

Grand Rapids
Public Museum
Foundation
and
Subsidiary



For the Years
Ended June 30,
2018 and 2017

Consolidated
Financial
Statements
and
Supplementary
Information

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

December 13, 2018

Board of Trustees
Grand Rapids Public Museum Foundation
and Subsidiary
Grand Rapids, Michigan

We have audited the accompanying consolidated financial statements of the ***Grand Rapids Public Museum Foundation and Subsidiary*** (Michigan non-profit corporations) (the "Organization"), 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 consolidated financial statements.

Management's Responsibility for the Consolidated 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.

Independent Auditors' 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 auditor 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 Organization'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 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 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 consolidated financial position of ***Grand Rapids Public Museum Foundation and Subsidiary*** as of June 30, 2018 and 2017, and the consolidated 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.

Other Matters

Other Information

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic 2018 consolidated financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the 2018 consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Rehmann Lobson LLC

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidated Statements of Financial Position

	ASSETS	
	June 30	
	2018	2017
Current assets		
Cash and cash equivalents	\$ 3,796,029	\$ 3,469,447
Receivables:		
Contributions, current portion	275,024	305,461
Contributions, restricted for long-term purposes	100,000	100,000
Other	98,150	128,138
Inventories	61,414	66,543
Prepaid expenses	499,481	356,439
Total current assets	4,830,098	4,426,028
Investments	35,422,901	32,884,005
Charitable remainder trust	533,000	505,000
Contributions receivable, net of current portion	77,458	8,568
Property and equipment, net	4,426,176	4,152,380
Total assets	\$ 45,289,633	\$ 41,975,981
	LIABILITIES AND NET ASSETS	
Liabilities		
Accounts payable	\$ 588,982	\$ 875,347
Accrued expenses:		
Payroll and related taxes	60,512	53,222
Compensated absences	108,898	96,584
Deferred revenue	226,902	237,488
Total liabilities (all current)	985,294	1,262,641
Net assets		
Unrestricted	4,717,302	1,252,240
Temporarily restricted	507,460	409,623
Permanently restricted	39,079,577	39,051,477
Total net assets	44,304,339	40,713,340
Total liabilities and net assets	\$ 45,289,633	\$ 41,975,981

The accompanying notes are an integral part of these consolidated financial statements.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidated Statements of Activities

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenue and gains				
Support				
Contributions:				
Cash and promises to give cash	\$ 222,117	\$ 93,662	\$ 100	\$ 315,879
Grants	71,910	359,975	-	431,885
In-kind	1,229,174	-	-	1,229,174
Change in value of split-interest agreement	-	-	28,000	28,000
Millage	4,805,822	-	-	4,805,822
Total support	6,329,023	453,637	28,100	6,810,760
Revenue and gains				
Museum admissions	1,050,086	-	-	1,050,086
Food sales	485,375	-	-	485,375
Store sales	255,719	-	-	255,719
Membership	410,480	-	-	410,480
Parking fees	213,034	-	-	213,034
Programs	164,110	-	-	164,110
Other service fees	2,254	-	-	2,254
Rental income	436,043	-	-	436,043
Special events, net	384,371	-	-	384,371
Investment income, net	1,300	1,734,327	-	1,735,627
Miscellaneous	40,060	-	-	40,060
Total revenue and gains	3,442,832	1,734,327	-	5,177,159
Net assets released from restrictions	2,090,127	(2,090,127)	-	-
Total support, revenue, gains and net assets released from restrictions	11,861,982	97,837	28,100	11,987,919
Expenses				
Personnel services	3,395,949	-	-	3,395,949
Utilities	770,434	-	-	770,434
Contractual services	624,871	-	-	624,871
Rental expense	1,369,806	-	-	1,369,806
Professional fees	202,498	-	-	202,498
Merchandise	296,087	-	-	296,087
Supplies	372,875	-	-	372,875
Repairs and maintenance	212,152	-	-	212,152
Printing and postage	127,001	-	-	127,001
Insurance	90,726	-	-	90,726
Advertising	433,086	-	-	433,086
Miscellaneous	46,829	-	-	46,829
Dues and subscriptions	22,461	-	-	22,461
Travel	44,407	-	-	44,407
Depreciation	381,413	-	-	381,413
Bad debt	6,325	-	-	6,325
Total expenses	8,396,920	-	-	8,396,920
Change in net assets	3,465,062	97,837	28,100	3,590,999
Net assets, beginning of year	1,252,240	409,623	39,051,477	40,713,340
Net assets, end of year	\$ 4,717,302	\$ 507,460	\$ 39,079,577	\$ 44,304,339

The accompanying notes are an integral part of these consolidated financial statements.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidated Statements of Activities

