



Combined Financial Statements and Supplementary Information

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Years ended September 30, 2019 and 2018




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Certified Public Accountants and Consultants

Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

Years ended September 30, 2019 and 2018

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Independent Auditor's Report

Board of Trustees
Grand Rapids Art Museum

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Grand Rapids Art Museum and Grand Rapids Art Museum Foundation (collectively, the Organization), which comprise the combined statements of financial position as of September 30, 2019 and 2018, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 Organization'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards

As described in Note A to the financial statements, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of October 1, 2018, applied retrospectively to all years presented, except for the liquidity disclosure, which is reported prospectively, as allowed by the ASU. Our opinion is not modified with respect to this matter.

Report on Combining Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 34 through 43 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Janice Valle Thompson, CPA, Reahm PC

March 17, 2020

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combined Statements of Financial Position

| | September 30 | |
|---|----------------------|----------------------|
| | 2019 | 2018 |
| Assets | | |
| Cash | \$ 1,207,191 | \$ 1,834,226 |
| Accounts receivable | 27,511 | 116,226 |
| Contributions receivable | 4,296,701 | 5,615,520 |
| Inventories | 110,119 | 104,360 |
| Prepaid expenses | 206,514 | 104,591 |
| Prepaid exhibitions | 151,712 | 195,118 |
| Investments | - | 163,615 |
| Collections (Note E) | - | - |
| Assets restricted for comprehensive campaign: | | |
| Cash | 3,148,308 | 2,428,271 |
| Contributions receivable | 3,024,435 | 3,404,092 |
| Property and equipment, less accumulated depreciation | 58,537,061 | 60,363,920 |
| Beverage license | 42,444 | 42,444 |
| Beneficial interest in perpetual trust | 89,006 | 95,103 |
| Assets restricted for endowment: | | |
| Cash | 260,051 | 66,368 |
| Interest receivable | 1,873 | 1,788 |
| Contributions receivable | 48,795 | 98,108 |
| Contribution receivable—split-interest agreement | 817,000 | 804,000 |
| Investments | 19,333,953 | 18,882,092 |
| Total assets | \$ 91,302,674 | \$ 94,319,842 |
| Liabilities | | |
| Accounts payable | \$ 230,777 | \$ 324,866 |
| Other payables | 245,286 | 267,780 |
| Advance deposits | 167,757 | 203,687 |
| Long-term debt | 9,420,000 | 9,420,000 |
| Total liabilities | 10,063,820 | 10,216,333 |
| Net Assets | | |
| Without donor restrictions: | | |
| Board-designated | 1,642,871 | 1,606,757 |
| Undesignated | 48,635,146 | 51,425,861 |
| Total without donor restrictions | 50,278,017 | 53,032,618 |
| With donor restrictions | 30,960,837 | 31,070,891 |
| Total net assets | 81,238,854 | 84,103,509 |
| Total liabilities and net assets | \$ 91,302,674 | \$ 94,319,842 |

See accompanying notes to financial statements.

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combined Statement of Activities
Year ended September 30, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|----------------------------|----------------------|
| Support and revenue: | | | |
| Contributions | \$ 783,882 | \$ 2,499,496 | \$ 3,283,378 |
| Admissions | 125,413 | - | 125,413 |
| Memberships | 191,733 | - | 191,733 |
| Program fees | 106,568 | - | 106,568 |
| Special events | 706,174 | - | 706,174 |
| Museum store | 187,659 | - | 187,659 |
| Exhibition touring | 110,000 | - | 110,000 |
| Net investment return | 87,737 | 521,209 | 608,946 |
| Change in value of split-interest agreement | - | 13,000 | 13,000 |
| Appreciation in beneficial interest in remainder trust | - | 1,426 | 1,426 |
| In-kind donations | 51,970 | - | 51,970 |
| Other income | 9,541 | 13,724 | 23,265 |
| Total support and revenue | <u>2,360,677</u> | <u>3,048,855</u> | <u>5,409,532</u> |
| Net assets released from restrictions | 2,880,259 | (2,880,259) | - |
| Total support, revenue and reclassifications | <u>5,240,936</u> | <u>168,596</u> | <u>5,409,532</u> |
| Expenses: | | | |
| Program | 4,000,996 | - | 4,000,996 |
| Management and general | 3,355,865 | - | 3,355,865 |
| Fundraising | 638,676 | - | 638,676 |
| Total expenses | <u>7,995,537</u> | <u>-</u> | <u>7,995,537</u> |
| Support, revenue and reclassifications over (under) expenses | (2,754,601) | 168,596 | (2,586,005) |
| Collection items purchased | - | (278,650) | (278,650) |
| Change in net assets | <u>(2,754,601)</u> | <u>(110,054)</u> | <u>(2,864,655)</u> |
| Net assets, beginning of year | 53,032,618 | 31,070,891 | 84,103,509 |
| Net assets, end of year | <u>\$ 50,278,017</u> | <u>\$ 30,960,837</u> | <u>\$ 81,238,854</u> |

See accompanying notes to financial statements.

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combined Statement of Activities
Year ended September 30, 2018

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|----------------------------|---------------|
| Support and revenue: | | | |
| Contributions | \$ 711,518 | \$ 7,008,662 | \$ 7,720,180 |
| Admissions | 166,264 | - | 166,264 |
| Memberships | 211,985 | - | 211,985 |
| Program fees | 104,393 | - | 104,393 |
| Special events | 766,198 | - | 766,198 |
| Museum store | 262,577 | - | 262,577 |
| Exhibition touring | 57,500 | - | 57,500 |
| Net investment return | 78,680 | 1,024,982 | 1,103,662 |
| Change in value of split-interest agreement | - | 22,000 | 22,000 |
| Appreciation in beneficial interest in remainder trust | - | 3,101 | 3,101 |
| In-kind donations | 26,951 | - | 26,951 |
| Other income | 20,610 | - | 20,610 |
| Total support and revenue | 2,406,676 | 8,058,745 | 10,465,421 |
| Net assets released from restrictions | 3,752,132 | (3,752,132) | - |
| Total support, revenue and reclassifications | 6,158,808 | 4,306,613 | 10,465,421 |
| Expenses: | | | |
| Program | 3,992,650 | - | 3,992,650 |
| Management and general | 3,064,001 | - | 3,064,001 |
| Fundraising | 819,462 | - | 819,462 |
| Total expenses | 7,876,113 | - | 7,876,113 |
| Support, revenue and reclassifications over (under) expenses | (1,717,305) | 4,306,613 | 2,589,308 |
| Proceeds from sale of collection items | - | 508,258 | 508,258 |
| Collection items purchased | - | (320,000) | (320,000) |
| Change in net assets | (1,717,305) | 4,494,871 | 2,777,566 |
| Net assets, beginning of year | 54,749,923 | 26,576,020 | 81,325,943 |
| Net assets, end of year | \$ 53,032,618 | \$ 31,070,891 | \$ 84,103,509 |

See accompanying notes to financial statements.

