising expense was $457,106 and $290,298 for the years ended June 30, 2022 and 2021.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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.

Subsequent Events

Management has evaluated subsequent events through November 9, 2022, the date which the financial statements were available for issue, and has determined that there are no additional adjustments or disclosures required.

Summarized Comparative Financial Information
The financial information for the year ended June 30, 2021, presented for comparative purposes, is not intended to be a complete financial statement presentation. Certain items in the comparative prior year totals may have been reclassified to conform to the current year presentation.

NOTE 2 - CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Clark to concentrations of credit risk, consist principally of cash and equivalents, invested cash, and short-term investments. The Clark maintains its cash and invested cash in various bank deposit accounts, which at times may exceed federally insured limits. Bank deposits at June 30, 2022 were $15,726,511 of which $1,933,509 was insured and $13,793,002 was uninsured. The Clark has not experienced any losses in such accounts. The credit risk in regard to its investments is outlined in Note 1.

NOTE 3 - CHARITABLE TRUSTS RECEIVABLE

The Clark has been named as the beneficiary of several remainder trust agreements for which a third party has been named as the trustee. Amounts to be collected within the next fiscal year are reported as current assets. The present value of amounts to be received in future fiscal years is reported as long-term assets, net of discount rates of 6% to 7%. Amortization of the discount and changes in actuarial assumptions are recorded as an increase or decrease in contribution income within the net assets with donor restrictions on the statement of activities.

NOTE 4 - INVESTMENTS

Investments are presented in the financial statements at fair value. The table below details the fair value investment category at June 30:

	2022	Comparative 2021
Invested cash	$ 12,306,134	$ 11,857,437
Beneficial interest held by others	449,638,619	516,742,460
Private investments - offshore	4,435,636	5,574,725
Real estate funds	4,171,106	3,775,447
Total long-term investments	$ 470,551,495	$ 537,950,069

NOTE 4 - (continued)

Investment returns are summarized as follows:

	2022	Comparative 2021
Net gain (loss) on investments	$ (58,046,063)	$ 176,031,631
Interest and dividends	2,848,513	1,418,941
Less share of investment pool expenses	(595,516)	(3,238,527)
Net investment return	$ (55,793,066)	$ 174,212,045
Investment support for operating activities	$ 15,855,988	$ 15,512,880
Net investment income (deficit) after operating support	(71,649,054)	158,699,165
Net investment return	$ (55,793,066)	$ 174,212,045

Beneficial interest held by others

In February 2017, the Clark entered into a participation agreement with a supported organization wherein the Clark agreed to transfer substantially all of its investment portfolio over to the supported organization to invest in the supported organization's investment pool. The supported organization will manage the investments on the Clark's behalf in accordance with the supported organization's investment policies and objectives which are closely aligned with the Clark's policies and objectives as disclosed in Note 11. The participation agreement is subject to the Clark's spending policy as disclosed and the balance of which is reflected as beneficial interest held by others included within long-term investments on the Statement of Financial Position.

Spending Policy

The Board directed spending policy is up to a 5% annual draw of a calculated average of the past 12 quarters of market value of investments. For the years ended June 30, 2022 and 2021, the annual draw to support operations and museum programs including board designated reserve funds for exhibitions and publications, and funding for capital improvements and equipment was $17.26 million and $16.56 million, respectively, while the annual draw to support a reserve fund available for art and library acquisitions was $230,000 and $195,000 for each year. Additional draws for non-operating expenses have been made with Board approval.

NOTE 5 - PROMISES TO GIVE

Unconditional Promises

Unconditional promises are included in the financial statements as pledges receivable and revenue in the appropriate net asset category. Pledges with a maturity of more than one year are recorded after discounting to the present value of the future cash flows using a discount rate of 7%.

NOTE 5 - (continued)

Unconditional promises on June 30 are expected to be realized in the following periods:

	2022	Comparative 2021
In one year or less	$ 765,667	$ 6,332,069
Between one year and five years	2,190,790	2,160,747
Less: Unamortized discount	(160,269)	(183,162)
Allowance for uncollectibles	(1,410,328)	(1,714,460)
Total	1,385,860	6,595,194
Portion to be realized within one year	(727,384)	(6,015,466)
Unconditional promises to give, long-term	$ 658,476	$ 579,728

The table below presents information about the changes in unconditional promises to give for the year ended June 30, 2022:

Balance July 1, 2021	$ 6,595,194
New promises received	1,718,044
Payments received	(7,254,402)
Change in discount included in contribution revenue	22,893
Change in allowance included in contribution revenue	304,131
Balance June 30, 2022	$ 1,385,860

