

**THE HENRY E. HUNTINGTON
LIBRARY AND ART GALLERY**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

CONTENTS

| | Page |
|--|-------------|
| Independent Auditor's Report..... | 1 |
| Statement of Financial Position..... | 3 |
| Statement of Activities..... | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows..... | 6 |
| Notes to Financial Statements..... | 7 |



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

**AUDIT
AND
ASSURANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Henry E. Huntington Library and Art Gallery

Opinion

We have audited the financial statements of The Henry E. Huntington Library and Art Gallery ("The Huntington"), which comprise the statement of financial position as of June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of The Huntington as of June 30, 2024, and the changes in the 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Huntington 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 The Huntington's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

To the Board of Trustees
The Henry E. Huntington Library and Art Gallery

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 GAAS, 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 The Huntington'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 The Huntington'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 Huntington's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

November 21, 2024
Los Angeles, California

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

STATEMENT OF FINANCIAL POSITION June 30, 2024 With Summarized Totals at June 30, 2023

| | 2024 | 2023 |
|---|-------------------------|-----------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 34,179,009 | \$ 19,880,447 |
| Short-Term Investments | 157,089,729 | 96,155,971 |
| Accounts and Other Receivables | 1,393,193 | 991,492 |
| Contributions and Grants Receivable, Net | 26,533,192 | 13,718,785 |
| Prepaid Expenses | 1,282,428 | 1,057,703 |
| Inventories | 1,363,540 | 1,111,867 |
| Long-Term Investments (Not Pooled) | 21,371,697 | 19,811,856 |
| Pooled Investments | 688,681,449 | 655,356,804 |
| Endowment Investments - Other | 712,621 | 682,138 |
| Beneficial Interests in Trusts and Annuities | 25,375,760 | 25,944,461 |
| Real Estate | 1,533,049 | 1,533,049 |
| Property and Equipment, Net | 117,053,279 | 123,924,356 |
| Library, Art and Botanical Collections | - | - |
| TOTAL ASSETS | \$ 1,076,568,946 | \$ 960,168,929 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES: | | |
| Accounts Payable and Accrued Expenses | \$ 12,026,745 | \$ 12,261,286 |
| Obligations Under Unitrust and Annuity Agreements | 10,295,806 | 10,176,499 |
| TOTAL LIABILITIES | 22,322,551 | 22,437,785 |
| NET ASSETS: | | |
| Without Donor Restrictions | 436,549,970 | 410,220,356 |
| With Donor Restrictions | 617,696,425 | 527,510,788 |
| TOTAL NET ASSETS | 1,054,246,395 | 937,731,144 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,076,568,946 | \$ 960,168,929 |

The Accompanying Notes are an Integral Part of These Financial Statements

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

STATEMENT OF ACTIVITIES Year Ended June 30, 2024 With Summarized Totals for the Year Ended June 30, 2023

| | 2024 | | | 2023 |
|--|-------------------------------|----------------------------|------------------|----------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| REVENUE AND SUPPORT: | | | | |
| Board Designated Investment Returns to Fund Operations | \$ 16,032,025 | \$ - | \$ 16,032,025 | \$ 15,992,955 |
| Individual, Corporate, Grant and Foundation Contributions | 31,201,093 | 83,552,214 | 114,753,307 | 106,463,364 |
| Fees, Auxiliary Services, Sales and Other Revenue | 26,234,179 | - | 26,234,179 | 21,641,443 |
| Investment Return from Working Capital | 7,095,686 | 1,498 | 7,097,184 | 3,181,739 |
| TOTAL REVENUE AND SUPPORT | 80,562,983 | 83,553,712 | 164,116,695 | 147,279,501 |
| Net Assets Released from Restrictions | 32,458,092 | (32,458,092) | - | - |
| TOTAL REVENUE AND SUPPORT AND NET ASSETS RELEASED FROM RESTRICTIONS | 113,021,075 | 51,095,620 | 164,116,695 | 147,279,501 |
| EXPENSES: | | | | |
| Program | 67,695,880 | - | 67,695,880 | 62,897,198 |
| Supporting | 17,202,595 | - | 17,202,595 | 16,892,335 |
| Cost of Sales and Auxiliary Services | 9,039,385 | - | 9,039,385 | 7,405,094 |
| TOTAL EXPENSES | 93,937,860 | - | 93,937,860 | 87,194,627 |
| CHANGE IN NET ASSETS BEFORE OTHER ITEMS | 19,083,215 | 51,095,620 | 70,178,835 | 60,084,874 |
| OTHER ITEMS: | | | | |
| Investment Return, Net | 23,936,188 | 40,707,711 | 64,643,899 | 57,772,780 |
| Change in Value of Split Interest Agreements | (657,764) | (843,114) | (1,500,878) | (609,706) |
| Gain From Sale of Assets and Adjustments | - | 423 | 423 | 91,941 |
| Gifts Restricted for Acquisitions | - | 6,522,577 | 6,522,577 | 2,693,091 |
| Acquisition of Collections | (7,297,580) | - | (7,297,580) | (2,693,091) |
| Net Assets Released from Restriction to Fund Non-Operating Acquisitions | 7,297,580 | (7,297,580) | - | - |
| Board Designated Investment Returns Released to Fund Operations | (16,032,025) | - | (16,032,025) | (15,992,955) |
| TOTAL OTHER ITEMS | 7,246,399 | 39,090,017 | 46,336,416 | 41,262,060 |
| CHANGE IN NET ASSETS | 26,329,614 | 90,185,637 | 116,515,251 | 101,346,934 |
| Net Assets - Beginning of Year | 410,220,356 | 527,510,788 | 937,731,144 | 836,384,210 |
| NET ASSETS - END OF YEAR | \$ 436,549,970 | \$ 617,696,425 | \$ 1,054,246,395 | \$ 937,731,144 |

