

Grand Rapids
Public Museum
Foundation
and
Subsidiary



For the Years
Ended June 30,
2019 and 2018

Consolidated
Financial
Statements
and
Supplementary
Information

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements for the Years Ended June 30, 2019 and 2018	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Supplementary Information for the Year Ended June 30, 2019	28
Consolidating Statement of Financial Position	29
Consolidating Statement of Activities	30
Consolidating Statement of Cash Flows	34

INDEPENDENT AUDITORS' REPORT

December 23, 2019

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, 2019 and 2018, 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, 2019 and 2018, 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.

Implementation of New Accounting Pronouncement

As described in Note 1, ***Grand Rapids Public Museum Foundation and Subsidiary*** implemented the provisions of Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, in the current year. Accordingly, beginning net asset classes as of July 1, 2017 were restated. Our opinion is not modified with respect to this matter.

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 2019 consolidated financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the 2019 consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Rehmann Johnson LLC

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidated Statements of Financial Position

	June 30	
	2019	2018 (As Restated)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,493,484	\$ 3,796,029
Receivables:		
Contributions, current portion	278,490	275,024
Other	114,426	98,150
Inventories	54,861	61,414
Prepaid expenses	398,135	499,481
Total current assets	5,339,396	4,730,098
Investments	37,988,279	35,422,901
Charitable remainder trust	551,000	533,000
Contributions receivable, net of current portion	-	77,458
Contributions, restricted for long-term purposes, net of current portion	139,667	100,000
Property and equipment, net	4,584,386	4,426,176
Total assets	\$ 48,602,728	\$ 45,289,633
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 466,558	\$ 588,982
Accrued expenses:		
Payroll and related taxes	65,990	60,512
Compensated absences	91,670	108,898
Deferred revenue	234,398	226,902
Total liabilities (all current)	858,616	985,294
Net assets		
Without donor restrictions	8,378,159	6,950,389
With donor restrictions	39,365,953	37,353,950
Total net assets	47,744,112	44,304,339
Total liabilities and net assets	\$ 48,602,728	\$ 45,289,633

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains			
Support			
Contributions:			
Cash and promises to give cash	\$ 291,063	\$ 19,950	\$ 311,013
Grants	211,449	215,000	426,449
In-kind	709,319	-	709,319
Change in value of split-interest agreement	-	18,000	18,000
Millage	5,009,393	-	5,009,393
Total support	6,221,224	252,950	6,474,174
Revenue and gains			
Museum admissions	1,219,811	-	1,219,811
Food sales	495,593	-	495,593
Store sales	242,082	-	242,082
Membership	427,337	-	427,337
Parking fees	237,856	-	237,856
Programs	160,461	-	160,461
Other service fees	387	-	387
Rental income	435,461	-	435,461
Special events, net	343,036	-	343,036
Investment income, net	10,102	2,059,193	2,069,295
Miscellaneous	104,714	-	104,714
Total revenue and gains	3,676,840	2,059,193	5,736,033
Net assets released from restrictions	300,140	(300,140)	-
Total support, revenue, gains and net assets released from restrictions	10,198,204	2,012,003	12,210,207
Expenses			
Personnel services	3,542,080	-	3,542,080
Utilities	758,615	-	758,615
Contractual services	619,028	-	619,028
Rental expense	1,361,778	-	1,361,778
Professional fees	433,867	-	433,867
Merchandise	300,674	-	300,674
Supplies	305,155	-	305,155
Repairs and maintenance	215,516	-	215,516
Printing and postage	109,494	-	109,494
Insurance	93,513	-	93,513
Advertising	440,758	-	440,758
Miscellaneous	72,025	-	72,025
Dues and subscriptions	22,935	-	22,935
Travel	34,635	-	34,635
Depreciation	447,786	-	447,786
Bad debt	12,575	-	12,575
Total expenses	8,770,434	-	8,770,434
Change in net assets	1,427,770	2,012,003	3,439,773
Net assets, beginning of year, as restated	6,950,389	37,353,950	44,304,339
Net assets, end of year	\$ 8,378,159	\$ 39,365,953	\$ 47,744,112