NOTE 6 - PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT JUNE 30:

	2022	Comparative 2021
Land	$ 1,472,802	$ 1,472,802
Buildings and improvements	244,602,188	244,083,366
Furniture and equipment	9,507,745	9,314,684
Vehicles	214,588	214,588
Total	255,797,323	255,085,440
Accumulated depreciation and amortization	(72,346,982)	(65,358,106)
Subtotal	183,450,341	189,727,334
Construction in progress	400,319	265,500
Property and equipment, net	$ 183,850,660	$ 189,992,834

Depreciation and amortization expense was $7,005,670 and $7,038,946 for the years ended June 30, 2022 and 2021, respectively.

NOTE 7 - MORTGAGES RECEIVABLE - EMPLOYEES

The Clark has provided mortgage loans with below-market to market interest rates to employees for recruitment and retention purposes. The terms of these mortgage loans range from 18 to 20 years and the interest rates range from 2.125% to 2.89% per annum. Participating employees are required to make periodic principal and interest mortgage payments.

NOTE 8 - LONG-TERM DEBT CONSISTED OF THE FOLLOWING AT JUNE 30:

	2022	Comparative 2021
$20,160,000 Massachusetts Development Finance Agency Revenue Bonds Series 2015, due July 2036, interest only payments at 5% until 2032	$ 20,160,000	$ 20,160,000
$56,530,000 Massachusetts Development Finance Agency Revenue Bonds Series 2016, due July 2041, interest only payments at rates ranging from 2.375% to 5% until 2022	40,395,000	56,530,000
$150,000 note payable, due September 2034, interest accrued at 2.95% per annum, payable upon maturity	190,918	185,190
$15,370,000 Series 2022 tax-exempt refunding of Series 2016 stepped coupon bonds, due July 2041, interest only payments at 2.55% until 2037	15,370,000	-
Total long-term debt	76,115,918	76,875,190
Amortizable bond premiums and costs of issuance	5,691,958	6,359,862
Total notes payable plus amortizable costs of issuance	81,807,876	83,235,052
Amount due within one year	1,175,000	1,135,000
Amount due after one year	$ 80,632,876	$ 82,100,052

The above debt requires the following principal payments for the years ending June 30,

2023	$ 1,175,000
2024	1,240,000
2025	2,190,000
2026	2,335,000
2027	2,475,000
Thereafter through 2042	66,700,918
Total	$ 76,115,918

Interest expense paid for the years ended June 30, 2022 and 2021 was $3,215,378 and $3,309,356. Bond premiums and debt issuance costs are amortized over the life of the related underlying debt.

NOTE 9 - LINE OF CREDIT

The Clark has the ability to borrow up to $5 million on an unsecured line of credit with J.P. Morgan, at an "Adjusted SOFR Rate" (the "Note Rate") equal to the sum of the Applicable Margin, 0.80% per annum, plus the SOFR Rate applicable to the interest period, plus the Unsecured to Secured Rate Adjustment, 0.10% per annum, and at the rate of 3.00% per annum above the Note Rate at the Bank's option. The line of credit has a final maturity date of June 28, 2023. No funds were borrowed during the fiscal year ended June 30, 2022.

NOTE 10 - NET ASSETS CONSISTED OF THE FOLLOWING:

	Restricted as of June 30, 2021	Revenue (Losses) Year Ended June 30, 2022	Releases Year Ended June 30, 2022	Restricted as of June 30, 2022
Subject to expenditure for specified purpose:				
Research and academic programs	$ 861,070	$ 87,514	$ 54,784	$ 893,800
Museum programs	11,655,583	2,281,636	2,254,075	11,683,144
Capital expenditures	5,387,940	880,288	3,951,360	2,316,868
Total subject to expenditure for specified purpose	17,904,593	3,249,438	6,260,219	14,893,812
Subject to passage of time:	7,094,249	413,961	-	7,508,210
Subject to the Clark's spending policy and appropriation:				
Investment in perpetuity (including amounts above original gifts of $102.7 million) which, once appropriated, is expendable to support:				
Clark Fund, income expendable	21,723,701	-	-	21,723,701
Manton Fund, income purpose restricted	94,321,516	(9,448,718)	3,814,356	81,058,442
Starr Foundation, income purpose restricted	10,662,508	(1,056,813)	431,186	9,174,509
Other endowment funds, income purpose restricted	37,057,198	(3,471,665)	952,450	32,633,083
Total net assets with donor restrictions subject to the Clark' s spending policy and appropriation	163,764,923	(13,977,196)	5,197,992	144,589,735
Total net assets with donor restrictions	$ 188,763,765	$ (10,313,797)	$ 11,458,211	$ 166,991,757

Net assets without donor restrictions of $418,354,423 for the period ending June 30, 2022 includes $10,620,789 of Board Designated funds that are, in practice, used exclusively for the acquisition of art.