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Statement of Functional Expenses
Year ended September 30, 2019

| | Program Services | | | Total Program |
|------------------------------------|-------------------|-------------------|---------------------|---------------------|
| | Curatorial | Education | Other | |
| Salaries and wages | \$ 288,991 | \$ 384,091 | \$ 121,392 | \$ 794,474 |
| Employee benefits | 42,482 | 32,369 | 23,780 | 98,631 |
| Payroll taxes | 20,235 | 28,797 | 8,546 | 57,578 |
| Advertising and promotions | - | 60 | 2,607 | 2,667 |
| Bank fees | - | - | - | - |
| Conferences and meetings | 878 | 1,097 | 1,309 | 3,284 |
| Cost of sales | - | - | 101,230 | 101,230 |
| Depreciation | - | - | 1,426,334 | 1,426,334 |
| Dues and subscriptions | 2,036 | 622 | 3,965 | 6,623 |
| Exhibition | 369,960 | - | - | 369,960 |
| In-kind services | - | - | 48,417 | 48,417 |
| Insurance | - | - | 75,927 | 75,927 |
| Interest | - | - | - | - |
| Meals and entertainment | 212 | 4,001 | 803 | 5,016 |
| Member benefits | 111 | 3,217 | 689 | 4,017 |
| Miscellaneous | 429 | 5,010 | 2,791 | 8,230 |
| Occupancy | 50 | - | 560,105 | 560,155 |
| Parking | 120 | 6,001 | 775 | 6,896 |
| Printing, publications and postage | 20,083 | 3,391 | 23,701 | 47,175 |
| Professional services | 4,889 | 36,215 | 208,484 | 249,588 |
| Supplies | 5,235 | 42,207 | 61,859 | 109,301 |
| Travel | 18,371 | 983 | 6,139 | 25,493 |
| Total expenses | \$ 774,082 | \$ 548,061 | \$ 2,678,853 | \$ 4,000,996 |

| Supporting Services | | | |
|-----------------------------------|--------------------|-----------------------------|---------------------|
| Management and General | Fundraising | Total Supporting | Total |
| \$ 1,027,278 | \$ 296,453 | \$ 1,323,731 | \$ 2,118,205 |
| 136,682 | 28,420 | 165,102 | 263,733 |
| 70,189 | 21,455 | 91,644 | 149,222 |
| 50,459 | 499 | 50,958 | 53,625 |
| 28,667 | - | 28,667 | 28,667 |
| 4,834 | 3,459 | 8,293 | 11,577 |
| 80,924 | - | 80,924 | 182,154 |
| 549,869 | 14,731 | 564,600 | 1,990,934 |
| 22,393 | 665 | 23,058 | 29,681 |
| 69,459 | 27,739 | 97,198 | 467,158 |
| - | - | - | 48,417 |
| 28,377 | 1,577 | 29,954 | 105,881 |
| 147,000 | - | 147,000 | 147,000 |
| 8,508 | 435 | 8,943 | 13,959 |
| 2,729 | 72,144 | 74,873 | 78,890 |
| 25,795 | 7,296 | 33,091 | 41,321 |
| 219,212 | 5,717 | 224,929 | 785,084 |
| 37,498 | 434 | 37,932 | 44,828 |
| 26,271 | 30,512 | 56,783 | 103,958 |
| 700,921 | 67,276 | 768,197 | 1,017,785 |
| 113,411 | 55,154 | 168,565 | 277,866 |
| 5,389 | 4,710 | 10,099 | 35,592 |
| <u>\$ 3,355,865</u> | <u>\$ 638,676</u> | <u>\$ 3,994,541</u> | <u>\$ 7,995,537</u> |

See accompanying notes to financial statements.

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Statement of Functional Expenses
Year ended September 30, 2018

| | Program Services | | | Total Program |
|------------------------------------|-------------------|-------------------|---------------------|---------------------|
| | Curatorial | Education | Other | |
| Salaries and wages | \$ 275,796 | \$ 440,191 | \$ 120,808 | \$ 836,795 |
| Employee benefits | 40,087 | 34,276 | 26,876 | 101,239 |
| Payroll taxes | 19,625 | 32,635 | 7,762 | 60,022 |
| Advertising and promotions | - | 4,748 | 7,485 | 12,233 |
| Bank fees | - | - | - | - |
| Conferences and meetings | 714 | 2,237 | - | 2,951 |
| Cost of sales | - | - | 149,874 | 149,874 |
| Depreciation | - | - | 1,425,392 | 1,425,392 |
| Dues and subscriptions | 1,681 | 518 | 2,771 | 4,970 |
| Exhibition | 364,652 | - | - | 364,652 |
| In-kind services | - | - | 12,442 | 12,442 |
| Insurance | - | - | 72,665 | 72,665 |
| Interest | - | - | 41,238 | 41,238 |
| Meals and entertainment | 144 | 1,769 | 460 | 2,373 |
| Member benefits | - | 6,536 | 2,359 | 8,895 |
| Miscellaneous | 2,309 | 1,084 | 4,819 | 8,212 |
| Occupancy | - | - | 550,269 | 550,269 |
| Parking | 43 | 7,557 | 930 | 8,530 |
| Printing, publications and postage | 324 | 1,017 | 9,966 | 11,307 |
| Professional services | 1,090 | 21,998 | 164,474 | 187,562 |
| Supplies | 10,503 | 57,978 | 49,064 | 117,545 |
| Travel | 8,244 | 2,079 | 3,161 | 13,484 |
| Total expenses | \$ 725,212 | \$ 614,623 | \$ 2,652,815 | \$ 3,992,650 |

| Supporting Services | | | | |
|-----------------------------------|--------------------|-----------------------------|---------------------|--|
| Management and General | Fundraising | Total Supporting | Total | |
| \$ 967,248 | \$ 280,451 | \$ 1,247,699 | \$ 2,084,494 | |
| 112,657 | 30,383 | 143,040 | 244,279 | |
| 66,102 | 20,311 | 86,413 | 146,435 | |
| 38,967 | - | 38,967 | 51,200 | |
| 29,345 | - | 29,345 | 29,345 | |
| 3,541 | 2,222 | 5,763 | 8,714 | |
| 73,909 | - | 73,909 | 223,783 | |
| 543,183 | 13,424 | 556,607 | 1,981,999 | |
| 13,984 | 612 | 14,596 | 19,566 | |
| 104,485 | 16,469 | 120,954 | 485,606 | |
| - | - | - | 12,442 | |
| 25,941 | 1,579 | 27,520 | 100,185 | |
| 14,792 | - | 14,792 | 56,030 | |
| 9,006 | 2,518 | 11,524 | 13,897 | |
| 5,367 | 136,374 | 141,741 | 150,636 | |
| 21,983 | 11,655 | 33,638 | 41,850 | |
| 211,514 | 5,001 | 216,515 | 766,784 | |
| 36,449 | 1,758 | 38,207 | 46,737 | |
| 18,815 | 42,666 | 61,481 | 72,788 | |
| 649,111 | 195,983 | 845,094 | 1,032,656 | |
| 108,002 | 48,311 | 156,313 | 273,858 | |
| 9,600 | 9,745 | 19,345 | 32,829 | |
| \$ 3,064,001 | \$ 819,462 | \$ 3,883,463 | \$ 7,876,113 | |

See accompanying notes to financial statements.