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenue and gains				
Support				
Contributions:				
Cash and promises to give cash	\$ 331,949	\$ 66,970	\$ -	\$ 398,919
Grants	57,960	436,834	-	494,794
In-kind	1,233,692	-	-	1,233,692
Change in value of split-interest agreement	-	-	32,000	32,000
Millage	4,511,481	-	-	4,511,481
Total support	6,135,082	503,804	32,000	6,670,886
Revenue and gains				
Museum admissions	979,060	-	-	979,060
Food sales	453,231	-	-	453,231
Store sales	175,967	-	-	175,967
Membership	413,061	-	-	413,061
Parking fees	393,455	-	-	393,455
Programs	126,628	-	-	126,628
Other service fees	2,881	-	-	2,881
Rental income	406,422	-	-	406,422
Special events, net	374,486	-	-	374,486
Investment loss, net	644	2,341,092	-	2,341,736
Miscellaneous	28,856	-	-	28,856
Total revenue and gains	3,354,691	2,341,092	-	5,695,783
Net assets released from restrictions	2,930,097	(2,930,097)	-	-
Total support, revenue, gains and net assets released from restrictions	12,419,870	(85,201)	32,000	12,366,669
Expenses				
Personnel services	3,053,127	-	-	3,053,127
Utilities	760,879	-	-	760,879
Contractual services	389,346	-	-	389,346
Rental expense	1,662,386	-	-	1,662,386
Professional fees	210,397	-	-	210,397
Merchandise	254,754	-	-	254,754
Supplies	223,058	-	-	223,058
Repairs and maintenance	170,282	-	-	170,282
Printing and postage	112,411	-	-	112,411
Insurance	82,622	-	-	82,622
Advertising	358,441	-	-	358,441
Telephone	27,646	-	-	27,646
Miscellaneous	409,101	-	-	409,101
Dues and subscriptions	19,963	-	-	19,963
Travel	16,747	-	-	16,747
Depreciation	332,253	-	-	332,253
Bad debt	4,000	-	-	4,000
Total expenses	8,087,413	-	-	8,087,413
Change in net assets	4,332,457	(85,201)	32,000	4,279,256
Net assets (deficit), beginning of year	(3,080,217)	494,824	39,019,477	36,434,084
Net assets, end of year	\$ 1,252,240	\$ 409,623	\$ 39,051,477	\$ 40,713,340

The accompanying notes are an integral part of these consolidated financial statements.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended June 30	
	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 3,590,999	\$ 4,279,256
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	381,413	332,253
Bad debt	6,325	4,000
Realized and unrealized gains on investments	(1,551,898)	(2,245,765)
Change in value of split-interest agreement	(28,000)	(32,000)
Gifts in kind	-	(543,574)
Changes in operating assets and liabilities which provided (used) cash:		
Contributions receivable	(44,878)	111,960
Other receivable	29,988	(71,985)
Inventories	5,129	(15,112)
Prepaid expenses	(143,042)	(56,212)
Accounts payable	(286,365)	549,840
Accrued expenses	19,604	16,656
Deferred revenue	(10,586)	(2,563)
Net cash provided by operating activities	1,968,689	2,326,754
Cash flows from investing activities		
Proceeds from sales and maturities of investments	4,933,729	3,739,119
Purchases of property and equipment	(655,209)	(631,314)
Purchase of investments	(5,920,727)	(6,924,640)
Net cash used in investing activities	(1,642,207)	(3,816,835)
Cash flows from financing activities		
Cash receipts for contributions restricted for investment in permanent endowment	100	5,000
Net short-term borrowings	-	(748,638)
Net cash provided by (used in) financing activities	100	(743,638)
Net increase (decrease) in cash and cash equivalents	326,582	(2,233,719)
Cash and cash equivalents, beginning of year	3,469,447	5,703,166
Cash and cash equivalents, end of year	\$ 3,796,029	\$ 3,469,447

The accompanying notes are an integral part of these consolidated financial statements.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Consolidation

The *Grand Rapids Public Museum* (the “Public Museum”) is a wholly owned subsidiary of the *Grand Rapids Public Museum Foundation* (the “Foundation”). The City of Grand Rapids retains ownership of the Museum’s facilities and all of its collections. The Public Museum is responsible for the operation, management, and maintenance of these assets. The Foundation has a primary focus of fundraising but also has the overall responsibility for the current and long-term viability and success of the Public Museum.

The accompanying consolidated financial statements present the consolidated financial position, changes in net assets and cash flows of the Foundation and the Public Museum (together, the “Organization”) in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Both the Foundation and the Public Museum maintain their accounting records on the accrual basis of accounting. All significant inter-company accounts and transactions have been eliminated in preparation of the consolidated financial statements.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates include, but are not limited to, management’s estimate of the value of receivable under the split-interest agreement, the fair value of investments and the value of in-kind contributions.

Basis of Presentation

The Foundation and the Public Museum have classified information regarding their financial position and activities according to three classes of net assets depending on the existence or absence of donor-imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds currently available at the discretion of the Board of Trustees for support of Organization operations.
- Temporarily restricted net assets result from donor-imposed restrictions that expire with the passage of time or can be released from restriction by meeting certain purpose requirements.
- Permanently restricted net assets result from donor-imposed restrictions that require the related assets to be maintained permanently. Earnings, gains and losses on restricted net assets are classified as unrestricted unless specifically restricted by donor or law.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For assets and liabilities recorded at fair value, it is the Organization's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements for those financial instruments for which there is an active market. In cases where the market for a financial asset or liability is not active, the Organization includes appropriate risk adjustments that market participants would make for nonperformance and liquidity risks when developing fair value measurements. Fair value measurements for assets and liabilities for which limited or no observable market data exists are accordingly based primarily upon estimates, are often calculated based on the economic and competitive environment, the characteristics of the asset or liability and other factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future values. For a further discussion of fair value measurements, refer to Note 2.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand and money market accounts. The Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Organization maintains demand deposits in banks that are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times throughout the year the bank balances on these accounts exceeded the insured limit. Management believes that neither the Foundation nor the Public Museum is exposed to any significant interest rate or other risk on these deposits.

