

Audited Consolidated Financial Statements
and Other Supplementary Information

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation
(Not-For-Profit Corporations)

*Years Ended September 30, 2025 and 2024
with Report of Independent Auditors*

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Audited Consolidated Financial Statements
and Other Supplementary Information

Years Ended September 30, 2025 and 2024

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Report of Independent Auditors

Board of Trustees
Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation
Grand Rapids, Michigan

Opinion

We have audited the accompanying consolidated financial statements of Grand Rapids Art Museum and Grand Rapids Art Museum Foundation (not-for-profit organizations), which comprise the consolidated statements of financial position as of September 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 Art Museum and Grand Rapids Art Museum Foundation as of September 30, 2025 and 2024, and the 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 (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Grand Rapids Art Museum and Grand Rapids Art Museum Foundation 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP, 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 Grand Rapids Art Museum and Grand Rapids Art Museum Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's 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 auditor's 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 GAAS 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 GAAS, 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 Grand Rapids Art Museum and Grand Rapids Art Museum Foundation'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 Grand Rapids Art Museum and Grand Rapids Art Museum Foundation'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.

Andrews Hooper Paulik PLC

Grand Rapids, Michigan
February 6, 2026

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statements of Financial Position

	September 30	
	2025	2024
Assets		
Operating cash and cash equivalents	\$ 82,744	\$ 353,549
Receivables:		
Accounts	1,988	212
Contributions, current portion	1,116,000	1,520,975
Inventories	27,632	27,801
Prepaid expenses	48,731	137,016
Prepaid exhibitions, current portion	33,753	108,716
Assets restricted for comprehensive campaign:		
Cash and cash equivalents	4,572	101,697
Contributions receivable, current portion	29,664	144,731
Assets restricted for collection purchases:		
Cash and cash equivalents	503,286	496,270
Total current assets	1,848,370	2,890,967
Prepaid exhibitions, net of current portion	82,503	29,906
Assets restricted for comprehensive campaign, net of current portion:		
Contributions receivable	27,476	76,417
Contributions receivable, net of current portion	926,649	1,761,275
Collections (Note 1)	-	-
Property and equipment, net	55,032,825	57,051,217
Beverage license	42,444	42,444
Beneficial interest in perpetual trust	107,513	102,909
Assets restricted for endowment:		
Cash and cash equivalents	944,283	37,720
Interest receivable	2,793	2,751
Contributions receivable	18,858	27,195
Investment receivable	2,447,443	-
Investments	25,136,722	26,615,824
Total assets restricted for endowment	28,550,099	26,683,490
Total assets	\$ 86,617,879	\$ 88,638,625

See accompanying notes.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statements of Financial Position

	September 30	
	2025	2024
Liabilities and net assets		
Accounts payable	\$ 236,804	\$ 337,203
Other payables	96,333	85,644
Advance deposits	145,164	164,512
Line of credit	-	500,000
Total liabilities	478,301	1,087,359
Net assets:		
Without donor restrictions	56,240,535	58,466,871
With donor restrictions	29,899,043	29,084,395
Total net assets	86,139,578	87,551,266
Total liabilities and net assets	\$ 86,617,879	\$ 88,638,625

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statement of Activities

Year Ended September 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and gains			
Contributions	\$ 1,422,527	\$ 1,047,838	\$ 2,470,365
Admissions	281,273	-	281,273
Memberships	147,957	-	147,957
Program fees	121,867	-	121,867
Facility rentals	474,227	-	474,227
Fundraiser tickets	67,510	-	67,510
Museum store	22,527	-	22,527
Commissions	57,403	-	57,403
Net investment return	212,151	3,109,406	3,321,557
In-kind donations	38,561	-	38,561
Other income	61,577	197,165	258,742
Net assets released from restrictions	3,539,761	(3,539,761)	-
Total revenue, support, and gains	6,447,341	814,648	7,261,989
Expenses			
Program services	4,512,672	-	4,512,672
Management and general	3,083,799	-	3,083,799
Fundraising	791,906	-	791,906
Total expenses	8,388,377	-	8,388,377
Revenue, support, and gains over (under) expenses	(1,941,036)	814,648	(1,126,388)
Collection items purchased	(285,300)	-	(285,300)
Change in net assets	(2,226,336)	814,648	(1,411,688)
Net assets - beginning of year	58,466,871	29,084,395	87,551,266
Net assets - end of year	<u>\$ 56,240,535</u>	<u>\$ 29,899,043</u>	<u>\$ 86,139,578</u>