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combined Statements of Cash Flows

| | Year ended September 30 | |
|---|-------------------------|--------------|
| | 2019 | 2018 |
| Operating activities | | |
| Change in net assets | \$ (2,864,655) | \$ 2,777,566 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 1,990,934 | 1,981,998 |
| Proceeds from sale of collection items | - | (508,258) |
| Collection items purchased | 278,650 | 320,000 |
| Donated stock | (70,394) | (77,463) |
| Contributions restricted for: | | |
| Comprehensive campaign | (1,000,000) | (6,000,000) |
| Endowment | - | (151,000) |
| Amortization of discount—contributions receivable | (181,454) | 273,865 |
| Realized and unrealized net gain on investments | 132,845 | (684,694) |
| Change in value of split-interest agreement | (13,000) | (22,000) |
| Appreciation in beneficial interest | (1,426) | (5,084) |
| Payment of deferred compensation | (165,970) | (23,156) |
| Changes in operating assets and liabilities: | | |
| Receivables | 1,987,169 | 1,375,258 |
| Inventories | (5,759) | 11,438 |
| Prepaid expenses | (58,517) | (17,682) |
| Payables | (116,583) | 26,349 |
| Advance deposits | (35,930) | 28,710 |
| Total adjustments | 2,740,565 | (3,471,719) |
| Net cash used in operating activities | (124,090) | (694,153) |
| Investing activities | | |
| Increase in cash restricted for comprehensive campaign | (720,037) | (2,428,271) |
| Distributions from perpetual trust | 7,523 | 1,983 |
| Purchases of investments | (1,411,626) | (1,819,412) |
| Proceeds from sales of investments | 1,156,505 | 2,013,430 |
| Property and equipment expenditures | (164,075) | (28,457) |
| Proceeds from sale of collection items | - | 508,258 |
| Collection items purchased | (278,650) | (320,000) |
| Net cash used in investing activities | (1,410,360) | (2,072,469) |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combined Statements of Cash Flows (continued)

| | Year ended September 30 | |
|---|-------------------------|--------------|
| | 2019 | 2018 |
| Financing activities | | |
| Proceeds from contributions restricted for: | | |
| Comprehensive campaign | 1,050,000 | 2,800,000 |
| Endowment | 51,098 | 49,902 |
| Net cash provided by financing activities | 1,101,098 | 2,849,902 |
| Net increase (decrease) in cash | (433,352) | 83,280 |
| Cash, beginning of year | 1,900,594 | 1,817,314 |
| Cash, end of year | \$ 1,467,242 | \$ 1,900,594 |

Cash is presented in the accompanying statements of financial position as follows:

| | | |
|----------------|--------------|--------------|
| Cash | \$ 1,207,191 | \$ 1,834,226 |
| Cash—endowment | 260,051 | 66,368 |
| Total cash | \$ 1,467,242 | \$ 1,900,594 |

See accompanying notes to financial statements.

Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

Notes to Combined Financial Statements

Note A—Summary of Accounting Policies

Reporting Entity

The accompanying combined financial statements include the accounts of the Grand Rapids Art Museum (the Museum) and the Grand Rapids Art Museum Foundation (the Foundation) (collectively, the Organization). All inter-organization accounts and transactions have been eliminated in combination. The Organization's support primarily comes from donor contributions.

Nature of the Organization

The Museum's mission is to connect people through art, design, and creativity, through exceptional art and learning experiences. Its vision is to lead and inspire West Michigan to be the most creative and imaginative community in the world.

The Foundation was formed to generate and receive contributions of property of any kind, both real and personal, and to administer such property in a manner consistent with and in support of the principles, objectives and programs of the Museum by providing financial support for the Museum's operations and special projects.

Approximately 30% of the Organization's support in 2019 was provided by contributions from one foundation and 80% in 2018 was provided by contributions from one individual and three foundations. The Organization has a concentration of credit risk with respect to contributions receivable from four foundations of approximately \$6,997,000 and three foundations of approximately \$8,744,000 at September 30, 2019 and 2018, respectively.

Basis of Accounting

The accompanying combined financial statements of the Organization are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

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

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note A—Summary of Accounting Policies (continued)

Cash

Cash received with donor-imposed restrictions limiting its use to long-term purposes is not considered cash for purposes of the combined statement of cash flows.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or net realizable value.

Investments

Investments are stated at their fair values. 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. See Note D for discussion of fair value measurements.

Investments sold are valued using the specific identification method. Net investment return is reported in the accompanying combined statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Property, Equipment and Depreciation

The Organization capitalizes all expenditures for property and equipment in excess of \$2,500. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which generally range from 3 to 40 years.

Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

Notes to Combined Financial Statements (continued)

Note A—Summary of Accounting Policies (continued)

Property, Equipment and Depreciation (continued)

Donations of property and equipment are recorded as support at their estimated fair values on the date of donation. Such donations are reported as without restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies such donations with restrictions to net assets without donor restrictions at that time.

Beneficial Interest in Perpetual Trust

The Museum is one of five irrevocable beneficiaries of a perpetual remainder trust held and administered by an independent trustee. A perpetual trust provides for the distribution of the net income of the trust to the Organization. At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the combined statements of activities, and a beneficial interest in perpetual trust is recorded in the combined statements of financial position at the fair value of the underlying trust asset. Thereafter, the beneficial interest in the trust is reported at the fair value of the trust's assets in the combined statements of financial position, with trust distributions and changes in fair value recognized in the combined statements of activities.

Classification of Net Assets

Net assets, revenues, gains and losses of the Organization are classified based on the presence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions—net assets available for use in general operations which are not subject to donor-imposed restrictions.
- Net Assets With Donor Restrictions—net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by action of the Organization or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the funds be maintained in perpetuity.

Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

Notes to Combined Financial Statements (continued)

Note A—Summary of Accounting Policies (continued)

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give are stated at their net realizable value. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Donated Materials, Supplies and Services

Donated materials and supplies are reflected as contributions in the accompanying combined statement of activities at their estimated values at date of receipt.

Donated noncash assets and services are recorded at their fair values in the period received. Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed services and supplies for 2019 and 2018 included consulting, marketing/media and supplies. These donations were recorded as contributions and as expenses at fair value at the date of receipt. Contributions of these types were approximately \$52,000 in 2019 and \$27,000 in 2018.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Museum's programs. The value of this time cannot be determined objectively and therefore is not reflected in the combined financial statements.

Functional Allocation of Expenses

The costs of providing program and support services have been reported on a functional basis in the combined statement of activities. The combined statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated are compensation and benefits, depreciation, insurance, occupancy costs, office expenses and professional services which are allocated on the basis of management's estimate of time and effort. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

Notes to Combined Financial Statements (continued)

Note A—Summary of Accounting Policies (continued)

Income Taxes

The Museum and Foundation are not-for-profit corporations and are exempt organizations from federal income tax under Section 501(a) as organizations described in Section 501(c) of the Internal Revenue Code (IRC).

Accounting Change

During the year ended September 30, 2019, the Organization adopted the provisions of the Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in information about expenses and investment return among not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these combined financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note Q).

Reclassifications

Certain reclassifications have been made to the 2018 combined financial statement presentation to conform with the 2019 combined financial statement presentation.

Subsequent Events

Subsequent events were evaluated through March 17, 2020, which is the date the combined financial statements were available to be issued.

Note B—Cash

The Museum maintains all of its cash balances, exclusive of money market funds held in an investment account, in two financial institutions. The Museum's cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. The Museum's cash balances are at times in excess of the \$250,000 insured limit.

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note C—Contributions Receivable

Contributions receivable are summarized as follows at September 30:

| | <u>2019</u> | <u>2018</u> |
|--------------------------------------|---------------------|---------------------|
| Receivable in less than one year | \$ 2,835,811 | \$ 2,924,054 |
| Receivable in one year to five years | 4,817,500 | 6,658,500 |
| Total contributions receivable | <u>7,653,311</u> | <u>9,582,554</u> |
| Less discount to net present value | <u>283,380</u> | <u>464,834</u> |
| Net contributions receivable | <u>\$ 7,369,931</u> | <u>\$ 9,117,720</u> |

Contributions receivable in more than one year were discounted at 2.5% per annum for both 2019 and 2018.