Investments

Investments consist of mutual funds, pooled investment funds and money market mutual funds which are reported at fair value based on quoted market prices. Donated assets are recorded at fair value at the date of the donation, or, if sold immediately after receipt, at the amount of sales proceeds received. Purchases and sales of securities are recorded on a trade date basis. Realized gains and losses on the sale of investment securities are determined based on the first-in, first-out method. Investment income or loss and realized and unrealized gains or losses are included in the consolidated statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Contributions Receivable

The Foundation receives pledges from various donors to contribute monies in the future for various purposes. Pledges receivable are recorded at the net present value of the expected future cash flows using a discount rate of 5%. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, creditworthiness of donors and other relevant information. No allowance for uncollectible pledges was considered necessary as of June 30, 2018 or 2017.

Prepaid Expenses

Payments to vendors for services that will benefit periods beyond the Organization's fiscal year end are recorded as prepaid expenses.

Inventories

Inventories consisting of food and gift shop merchandise are stated at lower of cost or market. Cost is determined by the average cost method.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Property and Equipment and Depreciation

Property and equipment are stated at cost or, in the case of donations, estimated fair value at the date of the gift. Major improvements are capitalized, while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 2 to 40 years.

Compensated Absences

A compensated absences liability is recorded for unused vacation as of June 30, 2018 and 2017. Vacation time vests when earned. Amounts for unvested sick pay were not accrued because the amount of the potential liability is not reasonably estimable.

Revenue Recognition

Grant revenue is recognized as earned when actual expenditures are incurred which meet the specific terms of each grant. Membership fees are received in advance and recognized as revenue over the applicable membership period. In exchange for these fees, members receive admission into the Public Museum, discounts on admission to special exhibits and a monthly newsletter.

Hospitality rental deposits that are eligible to be refunded upon event cancellation are also reported as deferred revenue until no longer eligible for refund.

On November 8, 2016, a voter-approved millage was passed that provides funding for the Public Museum over the next 10 years. The Public Museum will annually receive half of the approved .44 property tax levy to be spent on care of artifacts, repair and improvement of exhibits and providing enhanced educational programs. The millage funds commenced in January 2017. Millage revenue is recognized as earned.

Promises to Give and Public Support

Contributions received are recorded as unrestricted, temporarily or permanently restricted support depending on the existence and/or nature of any donor imposed restrictions. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are received. All other donor-restricted contributions are reported as increases in temporarily restricted net assets or permanently restricted net assets depending on the nature of the restrictions. When a restriction has been satisfied or expires, temporarily restricted net assets are classified to unrestricted net assets. In-kind contributions, consisting of donated goods, donated services, and the use of facility (see Note 9), are recorded based on their estimated fair value at the time received.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Income Taxes

The Foundation and the Public Museum are not-for-profit organizations exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and are exempt from similar state and local taxes. Although the Foundation and the Public Museum were granted income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income.” The Foundation and the Public Museum have been classified as not private foundations.

The Foundation and the Public Museum analyze their income tax filing positions in the federal and state jurisdictions where they are required to file income tax returns, as well as all open tax years in these jurisdictions, to identify potential uncertain tax positions. The Foundation and the Public Museum treat interest and penalties attributable to income taxes, and reflects any charges for such, to the extent they arise, as a component of its expenses.

The Foundation and the Public Museum have evaluated their income tax filing positions for fiscal years 2014 through 2018, the years which remain subject to examination as of June 30, 2018. The Foundation and the Public Museum concluded that there are no significant uncertain tax positions requiring recognition in these consolidated financial statements. The Foundation and the Public Museum do not expect the total amount of unrecognized tax benefits (“UTB”) (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Foundation and the Public Museum do not have any amounts accrued for interest and penalties related to UTBs at June 30, 2018 or 2017, and are not aware of any claims for such amounts by federal or state income tax authorities.

Upcoming Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which will be effective for the Organization's annual consolidated financial statements for the year ending June 30, 2019. This ASU 1) reduces the number of net asset classes presented from three to two; (2) requires the presentation of expenses by functional and natural classification in one location; (3) requires quantitative and qualitative disclosures about liquidity and availability of financial assets; and (4) requires the presentation of investment return net of external and direct internal investment expenses. Management has evaluated the provisions of ASU 2016-14 and has determined that the presentation of the consolidated financial statements will need to be modified as required by the ASU.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2018, the most recent consolidated statement of financial position presented herein, through December 13, 2018, the date these consolidated financial statements were available to be issued. No significant such events or transactions were identified.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

2. FAIR VALUE MEASUREMENTS

The Organization utilizes fair value measurements to record fair value adjustments to their investment securities and receivable under charitable remainder trust and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis.

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value, as well as an indication of the level of the fair value hierarchy in which the assets are classified.

Investment Securities

Investment securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange or mutual funds. Pooled investment funds are public investment securities valued using the net asset value (“NAV”) provided by the financial institution and are classified as Level 3. The NAV is based on the fair value of the underlying assets owned net of investment management fees. These values are based on the information provided by the administrators of each underlying fund; management relies on advice from its investment consultant and takes into consideration audited financial information to determine overall reasonableness of the recorded value.

Charitable Remainder Trust

Fair value measurements of this asset are based upon the fair value of the underlying investments in the trust held by Chittenden Investment Services totaling \$995,000, living beneficiaries’ life expectancies of 12.8 years, and an assumed discount rate of 5%. This asset is classified as Level 3.

