Indianapolis Museum of Art
d/b/a Newfields

Independent Auditor’s Report and Consolidated Financial Statements
June 30, 2018 and 2017

Indianapolis Museum of Art
d/b/a Newfields
June 30, 2018 and 2017

Contents

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Independent Auditor's Report

Board of Trustees
Indianapolis Museum of Art
Indianapolis, Indiana

We have audited the accompanying consolidated financial statements of Indianapolis Museum of Art, d/b/a Newfields and its subsidiary, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Indianapolis Museum of Art, d/b/a Newfields and its subsidiary as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Indianapolis, Indiana
February 15, 2019

Indianapolis Museum of Art
d/b/a Newfields

Consolidated Statements of Financial Position
June 30, 2018 and 2017
(In Thousands)

Assets

	2018	2017
Cash	$ 5,638	$ 1,379
Accounts and other receivables	216	234
Contributions receivable, net	10,255	2,890
Prepaid expenses and other assets	1,076	1,042
Investments	339,042	357,579
Estate notes and charitable lead trusts	16,552	17,418
Net pension asset	-	48
Library accessions	1,151	1,140
Property and equipment, net	95,422	99,074
Collections - Note 1	-	-
Total assets	$ 469,352	$ 480,804

Liabilities

	2018	2017
Accounts payable	$ 1,025	$ 627
Accrued salaries, wages and employee benefits	1,209	1,161
Deferred revenue	731	759
Other liabilities	1,644	1,582
Fair value of interest rate swap agreements	-	1,995
Tax-exempt bonds payable, net of bond issue costs (including bond premium of $1,599 in 2018 and $1,686 in 2017)	80,472	102,278
Total liabilities	85,081	108,402

Net Assets

	2018	2017
Unrestricted	95,808	96,841
Temporarily restricted	138,771	128,185
Permanently restricted	149,692	147,376
Total net assets	384,271	372,402
Total liabilities and net assets	$ 469,352	$ 480,804

Indianapolis Museum of Art
d/b/a Newfields
Consolidated Statements of Activities
Years Ended June 30, 2018 and 2017
(In Thousands)

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Other Support				
Annual giving and other contributions	$ 4,357	$ 9,771	$ 2,316	$ 16,444
Government grants	275	91	-	366
Memberships	1,003	-	-	1,003
Admissions, fees and sales	4,030	18	-	4,048
Investment return designated for current operations, debt payments and art acquisitions	27,842	13,172	-	41,014
	37,507	23,052	2,316	62,875
Net assets released from restrictions	16,194	(16,194)	-	-
Total revenue, gains and other support	53,701	6,858	2,316	62,875
Expenses				
Curatorial	7,896	-	-	7,896
Educational	8,530	-	-	8,530
Horticultural	2,343	-	-	2,343
Museum stores	2,223	-	-	2,223
Management and general	2,790	-	-	2,790
Fundraising	3,381	-	-	3,381
Total expenses	27,163	-	-	27,163
Change in Net Assets Before Depreciation and Interest and Other Changes	26,538	6,858	2,316	35,712
Depreciation	6,332	-	-	6,332
Interest	2,494	-	-	2,494
Total depreciation and interest	8,826	-	-	8,826
Change in Net Assets Before Other Changes	17,712	6,858	2,316	26,886
Other Changes				
Investment return greater (less) than amounts designated for current operations and art acquisitions	(21,132)	3,617	-	(17,515)
Changes in projected benefit obligation arising during the period	(345)	-	-	(345)
Amortization included in net periodic pension cost	2,984	-	-	2,984
Change in fair value of interest rate swap agreements	(62)	-	-	(62)
Loss on disposal of equipment	-	-	-	-
Change in value of split interest agreements	(149)	(187)	-	(336)
Proceeds from sales of art	86	353	-	439
Purchases of art	(182)	-	-	(182)
Net assets released from restriction - art acquisition	55	(55)	-	-
Change in Net Assets	(1,033)	10,586	2,316	11,869
Net Assets, Beginning of Year	96,841	128,185	147,376	372,402
Net Assets, End of Year	$ 95,808	$ 138,771	$ 149,692	$ 384,271

2017			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 3,945	$ 5,774	$ 1,895	$ 11,614
277	3	-	280
950	-	-	950
2,758	2	-	2,760
21,364	12,712	-	34,076
29,294	18,491	1,895	49,680
14,953	(14,953)	-	-
44,247	3,538	1,895	49,680
7,741	-	-	7,741
6,099	-	-	6,099
1,789	-	-	1,789
1,714	-	-	1,714
2,121	-	-	2,121
2,534	-	-	2,534
21,998	-	-	21,998
22,249	3,538	1,895	27,682
6,148	-	-	6,148
3,193	-	-	3,193
9,341	-	-	9,341
12,908	3,538	1,895	18,341
(8,082)	11,813	-	3,731
942	-	-	942
271	-	-	271
1,785	-	-	1,785
(15)	-	-	(15)
(226)	(493)	-	(719)
-	536	-	536
(528)	-	-	(528)
381	(381)	-	-
7,436	15,013	1,895	24,344
89,405	113,172	145,481	348,058
$ 96,841	$ 128,185	$ 147,376	$ 372,402