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

	Without Donor Restrictions (As Restated)	With Donor Restrictions (As Restated)	Total
Support, revenue and gains			
Support			
Contributions:			
Cash and promises to give cash	\$ 222,117	\$ 93,762	\$ 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	481,737	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	355,800	(355,800)	-
Total support, revenue, gains and net assets released from restrictions	10,127,655	1,860,264	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	1,730,735	1,860,264	3,590,999
Net assets, beginning of year	5,219,654	35,493,686	40,713,340
Net assets, end of year	\$ 6,950,389	\$ 37,353,950	\$ 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 Cash Flows

	Year Ended June 30	
	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 3,439,773	\$ 3,590,999
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	447,786	381,413
Bad debt	12,575	6,325
Realized and unrealized gains on investments	(1,854,262)	(1,551,898)
Change in value of split-interest agreement	(18,000)	(28,000)
Changes in operating assets and liabilities which provided (used) cash:		
Contributions receivable	21,650	(44,878)
Other receivable	(16,276)	29,988
Inventories	6,553	5,129
Prepaid expenses	101,346	(143,042)
Accounts payable	(122,424)	(286,365)
Accrued expenses	(11,750)	19,604
Deferred revenue	7,496	(10,586)
Net cash provided by operating activities	2,014,467	1,968,689
Cash flows from investing activities		
Proceeds from sales and maturities of investments	2,272,965	4,933,729
Purchases of property and equipment	(605,996)	(655,209)
Purchase of investments	(2,984,081)	(5,920,727)
Net cash used in investing activities	(1,317,112)	(1,642,207)
Cash flows provided by financing activities		
Cash receipts for contributions restricted for investment in permanent endowment	100	100
Net increase in cash and cash equivalents	697,455	326,582
Cash and cash equivalents, beginning of year	3,796,029	3,469,447
Cash and cash equivalents, end of year	\$ 4,493,484	\$ 3,796,029

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”). 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

Net assets, support, revenues, gains and losses are classified based on the existence or absence of donor or grantor-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 and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment.
- *Net Assets with Donor Restrictions:* Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported as net assets released from restrictions.

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 net assets without donor restrictions unless the income or loss is restricted by donor or law. Investment income is reported net of external investment expenses.

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, 2019 or 2018.

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 net realizable value. 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, 2019 and 2018. 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. Museum admissions, food sales, store sales and parking fee revenues are recognized at the point of sale or service.

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 when collected which approximated the levy amount.

Promises to Give and Contributions

Contributions received are recorded as support with or without donor restrictions, 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 net assets without donor restrictions if the restrictions expire in the year in which the contributions are received. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction has been satisfied or expires, net assets with donor restrictions are classified to net assets without donor restrictions. 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 management and general expenses.

The Foundation and the Public Museum have evaluated their income tax filing positions for fiscal years 2015 through 2019, the years which remain subject to examination as of June 30, 2019. 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, 2019 or 2018, and are not aware of any claims for such amounts by federal or state income tax authorities.

Change in Accounting Principle

As of July 1, 2017, the Organization adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU (1) reduces the number of net asset classes presented from three to two; (2) modifies the presentation of underwater endowment funds and related disclosures; (3) requires enhanced disclosures concerning board designated net assets; (4) requires the presentation of expenses by functional and natural classification in one location; (5) requires quantitative and qualitative disclosures about liquidity and availability of financial assets; and (6) requires the presentation of investment return net of external and direct internal investment expenses. The ASU has been applied retrospectively to all periods presented which increased net assets without donor restrictions by \$3,967,414 and decreased net assets with donor restrictions by \$3,967,414 as of July 1, 2017, reclassified \$1,734,327 of net investment income between net asset classes for the year ended June 30, 2018, as well as increased net assets without donor restrictions by \$2,233,087 and decreased net assets with donor restrictions by \$2,233,087 as of July 1, 2018.

