REPORT OF THE TREASURER

For the Year Ended June 30, 1969

An excess of expenses over income for general purposes of $138,501 was incurred for the fiscal year ending June 30, 1969. This is less than the $407,013 deficit recorded in fiscal 1968 as a result of a $1,338,991 or nineteen per cent increase in total Museum income for general purposes over the prior year. This increase more than met a fourteen per cent rise in expenses; fiscal 1969 income available for general purposes totaled $8,393,332, including the transfer described below, while expenses amounted to $8,531,833.

Increases in salaries as described in the Director’s Report as well as additions to the staff in preparation for the Centennial added to the upward push of Museum costs. However, greater spending to bring to the public outstanding special exhibits was offset by generous grants from foundations and corporations that provided financial backing for these events, and from the Museum’s new policy of charging admission to special exhibitions.

Publicity last spring regarding a possible reduction in New York City funding of cultural institutions focused greater than ever attention on the sources of Museum income. To put these sources into perspective and to illustrate an unmistakable upward trend in expenses, this report includes graphs showing categories of income for 1969 and the costs of operating the Museum since 1964.

The city owns the Fifth Avenue building and helps us maintain the facilities and guard the collections. Last year twenty-two per cent of the Museum’s operating expenses were covered by New York City; this percentage represents a balance between public and private support that we believe must be maintained. We will continue to urge as strongly as possible that the city continue its historic support of the institution. It should be noted, however, that even though much of the threatened fund reduction was restored, the Museum did not receive supplementary funds requested to help us handle the greater attendance that the Centennial activities will involve.

The city’s budget problems and their direct reflection on the financial health of the Metropolitan made clear the need to study the Museum’s requirements over the coming years and to develop additional financial resources. In this project we are pleased to have the help of a distinguished group of Trustees making up the Museum’s long-range Financial Planning Committee. At the same time the management consulting firm of Cresap, McCormick and Paget, Inc., is analyzing current Museum operations to see that our present resources are being used effectively. Some administrative functions have already been strengthened through our use of computers to process Museum payrolls and membership records.

Recognizing that auxiliary activities are an integral part of the Museum, the Board of Trustees transferred $210,000 from the Reserve for Auxiliary Activities to be used for 1969 operating purposes. Also, since new gallery installations and minor building improvements have become so routine, the cost of undertaking them can be considered an operating rather than an “extraordinary” expense; accordingly, the Reserve for Major Special Installations has been combined with the Reserve for General Purposes. Other minor changes in the financial statements have been made to improve readability.

In closing, it is a particularly great pleasure to report gifts and bequests of $3.2 million for Specified Purposes, a record high in the history of the Museum. The largest of these is providing for the construction of
the Fifth Avenue plaza. The magnificent works of art, new facilities, and events sponsored by other gifts are described elsewhere in this *Bulletin*, but it should be noted here that during the year $103,209 was repaid to the Endowment Fund as partial reimbursement of $195,000 advanced from the fund for the acquisition of Monet's Terrace at Sainte-Adresse in fiscal 1968.

We are most grateful for the past generosity of our many members and friends, and are confident that they, along with the city, will continue to support the Museum's efforts dedicated to improving the quality of cultural life.

Daniel K. Herrick,
Vice-Director for Finance and Treasurer

**SOURCES OF OPERATING INCOME**
**FISCAL YEAR 1969**

- City of New York: 22.1%
- Grants: 6.9%
- Membership: 5.4%
- Special Exhibition Fees: 4.2%
- Transfer from Auxiliary Activities: 2.5%
- Contributions: 1.8%
- Other: 1.6%
- Unrestricted Endowment Income: 55.5%

Total Income Available for Operations: $8,393,332
Accountants' Report

To the Board of Trustees of
The Metropolitan Museum of Art
New York, N. Y.

We have made an examination of the balance sheet of The Metropolitan Museum of Art at June 30, 1969 and of
the related statements of income, expenses, and changes in general funds and in other fund balances for the year then
ended. The accounting records are maintained generally on a cash basis and do not include objects of art, buildings,
equipment, and supplies. Our examination was made in accordance with generally accepted auditing standards and
accordingly included such tests of the accounting records and such other auditing procedures as we considered neces-
sary in the circumstances.

In our opinion, the accompanying statements present fairly, on the basis indicated which is consistent with that
of the preceding year, except for the change, which we approve, as described in Note C to the financial statements,
the financial position of The Metropolitan Museum of Art at June 30, 1969 and income, expenses, and changes in
fund balances for the fiscal year then ended.

Price Waterhouse & Co.

New York, New York
August 15, 1969