

Grand Rapids
Public Museum
Foundation
and
Subsidiary



Years Ended
June 30,
2025 and 2024

Consolidated
Financial
Statements
and
Supplementary
Information

Rehmann

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, 2025 and 2024	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
Supplementary Information for the Year Ended June 30, 2025	32
Consolidating Statement of Financial Position	33
Consolidating Statement of Activities	34
Consolidating Statement of Cash Flows	36



INDEPENDENT AUDITORS' REPORT

December 8, 2025

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

Opinion

We have audited the accompanying consolidated financial statements of ***Grand Rapids Public Museum Foundation and Subsidiary*** (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (the "consolidated financial statements").

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, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Restatement

As described in Note 17 to the consolidated financial statements, the 2024 consolidated financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.



Responsibilities of Management 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary 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, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the 2025 consolidated financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of 2025 basic consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidated Statements of Financial Position

		June 30	
		2025	2024 (As Restated Note 17)
ASSETS			
Current assets			
Cash		\$ 12,771,062	\$ 15,397,745
Receivables			
Contributions, net of allowance		762,367	348,847
Other		164,010	173,910
Inventory		50,309	51,775
Prepaid expenses		550,019	657,725
Total current assets		14,297,767	16,630,002
Investments		57,444,046	51,949,278
Receivables			
Contributions receivable restricted for long term purposes		16,017,785	6,938,107
Other contributions receivables, greater than 1 year		158,734	165,268
Net property and equipment		17,640,894	10,580,303
Net operating lease right-of-use assets		84,696	83,089
Total assets		\$ 105,643,922	\$ 86,346,047
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable		\$ 1,046,488	\$ 3,559,252
Current portion of operating lease obligations		52,185	51,584
Accrued expenses			
Payroll and related taxes		212,114	192,727
Compensated absences		225,234	225,819
Deferred revenue		162,040	177,112
Total current liabilities		1,698,061	4,206,494
Operating lease obligations, net of current portion		33,156	43,429
Total liabilities		1,731,217	4,249,923
Net assets			
Without donor restrictions		15,926,761	14,650,347
With donor restrictions		87,985,944	67,445,777
Total net assets		103,912,705	82,096,124
Total liabilities and net assets		\$ 105,643,922	\$ 86,346,047

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

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue, and gains			
Support			
Contributions			
Cash and promises to give	\$ 313,410	\$ 7,746,397	\$ 8,059,807
Grants	16,027	7,422,344	7,438,371
In-kind	904,018	1,238,997	2,143,015
Special events	263,319	-	263,319
Millage	7,171,895	-	7,171,895
	<u>8,668,669</u>	<u>16,407,738</u>	<u>25,076,407</u>
Total support	8,668,669	16,407,738	25,076,407
Revenue and gains			
Museum admissions	1,031,125	-	1,031,125
Food sales	345,871	-	345,871
Store sales, net	294,641	-	294,641
Membership	292,876	-	292,876
Parking fees	203,607	-	203,607
Programs	201,972	-	201,972
Investment income, net	438,663	5,132,055	5,570,718
Miscellaneous	458,755	-	458,755
	<u>3,267,510</u>	<u>5,132,055</u>	<u>8,399,565</u>
Total revenues and gains	3,267,510	5,132,055	8,399,565
Net assets released from restrictions	999,626	(999,626)	-
	<u>12,935,805</u>	<u>20,540,167</u>	<u>33,475,972</u>
Total support, revenue and gains	12,935,805	20,540,167	33,475,972
Expenses			
Personnel services	5,306,102	-	5,306,102
Utilities	903,865	-	903,865
Contractual services	949,073	-	949,073
Lease	1,786,013	-	1,786,013
Professional fees	194,824	-	194,824
Merchandise	282,629	-	282,629
Supplies	261,127	-	261,127
Repairs and maintenance	261,363	-	261,363
Printing and postage	48,642	-	48,642
Insurance	181,956	-	181,956
Advertising	279,405	-	279,405
Miscellaneous	89,498	-	89,498
Dues and subscriptions	44,388	-	44,388
Travel	85,889	-	85,889
Depreciation and amortization	979,717	-	979,717
Provision for uncollectible contributions	4,900	-	4,900
	<u>11,659,391</u>	<u>-</u>	<u>11,659,391</u>
Total expenses	11,659,391	-	11,659,391
Change in net assets	1,276,414	20,540,167	21,816,581
Net assets, beginning of year, as restated (Note 17)	14,650,347	67,445,777	82,096,124
	<u>\$ 15,926,761</u>	<u>\$ 87,985,944</u>	<u>\$ 103,912,705</u>
Net assets, end of year	\$ 15,926,761	\$ 87,985,944	\$ 103,912,705