Indianapolis Museum of Art
d/b/a Newfields

Consolidated Statements of Cash Flows
Years Ended June 30, 2018 and 2017
(In Thousands)

	2018	2017
Operating Activities		
Change in net assets	$ 11,869	$ 24,344
Items not requiring (providing) cash		
Depreciation	6,332	6,148
Noncash contributions	(14)	(14)
Acquisition and sales of art, net	(257)	(8)
Loss on disposal of property and equipment	-	15
Contributions restricted for long-term investment	(5,341)	(7,281)
Realized gains on investments	(18,696)	(20,723)
Unrealized gains on investments	(3,765)	(14,041)
Change in fair value of interest rate swap agreement	62	(1,785)
Changes in		
Accounts and other receivables	18	(27)
Contributions receivable	(7,365)	(1,456)
Prepaid expenses and other assets	(132)	33
Estate notes and charitable lead trusts	866	(2,586)
Accounts payable	398	(643)
Accrued expenses and other liabilities	82	(1,263)
Net cash used in operating activities	(15,943)	(19,287)
Investing Activities		
Acquisitions of art	(182)	(528)
Proceeds from sale of art	439	536
Purchases of property and equipment	(2,691)	(1,998)
Purchases of investments	(121,795)	(16,610)
Sales and maturities of investments	159,599	47,201
Net cash provided by investing activities	35,370	28,601
Financing Activities		
Proceeds from contributions restricted for		
Investments in endowment	3,182	201
Investments in art and property and equipment	26	245
Investments subject to various purchases	5,341	6,834
Termination payment for interest rate swap agreement	(2,057)	-
Proceeds from issuance of bonds	46,055	-
Principal payments on bonds	(67,715)	(16,640)
Net cash used in financing activities	(15,168)	(9,360)
Increase (Decrease) in Cash	4,259	(46)
Cash, Beginning of Year	1,379	1,425
Cash, End of Year	$ 5,638	$ 1,379
Supplemental Information		
Interest paid	$ 2,749	$ 3,541
Property and equipment in accounts payable	347	87

Note 1: Nature of Operations and Summary of Significant Accounting Policies

General

Indianapolis Museum of Art (Newfields) was incorporated as a not-for-profit organization in May 1892, under the laws of the State of Indiana. During 2018, Newfields filed a Certificate of Assumed Business Name with the Office of the Secretary of the State of Indiana to doing business as (d/b/a) Newfields.

The consolidated financial statements include the accounts of the Indianapolis Museum of Art and Oldfields, LLC, its wholly owned subsidiary. Oldfields, LLC was established during 2004 to hold certain real estate. The consolidated financial statements also include Newfields' affiliated organizations: Alliance of the Indianapolis Museum of Art, the Asian Art Society, the Contemporary Art Society, the Design Arts Society, the Fashion Arts Society and the Horticultural Society. The affiliated organizations are special interest groups within Newfields membership which operate for the benefit of Newfields donating cash and services of volunteers to various Newfields activities. No amounts are included in the consolidated financial statements for services of volunteers.

Newfields' mission is to enrich lives through exceptional experiences with art and nature. Newfields' primary sources of revenue and support are contributions and earnings on investments.

Use of Estimates

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

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by Newfields has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by Newfields in perpetuity.

Cash

At June 30, 2018, Newfields' cash accounts exceeded federally insured limits by approximately $5,325,000.

Investments and Investment Return

Investments are carried at fair value. For those investments without quoted market prices, the fair value was provided by the managers of the investment funds. These estimated values are subject to uncertainty, and therefore, may differ significantly from the value that would have been used had a market for such investments existed. Such differences could be material. Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses.

Investment return is reflected in the consolidated statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Newfields maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated quarterly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Newfields provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

Furnishings and equipment	3 - 10 years
Buildings and grounds	10 - 50 years
Land improvements	20 years

Long-Lived Asset Impairment

Newfields evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2018 or 2017.

Collections - Art Objects

According to Newfields' policy, collections include all works of art, historical treasures, library accessions and similar assets that are (a) held for public service rather than financial gain, (b) protected, kept unencumbered, cared for and preserved, and (c) subject to Newfields' policy that requires the proceeds of items that are sold to be used to acquire other items for collections. The collections, which have been acquired through purchases and contributions since Newfields' inception, are not recognized as an asset on the consolidated statements of financial position. Purchases of collection items are recorded as decreases in unrestricted or temporarily restricted net assets in the year in which the items are acquired. Proceeds from deaccessions or insurance recoveries, if any, are reflected as increases in the appropriate net asset class.