NOTE 11 - ENDOWMENTS

The Clark's endowment consists of individual funds restricted in perpetuity by donors, established for a variety of purposes. It does not include funds without donor restrictions designated by the Board of Trustees which do not function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 11 - (continued)

The Clark has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (MA UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the directive of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with MA UPMIFA, the Clark considers the following factors when making a determination to either appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Clark, and (7) the Clark's investment policies.

The Clark has adopted investment and spending policies, approved by the Board of Trustees, that attempt to provide a predictable stream of funding to programs supported by its endowment funds while maintaining its primary objective to ensure that the purchasing power of gifts and donations is preserved over time taking into account inflation, management fees, and distributions to support operations, capital expenditures, and acquisitions. Accordingly, the Clark's investment strategy is to pursue investments which will provide reasonably stable, long-term returns (income and appreciation). To accomplish this, the Clark's investment portfolio is invested in a diversified portfolio and the "total return" concept used in evaluating the portfolio's return and determining annual distributions. The Investment Spending Policy approved by the Board is disclosed in Note 4.

The Clark's investment policy's primary objectives are to achieve optimum rates of return commensurate with the preservation of principal, given the asset mix, credit quality, and specific diversification guidelines and restrictions. From time to time, the fair market value of assets associated with donor restricted endowment funds may fall below the amount of the principal or book value. In these circumstances and in compliance with relevant laws and regulations, the Board of Trustees may review spending and regulate this if necessary. The Board of Trustees will consider the preservation of capital, requirements of the specified program or activities, donor intent, and any other relevant issues.

As of the fiscal year-ending June 30, 2022, no donor restricted endowment funds are below the donor required principal amount.

Donor restricted endowment activity consisted of the following during the year ended June 30, 2022:

Endowment net assets, beginning of year	$ 163,764,923
Allocated investment return	
Investment income	715,657
Realized and unrealized gains (losses)	(14,583,425)
Less share of investment pool expenses	(149,619)
Total allocated investment return	(14,017,387)
Contributions	40,191
Released from restrictions	(5,197,992)
Subtotal	(19,175,188)
Endowment net assets, end of year	$ 144,589,735

NOTE 12 - FAIR VALUE MEASUREMENTS

The following methods and assumptions were used by the Clark in estimating its fair value disclosures.

Cash and equivalents: The carrying amounts reported in the Statement of Financial Position approximate fair values because of the short maturities of those instruments (Level 1).

Investments: The fair values of invested cash and marketable securities are based on quoted market prices for those or similar investments (Level 1).

Unconditional promises to give: The fair value of promises to give is estimated, at the time of the pledge, by calculating the present value of the future expected payments from the donors (Level 3) and applying an allowance for uncollectible.

Charitable Remainder Trust: The fair value of the charitable remainder trust receivable of $8,429,080 was estimated based upon the present value at 6% and the life expectancy tables for a required 6% annual payment to the trust benefactor. Information from the trustee is not readily available as to the current fair market value of the assets held in the trust (Level 3).

Alternative investments and beneficial interest held by others: In accordance with Subtopic 820-10, certain investments that are measured at fair value using the practical expedient have not been classified in the fair value hierarchy. As such, the fair value amounts of investments presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The estimated fair values of the Clark's financial assets, none of which are held for trading purposes, are as follows:

	NAV as Practical Expedient	Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Financial assets:				
Cash and equivalents	$ -	$ 3,261,643	$ -	$ 3,261,643
Unconditional promises to give	-	-	1,385,860	1,385,860
Charitable Remainder Trust	-	-	8,429,080	8,429,080
Subtotal	-	3,261,643	9,814,940	13,076,583
Investments:				
Invested cash	-	12,306,134	-	12,306,134
Beneficial interest held by others	449,638,619	-	-	449,638,619
Private investments - offshore	4,435,637	-	-	4,435,637
Real estate funds	4,171,105	-	-	4,171,105
Total Investments	458,245,361	12,306,134	-	470,551,495
Total Financial assets	$ 458,245,361	$ 15,567,777	$ 9,814,940	$ 483,628,078

Additional Fair Value Disclosure:

The Clark uses net asset value (NAV) to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value (e.g. private equity partnerships) and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following required disclosure lists these NAV type investments by major category.