The preceding methods described may produce a fair value calculation that may not be reflective of future fair values. Furthermore, although the Organization believes their valuation methods are appropriate and consistent with industry standards, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Assets Recorded at Fair Value on a Recurring Basis

The tables below set forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis as of June 30:

2018	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Mutual funds:				
Fixed income:				
Total return bond fund	\$ 3,665,135	\$ -	\$ -	\$ 3,665,135
Equity:				
Global REITs	645,219	-	-	645,219
International growth	925,063	-	-	925,063
International value	1,323,341	-	-	1,323,341
Large growth	1,021,482	-	-	1,021,482
Large value	2,658,766	-	-	2,658,766
Mid growth	948,439	-	-	948,439
Pooled investment funds:				
Cash	128,962	-	-	128,962
Absolute return	-	-	8,891,026	8,891,026
Equity short-term and long-term	-	-	7,672,880	7,672,880
Private equity	-	-	4,011,331	4,011,331
International growth	-	-	1,262,675	1,262,675
Real assets	-	-	464,411	464,411
Fixed income	-	-	299,377	299,377
Money market mutual funds	1,504,794	-	-	1,504,794
Total investment securities	\$12,821,201	\$ -	\$22,601,700	\$35,422,901
Charitable remainder trust	\$ -	\$ -	\$ 533,000	\$ 533,000

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

2017	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Mutual funds:				
Fixed income:				
Total return bond fund	\$ 3,626,728	\$ -	\$ -	\$ 3,626,728
Equity:				
Global REITs	619,899	-	-	619,899
International growth	932,381	-	-	932,381
International value	1,264,341	-	-	1,264,341
Large growth	891,940	-	-	891,940
Large value	2,550,380	-	-	2,550,380
Mid growth	831,926	-	-	831,926
Pooled investment funds:				
Cash	1,097,290	-	-	1,097,290
Absolute return	-	-	10,369,881	10,369,881
Equity short-term and long-term	-	-	6,092,187	6,092,187
Private equity	-	-	1,827,948	1,827,948
International growth	-	-	1,241,733	1,241,733
Real assets	-	-	753,186	753,186
Fixed income	-	-	208,106	208,106
Money market mutual funds	576,079	-	-	576,079
Total investment securities	\$12,390,964	\$ -	\$20,493,041	\$32,884,005
Charitable remainder trust	\$ -	\$ -	\$ 505,000	\$ 505,000

The following tables set forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30:

2018	Pooled Investment Funds	Charitable Remainder Trust
Balance, beginning of year	\$ 20,493,041	\$ 505,000
Total gains included in investment income, net	1,261,027	-
Purchases	5,068,573	-
Sales	(4,220,941)	-
Change in value	-	28,000
Balance, end of year	\$22,601,700	\$ 533,000

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

2017	Pooled Investment Funds	Charitable Remainder Trust
Balance, beginning of year	\$ 17,378,844	\$ 473,000
Total gains included in investment income, net	1,409,214	-
Purchases	3,398,072	-
Sales	(1,693,089)	-
Change in value	-	32,000
Balance, end of year	<u>\$ 20,493,041</u>	<u>\$ 505,000</u>

The components of investment income for the years ended June 30, were as follows:

	2018	2017
Interest and dividends	\$ 255,495	\$ 255,039
Realized gains	378,452	224,035
Unrealized gains	1,173,446	2,021,730
Investment expenses	(71,766)	(159,068)
Net investment income	<u>\$ 1,735,627</u>	<u>\$ 2,341,736</u>

The following tables set forth additional disclosures for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30:

Investment Type	2018			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled investment funds:				
Absolute return	\$ 8,891,026	\$ 1,084,190	Monthly, Quarterly and Annually	Ranging from 45-185 days
Equity short-term and long-term	7,672,880	-	Monthly, Quarterly and Annually	Ranging from 15-185 days
Private equity	4,011,331	-	Annually	185 days
International growth	1,262,675	-	Monthly	15 days
Real assets	464,411	-	Annually	185 days
Fixed income	299,377	-	Annually	185 days

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Investment Type	2017			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled investment funds:				
Absolute return	\$ 10,369,881	\$ 1,126,015	Monthly, Quarterly and Annually	Ranging from 45-185 days
Equity short-term and long-term	6,092,187	-	Monthly, Quarterly and Annually	Ranging from 15-185 days
Private equity	1,827,948	-	Annually	185 days
International growth	1,241,733	-	Monthly	15 days
Real assets	753,186	-	Annually	185 days
Fixed income	208,106	-	Annually	185 days

The following is a description of the investment strategies for pooled investment funds at June 30, 2018 and 2017:

Absolute return: These funds seek to provide consistent risk-adjusted returns relatively independent of market movements. The investments are intended to have low expected volatility compared to public equity, private equity and real estate investments.

Equity short-term and long-term: The goal of these funds is to participate in the equity value of publicly-traded companies through both long-only and long/short equity managers.

International growth: The objective of these funds is to produce an annual compound rate of return of 15%. Funds are invested in a selected number of listed businesses, which have a significant portion of their activities in Asia Pacific Region which meet strict valuation criteria. The funds are invested in equities, convertibles, bonds and cash.

Private equity: The goal of these funds is to provide superior long-term returns relative to many other asset classes.