The Accompanying Notes are an Integral Part of These Financial Statements

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024
With Summarized Totals for the Year Ended June 30, 2023

| | Programs | | | | | | Supporting Services | | Cost of Sales | Allocated Expenses | 2024 Total | 2023 Total |
|--|---------------|--------------|---------------|---------------|--------------|-----------------|---------------------|--------------|---------------|--------------------|---------------|---------------|
| | Library | Research | Art | Botanical | Exhibitions | Public Services | Administrative | Fundraising | | | | |
| Acquisitions | \$ 1,536,592 | \$ - | \$ 783,000 | \$ 23,055 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,342,647 | \$ 3,348,584 |
| Conservation | 176,958 | - | 7,117 | 13,410 | 24,156 | - | - | - | - | - | 221,641 | 98,108 |
| Cost of Merchandise and Services | - | - | - | - | - | 379 | - | - | 3,873,959 | - | 3,874,338 | 2,912,036 |
| Grants Awarded | 7,000 | 1,950,544 | - | - | 5,000 | 16,000 | - | - | - | - | 1,978,544 | 2,048,462 |
| Insurance | 2,500 | - | - | - | - | - | 1,121,887 | - | - | - | 1,124,387 | 1,072,123 |
| Maintenance and Repair | 1,228 | - | 24,871 | 1,337,359 | 17,039 | 2,019 | 487,331 | 1,220 | 3,487 | 1,615,471 | 3,490,025 | 4,425,051 |
| Outside Services | 75,531 | 159,322 | 311,200 | 1,154,167 | 1,574,228 | 1,021,817 | 1,050,472 | 370,928 | 264,725 | 1,409,174 | 7,391,564 | 5,705,288 |
| Professional and Institutional Development | 203,110 | 414,010 | 212,827 | 230,890 | 126,637 | 239,905 | 341,456 | 1,809,557 | 155,324 | 170,202 | 3,903,918 | 3,321,109 |
| Professional Services | 9,963 | 4,500 | 21,847 | 14,219 | 11,475 | 8,260 | 446,672 | 41,658 | 6,264 | 17,199 | 582,057 | 1,700,685 |
| Salaries and Benefits | 7,028,776 | 866,285 | 2,450,761 | 8,183,137 | 465,439 | 4,096,962 | 5,034,670 | 3,609,116 | 3,045,237 | 10,703,029 | 45,483,412 | 40,419,631 |
| Supplies, Materials, Equipment and Other | 497,009 | 26,235 | 116,023 | 1,324,799 | 66,829 | 165,825 | 745,454 | 649,589 | 955,256 | 2,229,235 | 6,776,254 | 5,506,723 |
| Utilities | 702 | - | 53 | 455,553 | 379 | 3,354 | 11,346 | 7,607 | 379 | 2,953,384 | 3,432,757 | 3,618,662 |
| SUBTOTAL BEFORE ALLOCATED EXPENSES | 9,539,369 | 3,420,896 | 3,927,699 | 12,736,589 | 2,291,182 | 5,554,521 | 9,239,288 | 6,489,675 | 8,304,631 | 19,097,694 | 80,601,544 | 74,176,462 |
| Security, Maintenance, and Operations | 7,081,427 | 181,428 | 3,823,358 | 3,918,846 | - | 2,398,670 | 821,201 | 296,014 | 576,750 | (19,097,694) | - | - |
| SUBTOTAL | 16,620,796 | 3,602,324 | 7,751,057 | 16,655,435 | 2,291,182 | 7,953,191 | 10,060,489 | 6,785,689 | 8,881,381 | - | 80,601,544 | 74,176,462 |
| Depreciation | 3,464,905 | 49,703 | 2,896,697 | 5,700,418 | - | 710,172 | 274,748 | 81,669 | 158,004 | - | 13,336,316 | 13,018,165 |
| TOTAL 2024 EXPENSES | \$ 20,085,701 | \$ 3,652,027 | \$ 10,647,754 | \$ 22,355,853 | \$ 2,291,182 | \$ 8,663,363 | \$ 10,335,237 | \$ 6,867,358 | \$ 9,039,385 | \$ - | \$ 93,937,860 | |
| TOTAL 2023 EXPENSES | \$ 18,375,569 | \$ 3,505,355 | \$ 10,228,792 | \$ 21,368,856 | \$ 1,374,543 | \$ 8,044,083 | \$ 10,904,754 | \$ 5,987,581 | \$ 7,405,094 | | | \$ 87,194,627 |
| TOTAL PROGRAMS | | | | | | | | | | | \$ 67,695,880 | \$ 62,897,198 |
| TOTAL SUPPORTING SERVICES | | | | | | | | | | | \$ 17,202,595 | \$ 16,892,335 |
| TOTAL COST OF SALES | | | | | | | | | | | \$ 9,039,385 | \$ 7,405,094 |