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statement of Activities

Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and gains			
Contributions	\$ 1,279,674	\$ 1,322,068	\$ 2,601,742
Admissions	155,557	-	155,557
Memberships	158,894	-	158,894
Program fees	73,121	-	73,121
Facility rentals	483,603	-	483,603
Fundraiser tickets	67,857	-	67,857
Museum store	7,031	-	7,031
Commissions	61,772	-	61,772
Net investment return	341,290	5,024,693	5,365,983
In-kind donations	36,198	-	36,198
Other income	32,270	33,525	65,795
Net assets released from restrictions	3,827,785	(3,827,785)	-
Total revenue, support, and gains	6,525,052	2,552,501	9,077,553
Expenses			
Program services	4,207,751	-	4,207,751
Management and general	3,154,436	-	3,154,436
Fundraising	737,616	-	737,616
Total expenses	8,099,803	-	8,099,803
Revenue, support, and gains over (under) expenses	(1,574,751)	2,552,501	977,750
Collection items purchased	(168,045)	-	(168,045)
Change in net assets	(1,742,796)	2,552,501	809,705
Net assets - beginning of year	60,209,667	26,531,894	86,741,561
Net assets - end of year	\$ 58,466,871	\$ 29,084,395	\$ 87,551,266

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statement of Functional Expenses

Year Ended September 30, 2025

	Program Services				Supporting Services			Total
	Curatorial & Exhibition	Education	Other	Total Program	Management and General	Fundraising	Total Supporting	
Salaries and wages	\$ 292,440	\$ 281,744	\$ 450,503	\$ 1,024,687	\$ 1,127,810	\$ 318,484	\$ 1,446,294	\$ 2,470,981
Employee benefits	28,648	23,576	23,951	76,175	147,517	28,368	175,885	252,060
Payroll taxes	20,293	21,213	33,488	74,994	79,120	23,120	102,240	177,234
Advertising and promotions	144,818	65	22,043	166,926	24,586	1,507	26,093	193,019
Conferences and meetings	1,612	60	2,447	4,119	4,233	703	4,936	9,055
Cost of sales	3,199	-	21,194	24,393	50,134	11,770	61,904	86,297
Depreciation	1,300,864	304,888	41,099	1,646,851	679,834	35,932	715,766	2,362,617
Dues and subscriptions	2,379	1,609	34,852	38,840	66,959	11,402	78,361	117,201
Fees	98,416	-	2,539	100,955	38,277	3,685	41,962	142,917
In-kind services	-	-	38,561	38,561	-	-	-	38,561
Insurance	-	-	93,267	93,267	30,422	2,363	32,785	126,052
Interest	-	-	-	-	31,963	-	31,963	31,963
Meals and entertainment	1,054	4,522	634	6,210	6,244	378	6,622	12,832
Member benefits	34,353	8,834	9,466	52,653	8,079	86,986	95,065	147,718
Miscellaneous	66,395	88	818	67,301	13,261	2,333	15,594	82,895
Occupancy	7,440	7,957	519,399	534,796	236,477	20,180	256,657	791,453
Parking	425	7,620	2,429	10,474	11,130	1,487	12,617	23,091
Printing, publications, and postage	121,072	666	25,924	147,662	16,620	28,909	45,529	193,191
Professional services	71,763	20,474	220,805	313,042	481,156	204,219	685,375	998,417
Supplies	1,096	29,215	20,571	50,882	12,879	9,253	22,132	73,014
Travel	31,503	8,181	200	39,884	17,098	827	17,925	57,809
Total expenses	<u>\$ 2,227,770</u>	<u>\$ 720,712</u>	<u>\$ 1,564,190</u>	<u>\$ 4,512,672</u>	<u>\$ 3,083,799</u>	<u>\$ 791,906</u>	<u>\$ 3,875,705</u>	<u>\$ 8,388,377</u>