Income Taxes

Newfields is exempt from federal income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. Newfields is not considered to be a private foundation. However, Newfields is subject to federal income tax on any unrelated business taxable income. Newfields files tax returns in the U.S. federal jurisdiction.

Contributions Receivable

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received.

While contributions, including promises to give, are required to be recorded as revenue in the year received, expenses funded by such contributions normally occur in subsequent years. This means fluctuations between years in the amount of contributions received or receivable can have a significant impact on the total change in net assets of Newfields, as can the timing of program expenses which result therefrom. Management reviews promises to give and writes off any promises at the time they become uncollectible past their due date. Newfields has estimated an allowance for uncollectible promises to give of $490,000 and $150,000 as of June 30, 2018 and 2017, respectively.

(Table Dollar Amounts in Thousands)

Support and Revenue

Newfields reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Estate Notes and Charitable Lead Trusts

Newfields is the beneficiary under various estate notes and charitable lead trusts.

Estate notes represent an irrevocable pledge (or debt) against a donor's estate, to the extent the pledge is not satisfied during the donor's lifetime. Estate notes are initially recorded at fair value determined by using the discounted present value of the amounts to be received in the future. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. Discount rates utilized were 1.41% to 8.23% for 2018 and 2017.

Charitable lead trusts are arrangements in which a donor establishes and funds a trust to provide distributions to a designated beneficiary organization for a specified period of time. Upon termination of the trust, the remainder of the trust assets is paid to the donor or to another beneficiary designated by the donor. Charitable lead trusts administered by Newfields are recorded at fair value only upon initial recognition, while those being administered by third parties are adjusted to fair value annually using discount rates based on current market conditions.

The following schedule summarizes estate notes and charitable lead trusts for the years ended June 30, 2018 and 2017:

	2018	2017
Estate notes	$ 22,372	$ 23,384
Discount	(8,206)	(8,272)
	14,166	15,112
Charitable lead trusts	2,386	2,306
	$ 16,552	$ 17,418

Donated Property and Equipment

Newfields reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, Newfields reports expirations of donor restrictions as the donated or acquired long-lived assets are placed in service.

Government Grants

Support funded by grants is recognized as Newfields performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Functional Expenses

In 2018 and 2017, expenses have been classified as program services, management and general, fund raising and membership development based on the actual direct expenditures and cost allocations based upon estimates of salaries incurred by Newfields personnel.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual date of transfer.

Subsequent Events

Subsequent to year end, Newfields received an $8,000,000 grant for Infrastructure and programming for large-scale festivals. The proceeds from the grant were received in December 2018.

Subsequent events have been evaluated through February 15, 2019, which is the date the consolidated financial statements were issued.

(Table Dollar Amounts in Thousands)

Note 2: Contributions Receivable

	2018 Temporarily Restricted	2018 Permanently Restricted	2018 Total
Due within one year	$ 537	$ 25	$ 562
Due in one to five years	11,101	50	11,151
	11,638	75	11,713
Discount	(941)	(27)	(968)
Allowance	(490)	-	(490)
	$ 10,207	$ 48	$ 10,255

	2017 Temporarily Restricted	2017 Permanently Restricted	2017 Total
Due within one year	$ 324	$ 500	$ 824
Due in one to five years	2,336	-	2,336
	2,660	500	3,160
Discount	(97)	(23)	(120)
Allowance	(150)	-	(150)
	$ 2,413	$ 477	$ 2,890

Discount rates utilized ranged from 0.89% to 4.72% for 2018 and 2017.

(Table Dollar Amounts in Thousands)

Note 3: Investments

The fair value of Newfields' investments is as follows:

	2018	2017
Certificates of deposit	$ 27	$ 26
Short-term investments	9,014	24,385
Corporate stocks		
Domestic	19,435	16,919
International	4,128	5,535
Mutual funds		
Equity - international	26,161	27,709
Fixed income	26,215	21,169
Alternative investments		
Equity - international	58,824	58,828
Fixed income	10,034	10,242
Absolute return marketable alternatives	40,378	42,042
Equity-oriented marketable alternatives	26,317	26,962
Inflation hedging	54,464	53,647
Private equity/venture capital	59,981	66,051
Real estate held for investment	4,064	4,064
Total	$ 339,042	$ 357,579

The following schedules summarize the investment return and its classification in the consolidated statements of activities for the years ended June 30, 2018 and 2017:

		2018	
	Unrestricted	Temporarily Restricted	Total
Dividends and interest (net of expenses of $1,420)	$ 300	$ 738	$ 1,038
Net realized gains on investments	5,284	13,412	18,696
Net unrealized gains on investments	1,126	2,639	3,765
Total return on investments	6,710	16,789	23,499
Investment return designated for			
Current operations	(27,816)	(11,772)	(39,588)
Art acquisitions	(26)	(1,400)	(1,426)
Investment return greater (less) than amounts designated for current operations and art acquisitions	$ (21,132)	$ 3,617	$ (17,515)