The Accompanying Notes are an Integral Part of These Financial Statements

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2024

With Summarized Totals for the Year Ended June 30, 2023

| | 2024 | 2023 |
|---|-----------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in Net Assets | \$ 116,515,251 | \$ 101,346,934 |
| Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 13,336,316 | 13,018,165 |
| Amortization of Pledge Discounts | 1,008,375 | (216,716) |
| Receipt of Contributed Securities | (43,935,394) | (3,024,545) |
| Contributions for Long-Term Investment | (17,243,637) | (63,954,796) |
| Net Realized and Unrealized Gains | (54,584,621) | (50,354,972) |
| Changes in Operating Assets and Liabilities: | | |
| Accounts and Other Receivables, Including Accrued Investment Income | (459,812) | (416,917) |
| Contributions and Grants Receivable | (13,822,782) | 9,244,667 |
| Prepaid Expenses | (224,725) | (638,691) |
| Inventories | (251,673) | (215,494) |
| Accounts Payable and Accrued Expenses | (33,849) | (2,582,486) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>303,449</u> | <u>2,205,149</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from Sales and Maturities of Investments | 382,710,542 | 650,976,116 |
| Proceeds from Sales of Contributed Securities | 43,935,394 | 3,024,545 |
| Purchases of Investments | (425,570,511) | (736,479,140) |
| Purchases of Property and Equipment | (6,665,930) | (12,583,648) |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(5,590,505)</u> | <u>(95,062,127)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Contributions for Long-Term Investment | 17,243,637 | 63,954,796 |
| Change in Beneficial Interests in Trusts and Annuities | 2,341,981 | 1,397,671 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | <u>19,585,618</u> | <u>65,352,467</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 14,298,562 | (27,504,511) |
| Cash and Cash Equivalents - Beginning of Year | <u>19,880,447</u> | <u>47,384,958</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u><u>\$ 34,179,009</u></u> | <u><u>\$ 19,880,447</u></u> |
| SUPPLEMENTAL CASH FLOW INFORMATION: | | |
| Purchases of Property and Equipment Financed by Accounts Payable | <u><u>\$ -</u></u> | <u><u>\$ 200,691</u></u> |

The Accompanying Notes are an Integral Part of These Financial Statements

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - ORGANIZATION

The Henry E. Huntington Library and Art Gallery ("The Huntington") is a California nonprofit charitable trust created in 1919 by Henry E. Huntington to share its world-renowned collections to support scholarship, foster learning, inspire creativity, and offer transformative experiences for diverse audiences.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

(b) BASIS OF PRESENTATION

The Huntington classifies its net assets in the following categories:

- **Net Assets Without Donor Restrictions.** Net assets without donor restrictions include resources not subject to donor-imposed stipulations. The Board of Trustees ("Board") may elect to designate such net assets for specific purposes or to function as endowment. This designation may be removed at the Board's discretion.
- **Net Assets With Donor Restrictions.** Net assets with donor restrictions include resources that are subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of The Huntington pursuant to these stipulations ("restricted by purpose or time"). These also include net assets that are subject to donor-imposed stipulations that must be maintained in perpetuity while permitting The Huntington to use or expend part or all of the income derived from the donated assets ("restricted in perpetuity"). As the restrictions are satisfied, net assets restricted by purpose or time are reclassified to net assets without donor restrictions and reported in the accompanying financial statements as net assets released from restrictions.

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) CASH AND CASH EQUIVALENTS

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Huntington maintains its cash and cash equivalents with major financial institutions. Accounts at these institutions are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 for each bank. The Huntington is exposed to credit risk for amounts held in excess of the FDIC limit. The Huntington does not anticipate nonperformance by these institutions and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

(d) SHORT-TERM INVESTMENTS

Short-term investments are comprised of money market mutual funds, short term commercial paper and government bonds. The Huntington's short-term investments are measured at fair value using quoted prices that represent Level 1 inputs.

(e) INVENTORIES

Inventories are reported at the lower of cost or market on a first-in, first-out ("FIFO") basis and consist of items held by The Huntington Store.

(f) LONG-TERM INVESTMENTS (NOT POOLED)

Long-term investment assets are comprised of a fixed income mutual fund. This investment is not an endowment investment, and, therefore, not included in the pooled investments. The Huntington's long-term investments (not pooled) are measured at fair value using quoted prices that represent Level 1 inputs.

(g) POOLED INVESTMENTS

Pooled investment assets are comprised of publicly and not publicly traded securities. Investments with a readily determinable market value are stated at fair value; hedge funds and limited partnerships are also stated at fair value. Other investments including real estate are stated at cost. Gains or losses and investment income on investments are reported in the statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation (within net assets with donor restrictions). Interest and dividends are accrued as earned or declared.

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) ENDOWMENT INVESTMENTS - OTHER

The Huntington is the beneficiary of a life insurance policy with a cash surrender value. Once certain conditions are met, the investments would become part of the endowment pooled investments.

(i) BENEFICIAL INTERESTS IN TRUSTS AND ANNUITIES

These assets are comprised of publicly traded securities and investments held by a third-party trust. The Huntington has beneficial interests in various split-interest agreements. Interests in the gift annuity fund, pooled income fund, and charitable remainder trusts are stated at fair value, with a corresponding liability for the present value of estimated future payments, using discount rates ranging from 1 to 9 percent and life expectancy tables, to the beneficiary(ies) other than The Huntington. A reserve account is maintained for the gift annuity fund in compliance with California Department of Insurance regulations.