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

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions (as Restated Note 17)	With Donor Restrictions (as Restated Note 17)	Total
Support, revenue, and gains			
Support			
Contributions			
Cash and promises to give	\$ 18,716	\$ 2,325,913	\$ 2,344,629
Grants	-	1,073,625	1,073,625
In-kind	987,831	310,856	1,298,687
Special events	223,827	-	223,827
Millage	6,848,777	-	6,848,777
Total support	8,079,151	3,710,394	11,789,545
Revenue and gains			
Museum admissions	1,171,571	-	1,171,571
Food sales	501,688	-	501,688
Store sales, net	310,365	-	310,365
Membership	312,756	-	312,756
Parking fees	227,570	-	227,570
Programs	251,610	-	251,610
Investment income, net	326,348	4,719,696	5,046,044
Miscellaneous	377,198	-	377,198
Total revenue and gains	3,479,106	4,719,696	8,198,802
Net assets released from restrictions	669,821	(669,821)	-
Total support, revenue and gains	12,228,078	7,760,269	19,988,347
Expenses			
Personnel services	5,289,661	-	5,289,661
Utilities	760,879	-	760,879
Contractual services	902,324	-	902,324
Lease	2,115,946	-	2,115,946
Professional fees	250,298	-	250,298
Merchandise	374,631	-	374,631
Supplies	296,243	-	296,243
Repairs and maintenance	170,556	-	170,556
Printing and postage	68,453	-	68,453
Insurance	117,968	-	117,968
Advertising	380,002	-	380,002
Miscellaneous	43,208	-	43,208
Dues and subscriptions	69,621	-	69,621
Travel	42,536	-	42,536
Depreciation and amortization	640,023	-	640,023
Provision for uncollectible contributions	68,150	-	68,150
Total expenses	11,590,499	-	11,590,499
Change in net assets	637,579	7,760,269	8,397,848
Net assets, beginning of year	14,012,768	59,685,508	73,698,276
Net assets, end of year	\$ 14,650,347	\$ 67,445,777	\$ 82,096,124

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

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidated Statements of Cash Flows

	June 30	
	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 21,816,581	\$ 8,397,848
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	979,717	640,023
Non-cash lease expense	54,622	62,505
Provision for uncollectible contributions	4,900	68,150
Realized and unrealized gains on investments	(5,174,305)	(4,676,974)
Proceeds from contributions for long-term purposes	(4,420,675)	(750,087)
Changes in operating assets and liabilities which (used) provided cash		
Contributions receivable	(9,491,614)	(829,863)
Interest receivable	-	71,408
Other receivables	9,900	(31,472)
Inventory	1,466	(5,340)
Prepaid expenses	107,706	(43,540)
Accounts payable	(2,512,764)	2,749,867
Accrued expenses	18,802	83,276
Operating lease obligations	(65,901)	(51,354)
Deferred revenue	(15,072)	9,785
Net change in cash from operating activities	<u>1,313,363</u>	<u>5,694,232</u>
Cash flows from investing activities		
Purchases of property and equipment	(8,040,308)	(4,608,315)
Proceeds from sales of investments	1,888,489	3,771,095
Purchase of investments	(2,208,952)	(3,739,907)
Net change in cash from investing activities	<u>(8,360,771)</u>	<u>(4,577,127)</u>
Cash flows from financing activities		
Proceeds from contributions for long-term purposes	4,420,675	750,087
Cash receipts for contributions restricted for investment in permanent endowment	50	100
Net change in cash from financing activities	<u>4,420,725</u>	<u>750,187</u>
Net change in cash	<u>(2,626,683)</u>	<u>1,867,292</u>
Cash, beginning of year, as restated	15,397,745	13,530,453
Cash, end of year	<u>\$ 12,771,062</u>	<u>\$ 15,397,745</u>

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, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Basis of Presentation

The Grand Rapids Public Museum Foundation (the "Foundation") is a Michigan not-for-profit organization whose primary purpose is to raise funds and oversee the operations of the Grand Rapids Public Museum (the "Public Museum"), which is also a Michigan not-for-profit organization. The Public Museum is responsible for the operation, management and maintenance of the Public Museum's facilities and its collections, which are owned by the City of Grand Rapids.

These consolidated financial statements include the accounts of the Foundation and the Public Museum (collectively, the "Organization"). The Foundation is the sole corporate member of the Public Museum, as stated in the Museum's bylaws. This sole membership grants the Foundation a controlling financial interest in the Public Museum. In addition to its control, the Foundation serves as the Museum's primary fundraising arm and is responsible for supporting its long-term viability.

The accompanying consolidated financial statements present the consolidated financial position, changes in net assets and cash flows of 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 support, revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates include but are not limited to, the fair value of investments.

Net assets, support, revenues, and gains 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. See note 7.

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. See note 5.

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 a further discussion of fair value measurements, refer to Note 2.

Collections

The Museum holds over 250,000 historical, scientific and cultural artifacts and specimens collected, preserved, curated, interpreted and presented in its Collections.. The City of Grand Rapids retains ownership of the Public Museum's facilities and all of its collections. The Public Museum is responsible for the operation, management, and maintenance of these assets. The collection of artifacts and exhibits are for public exhibition, education, and research. As these assets are owned by the City of Grand Rapids, they are not included in the consolidated financial statements. All net proceeds resulting from the sale of deaccessioned material from the collections is restricted to obtain future collection items or direct care of the collections. Direct care includes preventive care and conservation of the collections.

Cash

Cash consist of demand deposits in banks and cash on hand. 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.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Investments

Investments consist of mutual funds, equity securities and negotiable certificates of deposit which are reported at fair value based on quoted market prices. The Organization also has private equity and hedge fund investments which are based on net asset value, which is used as a practical expedient. Donated assets are recorded at fair value at the date of the donation. 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, including realized and unrealized gains or losses, are included in the consolidated statements 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.

The Organization invests in various investments. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in these consolidated financial statements.

Contributions Receivable

The Organization 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. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable. As of June 30, 2025 and 2024, the allowance for uncollectible contributions totaled \$14,000 and \$181,000, respectively.

Inventory

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. Net realizable value is the estimated selling price in the ordinary course of business less reasonably predictable costs of completion and disposal.

Prepaid Expenses

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

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Property and Equipment and Depreciation and Amortization

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 reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, which range from 2 to 40 years.

Leases

The Organization determines if an arrangement is a lease at inception and considers classification of leases as operating or finance. Operating leases are included in net operating lease right-of-use assets and operating lease obligations on the Organization's consolidated statements of financial position.

Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the Organization's leases do not provide an implicit rate, the Organization uses the risk free rate based on the information available at commencement date in determining the present value of future payments. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expenses for minimum lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to exclude short-term leases from the recognition requirements of Accounting Standards Codification ("ASC") 842, Leases. A lease is short-term if, at the commencement date, it has a term of less than or equal to one year. Lease expense related to short-term leases is recognized on a straight-line basis over the lease term.

Management reviews these ROU assets for impairment whenever events or circumstances indicate that their carrying values may not be fully recoverable.

Compensated Absences

A compensated absences liability is recorded for unused paid time off as of June 30, 2025 and 2024. Paid time off vests when earned.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Revenue and Support Recognition

Contributions

The Organization recognizes contributions when an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return or right of release - are not recognized until the conditions on which they depend have been met. When donor restrictions expire in the same period as the contributions are received, the contributions are reported as without donor restrictions. Support received from the millage is recognized as contributions as the county does not receive commensurate value. For special events, the value of direct benefits to donors is not significant.

Grant Awards

Grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions - Funding is derived mainly from cost reimbursable grants which are conditional primarily upon incurring allowable qualifying expenses. Support is recognized when the Organization has incurred expenses in compliance with specific contract or grant provisions. Amounts questioned as a result of audits, if any, may result in refunds to granting organizations. Management does not believe any liability for reimbursements, which may arise as the result of these audits, would be material.

Grant awards that are exchange transactions - Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There were no grant awards that were considered exchange transactions during the years ended June 30, 2025 and 2024.

Guest Services Revenue

The Public Museum recognizes guest revenue from ticket sales at the time of admission. Sales from food concessions, store sales and parking are recognized at the point of sale. The sales are reported at the amount that reflects the consideration to which the Public Museum expects to be entitled in exchange for providing goods or services to the customer. Customers pay for goods sold on a stand-alone selling price basis at the point of sale. Control is transferred immediately to the customer at the point of sale.

The Organization has the following policy and programs for certain retail transactions:

- The Organization provides member and employee discounts for purchases at the gift shops and concessions.
- The Organization allows customers to purchase gift certificates on a stand-alone selling price basis. Customers can use the gift certificate to make purchases as if the gift certificate was cash.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

- The Organization provides for a right of return to the customer for purchased goods, allowing a customer to get "in-store credit" in the amount of the selling price of the goods being returned. Admissions are not refundable.

The Organization has not reported a liability for estimated returns or outstanding gift certificates, as the amounts are not considered to be material to the consolidated financial statements.

Membership Dues

The Public Museum is responsible for the collection of membership dues for various levels of memberships. In exchange for these dues, members are provided a wide variety of benefits, including Public Museum discounts on admission, parking, a monthly newsletter and other benefits. There is no contribution element to membership dues. The member pays for and membership benefits upfront, and the performance obligations are satisfied over time as the benefits are consumed. Memberships are purchased throughout the year. Membership dues revenue is recognized ratably over time as the customer simultaneously receives and consumes the benefit of the services. A portion of membership dues are deferred at year end and will be recognized as membership benefits are consumed.

Program and Miscellaneous Revenues

Program and miscellaneous revenues includes amounts from various educational programs for students and adults; including tours and revenue generated from planetarium and organ concerts. Revenue is recognized when the event takes place or at the point of sale.

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 an 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.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

The Foundation and the Public Museum have evaluated their income tax filing positions for the years ended 2022 through 2025, the years which remain subject to examination as of June 30, 2025. 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, 2025 or 2024, and are not aware of any claims for such amounts by federal or state income tax authorities.

Reclassification

Certain amounts as reported in the 2024 consolidated financial statements have been reclassified to conform with the 2025 presentation.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated significant events and transactions for potential recognition or disclosure that occurred subsequent to June 30, 2025, the date of the most recent consolidated statement of financial position presented herein, through December 8, 2025, the date these consolidated financial statements were available to be issued.

Subsequent to June 30, 2025, the Organization has committed to the expansion project with a not to exceed amount of \$3,433,056 for renovations at the Community Archives and Research Center and \$4,152,828 for an additional elevator at the Van Andel Museum Center.

2. FAIR VALUE MEASUREMENTS AND INVESTMENTS

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.

Investments

Equity securities: fair value measurement is based upon the closing price reported on the active market in which the securities are traded, and are classified as Level 1.

Mutual funds: valued at quoted market prices that represent the net asset value ("NAV") of shares held by the fund at year end and are classified as Level 1. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Alternative investments: The Museum uses the NAV, provided by external investment managers, as a practical expedient to determine the value of the underlying investments that (a) do not have a readily determinable fair value and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. The Museum reviews these valuations in a number of ways, including, but not limited to, assessing the valuation methodologies employed by each manager, reviewing the footnotes related to valuation in audited financial statements, and evaluating the performance of each investment relative to market and investment-specific data.