Contributions receivable have been included in the accompanying combined statements of financial position under the following captions at September 30:

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Contributions receivable | \$ 4,296,701 | \$ 5,615,520 |
| Contributions receivable—comprehensive campaign | 3,024,435 | 3,404,092 |
| Contributions receivable—endowment | 48,795 | 98,108 |
| Total contributions receivable | <u>\$ 7,369,931</u> | <u>\$ 9,117,720</u> |

Note D—Fair Value Measurements

The Organization reports assets at fair value in the combined financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note D—Fair Value Measurements (continued)

A three-tier hierarchy categorizes the inputs as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the assets and market-corroborated inputs.

Level 3—Unobservable inputs for the asset. In these situations, the Organization develops inputs using the best information available in the circumstances.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

The Organization uses prices and inputs that are current as of the measurement date, obtained through multiple third-party custodians and from independent pricing services.

A description of the valuation techniques applied to the major categories of investments measured at fair value is outlined below:

Hedge Fund—Hedge fund is estimated based on the net asset values of the underlying securities held by the fund.

Money Market Funds—Money market funds are valued using quoted net asset values in active markets.

Mutual Funds—Mutual funds are valued using quoted net asset values in active markets.

Perpetual Trust—Perpetual trust is estimated based on the underlying value of the investments held in the trust using quoted net asset values in active markets.

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note D—Fair Value Measurements (continued)

Publicly Traded Partnership—Publicly traded partnership is estimated based on the net asset values of the underlying securities held by the partnership.

Split-Interest Agreement—Split-interest agreement is estimated by calculating the present value of future distributions expected to be received, using published life expectancy tables and a discount rate of 2.5% for 2019 and 2018.

Assets measured at fair value on a recurring basis at September 30, 2019 are as follows:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|----------------------|---|---|--|
| Beneficial Interest in Perpetual Trust | \$ 89,006 | \$ — | \$ — | \$ 89,006 |
| Split-Interest Agreement | \$ 817,000 | \$ — | \$ — | \$ 817,000 |
| Endowment Investments: | | | | |
| Hedge fund | \$ 1,816,104 | \$ — | \$ — | 1,816,104 |
| Mutual funds | 16,886,210 | 16,886,210 | — | — |
| Publicly traded partnership | 631,639 | — | — | 631,639 |
| Total endowment investments | \$ 19,333,953 | \$ 16,886,210 | \$ — | \$ 2,447,743 |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note D—Fair Value Measurements (continued)

Assets measured at fair value on a recurring basis at September 30, 2018 are as follows:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|----------------------|---|---|--|
| Investments: | | | | |
| Mutual funds | \$ 163,610 | \$ 163,610 | \$ — | \$ — |
| Money market funds | 5 | 5 | — | — |
| Total investments | <u>\$ 163,615</u> | <u>\$ 163,615</u> | <u>\$ —</u> | <u>\$ —</u> |
| Beneficial Interest in Perpetual Trust | | | | |
| | <u>\$ 95,103</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 95,103</u> |
| Split Interest Agreement | | | | |
| | <u>\$ 804,000</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 804,000</u> |
| Endowment Investments: | | | | |
| Hedge fund | \$ 1,767,376 | \$ — | \$ — | 1,767,376 |
| Mutual funds | 16,281,695 | 16,281,695 | — | — |
| Publicly traded partnership | 833,021 | — | — | 833,021 |
| Total endowment investments | <u>\$ 18,882,092</u> | <u>\$ 16,281,695</u> | <u>\$ —</u> | <u>\$ 2,600,397</u> |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note D—Fair Value Measurements (continued)

Information about the changes in the investments, split-interest agreement and the beneficial interest, which are measured at fair value on a recurring basis using significant unobservable inputs, is as follows:

| | Investments | Split-Interest Agreement | Beneficial Interest in Perpetual Trust | Total |
|---|---------------------|-----------------------------|---|---------------------|
| Year ended September 30, 2019 | | | | |
| Beginning balance | \$ 2,600,397 | \$ 804,000 | \$ 95,103 | \$ 3,499,500 |
| Unrealized appreciation (depreciation) included in change in net assets | (152,654) | 13,000 | 1,426 | (138,228) |
| Distributions received | — | — | (7,523) | (7,523) |
| Ending balance | <u>\$ 2,447,743</u> | <u>\$ 817,000</u> | <u>\$ 89,006</u> | <u>\$ 3,353,749</u> |
| | | | | |
| | Investments | Split-Interest Agreement | Beneficial Interest in Perpetual Trust | Total |
| Year ended September 30, 2018 | | | | |
| Beginning balance | \$ 2,886,656 | \$ 782,000 | \$ 92,002 | \$ 3,760,658 |
| Unrealized appreciation (depreciation) included in change in net assets | (286,259) | 22,000 | 5,084 | (259,175) |
| Distributions received | — | — | (1,983) | (1,983) |
| Ending balance | <u>\$ 2,600,397</u> | <u>\$ 804,000</u> | <u>\$ 95,103</u> | <u>\$ 3,499,500</u> |

Unrealized appreciation (depreciation) in investments is reported in net investment return in the combined statements of activities. Unrealized appreciation in the split-interest agreement and unrealized appreciation in the beneficial interest in remainder trust are reported as change in value of split-interest agreement and appreciation in the beneficial interest in perpetual trust in the combined statements of activities.

Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

Notes to Combined Financial Statements (continued)

Note E—Collections

The Museum’s art collections consist of donated and purchased art objects, principally drawings, prints, study items and a reference library. The Museum adopted a policy of not capitalizing the collection of artwork in its combined financial statements. Accordingly, no collection items are recognized as assets, whether they are purchased or received as a donation. Purchases of collection items reduce net assets in the period when purchased. Proceeds from sales or insurance recoveries are recorded as increases in net assets when received. The Museum employs a curator to ensure the collection is protected and preserved. It is the policy of the Museum that proceeds from the sale of any collection items are to be used to purchase additional collection items.

Note F—Property and Equipment

Property and equipment are summarized by major classifications as follows at September 30:

| | 2019 | 2018 |
|-------------------------------|---------------|---------------|
| Land | \$ 7,575,615 | \$ 7,575,615 |
| Building | 73,200,070 | 73,188,541 |
| Leasehold improvements | 3,800 | 3,800 |
| Furniture and equipment | 2,488,774 | 2,336,229 |
| Vehicles | 61,919 | 61,919 |
| Total property and equipment | 83,330,178 | 83,166,104 |
| Less accumulated depreciation | 24,793,117 | 22,802,184 |
| Net property and equipment | \$ 58,537,061 | \$ 60,363,920 |

The Museum’s facility is located in downtown Grand Rapids. Part of the land was acquired from the Downtown Development Authority of the City of Grand Rapids (DDA) for \$1. The deed on this land contains a covenant that, in the event the Museum discontinues operating a public art museum on the site and does not construct a new facility within a defined area of metropolitan Grand Rapids, the property and all structures thereon must be transferred to the DDA for \$1. If the Museum discontinues operating a public art museum on the site and constructs a new facility within the defined area, it must pay the DDA the then fair market value of the land.

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note G—Contribution Receivable—Split-Interest Agreement

The Foundation is named as one of the beneficiaries under a trust agreement. Annual earnings from the trust are paid to the designated income beneficiary. The trust will terminate at the death of the income beneficiary, at which date the Foundation will receive its share of the trust's assets. The Foundation's beneficial interest in the trust was \$817,000 and \$804,000 at September 30, 2019 and 2018, respectively. These interests, based on the fair market value of the underlying assets, have been recorded at the present value of the future distributions expected to be received based on the beneficiary's life expectancy, using a discount rate of 2.5% for 2019 and 2018.