See accompanying notes.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statement of Functional Expenses

Year Ended September 30, 2024

	Program Services				Supporting Services			Total
	Curatorial & Exhibition	Education	Other	Total Program	Management and General	Fundraising	Total Supporting	
Salaries and wages	\$ 274,091	\$ 261,513	\$ 381,218	\$ 916,822	\$ 964,962	\$ 346,094	\$ 1,311,056	\$ 2,227,878
Employee benefits	34,782	24,202	22,144	81,128	83,640	33,954	117,594	198,722
Payroll taxes	18,249	20,105	27,885	66,239	69,795	25,013	94,808	161,047
Advertising and promotions	60,104	65	14,552	74,721	78,781	-	78,781	153,502
Conferences and meetings	31	3,268	-	3,299	5,487	250	5,737	9,036
Cost of sales	1,463	215	4,389	6,067	42,604	5,773	48,377	54,444
Depreciation	1,297,128	303,362	66,596	1,667,086	684,110	47,520	731,630	2,398,716
Dues and subscriptions	841	1,422	49,409	51,672	67,635	18,248	85,883	137,555
Fees	206,559	420	1,551	208,530	36,287	594	36,881	245,411
In-kind services	-	-	36,198	36,198	-	-	-	36,198
Insurance	-	-	83,039	83,039	33,699	1,336	35,035	118,074
Interest	-	-	-	-	77,973	-	77,973	77,973
Meals and entertainment	2,812	5,802	-	8,614	9,597	1,220	10,817	19,431
Member benefits	14,931	6,317	6,073	27,321	5,698	98,303	104,001	131,322
Miscellaneous	44,740	15	615	45,370	2,327	1,205	3,532	48,902
Occupancy	9,670	8,542	516,114	534,326	238,242	31,289	269,531	803,857
Parking	422	7,083	1,409	8,914	13,915	957	14,872	23,786
Printing, publications, and postage	52,864	1,137	16,172	70,173	12,708	31,402	44,110	114,283
Professional services	42,138	15,923	173,106	231,167	703,343	88,503	791,846	1,023,013
Supplies	1,857	34,525	18,078	54,460	15,575	5,000	20,575	75,035
Travel	17,064	14,993	548	32,605	8,058	955	9,013	41,618
Total expenses	\$ 2,079,746	\$ 708,909	\$ 1,419,096	\$ 4,207,751	\$ 3,154,436	\$ 737,616	\$ 3,892,052	\$ 8,099,803

See accompanying notes.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statements of Cash Flows