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

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 at June 30:

2025	Assets at Fair Value				
	Level 1	Level 2	Level 3	Other (1)	Total
Investments					
Mutual funds					
Fixed income					
Total return bond fund	\$ 4,258,899	\$ -	\$ -	\$ -	\$ 4,258,899
Money market funds	5,909,035	-	-	-	5,909,035
Equity Securities					
International value	2,310,094	-	-	-	2,310,094
Large growth	3,435,084	-	-	-	3,435,084
Large value	4,817,682	-	-	-	4,817,682
Income growth	1,921,781	-	-	-	1,921,781
Alternative investments					
Private equity funds	-	-	-	5,367,309	5,367,309
Private hedge funds	-	-	-	10,687,420	10,687,420
Private loan funds	-	-	-	541,378	541,378
Private investment funds	-	-	-	16,500,296	16,500,296
Negotiable certificate of deposit	-	1,695,068	-	-	1,695,068
Total investment securities	\$ 22,652,575	\$ 1,695,068	\$ -	\$ 33,096,403	\$ 57,444,046

2024	Assets at Fair Value				
	Level 1	Level 2	Level 3	Other (1)	Total
Investments					
Mutual funds					
Fixed income					
Total return bond fund	\$ 3,878,878	\$ -	\$ -	\$ -	\$ 3,878,878
Money market funds	1,844,077	-	-	-	1,844,077
Equity Securities					
International value	3,293,921	-	-	-	3,293,921
Large growth	2,365,729	-	-	-	2,365,729
Large value	4,774,706	-	-	-	4,774,706
Income growth	2,939,728	-	-	-	2,939,728
Alternative investments					
Private equity funds	-	-	-	5,317,197	5,317,197
Private hedge funds	-	-	-	10,255,610	10,255,610
Private loan funds	-	-	-	725,619	725,619
Private investment funds	-	-	-	14,933,456	14,933,456
Negotiable certificate of deposit	-	1,620,357	-	-	1,620,357
Total investment securities	\$ 19,097,039	\$ 1,620,357	\$ -	\$ 31,231,882	\$ 51,949,278

(1) Investments are measured using the NAV (or its equivalent) practical expedient and have not been categorized in the fair value hierarchy. The 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 Organization holds shares or interest in alternative investments at year end where the value of the investments held is estimated based on the net asset value per share (or its equivalent) of the investment company.

At year end, the net asset value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	2025			
	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds	\$ 5,367,309	\$ -	N/A	N/A
Private hedge funds	10,687,420	-	Quarterly, semi-annually and annually	Ranging from 60-95 days
Private loan funds	541,378	60,541	N/A	N/A
Private investment funds	16,500,296	-	annually	95 days

Investment Type	2024			
	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds	\$ 5,317,197	\$ -	N/A	N/A
Private hedge funds	10,255,610	-	Quarterly, semi-annually and annually	Ranging from 60-95 days
Private loan funds	725,619	82,364	N/A	N/A
Private investment funds	14,933,456	-	annually	95 days

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

The private equity category includes investments that utilize strategies designed to take advantage of market allocations or opportunistic investment solutions.

The private hedge funds category includes investments in funds that may be invested in a number of different strategies to provide portfolio diversification and generate positive absolute returns. These investments are intended to generate potentially superior returns and offer diversification benefits relative to publicly traded stocks and bonds.

The private loan funds category includes non-bank lending to companies through privately negotiated loans. Returns are primarily driven from contractual interest payments. Distressed Debt and Opportunistic Debt strategies aim to generate outsized returns by exploiting inefficiencies, volatility, or transitional phases in a borrower's capital structure.

The private investment funds include investments in opportunistic investments that provide ownership interest in companies to grow new business and provide investment diversification.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows at June 30:

	2025	2024
Contributions receivable, not discounted to present value		
Receivable in less than one year	\$ 12,279,720	\$ 3,878,421
Contributions receivable, discounted to present value		
Receivable in one to five years	5,019,026	3,987,026
Receivable greater than five years	76,000	57,400
Less present value discount (at 5%)	(421,860)	(289,625)
Contributions receivable, discounted to present value, net	4,673,166	3,754,801
Subtotal	16,952,886	7,633,222
Allowance for uncollectible contributions receivable	(14,000)	(181,000)
Total contributions receivable	\$ 16,938,886	\$ 7,452,222
Contributions receivable reconciliation		
Receivables for long term purposes expansion project	16,017,785	6,938,107
Other contributions receivable	921,101	514,115
Total contributions receivable	\$ 16,938,886	\$ 7,452,222

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

4. NET PROPERTY AND EQUIPMENT

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

	2025	2024
Equipment and software	\$ 1,899,030	\$ 1,246,041
Leasehold improvements	10,342,118	10,221,970
Construction in progress	11,162,739	3,895,571
	<hr/>	<hr/>
Total	23,403,887	15,363,582
Less accumulated depreciation and amortization	5,762,993	4,783,279
	<hr/>	<hr/>
Net property and equipment	<u>\$ 17,640,894</u>	<u>\$ 10,580,303</u>

Depreciation and amortization expense was \$979,717 and \$640,023 for the years ended June 30, 2025 and 2024, respectively.

5. NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024 (as restated Note 17)
Purpose and time restrictions		
Contributions receivable - time restricted:		
Expansion project- time and purpose restricted	\$ 16,017,785	\$ 6,938,107
Other contributions receivable	921,101	514,115
Expansion project restricted	14,332,664	8,112,091
Accumulated endowment earnings	15,750,572	10,712,937
Various program restrictions	1,335,021	1,539,776
	<hr/>	<hr/>
Total purpose and time restrictions	<u>48,357,143</u>	<u>27,817,026</u>
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation		
Foundation	39,628,801	39,628,751
	<hr/>	<hr/>
Total net assets with donor restrictions	<u>\$ 87,985,944</u>	<u>\$ 67,445,777</u>

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

As of June 30, 2025, the Public Museum has expended \$9,921,947 toward the expansion project. However, these funds have not yet been released from donor restriction as related assets have not been placed in service. The remaining restricted balance will be released when the expansion project is complete.