Note H—Long-term Debt

In December 2007, the Museum entered into a loan agreement with the Michigan Strategic Fund to borrow \$10,000,000 to finance the construction, furnishing and equipping of the facility. The Michigan Strategic Fund issued tax exempt variable rate demand limited obligation revenue bonds (Series B) to provide the funds loaned to the Museum. The Series B bonds underlying the loan agreement, totaling \$9,420,000 at September 30, 2019 and 2018, mature in a lump sum on May 1, 2041. The effective interest rate on the Series B bonds was 1.56% at September 30, 2019. Effective June 2018, interest payments on the bonds were suspended. See footnote K for more information.

Note I—Board-designated Net Assets

The Organization's board has designated, from net assets without donor restrictions, net assets for the following purposes at September 30:

| | 2019 | 2018 |
|-------------------|--------------|--------------|
| Board designated: | | |
| Operating reserve | \$ 300,000 | \$ 300,000 |
| Endowment | 1,342,871 | 1,306,757 |
| Total | \$ 1,642,871 | \$ 1,606,757 |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note J—Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at September 30:

| | 2019 | 2018 |
|---|--------------|--------------|
| Subject to expenditure for specific purpose: | | |
| Collections | \$ 432,242 | \$ 646,169 |
| Comprehensive campaign | 3,804,793 | 2,379,793 |
| Education programs | 23,750 | 20,000 |
| Exhibitions | 91,041 | 58,200 |
| General operations | — | 24,238 |
| Property and equipment | 5,877 | 7,066 |
| Promises to give with donor restrictions: | | |
| Comprehensive campaign | 3,024,435 | 3,404,092 |
| Exhibitions | 81,534 | 57,500 |
| General operations | — | 23,518 |
| Property and equipment | 73,199 | 94,659 |
| Total purpose restrictions | \$ 7,536,871 | \$ 6,715,235 |
| Subject to the passage of time: | | |
| Programs | \$ 141,273 | \$ 284,045 |
| Promises to give with donor restrictions: | | |
| Programs | 4,141,968 | 5,439,843 |
| Total time restrictions | \$ 4,283,241 | \$ 5,723,888 |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note J— Net Assets With Donor Restrictions (continued)

| | 2019 | 2018 |
|--|---------------|---------------|
| Endowment: | | |
| Subject to appropriation and expenditure when a specified event occurs: | | |
| American Art acquisitions | \$ 669,331 | \$ 620,897 |
| Education programs | 64,878 | 54,208 |
| Exhibitions | 8,629 | 6,864 |
| Furniture restoration and maintenance | 15,961 | 15,531 |
| General operations | 934,992 | 542,794 |
| Underprivileged and disabled patrons | 206,543 | 175,107 |
| Subtotal | 1,900,334 | 1,415,401 |
| Subject to the Organization's spending policy and appropriation: | | |
| American Arts acquisitions | 1,058,936 | 1,058,934 |
| Education programs | 546,256 | 546,256 |
| Exhibitions | 57,011 | 57,011 |
| General operations | 14,639,131 | 14,620,247 |
| Library acquisitions | 37,981 | 37,981 |
| Underprivileged and disabled patrons | 962,395 | 962,395 |
| Underwater endowment | (61,319) | (66,457) |
| Subtotal | 17,240,391 | 17,216,367 |
| Total endowment | 19,140,725 | 18,631,768 |
| Total net assets with donor restrictions | \$ 30,960,837 | \$ 31,070,891 |

Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

Notes to Combined Financial Statements (continued)

Note K—Comprehensive Campaign

During 2018, the Museum initiated the preparatory phase of a comprehensive campaign with three primary components: capital, endowment and bridge/programming. As of September 30, 2019, the Museum had received approximately \$7,000,000 in contribution revenue and had expended approximately \$687,000 for these projects.

In April 2018, the Museum received a challenge grant whereby the donor that holds the Series B bonds will forgive the \$9,420,000 Series B bonds and all related suspended interest if the Museum can raise \$9,420,000 for the comprehensive campaign. As of the issuance date of the combined financial statements, the Museum has commitments totaling \$8,300,000 towards the challenge grant.

Note L—Endowment

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

The Board of Trustees has interpreted the Michigan Prudent Management of Institutional Funds Act (MPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of the initial and subsequent gift amounts and (b) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

Notes to Combined Financial Statements (continued)

Note L—Endowment (continued)

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, including funds designated by the Board of Trustees to function as endowments, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income and capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity securities, debt securities and alternative strategies, which are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4.0%, while growing the funds. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately the consumer price index plus 4.0% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed so as not to expose the endowment fund to unacceptable levels of risk.

Spending Policy. The Foundation has a policy of appropriating for distribution each year 4.0% of its endowment fund's average fair value of the prior 16 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned for all amounts. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at the consumer price index rate. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Effective in 2019, the Foundation decided to stop making distributions to the Museum in an effort to grow the Endowment. The Organization intends to rely on funds raised in the comprehensive campaign to meet the Museum's current operating requirements. See Footnote K.

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note L—Endowment (continued)

Endowment net asset composition by type of fund is as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|----------------------------|----------------------|
| September 30, 2019 | | | |
| Board-designated endowment funds | \$ 1,342,871 | \$ — | \$ 1,342,871 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors | — | 17,212,704 | 17,212,704 |
| Accumulated investment gains | — | 1,839,015 | 1,839,015 |
| Perpetual trust | — | 89,006 | 89,006 |
| Total funds | <u>\$ 1,342,871</u> | <u>\$ 19,140,725</u> | <u>\$ 20,483,596</u> |
| September 30, 2018 | | | |
| Board-designated endowment funds | \$ 1,306,757 | \$ — | \$ 1,306,757 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors | — | 17,187,721 | 17,187,721 |
| Accumulated investment gains | — | 1,348,944 | 1,348,944 |
| Perpetual trust | — | 95,103 | 95,103 |
| Total funds | <u>\$ 1,306,757</u> | <u>\$ 18,631,768</u> | <u>\$ 19,938,525</u> |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note L—Endowment (continued)

Changes in endowment net assets for the year ended September 30, 2019 are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---|------------------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 1,306,757 | \$ 18,631,768 | \$ 19,938,525 |
| Investment return: | | | |
| Investment income, net of fees | 32,817 | 449,797 | 482,614 |
| Net appreciation | 3,297 | 62,837 | 66,134 |
| Total investment return | 36,114 | 512,634 | 548,748 |
| Contributions | — | 11,980 | 11,980 |
| Appreciation in beneficial interest in perpetual trust | — | 1,426 | 1,426 |
| Change in value of split-interest agreement | — | 13,000 | 13,000 |
| Amounts appropriated for expenditure | — | (30,083) | (30,083) |
| Endowment net assets, end of year | <u>\$ 1,342,871</u> | <u>\$ 19,140,725</u> | <u>\$ 20,483,596</u> |

Changes in endowment net assets for the year ended September 30, 2018 are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---|------------------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 1,267,509 | \$ 18,039,367 | \$ 19,306,876 |
| Investment return: | | | |
| Investment income, net of fees | 27,543 | 375,923 | 403,466 |
| Net appreciation | 48,806 | 649,059 | 697,865 |
| Total investment return | 76,349 | 1,024,982 | 1,101,331 |
| Contributions | 11,109 | 148,010 | 159,119 |
| Appreciation in beneficial interest in perpetual trust | — | 3,101 | 3,101 |
| Change in value of split-interest agreement | — | 22,000 | 22,000 |
| Amounts appropriated for expenditure | (48,210) | (605,692) | (653,902) |
| Endowment net assets, end of year | <u>\$ 1,306,757</u> | <u>\$ 18,631,768</u> | <u>\$ 19,938,525</u> |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note M—Net Investment Return

Net investment return is summarized as follows for the years ended September 30:

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|---------------------|
| Interest and dividends | \$ 655,205 | \$ 492,617 |
| Realized and unrealized net gain on investments | 29,674 | 686,677 |
| Investment management fees | (75,933) | (75,632) |
| Total | <u>\$ 608,946</u> | <u>\$ 1,103,662</u> |

Note N—Commitments

Lease Commitments

The Museum leases certain office equipment under noncancelable operating leases. The lease agreements are for five years. Lease expense for this office equipment was \$27,690 in 2019 and \$31,416 in 2018.