	Year Ended September 30	
	2025	2024
Operating activities		
Change in net assets	\$ (1,411,688)	\$ 809,705
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	2,362,617	2,398,716
Loss on sale of property and equipment	10,262	-
Collection items purchased	285,300	168,045
Donated stock	(35,041)	(310,462)
Change in discount of contribution receivable	(175,012)	(280,888)
Realized/unrealized net gain on investments	(2,572,356)	(4,680,927)
Unrealized gain on beneficial interest	(4,604)	(15,362)
Changes in operating assets and liabilities:		
Receivables	1,585,140	1,507,671
Inventories	169	(6,091)
Prepaid expenses and prepaid exhibitions	110,651	(93,152)
Payables	(89,710)	(109,967)
Advance deposits	(19,348)	5,908
Net cash from operating activities	46,380	(606,804)
Investing activities		
Purchases of investments	(2,732,013)	(2,676,762)
Proceeds from sales of investments	4,371,069	3,958,649
Purchase of property and equipment	(354,487)	(369,236)
Collection items purchased	(285,300)	(168,045)
Net cash from investing activities	999,269	744,606
Financing activities		
Payments on line of credit	(500,000)	(500,000)
Net cash from financing activities	(500,000)	(500,000)
Net change in cash and cash equivalents	545,649	(362,198)
Cash and cash equivalents, beginning of year	989,236	1,351,434
Cash and cash equivalents, end of year	\$ 1,534,885	\$ 989,236
Cash and cash equivalents is presented in the accompanying consolidated statements of financial position as follows:		
Operating cash and cash equivalents	\$ 82,744	\$ 353,549
Restricted cash and cash equivalents-comprehensive campaign	4,572	101,697
Restricted cash and cash equivalents-collection purchases	503,286	496,270
Restricted cash and cash equivalents-endowment	944,283	37,720
Total cash and cash equivalents	\$ 1,534,885	\$ 989,236
Supplemental cash flow information:		
Cash paid for interest	\$ 31,963	\$ 77,973
Investment receivable	\$ 2,447,443	\$ -

See accompanying notes.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

1. Nature of Consolidated Operations and Summary of Significant Accounting Policies

Nature of Consolidated Operations

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

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

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Museum and its not-for-profit incorporated subsidiary, the Foundation (collectively, the Organization). The Foundation is controlled by the Museum through its majority appointed board of trustee rights contained in their respective by-laws. All material intercompany accounts and transactions have been eliminated.

The following is a summary of certain accounting policies followed in the preparation of these consolidated financial statements. The policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with initial maturities of one year or less, and all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. Restricted cash and cash equivalents consist of funds where the donor or Board of Trustees have restricted the use of the funds for a designated purpose.

The first \$250,000 of deposits held at each institution is insured by the Federal Deposit Insurance Corporation. There were uninsured funds throughout the year and as of year-end but it is the opinion of management they are subject to minimal risk.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

**1. Nature of Consolidated Operations and Summary of Significant Accounting Policies
(continued)**

Contributions Receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. Allowance for uncollectible contributions receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. As of September 30, 2025 and 2024, an allowance for uncollectible contributions receivable was not deemed necessary.

Investment Receivable

The investment receivable consists of the receivable from the sale of a hedge fund. The fund was sold prior to fiscal year end, but funds were not received by the Foundation until after September 30, 2025. Subsequent to year end, the Organization received \$2,325,000 from the sale, representing 95.00% of the Foundation's balance in this investment at the time of sale. The remaining 5.00% will be held in escrow and is expected to be received in July 2026 with interest. Management's intent is to reinvest these funds in the Foundation's endowment portfolio when they are received.

Inventories

Inventories are valued at the lower of cost or net realizable value. The Organization uses the first in first out method of inventory record keeping.

Investments

Investments are stated at their fair values. Investments sold are valued using the specific identification method. Net investment return is reported in the accompanying consolidated statements of activities and consists of interest and dividend income and realized and unrealized gains and losses, less external investment expenses.

Investment management fees totaled \$76,870 for the year ended September 30, 2025 and \$75,617 for the year ended September 30, 2024.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

**1. Nature of Consolidated Operations and Summary of Significant Accounting Policies
(continued)**

Fair Value Measurements

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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

Exchange Traded Funds (ETF) – ETFs are a basket of securities that trade on an exchange and are valued at the last reported sales price on the valuation date.

Hedge Funds – Valued at the net asset values (NAV) provided by the external investment managers of the underlying funds as a practical expedient to determine the fair value.

Fixed Income – Valued at daily closing prices as reported by the fund. Fixed income funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held are deemed to be actively traded.