6. CONTRACTS WITH CUSTOMERS

The Public Museum's accounts receivable from revenue from contracts with customers were as follows for the years ended June 30, 2025 and 2024:

	2025	2024
Beginning of the year	\$ 173,910	\$ 142,438
End of the year	164,010	173,910

The Public Museum's deferred revenue from revenue from contracts with customers were as follows for the years ended June 30, 2025 and 2024:

	2025	2024
Beginning of the year	\$ 177,112	\$ 167,327
End of the year	162,040	177,112

7. ENDOWMENT FUNDS

The Foundation's endowment was established to support the operations 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.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

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, 2025 and 2024, there were no funds with deficiencies 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, 2025 and 2024, the fair value of the board designated endowment without donor restrictions was \$1,164,023 and \$1,111,421, respectively.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

Endowment Net Asset Composition and Changes in Endowment Net Assets

2025	Board- Designated Endowment - Without Donor Restrictions	Donor- Restricted Endowments - With Donor Restrictions	Total
Endowment net assets, July 1, 2024	\$ 1,111,421	\$ 50,341,688	\$ 51,453,109
Investment income, net	52,602	5,046,992	5,099,594
Contributions	-	50	50
Appropriated for expenditure	-	(9,357)	(9,357)
Endowment net assets, June 30, 2025	<u>\$ 1,164,023</u>	<u>\$ 55,379,373</u>	<u>\$ 56,543,396</u>

2024	Board- Designated Endowment - Without Donor Restrictions	Donor- Restricted Endowments - With Donor Restrictions	Total
Endowment net assets, July 1, 2023	\$ 1,055,447	\$ 45,878,300	\$ 46,933,747
Investment income, net	55,974	4,456,435	4,512,409
Contributions	-	11,888	11,888
Appropriated for expenditure	-	(4,935)	(4,935)
Endowment net assets, June 30, 2024	<u>\$ 1,111,421</u>	<u>\$ 50,341,688</u>	<u>\$ 51,453,109</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 its 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 could 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 Public Museum. Since the millage was passed in 2016, the Museum has counted on millage dollars to cover operating needs and there has been no need to take any appropriation distributions from the endowment. During the year ended June 30, 2021, a sub account was created within the endowment umbrella, with specific donor-imposed restrictions. The funds were donated to fund paid intern fellowships for the Chaffee Planetarium. For the year ended June 30, 2025 and 2024 there was \$9,357 and \$4,935 appropriated for spending on operations, respectively.

8. DEFINED CONTRIBUTION PLAN

The Organization maintains a defined contribution retirement plan (the "Plan") for all covered employees who have 500 hours 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 Organization, 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 Organization did not contribute to the defined contribution plan for the years ended June 30, 2025 or 2024.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

9. CONTRIBUTED NONFINANCIAL ASSETS

The Organization receives significant in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

All donated space, services, and goods were unrestricted and used to run Museum program and supporting services. Donated property and equipment are part of the donor restricted expansion project.

During fiscal year 2025 and 2024, the Organization received donated services for legal consultation and other consulting services. The Organization also received contributions of the use of facilities and donated goods in 2025 and 2024. The Organization received donated property and equipment from the City of Grand Rapids in 2025 and 2024. The Organization's contributed nonfinancial assets were as follows for the years ended June 30, 2025 and 2024:

	2025	2024
Donated space	\$ 795,000	\$ 795,000
Donated property and equipment	1,238,997	310,856
Other donated services and goods	109,018	192,831
Total contributed nonfinancial assets	<u>\$ 2,143,015</u>	<u>\$ 1,298,687</u>

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

Donated space is valued at the fair value which is determined by the insured value of the property allocated over the life of the lease. Donated legal and consultation services are valued at the standard hourly rates charged for those services. Donated goods are valued at the wholesale prices that would be received for selling similar products. Donated property and equipment is valued at the fair value of the property and equipment at the time of donation based on construction cost or recent comparable market data.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

10. LEASES

The Organization has various property and equipment leases that require monthly payments up to \$3,000 a month.

The following table summarizes the composition of net lease cost during the years ended June 30:

	2025	2024
Operating lease cost	\$ 58,816	\$ 66,807
Short-term lease cost	452,786	496,962
Total lease cost	\$ 511,602	\$ 563,769

The following table summarizes other information related to the Organization's leases during the years ended June 30:

	2025	2024
Cash paid for amounts included in the measurement of lease obligations		
Operating cash flows from operating leases	\$ 66,180	\$ 63,013
Right-of-use assets obtained in exchange for new operating lease obligations	\$ 53,635	\$ 102,861
Weighted-average remaining lease term - operating leases (years)	1.67	1.82
Weighted-average discount rate - operating leases	4.46%	4.33%

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

The following table presents a maturity analysis summary of the Organization's lease obligations recorded on the consolidated statement of financial position as of June 30:

Year	Amount
2026	\$ 56,048
2027	23,752
2028	<u>8,111</u>
Total lease payments	87,911
Less present value discount	<u>2,570</u>
Total lease obligations	85,341
Less current portion	<u>52,185</u>
Long-term lease obligations	<u>\$ 33,156</u>

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 Museum is responsible for insurance and other incidental expenses 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 amount of \$795,000 for the years ended June 30, 2025 and 2024. The agreement includes barriers that must be met each year and a right of release also exists within the agreement. As a result, in-kind contribution revenue and the related rental expense is recorded annually.

In accordance with the lease agreement, the City also retains a reversionary interest in the Public Museum's inventory, valued at \$50,309 and \$51,775 at June 30, 2025 and 2024, respectively, and petty cash valued at \$12,725 at June 30, 2025 and 2024, respectively. 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 lease agreement also allows the Public Museum to access storage space for collections, exhibits, displays, and other Public Museum assets from the City.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

11. OTHER COMMITMENTS

At June 30, 2025 and 2024, the Public Museum had outstanding commitments of \$2,758,333 and \$632,000, respectively, for temporary exhibits to be displayed in future fiscal years. At June 30, 2025 and 2024, the Public Museum also had an outstanding commitment related to the construction in progress for an expansion project at the Public Museum in the amount of \$2,779,968 and \$7,980,508, respectively.