The gains or losses and investment income on split-interest agreements are reported in the statement of activities as investment return, net. Changes in the value of the related obligations under unitrust and annuity agreements are reported as change in the value of split interest agreements on the statement of activities. When The Huntington is named as trustee under the terms of a split-interest agreement, the agreement is recorded at the fair value of the trust on the date of the trust; a corresponding liability is recorded to recognize the present value of expected future cash flows to be paid to the beneficiary(ies). When The Huntington is not named as trustee under the terms of a split-interest agreement in which it has a beneficial interest, the agreement is recorded when The Huntington is notified of the beneficial interest and when the market value of the agreement can be readily ascertained.

(j) PROPERTY AND EQUIPMENT, NET

Property and equipment are recorded at cost less accumulated depreciation. The Huntington's policy is to capitalize property and equipment with a cost of over \$10,000 and with a useful life of more than one year. Depreciation is computed on a straight-line basis over the estimated useful lives of the buildings and building improvements (10-30 years), equipment and vehicles (3-15 years), and land improvements (15-25 years).

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) REVENUES AND REVENUE RECOGNITION

Fees, auxiliary services, sales, and other revenues include admissions, gift shop sales, plant sales, fees for reproducing Huntington images, commission fees from the food services provider, fees for filming on The Huntington property, and revenues from other supporting services. Such revenues are measured based on considerations specified in a contract with a customer. The Huntington recognizes revenue when it satisfies a performance obligation by transferring control over a promised good or service to a customer. The Huntington's principal activities resulting in contracts with customers include admissions, retail operation sales, and benefits received from memberships.

Admissions

The performance obligation related to admissions is to provide customers with access to The Huntington on a specific date. Admissions are based on published rates, and tickets are nonrefundable. Customers either pay at the time of purchase on-site at The Huntington or online. The Huntington recognizes revenue from admissions on the date of purchase.

Retail Operation Sales

The performance obligation related to retail operation sales is to provide the customer with the goods purchased. The transaction price is the stated retail price unless the customer is a member, researcher, volunteer or staff, and a discount is provided. The discounts provided are not significant. The Huntington recognizes revenue from retail sales in the period the goods are provided.

Membership

Membership dues are based on fixed rate schedules at the beginning of the membership year and are nonrefundable. Membership dues are comprised of an exchange element based upon the benefits provided to a member and a contribution element for the portion of the membership dues received in excess of the member benefits. The Huntington determines the value of the membership benefits based on the fair value of the benefits provided in combination with historical data indicating member utilization of the benefits. The Huntington recognizes revenue upon receipt or commitment of the entire value of the membership since there is not a significant variance in revenue recognized between recording membership revenue upon receipt as compared to recognizing membership revenues on a pro rata basis over the membership period.

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) CONTRIBUTIONS AND GRANTS

The Huntington recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are those with a measurable performance or other barrier and a right of return and are not recognized until the conditions on which they depend have been met. Contributions are recorded at fair value, and in the case of pledges, are recorded at the present value of their estimated future cash flows. The Huntington evaluated the collectability of contributions and grants receivable at June 30, 2024, and determined that no allowance for doubtful pledges was necessary.

Unconditional contributions and grants are recorded as revenue when executed, and other contributions are recorded when received. The Huntington records gifts of cash and other assets as contributions with donor restrictions if they are received with stipulations from the donor that limit their use or are to be received in the future.

(m) CONTRIBUTED SERVICES

A substantial number of volunteers have donated significant amounts of time and services to The Huntington's program operations. Contributed services are recognized by The Huntington if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The services donated by volunteers are not reflected in the accompanying financial statements as an expense or as income from donations; such services do not meet the above criteria for recording under U.S. GAAP.

(n) USE OF ESTIMATES

The preparation of the 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. While management believes that these estimates are adequate as of June 30, 2024, it is possible that actual results could differ from those estimates.

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) IMPAIRMENT OF LONG-LIVED ASSETS

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable. The review of recoverability is based on management's estimate of the undiscounted future cash flows that are expected to result from the asset's use and eventual disposition. If an impairment event exists due to the projected inability to recover the carrying value of an asset or asset group, an impairment loss is recognized to the extent that the carrying value exceeds estimated fair value. No impairment provision was recorded by The Huntington during the year ended June 30, 2024.

(p) TAXES

The Huntington follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Huntington is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Huntington has also been recognized by the California Franchise Tax Board as exempt from California franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Huntington has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Huntington has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. There have been no material related tax penalties or interest, which would be classified as a tax expense in the statement of activities.

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) FUNCTIONAL EXPENSE REPORTING

The costs of providing The Huntington's programs and other activities have been presented in the statement of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on established cost allocation policies, such as proportionate square footage or other methods.

(r) COMPARATIVE TOTALS

The financial statements include certain prior year summarized information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with The Huntington's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

(s) NEW ACCOUNTING PRONOUNCEMENTS

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss impairment methodology previously used for certain financial instruments with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates in their measurement. The guidance has subsequently been amended through a series of targeted ASUs. The Huntington implemented the ASU and the related amendments during the year ended June 30, 2024 using the modified retrospective method, and their adoption had no material impact on the financial statements.

(t) SUBSEQUENT EVENTS

The Huntington has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2024 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 21, 2024, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 3 - POOLED INVESTMENTS

The investments of The Huntington include endowments required to be held in perpetuity and funds established by the Board to function as endowment. Investment returns related to the assets of endowments required to be held in perpetuity are classified depending on donor stipulation.