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

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

**1. Nature of Consolidated Operations and Summary of Significant Accounting Policies
(continued)**

Property, Equipment, and Depreciation

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

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

Collections

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

Beneficial Interest in Perpetual Trust

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

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

**1. Nature of Consolidated Operations and Summary of Significant Accounting Policies
(continued)**

Beneficial Interest in Perpetual Trust (continued)

Thereafter, the beneficial interest in the trust is reported at the fair value of the trust's assets in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities.

Classification of Net Assets

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

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions or which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization. In addition, the Organization also has board-designated net assets, which are net assets without donor restrictions that have been set aside for specific purposes by the Board of Trustees.
- *Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is: when the stipulated time has lapsed; when the stipulated purpose for which the resources was restricted has been fulfilled; or both. Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions, unless specifically restricted by the donor or by applicable state law.

Revenue Recognition

Contribution Revenue

Unconditional contributions are recognized as revenue when the donor makes a promise to give to the Organization 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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the fiscal year in which the revenue is recognized.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

**1. Nature of Consolidated Operations and Summary of Significant Accounting Policies
(continued)**

Revenue Recognition (continued)

Contribution Revenue (continued)

All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue from Contracts with Customers

The Museum recognizes revenue from admissions, program fees, facility rentals, fundraiser tickets, museum store, and commissions. These revenues are recognized at the point of sale or when the service is provided. Admission revenues are recorded when the tickets are used, which is generally within a short time period as these tickets are normally sold on the day of attendance or in advance with a specific time and date of eligible use. Program fees are recorded as revenue on the date the program occurs. Facility rental revenues are recorded on the date the facility is used. Fundraiser tickets revenues are recorded as revenue on the date the event occurs. Museum store revenues are recorded as revenue at the point of sale. Commissions are recorded as revenue on the date the commission program occurred.

Admissions, program fees, facility rentals, and fundraiser tickets revenues received in advance of the specific use or specific program, or event date, are classified as advance deposits in the consolidated statements of financial position.

Memberships, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between total fees paid and the exchange element. The Museum recognizes the exchange portion of membership fees as revenue over the membership period (which is normally one year from date of purchase), and the associated contribution revenue when received. Membership fees related to the exchange element of the transaction that carry member benefits can be utilized in future periods have been recorded in advance deposits in the consolidated statements of financial position.

The following economic factors affect the nature, amount, timing, and uncertainty of the Organization's revenue and cash flows as indicated:

Overall health of the economy: Declines in the overall health of the economy will typically decrease disposable income and have the potential to reduce the number of attendees.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

**1. Nature of Consolidated Operations and Summary of Significant Accounting Policies
(continued)**

Revenue Recognition (continued)

Revenue from Contracts with Customers (continued)

Program interest: Societal trends will impact attendee interest in the exhibits and programs offered and ultimately impact the total attendees for various events and exhibits.

Net Investment Return

Net investment return and appreciation in beneficial interest are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law.

Other Income

Other income includes the revenues from the sale of art and other miscellaneous income. The Organization occasionally sells pieces of the collection that have been deaccessioned from the collection. Proceeds from these sales are recorded as other income with donor restrictions and added to the cash restricted for collections purchases.

In-kind Donations

Donated materials and supplies are recognized as contributions in the accompanying consolidated statements of activities at their estimated values on the date of receipt.

Donated noncash assets and services are recorded at their fair values in the period received. Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed services and materials include consulting, marketing/media, and supplies. These donations were recorded as contributions and as expenses at fair value on the date of receipt. Contributions of these types were \$38,561 for the year ended September 30, 2025 and \$36,198 for the year ended September 30, 2024.

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

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

**1. Nature of Consolidated Operations and Summary of Significant Accounting Policies
(continued)**

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the consolidated statements of functional expenses. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and wages, employee benefits, and payroll taxes are allocated on the basis of management's estimate of time and effort. Insurance, occupancy, professional services, and supplies expenses are presented on a direct basis where possible with a portion allocated based on time and effort and square footage. Depreciation expenses are allocated mostly based on square footage with a portion related to time and effort. All other expenses are presented with the programs or supporting services to which they primarily relate. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

Advertising

Advertising and promotion costs are expensed at the time the advertising takes place. Advertising costs were \$193,019 during the year ended September 30, 2025 and \$153,502 during the year ended September 30, 2024.