(Table Dollar Amounts in Thousands)

	2017		
	Unrestricted	Temporarily Restricted	Total
Dividends and interest (net of expenses of $2,822)	$ 989	$ 2,054	$ 3,043
Net realized gains on investments	6,542	14,181	20,723
Net unrealized gains on investments	5,751	8,290	14,041
Total return on investments	13,282	24,525	37,807
Investment return designated for			
Current operations	(21,335)	(11,609)	(32,944)
Art acquisitions	(29)	(1,103)	(1,132)
Investment return greater (less) than amounts designated for current operations and art acquisitions	$ (8,082)	$ 11,813	$ 3,731

Note 4: Property and Equipment

Newfields' property and equipment are as follows:

	2018	2017
Buildings and grounds	$ 169,367	$ 167,856
Furnishings and equipment	25,980	24,867
Land improvements	13,459	13,263
	208,806	205,986
Accumulated depreciation	(114,443)	(108,131)
	94,363	97,855
Construction in progress	137	297
Land	922	922
	$ 95,422	$ 99,074

(Table Dollar Amounts in Thousands)

Note 5: Tax-Exempt Bonds Payable

	2018	2017
Facility Revenue Refunding Bonds, Series 2013A (A)	$ -	$ 26,105
Facility Revenue Refunding Bonds, Series 2013B (B)	33,390	34,950
Facility Revenue Refunding Bonds, Series 2014 (C)	-	40,000
Educational Facilities Revenue Refunding Bonds, Series 2017A (D)	10,000	-
Educational Facilities Revenue Refunding Bonds, Series 2017B (E)	9,950	-
Educational Facilities Revenue Refunding Bonds, Series 2017C (F)	26,105	-
Unamortized premium on Series 2013B Bonds	1,599	1,686
Unamortized bond issue costs	(572)	(463)
	$ 80,472	$ 102,278

(A) During 2013, the Indiana Finance Authority (the Authority) issued $26,105,000 of Educational Facilities Revenue Refunding Bonds, Series 2013A, the proceeds of which were loaned to Newfields to refund a portion of the 2001 bonds and cover bond issuance costs. These bonds were issued at an initial fixed interest rate of 1.27% through January 31, 2018. Newfields refinanced the remaining $26,105,000 bond principal by issuing Educational Facilities Revenue Refunding Bonds, Series 2017C during the year ended June 30, 2018.

(B) During 2013, the Authority issued $39,950,000 of Educational Facilities Revenue Refunding Bonds, Series 2013B, the proceeds of which were loaned to Newfields to refund the 2002 bonds and cover bond issuance costs. The bonds consist of a mix of serial maturities and term bonds with sinking fund installments and bear fixed interest rates that range from 2.00% to 5.00%, depending on the maturity date. Principal payments commence on February 1, 2014 with a final maturity date of February 1, 2037. Bonds maturing on or after February 1, 2024 are subject to optional redemption at the discretion of Newfields at par beginning February 1, 2023. $28,245,000 of the 2013B bonds mature on or after February 1, 2024 and bear interest rates between 4.00% and 5.00%.

(C) During 2014, the Authority issued $55,139,500 of Educational Facilities Revenue Refunding Bonds, Series 2014, the proceeds of which were loaned to Newfields to refund the Series 2001 bonds, Series 2004 bonds and cover certain issuance costs. The bonds were issued at a floating rate equal to 70% of one-month LIBOR plus forty-five basis points (0.45%). The floating rate was effective through August 1, 2017. The bonds had a final maturity date of February 1, 2039. Newfields refunded $15,139,500 and $20,000,000 of these bonds during the years ended June 30, 2017 and 2018, respectively. These payments represented unscheduled (early) principal payments. Newfields refinanced the remaining $20,000,000 bond principal by issuing Educational Facilities Revenue Refunding Bonds, Series 2017A and Series 2017B during the year ended June 30, 2018.

(D) During 2018, the Authority issued $10,000,000 of Educational Facilities Revenue Refunding Bonds, Series 2017A, the proceeds of which were loaned to Newfields to refund the Series 2014 bonds and cover certain issuance costs. These bonds were issued at an initial fixed interest rate of 2.09% through December 31, 2017 and a rate of 5.54% through October 15, 2021. These bonds mature on October 15, 2021 with a $10,000,000 principal payment due on that date.

(E) During 2018, the Authority issued $10,000,000 of Educational Facilities Revenue Refunding Bonds, Series 2017B, the proceeds of which were loaned to Newfields to refund the Series 2014 bonds and cover certain issuance costs. These bonds were issued at an initial fixed interest rate of 2.28% through December 31, 2017 and a rate of 2.77% through October 15, 2024. These bonds are due in annual principal payments of $50,000 annually through fiscal year 2024 with a final payment of $9,650,000 due October 15, 2024.