The endowment fund investments are managed on a total return basis to provide both income and capital appreciation. Under The Huntington's endowment spending policy, a spending rate is assessed against endowments that support certain activities, consistent with an annual budget approved by the Board of Trustees. The spending policy allows for the expenditure of a prudent amount of the total investment return over a period of time that preserves the future purchasing power of endowment principal.

The Huntington currently appropriates for distribution each year 5% of its average endowment funds market value by averaging the fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned.

The following schedule summarizes the investment return in the pooled investments and investments from beneficial interest in trusts and annuities:

| | Without Donor Restrictions | With Donor Restrictions | Total 2024 | Total 2023 |
|--------------------------------------|-------------------------------|----------------------------|----------------------|----------------------|
| Pooled Investment Returns | | | | |
| Dividend and Interest | \$ 5,308,135 | \$ 9,013,665 | \$ 14,321,800 | \$ 11,583,284 |
| Net Realized and Unrealized Gains | 20,209,021 | 34,375,600 | 54,584,621 | 50,354,972 |
| External Fees | (1,580,968) | (2,681,554) | (4,262,522) | (4,165,476) |
| INVESTMENT RETURN | \$ 23,936,188 | \$ 40,707,711 | \$ 64,643,899 | \$ 57,772,780 |

The pooled endowment fund portfolio includes cash and cash equivalents of \$32,781,578 and \$17,246,001 at June 30, 2024, and 2023, respectively, and short-term investments of \$31,939,992 and \$31,626,920 at June 30, 2024 and 2023, respectively.

Pooled investments other than cash comprised the following:

| | 2024 | 2023 |
|--|-----------------------|-----------------------|
| Domestic Equities | \$ 223,457,850 | \$ 175,841,380 |
| Global Equities | - | 26,345,323 |
| International Equities | 106,207,414 | 98,152,119 |
| Emerging Marketing Investments | 65,095,853 | 57,331,713 |
| Marketable Alternative Investments | 43,472,070 | 54,277,443 |
| Non-Marketable Alternative Investments | 140,141,784 | 138,613,018 |
| Fixed Income | 82,912,592 | 78,198,438 |
| Real Asset Fund | 27,272,922 | 26,534,513 |
| Accrued Interest and Dividends | 120,964 | 62,857 |
| TOTAL POOLED INVESTMENTS | \$ 688,681,449 | \$ 655,356,804 |

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 4 - FAIR VALUE OF INVESTMENTS

FASB ASC 820, *Fair Value Measurements*, defines fair value, established a framework used to measure fair value, and expands disclosures about fair value measurements. The standard prioritized, within the measurement of fair value, the use of market-based information over entity-specific information and established a three-level hierarchy for fair value measurement based on the transparency of information, such as the pricing source used in the valuation of an asset or liability as of the measurement date.

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

Level 1 - Quoted prices in active markets for identical investments as of the reporting date, without adjustment.

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

Level 3 - Pricing inputs are unobservable for the investment, and includes situations where there is little, if any, market activity for the investment. Investments that are included in this category generally include privately held investments and securities held in partnership format.

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The Huntington evaluates its hierarchy disclosures each reporting period and based on various factors, it is possible that an asset or liability may be classified differently from period to period. However, The Huntington expects that changes in classifications between different levels will be rare.

The Huntington's valuation methodology used for alternative investments measured at fair value is based on net asset value ("NAV") of shares held by The Huntington at year-end. There have been no changes in the methodology used at June 30, 2024. The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although The Huntington 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 fair value measurement at the reporting date.

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 4 - FAIR VALUE OF INVESTMENTS (continued)

The following table summarizes the valuation of The Huntington's investments by the ASC 820 fair value hierarchy levels as of June 30:

| | Level 1 | Level 2 | Level 3 | Investments Measured at NAV | Total 2024 | Total 2023 |
|---|----------------|---------|--------------|-----------------------------------|----------------|----------------|
| Money Market Mutual Funds | \$ 8,528,041 | \$ - | \$ - | \$ - | \$ 8,528,041 | \$ 5,326,567 |
| Commercial Paper | 72,721,146 | - | - | - | 72,721,146 | 44,654,616 |
| Government Bonds | 75,840,542 | - | - | - | 75,840,542 | 46,174,788 |
| Total Short-Term Investments | \$ 157,089,729 | \$ - | \$ - | \$ - | \$ 157,089,729 | \$ 96,155,971 |
| Fixed Income | \$ 21,371,697 | \$ - | \$ - | \$ - | \$ 21,371,697 | \$ 19,811,856 |
| Total Long-Term Investments (Not Pooled) | \$ 21,371,697 | \$ - | \$ - | \$ - | \$ 21,371,697 | \$ 19,811,856 |
| Domestic Equities | \$ 163,229,033 | \$ - | \$ - | \$ 60,228,817 | \$ 223,457,850 | \$ 175,841,380 |
| Global Equities | - | - | - | - | - | 26,345,323 |
| International Equities | - | - | - | 106,207,414 | 106,207,414 | 98,152,119 |
| Emerging Markets Investments | 10,496,967 | - | - | 54,598,886 | 65,095,853 | 57,331,713 |
| Marketable Alternative Investments | - | - | - | 43,472,070 | 43,472,070 | 54,277,443 |
| Non-Marketable Alternative Investments | - | - | - | 140,141,784 | 140,141,784 | 138,613,018 |
| Fixed Income | 43,285,870 | - | - | 39,626,722 | 82,912,592 | 78,198,438 |
| Real Asset Funds | - | - | - | 27,272,922 | 27,272,922 | 26,534,513 |
| Accrued Interest And Dividends | 120,964 | - | - | - | 120,964 | 62,857 |
| Total Pooled Investments | \$ 217,132,834 | \$ - | \$ - | \$ 471,548,615 | \$ 688,681,449 | \$ 655,356,804 |
| Total Beneficial Interest In Trusts and Annuities | \$ 21,728,522 | \$ - | \$ 3,647,238 | \$ - | \$ 25,375,760 | \$ 25,944,461 |
| Total Endowment Investments - Other | \$ - | \$ - | \$ 712,621 | \$ - | \$ 712,621 | \$ 682,138 |
| Total Obligations under Unitrust And Annuity Agreements | \$ 10,295,806 | \$ - | \$ - | \$ - | \$ 10,295,806 | \$ 10,176,499 |