Income Taxes

The Museum and Foundation are not-for-profit corporations and are exempt organizations from federal income tax under Internal Revenue Code (IRC) Section 501(a) as organizations described in IRC Section 501(c)(3). However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income (UBI). Since the Organization is exempt from federal income taxes, no provision for income taxes is included in the accompanying consolidated financial statements.

Generally, tax years from 2022 through the current year remain open to examination. The Organization does not believe that the results from the examination of any open years would have a material adverse effect on the Organization.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

**1. Nature of Consolidated Operations and Summary of Significant Accounting Policies
(continued)**

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements. Reclassifications had no effect on the prior year change in net assets or net asset balances as of year end.

Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure in the consolidated financial statements through February 6, 2026, which is the date the consolidated financial statements were available to be issued.

2. Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, consisted of the following as of September 30:

	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 1,534,885	\$ 989,236
Receivables	4,570,868	3,533,556
Investments	25,136,722	26,615,824
Total financial assets	31,242,475	31,138,616
Less those unavailable for general expenditures:		
Restricted by donor with purpose restrictions	(1,245,560)	(1,098,003)
Restricted by donor with time restrictions	(1,804,888)	(2,902,942)
Board endowment	(1,818,015)	(1,707,163)
Donor endowment	(18,762,813)	(18,244,418)
Financial assets available to meet general expenditures within one year	\$ 7,611,199	\$ 7,186,090

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

2. Liquidity and Availability of Financial Resources (continued)

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

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

The Organization's board-designated endowment of \$1,818,015 as of September 30, 2025 (\$1,707,163 as of September 30, 2024) is subject to an annual spending policy rate up to 5.00% as described in Note 9. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the Organization's liquidity management plan, the Organization has an operating line of credit available. See Note 7 for additional details. The Organization has also designated an amount for an operating reserve which was \$207,465 as of September 30, 2025 and \$370,632 as of September 30, 2024.

3. Contributions Receivable

Contributions receivable consisted of the following as of September 30:

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 1,145,664	\$ 1,665,706
Receivable in one year to five years	1,104,500	2,171,416
Total contributions receivable	2,250,164	3,837,122
Less discount to net present value	(131,517)	(306,529)
Net contributions receivable	<u>\$ 2,118,647</u>	<u>\$ 3,530,593</u>

Contributions receivable in more than one year were discounted at 6.25% per annum for 2025 and 2024.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

3. Contributions Receivable (continued)

Contributions receivable have been presented in the accompanying consolidated statements of financial position under the following captions as of September 30:

	2025	2024
Contributions receivable – current portion	\$ 1,116,000	\$ 1,520,975
Contributions receivable – net of current	926,649	1,761,275
Contributions receivable – comprehensive campaign – current portion	29,664	144,731
Contributions receivable – comprehensive campaign – net of current portion	27,476	76,417
Contributions receivable – endowment	18,858	27,195
Total contributions receivable	\$ 2,118,647	\$ 3,530,593

4. Fair Value Measurements

Assets measured at fair value on a recurring basis as of September 30, 2025 were as follows:

	Level 1	Level 2	Level 3	Investments Valued Using the Practical Expedient	Total
Beneficial interest in perpetual trust	\$ -	\$ -	\$ 107,513	\$ -	\$ 107,513
Endowment investments:					
Exchange traded funds	\$ 524,430	\$ -	\$ -	\$ -	\$ 524,430
Hedge funds	-	-	-	144,682	144,682
Mutual funds	24,467,610	-	-	-	24,467,610
Total endowment investments	\$ 24,992,040	\$ -	\$ -	\$ 144,682	\$ 25,136,722