Reclassification

Certain amounts as reported in the 2018 consolidated financial statements have been reclassified to conform with the 2019 presentation.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

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, 2019, the most recent consolidated statement of financial position presented herein, through December 23, 2019, the date these consolidated financial statements were available to be issued. No significant such events or transactions were identified.

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. 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. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

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 \$1,003,884, living beneficiaries’ life expectancies of 12.3 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 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:

2019	Assets at Fair Value				
	Level 1	Level 2	Level 3	Other (1)	Total
Investment securities					
Mutual funds:					
Fixed income:					
Total return bond fund	\$ 3,898,011	\$ -	\$ -	\$ -	\$ 3,898,011
Equity:					
Global REITs	702,516	-	-	-	702,516
International growth	984,652	-	-	-	984,652
International value	1,445,970	-	-	-	1,445,970
Large growth	1,178,138	-	-	-	1,178,138
Large value	2,558,020	-	-	-	2,558,020
Mid growth	894,890	-	-	-	894,890
Pooled investment funds:					
Cash	1,677,758	-	-	-	1,677,758
Absolute return	-	-	-	9,688,920	9,688,920
Equity short-term and long-term	-	-	-	5,955,302	5,955,302
Private equity	-	-	-	5,440,143	5,440,143
International growth	-	-	-	1,309,040	1,309,040
Fixed income	-	-	-	652,928	652,928
Money market mutual funds	1,601,991	-	-	-	1,601,991
Total investment securities	\$14,941,946	\$ -	\$ -	\$23,046,333	\$37,988,279
Charitable remainder trust	\$ -	\$ -	\$ 551,000	\$ -	\$ 551,000

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Financial Statements

2018	Assets at Fair Value				
	Level 1	Level 2	Level 3	Other (1)	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

(1) Investments are measured at fair value using the NAV (or its equivalent) practical expedient and have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit a reconciliation of the fair value hierarchy to the consolidated statements of financial position.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

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:

2019		Charitable Remainder Trust
Balance, beginning of year		\$ 533,000
Change in value		<u>18,000</u>
Balance, end of year		<u>\$ 551,000</u>

2018		Charitable Remainder Trust
Balance, beginning of year		\$ 505,000
Change in value		<u>28,000</u>
Balance, end of year		<u>\$ 533,000</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	2019			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled investment funds:				
Absolute return	\$ 9,688,920	\$ 611,472	Monthly, quarterly and annually	Ranging from 45-185 days
Equity short-term and long-term	5,955,302	-	Monthly, quarterly and annually	Ranging from 15-185 days
Private equity	5,440,143	-	Annually	185 days
International growth	1,309,040	-	Monthly	15 days
Fixed income	652,928	-	Annually	185 days

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

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

The following is a description of the investment strategies for pooled investment funds at June 30, 2019 and 2018:

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 \$551,000 and \$533,000 at June 30, 2019 and 2018, 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 held in perpetuity.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows at June 30:

2019	Restricted for Long-Term Purposes	Other
Contributions receivable, not discounted to present value		
Receivable in less than one year	\$ -	\$ 278,490
Contributions receivable, discounted to present value		
Receivable in one to five years	100,000	41,667
Less present value discount (at 5%)	-	(2,000)
Contributions receivable, discounted to present value, net	<u>100,000</u>	<u>39,667</u>
Total contributions receivable	<u>\$ 100,000</u>	<u>\$ 318,157</u>

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

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

5. NET PROPERTY AND EQUIPMENT

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

	2019	2018
Equipment and software	\$ 671,906	\$ 538,953
Leasehold improvements	5,738,410	5,275,939
Construction in progress	323,566	312,933
Total	6,733,882	6,127,825
Less accumulated depreciation and amortization	2,149,496	1,701,649
Net property and equipment	<u>\$ 4,584,386</u>	<u>\$ 4,426,176</u>

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are summarized as follows at June 30:

	2019	2018
Purpose and time restrictions:		
Contributions receivable - time restricted	\$ 161,302	\$ 205,272
Various program restrictions	280,868	302,187
Total purpose and time restrictions	<u>442,170</u>	<u>507,459</u>
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Foundation endowment	38,446,677	38,446,577
Underwater endowment (Note 7)	(173,894)	(2,233,087)
Total perpetual in nature, earnings from which are subject to endowment spending policy and appropriation	<u>38,272,783</u>	<u>36,213,490</u>
Perpetual in nature, not subject to spending policy or appropriation:		
Endowment pledges receivable	100,000	100,000
Beneficial interest in split-interest agreement	551,000	533,000
Total perpetual in nature, not subject to spending policy or appropriation	<u>651,000</u>	<u>633,000</u>
Total net assets with donor restrictions	<u><u>\$39,365,953</u></u>	<u><u>\$37,353,949</u></u>

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

7. ENDOWMENT FUNDS

The Foundation's endowment was established to support the operation of the Public Museum. These funds are donor-restricted and board-designated 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.

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 net assets with donor restrictions (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 is not perpetual is classified as net assets with donor restrictions 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.

From time to time, the Organization's donor-restricted endowment fund may have values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2019, funds with original gift values or \$38,446,677, fair values of \$38,272,783 and deficiencies of \$173,894 were reported in net assets with donor restrictions. At June 30, 2018, funds with original gift values of \$38,446,577, fair values of \$36,213,490 and deficiencies of \$2,233,087 were reported in net assets with donor restrictions.

The governing board has designated endowment funds without donor restrictions in effort to support the growth of the Organization's endowment during periods with deficiencies. At June 30, 2019 and 2018, the fair value of the board designated endowment without donor restrictions was \$1,006,185 and \$500,000 respectively.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Endowment Net Asset Composition and Changes in Endowment Net Assets

2019	Board- Designated Endowment - Without Donor Restrictions	Donor- Restricted Endowments - With Donor Restrictions	Total
Endowment net assets, July 1, 2018	\$ 500,000	\$ 36,213,490	\$ 36,713,490
Investment income, net	6,185	2,059,193	2,065,378
Contributions	-	100	100
Transfers	500,000	-	500,000
Endowment net assets, June 30, 2019	<u>\$ 1,006,185</u>	<u>\$38,272,783</u>	<u>\$39,278,968</u>
2018	Board- Designated Endowment - Without Donor Restrictions	Donor- Restricted Endowments - With Donor Restrictions	Total
Endowment net assets, July 1, 2017	\$ -	\$ 34,479,063	\$ 34,479,063
Investment income, net	-	1,734,327	1,734,327
Contributions	-	100	100
Transfers	500,000	-	500,000
Endowment net assets, June 30, 2018	<u>\$ 500,000</u>	<u>\$36,213,490</u>	<u>\$36,713,490</u>

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,

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

- 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,
- 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 fundraising without donor restrictions 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 years ended June 30, 2019 and 2018, no funds were 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, 2019 or 2018.

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, 2019 and 2018.

In accordance with the lease agreement, the City also retains a reversionary interest in the Public Museum’s inventory, valued at \$54,861 and \$61,414 at June 30, 2019 and 2018, respectively, and petty cash valued at \$15,500 at June 30, 2019 and 2018. 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, 2019 and 2018, the Museum had outstanding commitments of \$177,200 and \$233,000, 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 \$4,174,903 and \$3,413,276 at June 30, 2019 and 2018, 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, 2019, was 3.15%. 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. There is no balance due on the line of credit as of June 30, 2019 and 2018.

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 financial statements report certain categories of expenses that are attributable to a program or supporting function. Expenses which apply to more than one functional category have been allocated among the respective function based upon the time spent on these functions by specific employees as estimated by management and applied on a consistent basis. The functional allocation of expenses into program, management and general and fundraising components was as follows for the years ended June 30:

2019	Program Services	Management and General	Fundraising	Total
Personnel services	\$ 2,522,589	\$ 472,852	\$ 546,639	\$ 3,542,080
Utilities	568,961	113,792	75,862	758,615
Contractual services	411,492	73,621	133,915	619,028
Rental expense	1,274,376	30,683	56,719	1,361,778
Professional fees	45,875	382,844	5,148	433,867
Merchandise	300,674	-	-	300,674
Supplies	208,840	7,960	88,355	305,155
Repairs and maintenance	215,516	-	-	215,516
Printing and postage	71,136	7,911	30,447	109,494
Insurance	7,900	85,613	-	93,513
Advertising	440,404	354	-	440,758
Miscellaneous	48,821	7,220	15,984	72,025
Dues and subscriptions	9,171	10,626	3,138	22,935
Travel	10,148	17,226	7,261	34,635
Depreciation	335,840	111,946	-	447,786
Bad debt	-	-	12,575	12,575
Total	\$ 6,471,743	\$ 1,322,648	\$ 976,043	\$ 8,770,434

**GRAND RAPIDS PUBLIC MUSEUM FOUNDATION
AND SUBSIDIARY**

Notes to Consolidated Financial Statements

2018	Program Services	Management and General	Fundraising	Total
Personnel services	\$ 2,468,274	\$ 465,155	\$ 462,520	\$ 3,395,949
Utilities	577,826	115,565	77,043	770,434
Contractual services	399,011	132,759	93,101	624,871
Rental expense	1,274,477	39,277	56,052	1,369,806
Professional fees	15,450	183,779	3,269	202,498
Merchandise	296,087	-	-	296,087
Supplies	214,277	12,817	145,781	372,875
Repairs and maintenance	212,152	-	-	212,152
Printing and postage	81,137	8,245	37,619	127,001
Insurance	8,100	82,626	-	90,726
Advertising	433,086	-	-	433,086
Miscellaneous	7,264	8,747	30,818	46,829
Dues and subscriptions	8,466	11,166	2,829	22,461
Travel	6,406	16,739	21,262	44,407
Depreciation	190,706	190,707	-	381,413
Bad debt	-	-	6,325	6,325
Total	\$ 6,192,719	\$ 1,267,582	\$ 936,619	\$ 8,396,920

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

14. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows as of June 30:

	2019	2018
Cash and cash equivalents	\$ 4,493,484	\$ 3,796,029
Contributions receivable	532,583	550,632
Investments	37,988,279	35,422,901
	<u>43,014,346</u>	<u>39,769,562</u>
Subtotal		
Less:		
Contributions receivable - time restricted	(161,302)	(205,272)
Restricted by donors - specified purpose	(280,868)	(302,187)
Board designated endowment funds	(1,006,185)	(500,000)
Donor restricted endowment funds and receivables	<u>(38,372,783)</u>	<u>(36,313,490)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,193,208</u></u>	<u><u>\$ 2,448,613</u></u>

The Organization has \$3,193,208 and \$2,448,613 as of June 30, 2019 and 2018, respectively, in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The Organization manages its liquidity required to meet its operating needs while also trying to maximize the investment of its available funds. To help manage unanticipated liquidity needs, the Organization has a line of credit with maximum borrowings of \$4,174,903, which it could draw upon.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

15. RELATED PARTY

In collaboration with Grand Rapids Public Schools (GRPS), a middle school was constructed on the 4th floor of the Public Museum which divided space between the GRPS middle school and office space for the Museum Staff. The project was completed and fully funded by contributions and grants in fiscal year 2018 with a total cost of \$4,414,190, of which the Museum's share was \$1,710,917.

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 2019 and 2018. The use of the Public Museum's public space and professional staff services is recorded as an expense of \$28,815 and \$24,135 for 2019 and 2018, respectively. The lease expires in 2115.



SUPPLEMENTARY INFORMATION

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidating Statement of Financial Position