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 4 - FAIR VALUE OF INVESTMENTS (continued)

The Huntington uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) to prepare their financial statements consistent with the measurement principles of an investment company or which have the attributes of an investment company. Per Accounting Standards Update ("ASU") 2009-12, the following table lists investment in other investment companies (in partnership or fund format) by major category:

| Category | Strategy | Fair Value at June 30, 2024 | Amount Of Unfunded Commitments | Redemption Terms | Redemption Restrictions |
|--|---|--------------------------------|--------------------------------------|---|--|
| Domestic Equities | Open end manager investing in public companies | \$ 60,228,817 | N/A | Monthly on the last business day, with 60 days written notices. GP may erect a gate on redemptions | N/A |
| International Equities | Open ended and closed end fund managers investing in public companies | \$ 106,207,414 | N/A | Monthly 7 to 10 business day notice | N/A |
| Emerging Markets Investments | Open end fund manager investing in public companies | \$ 54,598,886 | N/A | 60 day written notice | N/A |
| Marketable Alternative Investments | Investments with managers who use alternative strategies, including hedging, to provide returns with reduced volatility compared to the equity and bond markets | \$ 43,472,070 | - | 1 funds 45-90 day notice, annual only; 2 funds 30-90 day notice, calendar quarter-end; 1 is other time period | 2 funds have side pockets; 1 fund has lock-up 6 months; 1 has redemption gates 10%-33% |
| Non-Marketable Alternative Investments | Illiquid investments in privately held companies which are expected to produce returns in excess of traditional equities | \$ 140,141,784 | \$ 52,155,892 | N/A | 3-13 year lockup, with 2-4 years extension |
| Fixed Income | Closed end fund manager investing in public companies | \$ 39,626,722 | N/A | Monthly 10 business day notice and Quarterly with a 60 day written notice | N/A |
| Real Asset Funds | Investments that will provide protection from the long-term effects of inflation | \$ 27,272,922 | \$ 21,072,787 | N/A | 19 funds have 5-15 year lock-up with 1-2 year extensions |

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 5 - CONTRIBUTIONS AND GRANTS RECEIVABLE

Unconditional promises to give are included in the financial statements as contributions and grants receivable, and revenue is recorded in the appropriate net asset category. Certain promises to give are recorded after discounting, at a rate between 0.4% and 9.4% at June 30, 2024, at the present value of the future cash flows. As of June 30, unconditional promises to give are expected to be realized in the following periods:

| | 2024 | 2023 |
|---|----------------------|----------------------|
| Amount Due in: | | |
| Less Than One Year | \$ 16,145,023 | \$ 10,715,255 |
| Two To Five Years | 13,607,513 | 5,114,500 |
| More Than Five Years | 100,000 | 200,000 |
| Contributions and Grants Receivable-Gross | 29,852,536 | 16,029,755 |
| Less Present Value Discount | (3,319,344) | (2,310,970) |
| CONTRIBUTIONS AND GRANTS RECEIVABLE, NET | \$ 26,533,192 | \$ 13,718,785 |

There were no conditional promises to give as of June 30, 2024 and 2023.

NOTE 6 - PROPERTY AND EQUIPMENT

At June 30, property and equipment consist of the following:

| | 2024 | 2023 |
|-------------------------------------|-----------------------|-----------------------|
| Land | \$ 2,082,008 | \$ 2,082,008 |
| Land Improvements | 80,632,691 | 80,260,983 |
| Buildings and Improvements | 212,951,709 | 200,930,912 |
| Equipment and Vehicles | 26,750,623 | 26,556,089 |
| Construction in Progress | 7,761,370 | 13,883,169 |
| TOTAL PROPERTY AND EQUIPMENT | 330,178,401 | 323,713,161 |
| Less Accumulated Depreciation | (213,125,122) | (199,788,805) |
| PROPERTY AND EQUIPMENT, NET | \$ 117,053,279 | \$ 123,924,356 |

Depreciation expense amounted to \$13,336,316 and \$13,018,165 for the years ended June 30, 2024, and 2023, respectively.