NOTE 12 - (continued)

NAV Type Investments	Strategy	Fair Value	# of Funds/ Vehicles	Redemption Terms
Beneficial interest held by others	Diversified strategies - objective driven	$ 449,638,619	1	90 days notice
Private investments - offshore	Venture capital and LBOs - Offshore	4,435,637	11	N/A
Real estate and infrastructure	Real estate investments	4,171,105	2	N/A
Total NAV type investments		$ 458,245,361	14	

The 14 funds reported on the preceding schedule, excluding the beneficial interest held by others, have no remaining lock-up periods at June 30, 2022.

The Clark is obligated, under certain limited partnership agreements, to make additional capital contributions up to contractual levels. The timing and amounts of the contributions are determined by the general partners. As of June 30, 2022, the Clark's unfunded commitments total $523,416.

NOTE 13 - LIQUIDITY

The Clark's endowment funds consist of donor-restricted endowments and various investments ("investment pool"). Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 4, Spending Policy, the investment pool has a spending rate of up to 5 percent. $19 million of appropriations from the investment pool will be available within the next 12 months.

As part of the Clark's liquidity management, it has a policy to structure its liquid financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Clark shall have various sources of liquidity at its disposal to accomplish this, including cash and cash equivalents (business checking and sweep accounts), highly-liquid investments, money market accounts, current unconditional promises to give, other accounts receivable, and an available line of credit of $5 million. Financial assets in excess of daily cash requirements are to be invested in sweep accounts and money market funds.

Although the Clark does not intend to spend more from its investment pool other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process described in Note 4, Spending Policy, funds could be made available, if necessary, from the Clark's line of credit.

As stated in Note 4 - Investments, the Clark has funds in a beneficial interest held by others. In accordance with a participation agreement between the Clark and a supported organization, funds may be withdrawn with 90 days' notice.

Liquid financial assets will not include amounts that are not available for general use because of external limits such as contractual or donor-imposed restrictions or internal actions from the Board of Trustees such as Board Designated Net Assets.

An analysis will be performed at least quarterly to ensure that there are sufficient liquid assets available to meet 60 days of general expenditures and current debt payments and to also consider any Institute-wide risks and the effect

NOTE 13 - (continued)

they may have on liquidity. Risks to consider may include, but are not limited to, recently passed or pending legislation, the status of the Clark's financial situation, timeliness of payments of pledges receivable from grants and donors, political climate, economic trends, and the condition of financial markets.

The following reflects the Clark's financial assets as of the date of the statement of financial position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the statement of financial position. Amounts already appropriated from the donor-restricted endowment for general expenditure within one year of the date of the statement of financial position have not been subtracted as unavailable.

	2022	Comparative 2021
Financial assets at June 30:		
Cash and cash equivalents	$ 3,261,643	$ 3,131,819
Contributions receivable	1,385,860	6,595,194
Other receivables	2,144,898	1,433,494
Investments	470,551,495	537,950,069
Total financial assets	477,343,896	549,110,576
Less amounts not available to be used within one year:		
Net assets with donor restrictions	166,991,757	188,763,765
Less net assets with purpose restrictions to be met in less than a year	(700,668)	(1,267,070)
Total amount not available to be used within one year	166,291,089	187,496,695
Less amounts set aside for operating and other reserves that can be drawn upon if the Board of Directors approves such action:		
Acquisition of art	10,620,789	11,864,673
Total amounts set aside for operating and other reserves	10,620,789	11,864,673
Add endowment fund appropriation for following year	19,013,042	17,487,838
Financial assets available to meet general expenditures over the next twelve months	$ 319,445,060	$ 367,237,046

NOTE 14 - CARES ACT

As part of the Cares Act (2020), the Consolidated Appropriations Act (2021), and the American Rescue Plan Act, the Clark was able to apply for employee retention credits (ERC) for the period March 13, 2020 through September 30, 2021.

The CARES Act (2020) allowed for a payroll tax credit in the amount of 50% of qualified wages paid up to $10,000 per employee annually for wages paid between March 13, 2020 and December 31, 2020.

NOTE 14 - (continued)

The Consolidated Appropriations Act (2021) increased the credit to 70% of qualified wages paid up to $10,000 per employee per quarter, January 1, 2021 through June 30, 2021. The American Rescue Plan Act extended the credit through September 30, 2021.

In fiscal year 2022 and 2021, the Clark submitted for an ERC of $737,811 and $1,367,139, respectively, which is reported separately on the statement of activities and included within other receivables on the statement of financial position.