(F) During 2018, the Authority issued $26,105,000 of Educational Facilities Revenue Refunding Bonds, Series 2017C, the proceeds of which were loaned to Newfields to refund the Series 2013A bonds and cover certain issuance costs. These bonds were issued at an initial fixed interest rate of 2.42% through December 31, 2017 and a rate of 2.94% through October 15, 2024. These bonds are due in annual principal payments of $2,000,000 annually through fiscal year 2024 with a final payment of $14,105,000 due October 15, 2024.

(Table Dollar Amounts in Thousands)

Aggregate annual maturities of tax-exempt bonds payable at June 30, 2018 are:

2019	$ 3,694
2020	3,304
2021	3,364
2022	13,424
2023	3,489
Thereafter	53,769
	81,044
Unamortized bond issue costs	(572)
	$ 80,472

Costs associated with executing the loan and other agreements with the aforementioned parties are being amortized over the life of the bonds using a method that approximates the level yield method. Unamortized bond issue costs are included in tax-exempt bonds payable.

The bonds are subject to certain covenants, including a financial coverage ratio. At June 30, 2018, management is not aware of any violations of the covenants.

Note 6: Derivative Financial Instruments

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, Newfields had entered into interest rate swap agreements for a portion of its floating rate debt. The agreements provided for Newfields to receive interest from the counterparty at LIBOR times 70% and to pay interest to the counterparty at fixed rates ranging between 2.215% and 2.911% on the notional amount of $40,000,000. Under the agreements, Newfields paid or received the net interest amount monthly, with the monthly settlements included in interest expense. On July 26, 2017, Newfields terminated the rate swap agreement at a cost of $2,057,000.

The table below presents certain information regarding Newfields' interest rate swap agreements:

	2018	2017
Fair value of interest rate swap agreements	$ -	$ 1,995
Statement of financial position location of fair value amount	N/A	Liability
Gain (loss) recognized in change in net assets	(62)	1,785
Location of gain (loss) recognized in change in net assets	Other changes	Other changes

(Table Dollar Amounts in Thousands)

Note 7: Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	2018	2017
Program activities		
Curatorial program	$ 236	$ 314
Art purchases	18,206	15,619
Educational and other program activities	1,996	2,630
Facility operations and personnel	16,760	8,344
Unappropriated endowment earnings	91,694	90,284
For periods after June 30	9,879	10,994
	$ 138,771	$ 128,185

Note 8: Permanently Restricted Net Assets

Permanently restricted net assets are restricted to:

	2018	2017
Investment in perpetuity, the income of which is expendable to support		
Art purchases	$ 23,274	$ 23,919
Educational and other program activities	4,506	4,506
Facility operations and personnel	48,185	47,122
Any activity	73,727	71,829
	$ 149,692	$ 147,376

(Table Dollar Amounts in Thousands)

Note 9: Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2018	2017
Purpose restrictions accomplished		
Curatorial program expenses	$ 328	$ 170
Educational and other program expenses	1,397	2,237
Facility operations and personnel	2,169	1,074
Appropriation of accumulated endowment earnings	12,300	11,364
Time restrictions expired - passage of time	-	108
	16,194	14,953
Art acquisition	55	381
	$ 16,249	$ 15,334

Note 10: Endowment

Newfields' endowment consists of approximately 130 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Newfields' governing body has interpreted the State of Indiana Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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, Newfields classifies as permanently restricted net assets (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 direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Newfields in a manner consistent with the standard of prudence prescribed by SPMIFA.

(Table Dollar Amounts in Thousands)

In accordance with SPMIFA, Newfields considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of Newfields and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Newfields
7. Investment policies of Newfields

The composition of net assets by type of endowment fund at June 30, 2018 and 2017, was:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (742)	$ 104,837	$ 142,055	$ 246,150
Board-designated endowment funds	89,584	-	-	89,584
Total endowment funds	$ 88,842	$ 104,837	$ 142,055	$ 335,734

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (1,008)	$ 101,399	$ 139,176	$ 239,567
Board-designated endowment funds	110,348	-	-	110,348
Total endowment funds	$ 109,340	$ 101,399	$ 139,176	$ 349,915

(Table Dollar Amounts in Thousands)

Changes in endowment net assets for the years ended June 30, 2018 and 2017 was:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 109,340	$ 101,399	$ 139,176	$ 349,915
Investment return				
Investment income	301	738	-	1,039
Net appreciation	6,310	16,050	-	22,360
Total investment return	6,611	16,788	-	23,399
Contributions	467	88	2,879	3,434
Appropriation of endowment assets for expenditure	(27,842)	(13,172)	-	(41,014)
Transfers for underwater funds	266	(266)	-	-
Endowment net assets, end of year	$ 88,842	$ 104,837	$ 142,055	$ 335,734