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 7 - NET ASSETS

Net assets consist of the following:

| | 2024 | 2023 |
|---|-----------------------|-----------------------|
| Net Assets Without Donor Restrictions: | | |
| Available for Operations | \$ 34,406,757 | \$ 23,125,474 |
| Invested in Property and Equipment | 117,971,015 | 124,871,393 |
| Beneficial Interests in Trusts and Annuities | 2,916,379 | 2,581,541 |
| Funds Held for Investment, Including Board-Designated Net Assets | 281,255,819 | 259,641,948 |
| TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS | \$ 436,549,970 | \$ 410,220,356 |
| Net Assets With Donor Restrictions: | | |
| Purpose or Time Restricted: | | |
| For Program Activities | \$ 40,412,939 | \$ 43,709,731 |
| For Acquisitions | 3,424,250 | 3,041,897 |
| For Property and Equipment | 83,879,603 | 14,865,419 |
| Beneficial Interest in Trust and Annuities | 9,593,197 | 10,634,014 |
| Endowment | 295,922,760 | 274,525,803 |
| TOTAL NET ASSETS RESTRICTED BY PURPOSE OR TIME | 433,232,749 | 346,776,864 |
| Perpetual in Nature: | | |
| Beneficial Interests in Trusts and Annuities | 2,570,378 | 2,552,406 |
| Endowment | 181,893,298 | 178,181,518 |
| TOTAL NET ASSETS RESTRICTED PERPETUAL IN NATURE | 184,463,676 | 180,733,924 |
| TOTAL NET ASSETS WITH DONOR RESTRICTIONS | \$ 617,696,425 | \$ 527,510,788 |

NOTE 8 - ENDOWMENTS

The Huntington's endowment consists of 306 individual endowment funds without or with donor restrictions. The net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

The Board of The Huntington has interpreted the California Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Huntington classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations of net realized and unrealized investment returns to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - ENDOWMENTS (continued)

Net realized and unrealized returns on the investment of endowment assets, other than those referenced in (c) in the preceding paragraph, are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by The Huntington in a manner consistent with the standard of prudence prescribed by UPMIFA, and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. In accordance with UPMIFA, The Huntington considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

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

Changes in net assets related to the endowment and beneficial interest for the fiscal year ended June 30, 2024 are as follows:

| Endowment and Beneficial Interest | Without Donor Restrictions | With Donor Restrictions | Total 2024 | Total 2023 |
|--|----------------------------|-------------------------|-----------------------|-----------------------|
| Beginning Balance - July 1 | \$ 262,223,489 | \$ 465,893,741 | \$ 728,117,230 | \$ 639,700,490 |
| Investment Return: | | | | |
| Investment Income - Net | 3,727,167 | 6,332,111 | 10,059,278 | 7,417,807 |
| Net Appreciation | | | | |
| Realized/Unrealized on Endowment and Beneficial Interest Investments | 20,209,021 | 34,375,600 | 54,584,621 | 50,354,973 |
| TOTAL INVESTMENT RETURN | 23,936,188 | 40,707,711 | 64,643,899 | 57,772,780 |
| Contributions | 10,375,670 | 7,281,522 | 17,657,192 | 63,954,796 |
| Amounts Appropriated for Expenditures | (11,980,660) | (19,605,959) | (31,586,619) | (29,299,220) |
| Change in Value of Beneficial Interest Agreements | (657,764) | (843,114) | (1,500,878) | (609,706) |
| Other Changes | 275,275 | (3,454,268) | (3,178,993) | (3,401,910) |
| ENDING BALANCE, JUNE 30 | \$ 284,172,198 | \$ 489,979,633 | \$ 774,151,831 | \$ 728,117,230 |

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - ENDOWMENTS (continued)

(a) ENDOWMENT FUNDS WITH DEFICITS

The fair value of assets associated with individual endowment funds with donor restrictions may fall below the value of the initial and subsequent donor gift amounts, resulting in a deficit. Deficits in endowment funds with donor restrictions are classified as a reduction of net assets with donor restrictions. Deficits associated with Board-designated funds functioning as endowments are classified as a reduction of net assets without donor restrictions. Subsequent gains that restore the fair value of the assets of the endowment funds to the required level are classified as an increase in the appropriate net asset category. At June 30, 2024, and June 30, 2023, donor-restricted endowment funds with original gift values that are more than their fair values of \$4,890,532 and \$6,628,915 resulted in a deficit of \$(328,841) and \$(590,458), respectively.

(b) RETURN OBJECTIVE AND RISK PARAMETERS

In accordance with UPMIFA, the Endowment Investment Committee has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for The Huntington's programs and operations, while also seeking to maintain the long-term purchasing power of the endowment assets. Endowment assets include those assets of funds with donor restrictions that The Huntington must hold in perpetuity or for a donor-specified period as well as Board-designated funds functioning as endowment. Under this policy, endowment assets are invested in a manner that is intended to produce an average rate of return of approximately 5 percent net of inflation annually. Actual returns in any given year may vary from this amount.

(c) STRATEGIES EMPLOYED FOR ACHIEVING INVESTMENT OBJECTIVES

To achieve its long-term rate of return objectives, The Huntington relies on a total return strategy, in which investment returns are achieved through both capital appreciation (realized and unrealized gains), and current yield (interest and dividends). The Huntington targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

(d) RELATIONSHIP OF SPENDING POLICY TO INVESTMENT OBJECTIVES

The Endowment Investment Committee has approved a policy of appropriating for annual distribution 5 percent of The Huntington's endowment funds' average fair value over the trailing 12 previous calendar quarters, ending December 31 for the current fiscal year. In establishing this policy, the Endowment Investment Committee considered the expected return on its endowment. Accordingly, the Endowment Investment Committee over the long term expects the current spending policy to allow the endowment to maintain its purchasing power by growing at a rate equal to or greater than planned distributions plus inflation on average annually. Additional real growth will be provided through new gifts and investment returns in excess of appropriations.