Fixed income: The objective of these funds is to reduce volatility and hedge against deflation.

Real assets: The goal of these funds is to help diversify the portfolio investments, mitigate risk, and protect against inflation.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

3. SPLIT INTEREST AGREEMENT

The Foundation is the remainder beneficiary in a charitable remainder unified trust (CRUT) that is maintained by a third party trustee. The terms of the CRUT provide for the distribution of all earnings to a lifetime beneficiary. At the end of the trust term, one half of the remaining assets will be distributed to the Foundation. Based on the beneficiaries average life expectancy and the use of a discount rate of 5%, the present value of the future benefits expected to be received by the Foundation were estimated to be \$533,000 and \$505,000 at June 30, 2018 and 2017, respectively. The change in value of the split-interest agreement is reported in the consolidated statements of activities. The proceeds of the CRUT, when received, will be permanently restricted as to use.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows at June 30:

2018	Restricted for Long-Term Purposes	Other
Contributions receivable, not discounted to present value		
Receivable in less than one year	\$ 100,000	\$ 275,024
Contributions receivable, discounted to present value:		
Receivable in one to five years	-	83,333
Less present value discount (at 5%)	-	(5,875)
Contributions receivable, discounted to present value, net	-	77,458
Total contributions receivable	\$ 100,000	\$ 352,482

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

2017	Restricted for Long-Term Purposes	Other
Contributions receivable, not discounted to present value		
Receivable in less than one year	\$ 100,000	\$ 305,461
Contributions receivable, discounted to present value:		
Receivable in one to five years	-	9,000
Less present value discount (at 5%)	-	(432)
Contributions receivable, discounted to present value, net	-	8,568
Total contributions receivable	\$ 100,000	\$ 314,029

5. NET PROPERTY AND EQUIPMENT

Net property and equipment is summarized as follows at June 30:

	2018	2017
Equipment and software	\$ 538,953	\$ 378,879
Leasehold improvements	5,275,939	4,871,834
Construction in progress	312,933	221,964
Total	6,127,825	5,472,677
Less accumulated depreciation and amortization	1,701,709	1,320,297
Net property and equipment	\$ 4,426,116	\$ 4,152,380

6. RESTRICTED NET ASSETS

The components of restricted net assets are as follows at June 30:

	2018	2017
Temporarily restricted net assets		
Contributions receivable - time restricted	\$ 205,272	\$ -
Various program restrictions	302,187	409,623
	<u>\$ 507,459</u>	<u>\$ 409,623</u>

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

	2018	2017
Permanently restricted net assets		
Endowment pledges receivable	\$ 100,000	\$ 100,000
Foundation endowment	38,446,577	38,446,477
Beneficial interest in split-interest agreement	533,000	505,000
	<u>\$39,079,577</u>	<u>\$39,051,477</u>

7. ENDOWMENT FUNDS

The Foundation's endowment was established to support the operation of the Public Museum. These funds are donor-restricted and term endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation has no board-designated endowment funds as of June 30, 2018 and 2017.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the State of Michigan Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the historic dollar value of the contribution as of the gift date for donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the historical dollar value of gifts donated to the permanent endowment, (b) the historical dollar 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. Any donor-restricted endowment fund that would not be classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts would be appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Endowment Net Asset Composition and Changes in Endowment Net Assets

2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net (deficit) assets, July 1, 2017	\$ (3,967,414)	\$ -	\$ 38,446,477	\$ 34,479,063
Investment income:				
Investment income	-	254,195	-	254,195
Net appreciation:				
Realized	-	378,452	-	378,452
Unrealized	-	1,173,446	-	1,173,446
Investment expense	-	(71,766)	-	(71,766)
Total investment income, net	(3,967,414)	1,734,327	38,446,477	36,213,390
Pledge receipts	-	-	100	100
Released from restriction	1,734,327	(1,734,327)	-	-
Board designated endowment	500,000	-	-	500,000
Endowment net (deficit) assets, June 30, 2018	\$ (1,733,087)	\$ -	\$ 38,446,577	\$ 36,713,490

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net (deficit) assets, July 1, 2016	\$ (5,294,506)	\$ -	\$ 38,441,477	\$ 33,146,971
Investment income:				
Investment income	-	254,396	-	254,396
Net appreciation:				
Realized	-	224,035	-	224,035
Unrealized	-	2,021,729	-	2,021,729
Investment expense	-	(159,068)	-	(159,068)
Total investment income, net	(5,294,506)	2,341,092	38,441,477	35,488,063
Pledge receipts	-	-	5,000	5,000
Released from restriction	2,341,092	(2,341,092)	-	-
Designated for expenditure	(1,014,000)	-	-	(1,014,000)
Endowment net (deficit) assets, June 30, 2017	<u>\$ (3,967,414)</u>	<u>\$ -</u>	<u>\$38,446,477</u>	<u>\$34,479,063</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were (\$1,733,087) and (\$3,967,414) as of June 30, 2018 and 2017, respectively. These deficiencies resulted from unfavorable market fluctuations in previous years and continued appropriation for operations that was deemed prudent by the Foundation's Board of Trustees. During fiscal year 2018, the Foundation's Board of Trustees created a Board designated endowment fund and no funds were designated for expenditure.