The Museum leases a secondary office facility under a noncancelable operating lease that expires in March 2020. Rent expense for the lease totaled \$30,055 in 2019 and \$29,709 in 2018.

Future minimum lease commitments at September 30, 2019 under noncancelable operating leases with remaining terms in excess of one year are as follows:

| <u>Year ending September 30</u> | <u>Equipment</u> |
|---------------------------------|------------------|
| 2020 | \$ 26,289 |
| 2021 | 2,331 |
| 2022 | 2,331 |
| 2023 | 2,331 |
| Thereafter | 777 |
| Total lease commitments | <u>\$ 34,059</u> |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note N—Commitments (continued)

Collaborative Arrangement

In October 2016, the Museum entered into a collaborative arrangement with WOOD TV8 for the purpose of growing community connections through the media arts. The arrangement is for three years beginning March 2017. The Museum provides space for the joint media center and collaboratively works with WOOD TV8 to conceive and produce broadcasts, programs, events and presentations utilizing the media arts.

Note O—Retirement Plan

The Museum has an IRC Section 401(k) retirement plan covering all eligible employees. The Museum's matching contributions to the plan totaled \$55,126 in 2019 and \$54,804 in 2018.

Note P—Deferred Compensation Plan

The Museum has established an IRC Section 457 deferred compensation plan. Eligibility in the Plan is determined by the Board of Trustees in its sole discretion. Deferred compensation payable under the Plan was \$0 at September 30, 2019 and \$163,615 at September 30, 2018. Deferred compensation expense under the Plan was \$165,970 in 2019 and \$13,173 in 2018.

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note Q—Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the combined statement of financial position date, comprise the following at September 30:

| | 2019 |
|---|---------------------|
| Cash | \$ 4,615,550 |
| Receivables | 7,397,442 |
| Investments | 19,333,953 |
| Total financial assets | 31,346,945 |
| Less those unavailable for general expenditure within one year due to: | |
| Restricted by donor with purpose restrictions | 4,249,162 |
| Restricted by donor with time restrictions | 2,472,396 |
| Donor-restricted endowment | 17,212,704 |
| Board-designated endowment | 1,342,871 |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 6,069,812 |

Restricted contributions require resources to be used in a particular manner or in a future period, therefore, the Organization must maintain sufficient resources to meet those responsibilities to its donors. As a result, financial assets may not be available for general expenditure within one year. Amounts not available to meet expenditures within one year include amounts restricted for a specific purpose, amounts restricted by the passage of time and amounts restricted for endowment.

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board of trustees as endowment. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The Organization does not intend to spend the accumulated investment gains on endowment funds; however, these amounts could be made available if necessary.

The Organization's board-designated endowment of \$1,342,871 is subject to an annual spending policy rate up to 4% as described in Footnote L. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Notes to Combined Financial Statements (continued)

Note Q—Liquidity and Availability (continued)

As part of the Organization's liquidity management plan, the Board has designated an amount for an operating reserve which was \$300,000 as of September 30, 2019.

Note R—Risk and Uncertainties

The Organization holds investments in various financial instruments under an investment objective consisting of any combination of mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment amount reported in the combined statements of financial position.

Note S—Supplemental Cash Flow Information

Cash paid for interest was \$0 in 2019 and \$56,030 in 2018.

Note T—Subsequent Events

In recent days, the COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. In March 2020, the Museum closed to the public and while the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

Supplementary Information

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combining Statement of Financial Position
September 30, 2019

| | Grand Rapids Art Museum | Grand Rapids Art Museum Foundation | Eliminations | Combined |
|---|------------------------------------|---|---------------------|----------------------|
| Assets | | | | |
| Cash | \$ 1,207,191 | \$ - | \$ - | \$ 1,207,191 |
| Accounts receivable | 94,591 | - | (67,080) | 27,511 |
| Contributions receivable | 4,296,701 | - | - | 4,296,701 |
| Inventories | 110,119 | - | - | 110,119 |
| Prepaid expenses | 206,514 | - | - | 206,514 |
| Prepaid exhibitions | 151,712 | - | - | 151,712 |
| Assets restricted for comprehensive campaign: | | | | |
| Cash | 3,148,308 | - | - | 3,148,308 |
| Contributions receivable | 3,024,435 | - | - | 3,024,435 |
| Property and equipment, less accumulated depreciation | 58,537,061 | - | - | 58,537,061 |
| Beverage license | 42,444 | - | - | 42,444 |
| Beneficial interest in perpetual trust | 89,006 | - | - | 89,006 |
| Assets restricted for endowment: | | | | |
| Cash | - | 260,051 | - | 260,051 |
| Interest receivable | - | 1,873 | - | 1,873 |
| Contributions receivable | - | 48,795 | - | 48,795 |
| Contribution receivable—split-interest agreement | - | 817,000 | - | 817,000 |
| Investments | - | 19,333,953 | - | 19,333,953 |
| Total assets | \$ 70,908,082 | \$ 20,461,672 | \$ (67,080) | \$ 91,302,674 |
| Liabilities | | | | |
| Accounts payable | \$ 230,777 | \$ 67,080 | \$ (67,080) | \$ 230,777 |
| Other payables | 245,286 | - | - | 245,286 |
| Advance deposits | 167,757 | - | - | 167,757 |
| Long-term debt | 9,420,000 | - | - | 9,420,000 |
| Total liabilities | 10,063,820 | 67,080 | (67,080) | 10,063,820 |
| Net Assets | | | | |
| Without donor restrictions | 48,935,146 | 1,342,871 | - | 50,278,017 |
| With donor restrictions | 11,909,116 | 19,051,721 | - | 30,960,837 |
| Total net assets | 60,844,262 | 20,394,592 | - | 81,238,854 |
| Total liabilities and net assets | \$ 70,908,082 | \$ 20,461,672 | \$ (67,080) | \$ 91,302,674 |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combining Statement of Financial Position
September 30, 2018