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - LIBRARY, ART AND BOTANICAL COLLECTIONS

The collections, which were acquired through purchases and contributions since The Huntington's inception, are not recognized as assets on the statement of financial position. The collections are held for public education or research in furtherance of public service rather than financial gain.

Collections items are expensed when purchased. Contributed collections items are not reflected on the financial statements. The estimated fair value of contributed collections items amounted to \$1,300,000 and \$2,900,000 for the years ended June 30, 2024, and 2023, respectively.

The Huntington continually reviews its collections and may deaccession or acquire additional items. Proceeds from deaccessions are classified as with donor restrictions. The collections are subject to a policy that requires proceeds from deaccessioning to be used to acquire other items for collections. During the years ended June 30, 2024 and 2023, there were no items deaccessioned. Any proceeds would be restricted for future acquisitions.

NOTE 10 - RETIREMENT PLANS

The Huntington maintains a qualified 403(b) defined contribution retirement plan. As of January 1, 2016, all employees scheduled to work 20 hours per week, or more are eligible to participate. The Huntington provides all eligible employees with a non-elective 3% contribution that is immediately vested in the participants' accounts, and a matching contribution that has a one-year vesting period for all new employees after January 1, 2016. The Huntington's contributions to the plan were \$2,498,689 and \$2,187,768 for the years ended June 30, 2024 and 2023, respectively.

The Huntington maintains a 457(b) deferred compensation plan for management and highly compensated employees. All contributions to the plan come from the employees only, with no contributions made by The Huntington. The plan balance was \$1,359,872 and \$1,159,447 as of June 30, 2024 and 2023, respectively.

During the year ended June 30, 2024, The Huntington established a 457(f) non-qualified deferred compensation plan for certain executives. There are no employee contributions allowed under this plan. The Huntington's contributions to the plan were \$141,700 for the year ending June 30, 2024. As of June 30, 2024, the employer contribution liability amounted to \$141,700 and is determined based on the present value of future benefit payments to be made to participants. The deferred compensation asset is included in long-term investments (not pooled) on the statement of financial position. Participants have no greater rights to such assets than any other unsecured creditor. The deferred compensation liability, representing amounts due to these individuals, is fully funded and includes earnings from invested assets.

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 11 - COMMITMENTS AND CONTINGENCIES

In the normal course of operations, The Huntington is named as a defendant in lawsuits and is subject to periodic examinations by regulatory agencies. After consultation with legal counsel, management is of the opinion that liabilities, if any, arising from such litigation and examinations would not have a material effect on The Huntington's financial position.

The Huntington has executed construction contracts with a remaining commitment of \$3,761,755 and \$3,125,697 as of June 30, 2024, and 2023, respectively.

NOTE 12 - CONFLICT OF INTEREST

The Huntington maintains a "conflict of interest policy" which applies to all Trustees, Board of Governors, and staff. Full disclosure is required if there is direct or indirect interest, financial or otherwise, of any nature that may potentially have, or give the appearance of having, a conflict. Administration of the conflicts of interest policy shall be under the direct supervision of the Audit Committee.

NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following table reflects The Huntington's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, state required annuity reserves, trust assets, assets held for others, perpetual endowments, and accumulated earnings net of appropriations within one year, or because the governing board has set aside funds for a specific contingency reserve or a long-term investment as Board designated endowments. These Board designations could be drawn upon if the Board approves that action.

| | 2024 | 2023 |
|---|-----------------------|-----------------------|
| Financial Assets: | | |
| Cash and Cash Equivalents | \$ 34,179,009 | \$ 19,880,447 |
| Short-Term Investments | 157,089,729 | 96,155,971 |
| Accounts and Other Receivables | 1,393,193 | 991,492 |
| Contributions and Grants Receivable - Gross | 29,852,536 | 16,029,755 |
| Long-Term Investments (Not Pooled) | 21,371,697 | 19,811,856 |
| Pooled Investments | 688,681,449 | 655,356,804 |
| Endowment Investments - Other | 712,621 | 682,138 |
| Beneficial Interests in Trusts and Annuities | 25,375,760 | 25,944,461 |
| FINANCIAL ASSETS - AT YEAR END | \$ 958,655,994 | \$ 834,852,924 |

THE HENRY E. HUNTINGTON LIBRARY AND ART GALLERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (continued)

| | 2024 | 2023 |
|---|----------------------|----------------------|
| Less Those Unavailable For General Expenditures Within One Year, Due To: | | |
| Contributions and Grants Receivable, Gross, Not Due Within One Year | \$ (13,707,513) | \$ (5,314,500) |
| Endowments and Beneficial Interest Agreements With Donor Restrictions: | | |
| Restricted By Donors in Perpetuity (Corpus) Or With Purpose Restrictions | (472,863,124) | (446,185,138) |
| Endowment Investment - Other | (712,621) | (682,138) |
| Restricted By Beneficial Interest Agreements | (25,375,760) | (25,944,461) |
| Board Designated Restrictions: | | |
| Board-Designated for Endowments | (280,543,198) | (258,959,810) |
| Board-Designated for Programs | (29,493,625) | (18,405,966) |
| Restricted Spendable Contributions With Donor Restrictions | (127,716,792) | (61,617,047) |
| Plus: Endowment Appropriations For The Next Fiscal Year | 34,083,107 | 31,586,619 |
| FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR | \$ 42,326,468 | \$ 49,330,483 |