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 115,149	$ 89,867	$ 138,722	$ 343,738
Investment return				
Investment income	989	2,054	-	3,043
Net appreciation	11,052	23,383	-	34,435
Total investment return	12,041	25,437	-	37,478
Contributions	2,603	160	454	3,217
Appropriation of endowment assets for expenditure	(21,364)	(12,712)	-	(34,076)
Transfers for underwater funds	911	(911)	-	-
Other transfers	-	(442)	-	(442)
Endowment net assets, end of year	$ 109,340	$ 101,399	$ 139,176	$ 349,915

(Table Dollar Amounts in Thousands)

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at June 30, 2018 and 2017 consisted of:

	2018	2017
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or SPMIFA	$ 142,055	$ 139,176
Temporarily restricted net assets - portion of perpetual endowment funds subject to a time restriction under SPMIFA		
With purpose restrictions	$ 13,143	$ 11,115
Without purpose restrictions	91,694	90,284
	$ 104,837	$ 101,399

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level Newfields is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated $742,000 and $1,008,000 at June 30, 2018 and 2017, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

Newfields has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for current operations, capital additions and artifact acquisitions supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds Newfields must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under Newfields' policies, endowment assets are invested in a manner that is intended to produce results that exceed the spending rate plus inflation. Newfields expects its endowment funds to provide an annual average rate of return of approximately 5.5% above the rate of inflation. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, Newfields relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). Newfields targets a diversified asset allocation to assure no single security, class of securities or individual investment will have a disproportionate negative impact on the endowment's overall return.

(Table Dollar Amounts in Thousands)

Newfields has a policy (the spending policy) of appropriating for current operations each year 5.2% of its endowment fund's average fair value for the 12 quarters ended December 31 of the previous year. Newfields has set a target to draw no more than 4.50% of the 12-quarter average fair value by fiscal year 2023. In establishing this policy, Newfields considered the long-term expected return on its endowment. Accordingly, over the long-term, Newfields expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with Newfields' objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns. For the years ended June 30, 2018 and 2017, the Board of Trustees approved a spending rate in excess of this target to support current operations. In 2018 and 2017, Newfields appropriated an additional $22,057,000 and $15,139,500 from the unrestricted endowment, respectively, which was used for to reduce the outstanding principal on its long-term debt. Accordingly, over the long-term, Newfields expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with Newfields' objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 11: Functional Expenses

Expenses by functional classification are as follows:

	2018	2017
Program services	$ 27,876	$ 25,004
Management and general	3,492	3,055
Fundraising	4,621	3,280
	$ 35,989	$ 31,339

Note 12: Employee Benefits

Newfields has a defined-contribution employee's retirement savings plan covering all full-time employees meeting certain eligibility requirements. Newfields makes contributions to the plan to match employee contributions and pays the cost of administering the plan. Employee benefit expense under this plan was approximately $310,000 and $286,000 for 2018 and 2017, respectively.

(Table Dollar Amounts in Thousands)

Newfields also had a noncontributory defined-benefit pension plan covering substantially all of its employees. The Board of Directors elected on May 17, 2017 to terminate the defined-benefit plan effective September 15, 2017. During 2018, the plan was formally terminated.

Information about the plan's funded status follows:

	2018	2017
Projected benefit obligation	$ -	$ 8,693
Fair value of plan assets	-	8,741
Funded status	$ -	$ 48

Assets recognized in the consolidated statements of financial position:

	2018	2017
Net pension asset	$ -	$ 48

The amount recognized in unrestricted net assets not yet recognized as components of net periodic benefit cost at June 30, 2017 was a net loss of $2,639,000. The accumulated benefit obligation was approximately $8,693,000 at June 30, 2017.

Changes in projected benefit obligation at June 30 was:

	2018	2017
Beginning balance	$ 8,693	$ 9,614
Interest cost	277	256
Periodic benefits paid	(5,449)	(420)
Lump-sum benefits paid	(3,861)	(117)
Actuarial (gain) loss	340	(640)
Ending balance	$ -	$ 8,693

(Table Dollar Amounts in Thousands)

Changes in fair value of plan assets at June 30 was:

	2018	2017
Fair value at beginning of year	$ 8,741	$ 7,829
Actual return on plan assets	(5)	801
Employer contributions	574	648
Periodic benefits paid	(5,449)	(420)
Lump-sum benefits paid	(3,861)	(117)
Ending balance	$ -	$ 8,741

Other significant balances and costs are:

	2018	2017
Benefit cost	$ 460	$ 28
Employer contribution	574	648
Benefits paid	5,449	420

The following amounts have been recognized in the consolidated statements of activities for the years ended June 30, 2018 and 2017:

	2018	2017
Amounts arising during the year:		
Net gain (loss)	$ (345)	$ 942
Amounts reclassified as components of net periodic benefit cost of the year:		
Net loss	2,984	271
	$ 2,639	$ 1,213

(Table Dollar Amounts in Thousands)

Significant assumptions include:

	2017
Weighted-average assumptions used to determine benefit obligations:	
Discount rate	3.47%
Weighted-average assumptions used to determine benefit costs:	
Discount rate	3.05%
Expected return on plan assets	7.00%
Rate of compensation increase	0.00%

Newfields had estimated the 2017 long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

Plan assets were held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreement permitted investment in common and preferred stocks, bonds, debentures, mortgages, certain notes of indebtedness or ownership, U.S. Government, State, and certain municipal securities, share or savings accounts in any bank, saving and loan or building and loan, any common trust fund, any group trust, any pooled fund, certain insurance contracts, and real, personal and mixed properties of all kinds.