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

4. Fair Value Measurements (continued)

Assets measured at fair value on a recurring basis as of September 30, 2024 were as follows:

	Level 1	Level 2	Level 3	Investments Valued Using the Practical Expedient	Total
Beneficial interest in perpetual trust	\$ -	\$ -	\$ 102,909	\$ -	\$ 102,909
Endowment investments:					
Exchange traded funds	\$ 464,896	\$ -	\$ -	\$ -	\$ 464,896
Hedge funds	-	-	-	2,299,169	2,299,169
Mutual funds	23,851,759	-	-	-	23,851,759
Total endowment investments	\$ 24,316,655	\$ -	\$ -	\$ 2,299,169	\$ 26,615,824

Information about the changes in the beneficial interest and hedge funds for the year ended September 30, 2025 were as follows:

	Hedge Fund	Beneficial Interest in Perpetual Trust	Total
Beginning balance	\$ 2,299,169	\$ 102,909	\$ 2,402,078
Redemption	(2,447,443)	-	(2,447,443)
Unrealized appreciation included in changes in net assets	292,956	4,604	297,560
Ending balance	\$ 144,682	\$ 107,513	\$ 252,195

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

4. Fair Value Measurements (continued)

Information about the changes in the beneficial interest and hedge funds for the year ended September 30, 2024 were as follows:

	Hedge Fund	Beneficial Interest in Perpetual Trust	Total
Beginning balance	\$ 1,910,187	\$ 87,547	\$ 1,997,734
Unrealized appreciation included in changes in net assets	388,982	15,362	404,344
Ending balance	\$ 2,299,169	\$ 102,909	\$ 2,402,078

Unrealized gain/loss in investments and in the beneficial interest for perpetual trusts are reported in net investment return in the consolidated statements of activities.

5. Property and Equipment

Property and equipment consisted of the following as of September 30:

	2025	2024
Land	\$ 7,575,615	\$ 7,575,615
Building	81,390,845	81,200,732
Leasehold improvements	3,800	3,800
Furniture and equipment	3,361,743	3,235,696
Vehicles	10,000	36,919
Total property and equipment	92,342,003	92,052,762
Less accumulated depreciation	(37,309,178)	(35,001,545)
Property and equipment, net	\$ 55,032,825	\$ 57,051,217

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

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

6. Advance Deposits

The timing of revenue recognition results in advance deposits (contract liability) on the consolidated statements of financial position. Advance deposits have been recorded for rental reservations of the facility (and related beverage service) occurring in future fiscal years. Events are required to be paid in full before the event and therefore there are no contract receivables related to these agreements. Advance deposits are recognized in the consolidated statements of activities when the event occurs. The Organization's contract liabilities consisted of the following as of September 30:

	2025	2024	2023
Advance deposits	\$ 145,164	\$ 164,512	\$ 158,604

7. Lines of Credit

The Organization had two revolving line of credit agreements with a bank under which borrowings bear interest. The general line of credit is at the bank's prime rate less 0.50% for an effective rate of 6.75% as of September 30, 2025 and 7.50% as of September 30, 2024. The construction line of credit was amended during fiscal year 2024 to change the interest rate from the bank's prime rate less 0.50% to the bank's prime rate less 0.07% for an effective rate of 7.18% as of September 30, 2025 (7.93% as of September 30, 2024). The general line of credit has a limit of \$750,000 that is available for the Organization until maturity in May 2026. This line had no outstanding balance as of September 30, 2025 or 2024. The construction line of credit had a limit of \$1.5 million and matured in September 2025. This line had no outstanding balance as of September 30, 2025 and an outstanding balance of \$500,000 as of September 30, 2024. Both lines of credit are guaranteed by the assets of the Foundation.