12. 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 \$8,247,963 and \$3,804,057 at June 30, 2025 and 2024, respectively, is calculated based on a percentage of the value of qualifying investments held at the investment broker, less any outstanding letters of credit. Borrowings on this revolving line of credit are limited by certain resolutions by the Finance Committee to \$1,000,000 at June 30, 2025 and 2024. The effective interest rate was 5.20% and 6.14% at June 30, 2025 and 2024, respectively. 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 at June 30, 2025 and 2024.

13. 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.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

14. FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated 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:

2025	Program Services	Management and General	Fundraising	Total
Personnel services	\$ 4,024,372	\$ 703,182	\$ 578,548	\$ 5,306,102
Utilities	659,821	135,580	108,464	903,865
Contractual services	548,078	210,650	190,345	949,073
Lease and other occupancy costs	1,563,613	178,828	43,572	1,786,013
Professional fees	28,308	155,493	11,023	194,824
Merchandise	282,320	309	-	282,629
Supplies	205,351	15,146	40,630	261,127
Repairs and maintenance	261,363	-	-	261,363
Printing and postage	23,274	6,018	19,350	48,642
Insurance	18,292	163,664	-	181,956
Advertising	247,365	-	32,100	279,465
Dues and subscriptions	9,994	34,345	49	44,388
Travel	13,097	48,050	24,742	85,889
Depreciation and amortization	734,787	146,958	97,972	979,717
Provision for uncollectible contributions	-	-	4,900	4,900
Miscellaneous	73,501	8,022	7,915	89,438
Total	\$ 8,693,536	\$ 1,806,245	\$ 1,159,610	\$ 11,659,391
% of total expenses	75%	15%	10%	100%

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

2024	Program Services	Management and General	Fundraising	Total
Personnel services	\$ 3,919,564	\$ 764,406	\$ 605,691	\$ 5,289,661
Utilities	555,442	114,132	91,305	760,879
Contractual services	643,444	130,527	128,353	902,324
Lease and other occupancy costs	1,901,101	204,596	10,249	2,115,946
Professional fees	76,802	158,112	15,384	250,298
Merchandise	373,302	1,329	-	374,631
Supplies	178,092	12,976	105,175	296,243
Repairs and maintenance	170,556	-	-	170,556
Printing and postage	51,456	10,318	6,679	68,453
Insurance	-	117,968	-	117,968
Advertising	295,491	191	84,320	380,002
Dues and subscriptions	10,217	52,253	7,151	69,621
Travel	10,075	23,684	8,777	42,536
Depreciation and amortization	467,217	96,003	76,803	640,023
Provision for uncollectible contributions	-	-	68,150	68,150
Miscellaneous	18,274	23,109	1,825	43,208
Total	\$ 8,671,033	\$ 1,709,604	\$ 1,209,862	\$ 11,590,499
% of total expenses	75%	15%	10%	100%

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

15. 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 at June 30:

	2025	2024
Cash	\$ 12,771,062	\$ 15,397,745
Contributions and other receivables	17,102,896	7,626,132
Investments	57,444,046	51,949,278
	<hr/>	<hr/>
Subtotal	87,318,004	74,973,155
Less:		
Contributions receivable - time and purpose restricted	(16,938,886)	(7,452,222)
Unspent expansion project proceeds	(4,410,717)	(3,183,397)
Restricted by donors - specified purpose	(1,335,021)	(1,539,776)
Board designated endowment funds	(1,164,023)	(1,111,421)
Donor restricted endowment funds	(55,379,373)	(50,341,688)
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,089,984</u>	<u>\$ 11,344,651</u>

The Organization has \$8,089,984 and \$11,344,651 at June 30, 2025 and 2024, respectively, in financial assets available within one year of the consolidated statement of financial position date to meet cash needs for general expenditures. As part of the Organization's liquidity plan, tax levies, admissions, membership and museum operations revenue is available for general expenditures, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date. 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 which it could draw upon, see Note 12.

16. RELATED PARTY TRANSACTIONS

The Public Museum leases its premises from the City of Grand Rapids ("the City") under a long-term agreement discussed in Note 10. The City also owns the museum collections.

The Public Museum has an outstanding pledge from the City for \$1,089,148 which is expected to be received in 2026.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

17. RESTATEMENT

In 2025, the Organization restated net assets with and without donor restrictions from its previously issued 2024 consolidated financial statements to correct an error related to the improper release of donor restricted net assets. Specifically, donor restricted contributions for the expansion project were released from restriction in 2023 and 2024 when costs were incurred rather than when the assets are placed in service. There was no impact to the previously reported 2024 consolidated statement of cash flows as a result of this correction. The following is a summary of the effects of the above correction on the 2024 consolidated financial statements:

	As Originally Reported	Corrective Effect of Change	As Restated
June 30, 2024 Consolidated Statement of Financial Position and Consolidated Statement of Activities			
Net assets without donor restrictions at July 1, 2023	\$ 14,593,519	\$ (580,751)	\$ 14,012,768
Net assets with donor restrictions at July 1, 2023	\$ 59,104,757	\$ 580,751	\$ 59,685,508
Net assets without donor restrictions at June 30, 2024	\$ 19,579,041	\$ (4,928,694)	\$ 14,650,347
Net assets with donor restrictions at June 30, 2024	\$ 62,517,083	\$ 4,928,694	\$ 67,445,777
Net assets released from restrictions for the year ended June 30, 2024	\$ 5,017,764	\$ (4,347,943)	\$ 669,821
Total support, revenues and gains without donor restrictions for the year ended June 30, 2024	\$ 16,576,021	\$ (4,347,943)	\$ 12,228,078
Total support, revenues and gains with donor restrictions for the year ended June 30, 2024	\$ 3,412,326	\$ 4,347,943	\$ 7,760,269
Change in net assets without donor restrictions for the year ended June 30, 2024	\$ 4,985,522	\$ (4,347,943)	\$ 637,579
Change in net assets with donor restrictions for the year ended June 30, 2024	\$ 3,412,326	\$ 4,347,943	\$ 7,760,269

There was no impact to total net assets or the change in total net assets as of June 30, 2024 or for the year then ended. There was also no change to total net assets as of July 1, 2023.



**SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidating Statement of Financial Position

June 30, 2025

ASSETS	Grand Rapids Public Museum Foundation	Grand Rapids Public Museum	Eliminations	Consolidated Total
Current assets				
Cash	\$ 9,629,476	\$ 3,141,586	\$ -	\$ 12,771,062
Receivables				
Contributions, net of allowance	717,853	44,514	-	762,367
Inter-entity receivable	-	2,031,514	(2,031,514)	-
Other	-	164,010	-	164,010
Inventory	-	50,309	-	50,309
Prepaid expenses	2,252	547,767	-	550,019
Total current assets	10,349,581	5,979,700	(2,031,514)	14,297,767
Investments	57,444,046	-	-	57,444,046
Receivables				
Contributions receivable restricted for long term purposes	5,769,165	10,248,620	-	16,017,785
Other contributions receivables, greater than 1 year	158,734	-	-	158,734
Net property and equipment	-	17,640,894	-	17,640,894
Net operating lease right-of-use assets	-	84,696	-	84,696
Total assets	\$ 73,721,526	\$ 33,953,910	\$ (2,031,514)	\$ 105,643,922
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 467	\$ 1,046,021	\$ -	\$ 1,046,488
Current portion of operating lease obligations	-	52,185	-	52,185
Inter-entity payable	2,027,841	3,673	(2,031,514)	-
Accrued expenses				
Payroll and related taxes	-	212,114	-	212,114
Compensated absences	-	225,234	-	225,234
Deferred revenue	-	162,040	-	162,040
Total current liabilities	2,028,308	1,701,267	(2,031,514)	1,698,061
Operating lease obligations, net of current portion	-	33,156	-	33,156
Total liabilities	2,028,308	1,734,423	(2,031,514)	1,731,217
Net assets				
Without donor restrictions	3,709,949	12,216,812	-	15,926,761
With donor restrictions	67,983,269	20,002,675	-	87,985,944
Total net assets	71,693,218	32,219,487	-	103,912,705
Total liabilities and net assets	\$ 73,721,526	\$ 33,953,910	\$ (2,031,514)	\$ 105,643,922

See independent auditors' report.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidating Statement of Activities

Year Ended June 30, 2025

	Grand Rapids Public Museum Foundation			Grand Rapids Public Museum		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue, and gains						
Support						
Contributions						
Cash and promises to give	\$ 313,410	\$ 7,746,397	\$ 8,059,807	\$ -	\$ -	\$ -
Grants	16,027	890,790	906,817	-	6,531,554	6,531,554
In-kind	904,018	-	904,018	-	1,238,997	1,238,997
Special events	263,319	-	263,319	-	-	-
Millage	-	-	-	7,171,895	-	7,171,895
Inter-entity transfers in	-	-	-	2,031,514	-	2,031,514
Total support	1,496,774	8,637,187	10,133,961	9,203,409	7,770,551	16,973,960
Revenue and gains						
Museum admissions	-	-	-	1,031,125	-	1,031,125
Food sales	-	-	-	345,871	-	345,871
Store sales, net	-	-	-	294,641	-	294,641
Membership	-	-	-	292,876	-	292,876
Parking fees	-	-	-	203,607	-	203,607
Programs	-	-	-	201,972	-	201,972
Investment income, net	350,606	5,046,992	5,397,598	88,057	85,063	173,120
Miscellaneous	167,000	-	167,000	291,755	-	291,755
Total revenue and gains	517,606	5,046,992	5,564,598	2,749,904	85,063	2,834,967
Net assets released from restrictions	811,403	(811,403)	-	188,223	(188,223)	-
Total support, revenue and gain	2,825,783	12,872,776	15,698,559	12,141,536	7,667,391	19,808,927
Expenses						
Personnel services	-	-	-	5,306,102	-	5,306,102
Utilities	-	-	-	903,865	-	903,865
Contractual services	190,345	-	190,345	758,728	-	758,728
Lease	838,573	-	838,573	947,440	-	947,440
Professional fees	44,023	-	44,023	150,801	-	150,801
Merchandise	-	-	-	282,629	-	282,629
Supplies	40,613	-	40,613	220,514	-	220,514
Repairs and maintenance	-	-	-	261,363	-	261,363
Printing and postage	19,642	-	19,642	29,000	-	29,000
Insurance	-	-	-	181,956	-	181,956
Advertising	32,101	-	32,101	247,304	-	247,304
Miscellaneous	8,895	-	8,895	80,603	-	80,603
Dues and subscriptions	100	-	100	44,288	-	44,288
Travel	24,742	-	24,742	61,147	-	61,147
Depreciation and amortization	-	-	-	979,717	-	979,717
Provision for uncollectible contributions	4,900	-	4,900	-	-	-
Inter-entity transfers out	2,031,514	-	2,031,514	-	-	-
Total expenses	3,235,448	-	3,235,448	10,455,457	-	10,455,457
Change in net assets	(409,665)	12,872,776	12,463,111	1,686,079	7,667,391	9,353,470
Net assets, beginning of year as restated	4,119,614	55,110,493	59,230,107	10,530,733	12,335,284	22,866,017
Net assets, end of year	\$ 3,709,949	\$ 67,983,269	\$ 71,693,218	\$ 12,216,812	\$ 20,002,675	\$ 32,219,487