Plan assets were invested in cash equivalents at June 30, 2017 due to the plans to complete termination of the plan during 2018. With the availability of quoted market prices in an active market, the plan assets were classified within Level 1 of the valuation hierarchy at June 30, 2017. Level 1 plan assets include cash equivalents (which consist of money market mutual funds).

Note 13: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

NAV Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

(Table Dollar Amounts in Thousands)

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2018 and 2017:

		2018 Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at (NAV)
Assets					
Investments					
Certificates of deposit	$ 27	$ 27	$ -	$ -	$ -
Short-term investments	9,014	9,014	-	-	-
Corporate stocks					
Domestic	19,435	19,435	-	-	-
International	4,128	4,128	-	-	-
Mutual funds					
Equity - international	26,161	26,161	-	-	-
Fixed income	26,215	26,215	-	-	-
Alternative investments					
Equity - international comingled funds	58,824	-	-	-	58,824
Fixed income comingled funds	10,034	-	5,409	-	4,625
Absolute return marketable alternatives	40,378	-	-	-	40,378
Equity-oriented marketable alternatives	26,317	-	-	-	26,317
Inflation hedging	54,464	-	-	-	54,464
Private equity/venture capital	59,981	-	-	-	59,981
Real estate held for investment	4,064	-	4,064	-	-
Total investments	339,042	84,980	9,473	-	244,589
Interest in charitable lead trust	1,529	-	-	1,529	-
	$ 340,571	$ 84,980	$ 9,473	$ 1,529	$ 244,589

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	2017				
		Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at (NAV)
Assets					
Investments					
Certificates of deposit	$ 26	$ 26	$ -	$ -	$ -
Short-term investments	24,385	24,385	-	-	-
Corporate stocks					
Domestic	16,919	16,919	-	-	-
International	5,535	5,535	-	-	-
Mutual funds					
Equity - international	27,709	27,709	-	-	-
Fixed income	21,169	21,169	-	-	-
Alternative investments					
Equity - international comingled funds	58,828	-	-	-	58,828
Fixed income comingled funds	10,242	-	5,435	-	4,807
Absolute return marketable alternatives	42,042	-	-	-	42,042
Equity-oriented marketable alternatives	26,962	-	-	-	26,962
Inflation hedging	53,647	-	4,566	-	49,081
Private equity/venture capital	66,051	-	-	-	66,051
Real estate held for investment	4,064	-	4,064	-	-
Total investments	357,579	95,743	14,065	-	247,771
Interest in charitable lead trust	1,558	-	-	1,558	-
	$ 359,137	$ 95,743	$ 14,065	$ 1,558	$ 247,771
Liabilities					
Interest rate swap	$ (1,995)	$ -	$ -	$ (1,995)	$ -

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2018. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Fair value determinations for Level 3 measurements are the responsibility of the Controller's office. For charitable lead trust held by a third party, the Controller calculates the estimated fair value utilizing a discounted cash flow model. For interest rate swap agreements, the Controller utilizes a pricing specialist to generate fair value measurements on an annual basis. The Controller's office challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by a third-party pricing service using quoted market prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2.

Charitable Lead Trust Held by a Third Party

The fair value is estimated using a discounted cash flow model. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Interest Rate Swap Agreements

Fair value is estimated by the counterparty using a proprietary model. The interest rate swaps are classified within Level 3 of the valuation hierarchy.

(Table Dollar Amounts in Thousands)

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs:

	Interest in Charitable Lead Trusts	Fair Value of Interest Rate Swap
Balance, July 1, 2016	$ 2,050	$ (3,780)
Total unrealized losses	(492)	-
Gain on interest rate swap	-	1,785
Balance, June 30, 2017	1,558	(1,995)
Total unrealized losses	(29)	-
Settlements	-	2,057
Loss on interest rate swap	-	(62)
Balance, June 30, 2018	$ 1,529	$ -
Total gains (losses) for the period included in change in net assets attributable to the change in unrealized gains (losses) related to assets and liabilities still held at June 30, 2018	$ (492)	$ 1,785
Total losses for the period included in change in net assets attributable to the change in unrealized losses related to assets and liabilities still held at June 30, 2018	$ (29)	$ (62)

(Table Dollar Amounts in Thousands)

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements:

	Fair Value at June 30, 2018	Valuation Technique	Unobservable Inputs	Range
Interest in charitable lead trust	$ 1,529	Discounted cash flow model	Discount rates utilized	1.41%

	Fair Value at June 30, 2017	Valuation Technique	Unobservable Inputs	Range
Interest in charitable lead trust	$ 1,558	Discounted cash flow model	Discount rates utilized	1.41%
Interest rate swap	(1,995)	Proprietary model	Forward looking interest rate curves and discount rates utilized	Not available

Alternative Investments

The following tables present information regarding funds with fair value that is determined using the net asset value (or its equivalent) provided by the fund.