| | Grand Rapids Art Museum | Grand Rapids Art Museum Foundation | Eliminations | Combined |
|--|----------------------------|--|-------------------|----------------------|
| Assets | | | | |
| Cash | \$ 1,834,226 | \$ - | \$ - | \$ 1,834,226 |
| Accounts receivable | 125,160 | - | (8,934) | 116,226 |
| Contributions receivable | 5,615,520 | - | - | 5,615,520 |
| Inventories | 104,360 | - | - | 104,360 |
| Prepaid expenses | 104,591 | - | - | 104,591 |
| Prepaid exhibitions | 195,118 | - | - | 195,118 |
| Investments | 163,615 | - | - | 163,615 |
| Assets restricted for comprehensive campaign: | | | | |
| Cash | 2,428,271 | - | - | 2,428,271 |
| Contributions receivable | 3,404,092 | - | - | 3,404,092 |
| Property and equipment, less accumulated depreciation | 60,363,920 | - | - | 60,363,920 |
| Beverage license | 42,444 | - | - | 42,444 |
| Beneficial interest in perpetual trust | 95,103 | - | - | 95,103 |
| Assets restricted for endowment: | | | | |
| Cash | - | 66,368 | - | 66,368 |
| Interest receivable | - | 1,788 | - | 1,788 |
| Contributions receivable | - | 98,108 | - | 98,108 |
| Contribution receivable— split-interest agreement | - | 804,000 | - | 804,000 |
| Investments | - | 18,882,092 | - | 18,882,092 |
| Total assets | <u>\$ 74,476,420</u> | <u>\$ 19,852,356</u> | <u>\$ (8,934)</u> | <u>\$ 94,319,842</u> |
| Liabilities | | | | |
| Accounts payable | \$ 324,866 | \$ 8,934 | \$ (8,934) | 324,866 |
| Other payables | 267,780 | - | - | 267,780 |
| Advance deposits | 203,687 | - | - | 203,687 |
| Long-term debt | 9,420,000 | - | - | 9,420,000 |
| Total liabilities | <u>10,216,333</u> | <u>8,934</u> | <u>(8,934)</u> | <u>10,216,333</u> |
| Net Assets | | | | |
| Without donor restrictions | 51,725,861 | 1,306,757 | - | 53,032,618 |
| With donor restrictions | 12,534,226 | 18,536,665 | - | 31,070,891 |
| Total net assets | <u>64,260,087</u> | <u>19,843,422</u> | <u>-</u> | <u>84,103,509</u> |
| Total liabilities and net assets | <u>\$ 74,476,420</u> | <u>\$ 19,852,356</u> | <u>\$ (8,934)</u> | <u>\$ 94,319,842</u> |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combining Statement of Activities
Year ended September 30, 2019

| | Grand Rapids Art Museum | |
|---|---|------------------------------------|
| | Without Donor Restrictions | With Donor Restrictions |
| Support and revenue: | | |
| Contributions | \$ 783,882 | \$ 2,487,516 |
| Admissions | 125,413 | - |
| Memberships | 191,733 | - |
| Program fees | 106,568 | - |
| Special events | 706,174 | - |
| Museum store | 187,659 | - |
| Exhibition touring | 110,000 | - |
| Net investment return | 51,623 | 8,575 |
| Change in value of split-interest agreement | - | - |
| Appreciation in beneficial interest in remainder trust | - | 1,426 |
| In-kind donations | 51,970 | - |
| Other income | 9,502 | 13,724 |
| Total support and revenue | <u>2,324,524</u> | <u>2,511,241</u> |
| Net assets released from restrictions | 2,857,701 | (2,857,701) |
| Total support, revenue and reclassifications | <u>5,182,225</u> | <u>(346,460)</u> |
| Expenses: | | |
| Program | 4,000,996 | - |
| Management and general | 3,333,268 | - |
| Fundraising | 638,676 | - |
| Total expenses | <u>7,972,940</u> | <u>-</u> |
| Support, revenue and reclassifications over (under) expenses | (2,790,715) | (346,460) |
| Collection items purchased | - | (278,650) |
| Change in net assets | <u>(2,790,715)</u> | <u>(625,110)</u> |
| Net assets, beginning of year | 51,725,861 | 12,534,226 |
| Net assets, end of year | <u>\$ 48,935,146</u> | <u>\$ 11,909,116</u> |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combining Statement of Activities (continued)

Year ended September 30, 2019

| Grand Rapids Art Museum Foundation | | | | |
|---|------------------------------------|---------------------|--------------|-------------|
| Without Donor Restrictions | With Donor Restrictions | Eliminations | Total | |
| \$ - | \$ 11,980 | \$ - | \$ | 3,283,378 |
| - | - | - | | 125,413 |
| - | - | - | | 191,733 |
| - | - | - | | 106,568 |
| - | - | - | | 706,174 |
| - | - | - | | 187,659 |
| - | - | - | | 110,000 |
| 36,114 | 512,634 | - | | 608,946 |
| - | 13,000 | - | | 13,000 |
| - | - | - | | 1,426 |
| - | - | - | | 51,970 |
| 39 | - | - | | 23,265 |
| 36,153 | 537,614 | - | | 5,409,532 |
| 22,558 | (22,558) | - | | - |
| 58,711 | 515,056 | - | | 5,409,532 |
| - | - | - | | 4,000,996 |
| 22,597 | - | - | | 3,355,865 |
| - | - | - | | 638,676 |
| 22,597 | - | - | | 7,995,537 |
| 36,114 | 515,056 | - | | (2,586,005) |
| - | - | - | | (278,650) |
| 36,114 | 515,056 | - | | (2,864,655) |
| 1,306,757 | 18,536,665 | - | | 84,103,509 |
| \$ 1,342,871 | \$ 19,051,721 | \$ - | \$ | 81,238,854 |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combining Statement of Activities
Year ended September 30, 2018

| | Grand Rapids Art Museum | |
|---|---|------------------------------------|
| | Without Donor Restrictions | With Donor Restrictions |
| Support and revenue: | | |
| Contributions | \$ 700,409 | \$ 6,860,652 |
| Admissions | 166,264 | - |
| Memberships | 211,985 | - |
| Program fees | 104,393 | - |
| Special events | 766,198 | - |
| Museum store | 262,577 | - |
| Grand Rapids Art Museum Foundation Support | 635,412 | - |
| Exhibition touring | 57,500 | - |
| Net investment return | 2,331 | - |
| Change in value of split-interest agreement | - | - |
| Appreciation in beneficial interest in remainder trust | - | 3,101 |
| In-kind donations | 26,951 | - |
| Other income | 20,610 | - |
| Total support and revenue | <u>2,954,630</u> | <u>6,863,753</u> |
| Net assets released from restrictions | <u>3,146,440</u> | <u>(3,146,440)</u> |
| Total support, revenue and reclassifications | 6,101,070 | 3,717,313 |
| Expenses: | | |
| Program | 3,992,650 | - |
| Management and general | 3,045,511 | - |
| Fundraising | 819,462 | - |
| Total expenses | <u>7,857,623</u> | <u>-</u> |
| Support, revenue and reclassifications over (under) expenses | (1,756,553) | 3,717,313 |
| Proceeds from sale of collection items | - | 508,258 |
| Collection items purchased | - | (320,000) |
| Change in net assets | (1,756,553) | 3,905,571 |
| Net assets, beginning of year | 53,482,414 | 8,628,655 |
| Net assets, end of year | <u>\$ 51,725,861</u> | <u>\$ 12,534,226</u> |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combining Statement of Activities (continued)

Year ended September 30, 2018

| Grand Rapids Art Museum Foundation | | | |
|---|------------------------------------|---------------------|---------------|
| Without Donor Restrictions | With Donor Restrictions | Eliminations | Total |
| \$ 11,109 | \$ 148,010 | \$ - | \$ 7,720,180 |
| - | - | - | 166,264 |
| - | - | - | 211,985 |
| - | - | - | 104,393 |
| - | - | - | 766,198 |
| - | - | - | 262,577 |
| - | - | (635,412) | - |
| - | - | - | 57,500 |
| 76,349 | 1,024,982 | - | 1,103,662 |
| - | 22,000 | - | 22,000 |
| - | - | - | 3,101 |
| - | - | - | 26,951 |
| - | - | - | 20,610 |
| 87,458 | 1,194,992 | (635,412) | 10,465,421 |
| 605,692 | (605,692) | - | - |
| 693,150 | 589,300 | (635,412) | 10,465,421 |
| 635,412 | - | (635,412) | 3,992,650 |
| 18,490 | - | - | 3,064,001 |
| - | - | - | 819,462 |
| 653,902 | - | (635,412) | 7,876,113 |
| 39,248 | 589,300 | - | 2,589,308 |
| - | - | - | 508,258 |
| - | - | - | (320,000) |
| 39,248 | 589,300 | - | 2,777,566 |
| 1,267,509 | 17,947,365 | - | 81,325,943 |
| \$ 1,306,757 | \$ 18,536,665 | \$ - | \$ 84,103,509 |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combining Statement of Cash Flows