Return Objectives and Risk Parameters

The mission and focus of the Foundation is long-term in nature; consequently, its endowment funds naturally have a long-term focus. The endowment assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals and consistency of performance. The investment objectives for the endowment assets are:

- To earn long-term returns that match or exceed the obligations of the Foundation,
- To provide for asset growth at a rate in excess of the rate of inflation,
- To diversify the endowment assets in order to reduce the risk of wide swings in market value from year-to-year, or of incurring large losses,

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

- To achieve investment results over the long-term that compare favorably with appropriate market indexes.

It is expected that these objectives can be obtained through a well-diversified portfolio structure in a manner consistent with the Foundation's Investment Policy. The Foundation expects its endowment funds, over time, to provide an average rate of return of at least the rate of inflation plus 5 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation as described in the Investment Policy.

Spending Policy and How the Investment Objectives Relate to Spending Policy

It is the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment returns. The Foundation's spending policy is based on the obligations of the Foundation, which include appropriating for distribution each year the amount necessary to supplement the operating income and receipts of unrestricted fundraising to cover the operating needs of the Museum. The operating needs for the upcoming fiscal year are determined through a budget process. The budget is presented and approved by the Museum's operating board called the Board of Directors and by the Grand Rapids Public Museum Foundation Board of Trustees. Once the budget is approved by both Boards, the annual budgeted amount is appropriated to the Museum as needed. For the year ended June 30, 2018, no funds were appropriated for spending on operations. For the year ended June 30 2017, \$1,014,000 was appropriated for spending on operations.

8. DEFINED CONTRIBUTION PLAN

The Foundation maintains a defined contribution retirement plan for all covered employees who have one year of service and are age twenty-one or older. Participants may contribute annual compensation as defined in the Plan up to the maximum allowed by the Internal Revenue Service. The Foundation, at its discretion, may make a matching contribution to the Plan, determined annually by the Board of Trustees. The participants direct their investments under defined contribution provisions. The Foundation did not contribute to the defined contribution plan for the years ended June 30, 2018 or 2017.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

9. LEASE COMMITMENT

The Public Museum leases the Public Museum buildings from the City of Grand Rapids (the “City”) for \$1 per year for a period of 99 years, with an option to renew for an additional 50 year term to be exercised by the mutual consent of the City and the Foundation. The City retains title to the buildings and all improvements, fixtures or other types of fixed property pertaining to the buildings and property located thereon, as well as the collection on display at the Public Museum. The Foundation is responsible for insurance on the property and buildings, but is not required to pay real estate taxes.

The difference between the estimated fair rental value of the leased property, based on a percentage of the insured value, and the actual lease payments is recorded as in-kind contribution revenue and rental expense in the consolidated statements of activities in the amounts of \$475,000 for the years ended June 30, 2018 and 2017.

In accordance with the lease agreement, the City also retains a reversionary interest in the Public Museum’s inventory, valued at \$61,414 and \$66,543 at June 30, 2018 and 2017, respectively, and petty cash valued at \$15,500 at June 30, 2018 and 2017. In the event that the Public Museum operations should ever revert to the City, these items would be returned to the City at their value on the day of reversion.

The Public Museum also directly leases storage space for collections, exhibits, displays and other Museum assets from the City for a term that coincides with the lease of buildings described above. The lease calls for rent to be paid equal to its prorata share of operation, maintenance and utility cost of the storage facility.

10. OTHER COMMITMENT

As of June 30, 2018 and 2017, the Museum had outstanding commitments of \$233,000 and \$432,000, respectively, for temporary exhibits to be displayed in future fiscal years.

11. SHORT-TERM BORROWINGS

The Foundation has a loan management account open with an investment broker, which serves as a revolving line of credit. Available credit of \$3,413,276 and \$3,249,454 at June 30, 2018 and 2017, respectively, is calculated based on a percentage of the value of qualifying investments held at the bank, less any outstanding letters of credit. The effective interest rate at June 30, 2018, was 2.84%. The interest rate applicable to each advance is dependent on the type of advance requested by the Foundation, which has the option of a variable rate, fixed rate or term advance. All rates include an applicable spread, which may be changed annually at the discretion of the broker. The balance due on the line of credit is \$0 as of June 30, 2018 and 2017.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

12. RISK MANAGEMENT

The Foundation and the Public Museum are exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Foundation has purchased commercial insurance for all claims related to the previously stated risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

13. FUNCTIONAL ALLOCATION OF EXPENSES

The functional allocation of expenses into program, administrative and fundraising components was as follows for the years ended June 30:

	2018	2017
Program	\$ 6,385,325	\$ 6,099,856
Administrative	1,152,019	1,242,597
Fundraising	859,576	744,960
Total expense	<u>\$ 8,396,920</u>	<u>\$ 8,087,413</u>

14. RELATED PARTY

In fall of 2015, the Grand Rapids Public Museum School (the "Museum School") opened. The Museum School is the product of an ongoing educational collaboration between Grand Rapids Public Schools ("GRPS"), the Public Museum, Kendall College of Art and Design of Ferris State University, Grand Valley State University, the City of Grand Rapids, and Downtown Grand Rapids, Inc. This GRPS Center of Innovation started with 60 6th graders, meeting in existing classrooms within Van Andel Museum Center ("VAMC"). A capital construction project began in February of 2016 to renovate the 4th floor of the Public Museum, which was divided for space for the GRPS middle school and newly designed open office space for Museum staff. As of June 30, 2017, total project costs are \$4,382,750, of which the Museum's share is \$1,695,197. Per the joint fundraising agreement between GRPS and the Public Museum, funds raised for the project will be first allocated to the Public Museum's share. Contributions and grants have been pledged to this project that fully fund the Public Museum's portion of the project. The project was completed in fiscal 2018 with total costs of \$4,414,190, of which the Museum's share is \$1,710,917.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

On August 1, 2016, the Public Museum entered into a lease agreement with GRPS detailing the terms of leasing classroom space (base rent) as well as the use of public spaces and professional staff time. The Public Museum recognized base rent of \$67,500 for 2018 and 2017. The use of the Public Museum's public space and professional staff services is recorded as an expense of \$24,135 and \$28,000 for 2018 and 2017, respectively. The lease expires in 2115.