June 30, 2019

ASSETS	Grand Rapids Public Museum Foundation	Grand Rapids Public Museum	Consolidated Total
Current assets			
Cash and cash equivalents	\$ 1,690,326	\$ 2,803,158	\$ 4,493,484
Receivables:			
Contributions, current portion	171,715	106,775	278,490
Other	-	114,426	114,426
Inventories	-	54,861	54,861
Prepaid expenses	-	398,135	398,135
Total current assets	1,862,041	3,477,355	5,339,396
Investments	37,988,279	-	37,988,279
Charitable remainder trust	551,000	-	551,000
Contributions receivable, net of current portion	139,667	-	139,667
Property and equipment, net	-	4,584,386	4,584,386
Total assets	\$ 40,540,987	\$ 8,061,741	\$ 48,602,728
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 29,280	\$ 437,278	\$ 466,558
Accrued expenses:			
Payroll and related taxes	-	65,990	65,990
Compensated absences	-	91,670	91,670
Deferred revenue	-	234,398	234,398
Total liabilities (all current)	29,280	829,336	858,616
Net assets			
Without donor restrictions	1,315,788	7,062,371	8,378,159
With donor restrictions	39,195,919	170,034	39,365,953
Total net assets	40,511,707	7,232,405	47,744,112
Total liabilities and net assets	\$ 40,540,987	\$ 8,061,741	\$ 48,602,728

See independent auditors' report.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidating Statement of Activities

Year Ended June 30, 2019

	Grand Rapids Public Museum Foundation		
	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains			
Support			
Contributions:			
Cash and promises to give cash	\$ 291,063	\$ 19,950	\$ 311,013
Grants	211,449	45,000	256,449
In-kind	709,319	-	709,319
Change in value of split-interest agreement	-	18,000	18,000
Millage	-	-	-
Intercompany transfers in	-	-	-
Total support	1,211,831	82,950	1,294,781
Revenue and gains			
Museum admissions	-	-	-
Food sales	-	-	-
Store sales	-	-	-
Membership	-	-	-
Parking fees	-	-	-
Programs	-	-	-
Other service fees	-	-	-
Rental income	-	-	-
Special events, net	343,036	-	343,036
Investment income, net	10,102	2,059,193	2,069,295
Miscellaneous	-	-	-
Total revenue and gains	353,138	2,059,193	2,412,331
Net assets released from restrictions	234,667	(234,667)	-
Total support, revenue, gains and net assets released from restrictions	1,799,636	1,907,476	3,707,112
Expenses			
Personnel services	-	-	-
Utilities	-	-	-
Contractual services	133,915	-	133,915
Rental expense	531,719	-	531,719
Professional fees	59,366	-	59,366
Merchandise	-	-	-
Supplies	88,097	-	88,097
Repairs and maintenance	-	-	-
Printing and postage	15,268	-	15,268
Insurance	-	-	-
Advertising	98,632	-	98,632
Miscellaneous	16,790	-	16,790
Dues and subscriptions	-	-	-
Travel	9,496	-	9,496
Depreciation	-	-	-
Bad debt	12,575	-	12,575
Intercompany transfers out	-	-	-
Total expenses	965,858	-	965,858
Change in net assets	833,778	1,907,476	2,741,254
Net assets, beginning of year	482,010	37,288,443	37,770,453
Net assets, end of year	\$ 1,315,788	\$ 39,195,919	\$ 40,511,707

See independent auditors' report.



Grand Rapids Public Museum		
Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ -	\$ -
-	170,000	170,000
-	-	-
-	-	-
5,009,393	-	5,009,393
344	-	344
5,009,737	170,000	5,179,737
1,219,811	-	1,219,811
495,593	-	495,593
242,082	-	242,082
427,337	-	427,337
237,856	-	237,856
160,461	-	160,461
387	-	387
435,461	-	435,461
-	-	-
-	-	-
104,714	-	104,714
3,323,702	-	3,323,702
65,473	(65,473)	-
8,398,912	104,527	8,503,439
3,542,080	-	3,542,080
758,615	-	758,615
485,113	-	485,113
830,059	-	830,059
374,501	-	374,501
300,674	-	300,674
217,058	-	217,058
215,516	-	215,516
94,226	-	94,226
93,513	-	93,513
342,126	-	342,126
55,235	-	55,235
22,935	-	22,935
25,139	-	25,139
447,786	-	447,786
-	-	-
344	-	344
7,804,920	-	7,804,920
593,992	104,527	698,519
6,468,379	65,507	6,533,886
\$ 7,062,371	\$ 170,034	\$ 7,232,405

Continued...