Year ended September 30, 2019

| | <u>Grand Rapids Art Museum</u> | <u>Grand Rapids Art Museum Foundation</u> | <u>Eliminations</u> | <u>Combined</u> |
|---|------------------------------------|---|---------------------|------------------|
| Operating activities | | | | |
| Change in net assets | \$ (3,415,825) | \$ 551,170 | \$ - | \$ (2,864,655) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 1,990,934 | - | - | 1,990,934 |
| Collection items purchased | 278,650 | - | - | 278,650 |
| Donated stock | (70,394) | - | - | (70,394) |
| Contributions restricted for comprehensive campaign | (1,000,000) | - | - | (1,000,000) |
| Amortization of discount | (179,669) | (1,785) | - | (181,454) |
| Realized/unrealized net (gain) loss on investments | 163,940 | (31,095) | - | 132,845 |
| Change in value of split-interest agreement | - | (13,000) | - | (13,000) |
| Appreciation in beneficial interest | (1,426) | - | - | (1,426) |
| Deferred compensation payment | (165,970) | - | - | (165,970) |
| Changes in operating assets and liabilities: | | | | |
| Receivables | 1,929,108 | (85) | 58,146 | 1,987,169 |
| Inventories | (5,759) | - | - | (5,759) |
| Prepaid expenses | (58,517) | - | - | (58,517) |
| Payables | (116,583) | 58,146 | (58,146) | (116,583) |
| Advance deposits | (35,930) | - | - | (35,930) |
| Total adjustments | <u>2,728,384</u> | <u>12,181</u> | <u>-</u> | <u>2,740,565</u> |
| Net cash provided by (used in) operating activities | (687,441) | 563,351 | - | (124,090) |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combining Statement of Cash Flows (continued)

Year ended September 30, 2019

| | <u>Grand Rapids Art Museum</u> | <u>Grand Rapids Art Museum Foundation</u> | <u>Eliminations</u> | <u>Combined</u> |
|---|------------------------------------|---|---------------------|---------------------|
| Investing activities | | | | |
| Increase in cash restricted for | | | | |
| comprehensive campaign | (720,037) | - | - | (720,037) |
| Distributions from perpetual trust | 7,523 | - | - | 7,523 |
| Purchases of investments | - | (1,411,626) | - | (1,411,626) |
| Proceeds from sales of investments | 165,645 | 990,860 | - | 1,156,505 |
| Property/equipment expenditures | (164,075) | - | - | (164,075) |
| Collection items purchased | (278,650) | - | - | (278,650) |
| Net cash used in investing activities | (989,594) | (420,766) | - | (1,410,360) |
| Financing activities | | | | |
| Proceeds from restricted contributions: | | | | |
| Comprehensive campaign | 1,050,000 | - | - | 1,050,000 |
| Endowment | - | 51,098 | - | 51,098 |
| Net cash provided by financing activities | 1,050,000 | 51,098 | - | 1,101,098 |
| Net increase (decrease) in cash | (627,035) | 193,683 | - | (433,352) |
| Cash, beginning of year | 1,834,226 | 66,368 | - | 1,900,594 |
| Cash, end of year | <u>\$ 1,207,191</u> | <u>\$ 260,051</u> | <u>\$ -</u> | <u>\$ 1,467,242</u> |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combining Statement of Cash Flows
Year ended September 30, 2018

| | <u>Grand Rapids Art Museum</u> | <u>Grand Rapids Art Museum Foundation</u> | <u>Eliminations</u> | <u>Combined</u> |
|---|------------------------------------|---|---------------------|--------------------|
| Operating activities | | | | |
| Change in net assets | \$ 2,149,018 | \$ 628,548 | \$ - | \$ 2,777,566 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | | | |
| Depreciation | 1,981,998 | - | - | 1,981,998 |
| Proceeds from sale of collection items | (508,258) | - | - | (508,258) |
| Collection items purchased | 320,000 | - | - | 320,000 |
| Donated stock | (77,463) | - | - | (77,463) |
| Contributions restricted for: | | | | |
| Comprehensive campaign | (6,000,000) | - | - | (6,000,000) |
| Endowment | - | (151,000) | - | (151,000) |
| Amortization of discount | 270,875 | 2,990 | - | 273,865 |
| Realized/unrealized net (gain) loss on investments | 13,173 | (697,867) | - | (684,694) |
| Change in value of split-interest agreement | - | (22,000) | - | (22,000) |
| Appreciation in beneficial interest | (5,084) | - | - | (5,084) |
| Deferred compensation payment | (23,156) | - | - | (23,156) |
| Changes in operating assets and liabilities: | | | | |
| Receivables | 1,388,030 | (124) | (12,648) | 1,375,258 |
| Inventories | 11,438 | - | - | 11,438 |
| Prepaid expenses | (17,682) | - | - | (17,682) |
| Payables | 26,349 | (12,648) | 12,648 | 26,349 |
| Advance deposits | 28,710 | - | - | 28,710 |
| Total adjustments | <u>(2,591,070)</u> | <u>(880,649)</u> | <u>-</u> | <u>(3,471,719)</u> |
| Net cash used in operating activities | (442,052) | (252,101) | - | (694,153) |

**Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation**

Combining Statement of Cash Flows (continued)

Year ended September 30, 2018

| | <u>Grand Rapids Art Museum</u> | <u>Grand Rapids Art Museum Foundation</u> | <u>Eliminations</u> | <u>Combined</u> |
|---|------------------------------------|---|---------------------|---------------------|
| Investing activities | | | | |
| Increase in cash restricted for comprehensive campaign | (2,428,271) | - | - | (2,428,271) |
| Distributions from perpetual trust | 1,983 | - | - | 1,983 |
| Purchases of investments | - | (1,819,412) | - | (1,819,412) |
| Proceeds from sales of investments | 33,508 | 1,979,922 | - | 2,013,430 |
| Property/equipment expenditures | (28,457) | - | - | (28,457) |
| Proceeds from sale of collection items | 508,258 | - | - | 508,258 |
| Collection items purchased | (320,000) | - | - | (320,000) |
| Net cash provided by (used in) investing activities | (2,232,979) | 160,510 | - | (2,072,469) |
| Financing activities | | | | |
| Proceeds from restricted contributions: | | | | |
| Comprehensive campaign | 2,800,000 | - | - | 2,800,000 |
| Endowment | - | 49,902 | - | 49,902 |
| Net cash provided by financing activities | 2,800,000 | 49,902 | - | 2,849,902 |
| Net increase (decrease) in cash | 124,969 | (41,689) | - | 83,280 |
| Cash, beginning of year | 1,709,257 | 108,057 | - | 1,817,314 |
| Cash, end of year | <u>\$ 1,834,226</u> | <u>\$ 66,368</u> | <u>\$ -</u> | <u>\$ 1,900,594</u> |