SUPPLEMENTARY INFORMATION

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidating Statement of Financial Position

June 30, 2018

ASSETS	Grand Rapids Public Museum Foundation	Grand Rapids Public Museum	Consolidated Total
Current assets			
Cash and cash equivalents	\$ 1,454,119	\$ 2,341,910	\$ 3,796,029
Receivables:			
Contributions, current portion	184,667	90,357	275,024
Contributions, restricted for long-term purposes, current portion	100,000	-	100,000
Other	-	98,150	98,150
Inventories	-	61,414	61,414
Prepaid expenses	-	499,481	499,481
Total current assets	1,738,786	3,091,312	4,830,098
Investments	35,422,901	-	35,422,901
Charitable remainder trust	533,000	-	533,000
Contributions receivable, net of current portion	77,458	-	77,458
Property and equipment, net	-	4,426,176	4,426,176
Total assets	\$ 37,772,145	\$ 7,517,488	\$ 45,289,633
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 1,692	\$ 587,290	\$ 588,982
Accrued expenses:			
Payroll and related taxes	-	60,512	60,512
Compensated absences	-	108,898	108,898
Deferred revenue	-	226,902	226,902
Total liabilities (all current)	1,692	983,602	985,294
Net assets (deficit)			
Unrestricted	(1,751,077)	6,468,379	4,717,302
Temporarily restricted	441,953	65,507	507,460
Permanently restricted	39,079,577	-	39,079,577
Total net assets	37,770,453	6,533,886	44,304,339
Total liabilities and net assets	\$ 37,772,145	\$ 7,517,488	\$ 45,289,633

See independent auditors' report.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidating Statement of Activities

Year Ended June 30, 2018

	Grand Rapids Public Museum Foundation			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenue and gains				
Support				
Contributions:				
Cash and promises to give cash	\$ 222,117	93,662	\$ 100	\$ 315,879
Grants	-	357,943	-	357,943
In-kind	768,256	-	-	768,256
Change in value of split-interest agreement	-	-	28,000	28,000
Millage	-	-	-	-
Total support	990,373	451,605	28,100	1,470,078
Revenue and gains				
Museum admissions	-	-	-	-
Food sales	-	-	-	-
Store sales	-	-	-	-
Membership	-	-	-	-
Parking fees	-	-	-	-
Programs	-	-	-	-
Other service fees	-	-	-	-
Rental income	-	-	-	-
Special events, net	384,371	-	-	384,371
Investment income, net	1,300	1,734,327	-	1,735,627
Miscellaneous	-	-	-	-
Total revenue and gains	385,671	1,734,327	-	2,119,998
Net assets released from restrictions	1,997,221	(1,997,221)	-	-
Total support, revenue, gains and net assets released from restrictions	3,373,265	188,711	28,100	3,590,076
Expenses				
Personnel services	-	-	-	-
Utilities	-	-	-	-
Contractual services	93,101	-	-	93,101
Rental expense	531,052	-	-	531,052
Professional fees	57,378	-	-	57,378
Merchandise	-	-	-	-
Supplies	145,560	-	-	145,560
Repairs and maintenance	-	-	-	-
Printing and postage	23,653	-	-	23,653
Insurance	-	-	-	-
Advertising	102,727	-	-	102,727
Miscellaneous	33,045	-	-	33,045
Dues and subscriptions	554	-	-	554
Travel	20,391	-	-	20,391
Depreciation	-	-	-	-
Bad debt	6,325	-	-	6,325
Total expenses	1,013,786	-	-	1,013,786
Change in net assets	2,359,479	188,711	28,100	2,576,290
Net assets (deficit), beginning of year	(4,110,556)	253,242	39,051,477	35,194,163
Net assets (deficit), end of year	\$ (1,751,077)	\$ 441,953	\$ 39,079,577	\$ 37,770,453

See independent auditors' report.

Grand Rapids Public Museum			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ -	\$ -	\$ -	\$ -
71,910	2,032	-	73,942
460,918	-	-	460,918
-	-	-	-
4,805,822	-	-	4,805,822
5,338,650	2,032	-	5,340,682
1,050,086	-	-	1,050,086
485,375	-	-	485,375
255,719	-	-	255,719
410,480	-	-	410,480
213,034	-	-	213,034
164,110	-	-	164,110
2,254	-	-	2,254
436,043	-	-	436,043
-	-	-	-
-	-	-	-
40,060	-	-	40,060
3,057,161	-	-	3,057,161
92,906	(92,906)	-	-
8,488,717	(90,874)	-	8,397,843
3,395,949	-	-	3,395,949
770,434	-	-	770,434
531,770	-	-	531,770
838,754	-	-	838,754
145,120	-	-	145,120
296,087	-	-	296,087
227,315	-	-	227,315
212,152	-	-	212,152
103,348	-	-	103,348
90,726	-	-	90,726
330,359	-	-	330,359
13,784	-	-	13,784
21,907	-	-	21,907
24,016	-	-	24,016
381,413	-	-	381,413
-	-	-	-
7,383,134	-	-	7,383,134
1,105,583	(90,874)	-	1,014,709
5,362,796	156,381	-	5,519,177
\$ 6,468,379	\$ 65,507	\$ -	\$ 6,533,886

Continued...