	Fair Value	Unfunded Commitments	2018 Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Assets				
Investments				
Alternative investments				
Equity - international (a)	$ 58,824	$ -	monthly to quarterly	30 - 60 days
Fixed income (b)	4,625	-	daily to monthly	45 days
Absolute return marketable alternatives (c)	40,378	-	quarterly to 2 years	44 - 180 days
Equity-oriented marketable alternatives (d)	26,317	-	quarterly to 3 years	45 - 60 days
Inflation hedging (e)	54,464	5,155	not available	not available
Private equity/venture capital (f)	59,981	19,125	annually to not available	365 days to not available
	$ 244,589	$ 24,280		

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		2017		
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Assets				
Investments				
Alternative investments				
Equity - international (a)	$ 58,828	$ -	monthly to quarterly	30 - 60 days
Fixed income (b)	4,807	-	daily to monthly	45 days
Absolute return marketable alternatives (c)	42,042	-	quarterly to 2 years	44 - 180 days
Equity-oriented marketable alternatives (d)	26,962	-	quarterly to 3 years	45 - 60 days
Inflation hedging (e)	49,081	1,578	not available	not available
Private equity/venture capital (f)	66,051	24,588	annually to not available	365 days to not available
	$ 247,771	$ 26,166		

(a) International equity mutual funds are commingled funds. Their underlying assets are daily priced and traded public equities; however, trades in and out of the investment vehicle are executed at NAV.

(b) Fixed income mutual funds are commingled funds. Their underlying assets are daily priced and traded public equities; however, trades in and out of the investment vehicle are executed at NAV.

(c) Absolute return marketable alternative funds consist of funds of funds and limited partnerships that seek to achieve maximum capital appreciation through diversified investments. Many of the funds had lock-up periods, which have expired. Redemptions vary between quarterly, annually and every two years with notice periods between 30 days and 180 days. The fair values of these funds are estimated using NAV.

(d) Equity-oriented marketable alternative funds consist of funds of funds and limited partnerships that seek to achieve capital appreciation primarily through trading, investing in and selling equity securities. Many of the funds had lock-up periods, which have expired. Redemptions vary between quarterly, annually and every three years with notice periods between 30 days and 180 days. The fair values of these funds are estimated using NAV.

(e) Inflation hedging funds consist of real estate funds, natural resources and hedge funds. Real estate funds totaling $6,204,000 and $7,885,000 at June 30, 2018 and 2017, respectively, invest across the major four categories of commercial real estate: office, industrial, multi-family and retain. These are limited partnerships with 10 to 12 year lives and cannot be sold. The underlying investments in the real estate funds are valued using comparable sales, dividend discount and income approach methods. Distributions are made as underlying investments are sold.

Natural resource funds totaling $9,373,000 and $9,312,000 at June 30, 2018 and 2017, respectively, primarily invest in mid-stream and down-stream oil and gas opportunities and timber opportunities.

Most partnerships have a 10 to 12 year life and valuation techniques include, but are not limited to, the income approach and public market equivalent methods. Funds cannot be sold, but distributions are received as underlying investments are liquidated.

Hedge funds totaling $42,964,000 and $40,452,000 at June 30, 2018 and 2017, respectively, consist of credit and equity funds. Underlying equity positions are valued using market quotes or dealer pricing. These funds can be redeemed either monthly or annually.

(f) Private equity/venture capital funds consist of venture capital and special situations. The venture capital funds have lives that range from 10 to 12 years and cannot be sold. Distributions are received as individual portfolio holdings are liquidated.

Special situations funds seek to exploit debt opportunities across several sectors and is geographically diversified. These funds have lives that range from 10 to 12 years and Newfields will receive distributions from the underlying funds.

Note 14: Significant Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations.

Approximately 50% of all contributions were received from one donor in 2018. In 2017, 43% of all contributions were received from one donor.

Note 15: Future Changes in Accounting Principles

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which requires various changes to the current reporting model applied by not-for-profit entities, including the introduction of two new net asset classes (net assets without donor restrictions and net assets with donor restrictions) and the requirement to present additional information about the liquidity. Newfields will first apply the ASU during its fiscal year ending June 30, 2019, through retrospective application to previous years' statements for comparative purposes. The financial impact of applying the ASU has not yet been determined.

FASB also amended its standard related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction prices and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective and will be effective for Newfields June 30, 2019 financial statements. Newfields is in the process of evaluating the impact the amendment will have on the consolidated financial statements.