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION
AND SUBSIDIARY

Consolidating Statement of Activities (Concluded)
Year Ended June 30, 2019

	Eliminations		
	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains			
Support			
Contributions:			
Cash	\$ -	\$ -	\$ -
Grants	-	-	-
In-kind	-	-	-
Change in value of split-interest agreement	-	-	-
Millage	-	-	-
Intercompany transfers in	(344)	-	(344)
Total support	(344)	-	(344)
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	(344)	-	(344)
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	-	-	-
Intercompany transfers out	(344)	-	(344)
Total expenses	(344)	-	(344)
Change in net assets	-	-	-
Net assets, beginning of year	-	-	-
Net assets, end of year	\$ -	\$ -	\$ -

See independent auditors' report.



Consolidated Totals		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 291,063	\$ 19,950	\$ 311,013
211,449	215,000	426,449
709,319	-	709,319
-	18,000	18,000
5,009,393	-	5,009,393
-	-	-
<u>6,221,224</u>	<u>252,950</u>	<u>6,474,174</u>
1,219,811	-	1,219,811
495,593	-	495,593
242,082	-	242,082
427,337	-	427,337
237,856	-	237,856
160,461	-	160,461
387	-	387
435,461	-	435,461
343,036	-	343,036
10,102	2,059,193	2,069,295
104,714	-	104,714
<u>3,676,840</u>	<u>2,059,193</u>	<u>5,736,033</u>
<u>300,140</u>	<u>(300,140)</u>	<u>-</u>
<u>10,198,204</u>	<u>2,012,003</u>	<u>12,210,207</u>
3,542,080	-	3,542,080
758,615	-	758,615
619,028	-	619,028
1,361,778	-	1,361,778
433,867	-	433,867
300,674	-	300,674
305,155	-	305,155
215,516	-	215,516
109,494	-	109,494
93,513	-	93,513
440,758	-	440,758
72,025	-	72,025
22,935	-	22,935
34,635	-	34,635
447,786	-	447,786
12,575	-	12,575
-	-	-
<u>8,770,434</u>	<u>-</u>	<u>8,770,434</u>
<u>1,427,770</u>	<u>2,012,003</u>	<u>3,439,773</u>
<u>6,950,389</u>	<u>37,353,950</u>	<u>44,304,339</u>
<u>\$ 8,378,159</u>	<u>\$39,365,953</u>	<u>\$47,744,112</u>

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidating Statement of Cash Flows

Year Ended June 30, 2019

	Grand Rapids Public Museum Foundation	Grand Rapids Public Museum	Consolidated Total
Cash flows from operating activities			
Change in net assets	\$ 2,741,254	\$ 698,519	\$ 3,439,773
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	-	447,786	447,786
Bad debt	12,575	-	12,575
Realized and unrealized gains on investments	(1,854,262)	-	(1,854,262)
Change in value of split-interest agreement	(18,000)	-	(18,000)
Changes in operating assets and liabilities which provided (used) cash:			
Contributions receivable	38,068	(16,418)	21,650
Other receivable	-	(16,276)	(16,276)
Inventories	-	6,553	6,553
Prepaid expenses	-	101,346	101,346
Accounts payable	27,588	(150,012)	(122,424)
Accrued expenses	-	(11,750)	(11,750)
Deferred revenue	-	7,496	7,496
Net cash provided by operating activities	947,223	1,067,244	2,014,467
Cash flows from investing activities			
Purchases of property and equipment	-	(605,996)	(605,996)
Purchase of investments	(2,984,081)	-	(2,984,081)
Proceeds from sales and maturities of investments	2,272,965	-	2,272,965
Net cash used in investing activities	(711,116)	(605,996)	(1,317,112)
Cash flows provided by financing activities			
Cash receipts for contributions restricted for investment in permanent endowment	100	-	100
Net increase in cash and cash equivalents	236,207	461,248	697,455
Cash and cash equivalents, beginning of year	1,454,119	2,341,910	3,796,029
Cash and cash equivalents, end of year	\$ 1,690,326	\$ 2,803,158	\$ 4,493,484

See independent auditors' report.