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GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidating Statement of Activities

Year Ended June 30, 2025

	Eliminations			Consolidated Totals		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue, and gains						
Support						
Contributions						
Cash and promises to give cash	\$ -	\$ -	\$ -	\$ 313,410	\$ 7,746,397	\$ 8,059,807
Grants	-	-	-	16,027	7,422,344	7,438,371
In-kind	-	-	-	904,018	1,238,997	2,143,015
Special events	-	-	-	263,319	-	263,319
Millage	-	-	-	7,171,895	-	7,171,895
Inter-entity transfers in	(2,031,514)	-	(2,031,514)	-	-	-
Total support	(2,031,514)	-	(2,031,514)	8,668,669	16,407,738	25,076,407
Revenue and gains						
Museum admissions	-	-	-	1,031,125	-	1,031,125
Food sales	-	-	-	345,871	-	345,871
Store sales, net	-	-	-	294,641	-	294,641
Membership	-	-	-	292,876	-	292,876
Parking fees	-	-	-	203,607	-	203,607
Programs	-	-	-	201,972	-	201,972
Investment income, net	-	-	-	438,663	5,132,055	5,570,718
Miscellaneous	-	-	-	458,755	-	458,755
Total revenue and gains	-	-	-	3,267,510	5,132,055	8,399,565
Net assets released from restrictions	-	-	-	999,626	(999,626)	-
assets released from restriction	(2,031,514)	-	(2,031,514)	12,935,805	20,540,167	33,475,972
Expenses						
Personnel services	-	-	-	5,306,102	-	5,306,102
Utilities	-	-	-	903,865	-	903,865
Contractual services	-	-	-	949,073	-	949,073
Lease	-	-	-	1,786,013	-	1,786,013
Professional fees	-	-	-	194,824	-	194,824
Merchandise	-	-	-	282,629	-	282,629
Supplies	-	-	-	261,127	-	261,127
Repairs and maintenance	-	-	-	261,363	-	261,363
Printing and postage	-	-	-	48,642	-	48,642
Insurance	-	-	-	181,956	-	181,956
Advertising	-	-	-	279,405	-	279,405
Miscellaneous	-	-	-	89,498	-	89,498
Dues and subscriptions	-	-	-	44,388	-	44,388
Travel	-	-	-	85,889	-	85,889
Depreciation and amortization	-	-	-	979,717	-	979,717
Provision for uncollectible contributions	-	-	-	4,900	-	4,900
Inter-entity transfers out	(2,031,514)	-	(2,031,514)	-	-	-
Total expenses	(2,031,514)	-	(2,031,514)	11,659,391	-	11,659,391
Change in net assets	-	-	-	1,276,414	20,540,167	21,816,581
Net assets, beginning of year	-	-	-	14,650,347	67,445,777	82,096,124
Net assets, end of year	\$ -	\$ -	\$ -	\$ 15,926,761	\$ 87,985,944	\$ 103,912,705

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See independent auditors' report.

GRAND RAPIDS PUBLIC MUSEUM FOUNDATION AND SUBSIDIARY

Consolidating Statement of Cash Flows

Year Ended June 30, 2025

	Grand Rapids Public Museum Foundation	Grand Rapids Public Museum	Consolidated Total
Cash flows from operating activities			
Change in net assets	\$ 12,463,111	\$ 9,353,470	\$ 21,816,581
Adjustments to reconcile change in net assets to net cash from operating activities			
Depreciation and amortization	-	979,717	979,717
Non-cash lease expense	-	54,622	54,622
Provision for uncollectible contributions	4,900	-	4,900
Realized and unrealized gains on investments	(5,174,305)	-	(5,174,305)
Proceeds from contributions for long-term purposes	(3,009,822)	(1,410,853)	(4,420,675)
Changes in operating assets and liabilities which (used) provided cash:			
Contributions receivable	(4,527,668)	(4,963,946)	(9,491,614)
Inter-entity receivable/payable	1,685,838	(1,685,838)	-
Other receivables	-	9,900	9,900
Inventory	-	1,466	1,466
Prepaid expenses	947	106,759	107,706
Accounts payable	(2,189)	(2,510,575)	(2,512,764)
Accrued expenses	-	18,802	18,802
Operating lease obligations	-	(65,901)	(65,901)
Deferred revenue	-	(15,072)	(15,072)
Net change in cash provided by operating activities	1,440,812	(127,449)	1,313,363
Cash flows from investing activities			
Purchases of property and equipment	-	(8,040,308)	(8,040,308)
Proceeds from sales of investments	1,888,489	-	1,888,489
Purchase of investments	(2,208,952)	-	(2,208,952)
Net change in cash from investing activities	(320,463)	(8,040,308)	(8,360,771)
Cash flows from financing activities			
Proceeds from contributions for long-term purposes	3,009,822	1,410,853	4,420,675
Cash receipts for contributions restricted for investment in permanent endowment	50	-	50
Net change in cash from financing activities	3,009,872	1,410,853	4,420,725
Net change in cash	4,130,221	(6,756,904)	(2,626,683)
Cash, beginning of year	5,499,255	9,898,490	15,397,745
Cash, end of year	\$ 9,629,476	\$ 3,141,586	\$ 12,771,062

See independent auditors' report.