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidating Statement of Activities (Concluded)

Year Ended June 30, 2018

	Eliminations		
	Unrestricted	Permanently Restricted	Total
Support, revenue and gains			
Support			
Contributions:			
Cash	\$ -	\$ -	\$ -
Grants	-	-	-
In-kind	-	-	-
Change in value of split-interest agreement	-	-	-
Millage	-	-	-
Total support	-	-	-
Revenue and gains			
Museum admissions	-	-	-
Food sales	-	-	-
Store sales	-	-	-
Membership	-	-	-
Parking fees	-	-	-
Programs	-	-	-
Other service fees	-	-	-
Rental income	-	-	-
Special events, net	-	-	-
Investment income, net	-	-	-
Miscellaneous	-	-	-
Total revenue and gains	-	-	-
Net assets released from restrictions	-	-	-
Total support, revenue, gains and net assets released from restriction	-	-	-
Expenses			
Personnel services	-	-	-
Utilities	-	-	-
Contractual services	-	-	-
Rental expense	-	-	-
Professional fees	-	-	-
Merchandise	-	-	-
Supplies	-	-	-
Repairs and maintenance	-	-	-
Printing and postage	-	-	-
Insurance	-	-	-
Advertising	-	-	-
Miscellaneous	-	-	-
Dues and subscriptions	-	-	-
Travel	-	-	-
Depreciation	-	-	-
Bad debt	-	-	-
Total expenses	-	-	-
Change in net assets			
Net assets (deficit), beginning of year	-	-	-
Net assets (deficit), end of year	\$ -	\$ -	\$ -

See independent auditors' report.

Consolidated Totals			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 222,117	\$ 93,662	\$ 100	\$ 315,879
71,910	359,975	-	431,885
1,229,174	-	-	1,229,174
-	-	28,000	28,000
4,805,822	-	-	4,805,822
6,329,023	453,637	28,100	6,810,760
1,050,086	-	-	1,050,086
485,375	-	-	485,375
255,719	-	-	255,719
410,480	-	-	410,480
213,034	-	-	213,034
164,110	-	-	164,110
2,254	-	-	2,254
436,043	-	-	436,043
384,371	-	-	384,371
1,300	1,734,327	-	1,735,627
40,060	-	-	40,060
3,442,832	1,734,327	-	5,177,159
2,090,127	(2,090,127)	-	-
11,861,982	97,837	28,100	11,987,919
3,395,949	-	-	3,395,949
770,434	-	-	770,434
624,871	-	-	624,871
1,369,806	-	-	1,369,806
202,498	-	-	202,498
296,087	-	-	296,087
372,875	-	-	372,875
212,152	-	-	212,152
127,001	-	-	127,001
90,726	-	-	90,726
433,086	-	-	433,086
46,829	-	-	46,829
22,461	-	-	22,461
44,407	-	-	44,407
381,413	-	-	381,413
6,325	-	-	6,325
8,396,920	-	-	8,396,920
3,465,062	97,837	28,100	3,590,999
1,252,240	409,623	39,051,477	40,713,340
\$ 4,717,302	\$ 507,460	\$ 39,079,577	\$ 44,304,339

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidating Statement of Cash Flows

Year Ended June 30, 2018

	Grand Rapids Public Museum Foundation	Grand Rapids Public Museum	Consolidated Total
Cash flows from operating activities			
Change in net assets	\$ 2,576,290	\$ 1,014,709	\$ 3,590,999
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	-	381,413	381,413
Bad debt	6,325	-	6,325
Realized and unrealized gains on investments	(1,551,898)	-	(1,551,898)
Change in value of split-interest agreement	(28,000)	-	(28,000)
Changes in operating assets and liabilities which provided (used) cash:			
Contributions receivable	(59,671)	14,793	(44,878)
Other receivable	-	29,988	29,988
Inventories	-	5,129	5,129
Prepaid expenses	-	(143,042)	(143,042)
Accounts payable	(19,994)	(266,371)	(286,365)
Accrued expenses	-	19,604	19,604
Deferred revenue	-	(10,586)	(10,586)
Net cash provided by operating activities	923,052	1,045,637	1,968,689
Cash flows from investing activities			
Purchases of property and equipment	-	(655,209)	(655,209)
Purchase of investments	(5,920,727)	-	(5,920,727)
Proceeds from sales and maturities of investments	4,933,729	-	4,933,729
Net cash used in investing activities	(986,998)	(655,209)	(1,642,207)
Cash flows from financing activities			
Cash receipts for contributions restricted for investment in permanent endowment	100	-	100
Net cash provided by financing activities	100	-	100
Net (decrease) increase in cash and cash equivalents	(63,846)	390,428	326,582
Cash and cash equivalents, beginning of year	1,517,965	1,951,482	3,469,447
Cash and cash equivalents, end of year	\$ 1,454,119	\$ 2,341,910	\$ 3,796,029

See independent auditors' report.