8. Net Assets

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

	2025	2024
Board designated:		
Operating reserves	\$ 207,465	\$ 370,632
Endowment	1,818,015	1,707,163
	\$ 2,025,480	\$ 2,077,795

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

8. Net Assets (continued)

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

	2025	2024
Purpose restricted:		
General operations	\$ -	\$ 15,000
Comprehensive campaign	380,592	189,832
Exhibitions	45,104	205,067
Education programs	86,515	86,917
Property and equipment	28,900	2,599
Public outreach	168,500	2,500
Collections	503,605	513,770
Promises to give with donor restrictions:		
Exhibitions	19,200	14,330
Property and equipment	22,145	67,988
Total purpose restrictions	1,254,561	1,098,003
Time restricted:		
Programs	1,804,888	2,902,942
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
American Art acquisitions	1,591,122	1,299,100
Education programs	302,299	236,557
Exhibitions	27,863	18,077
Furniture restoration and maintenance	26,584	23,519
General operations	5,411,803	4,730,907
Underprivileged and disabled patrons	640,855	523,607
Library	11,093	7,265
Curator of collections & exhibition	65,162	-
Subtotal	8,076,781	6,839,032
Permanently restricted endowments:		
American Art acquisitions	1,069,988	1,069,436
Education programs	547,257	547,257
Exhibitions	57,011	57,011
General operations	15,588,180	15,570,337
Underprivileged and disabled patrons	962,395	962,395
Library	37,982	37,982
Curator of collections & exhibition	500,000	-
Subtotal	18,762,813	18,244,418
Total endowments	26,839,594	25,083,450
Total net assets with donor restrictions	\$ 29,899,043	\$ 29,084,395

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

9. Endowment

The Foundation's endowment consists of 15 individual funds established for a variety of purposes. The endowment includes both donor-restricted funds and funds designated by the Foundation's Board of Trustees to function as an endowment. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

Investment Return Objectives, Risk Parameters, and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, including funds designated by the Board of Trustees to function as endowments, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-tax total real rate of return, including investment income and capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity securities, debt securities, and alternative strategies, which are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5.00%, while growing the funds. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately the consumer price index plus 5.00% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed so as not to expose the endowment fund to unacceptable levels of risk.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

9. Endowment (continued)

Spending Policy. The Foundation has a policy of appropriating for distribution each year 5.00% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned for all amounts. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at the consumer price index rate. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. At times, the Museum may not draw all available funds, creating a deferred pool of funds available for future distribution. During the fiscal year ended September 30, 2025, the Foundation appropriated an additional \$830,000 distribution from these deferred endowment funds and \$530,000 during the year ended September 30, 2024.

Endowment net asset composition by type of fund as of September 30 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
September 30, 2025			
Board-designated endowment funds	\$ 1,818,015	\$ -	\$ 1,818,015
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	-	18,673,350	18,673,350
Accumulated investment gains	-	8,058,731	8,058,731
Perpetual trust	-	107,513	107,513
Total funds	<u>\$ 1,818,015</u>	<u>\$ 26,839,594</u>	<u>\$ 28,657,609</u>
September 30, 2024			
Board-designated endowment funds	\$ 1,707,163	\$ -	\$ 1,707,163
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	-	18,156,870	18,156,870
Accumulated investment gains	-	6,823,671	6,823,671
Perpetual trust	-	102,909	102,909
Total funds	<u>\$ 1,707,163</u>	<u>\$ 25,083,450</u>	<u>\$ 26,790,613</u>

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

9. Endowment (continued)

Changes in endowment net assets for the year ended September 30, 2025 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,707,163	\$ 25,083,450	\$ 26,790,613
Investment return:			
Investment income	51,506	747,545	799,051
Net appreciation	160,858	2,339,232	2,500,090
Total investment return	212,364	3,086,777	3,299,141
Contributions	-	516,480	516,480
Amounts appropriated for expenditure	(101,512)	(1,847,113)	(1,948,625)
Endowment net assets, end of year	<u>\$ 1,818,015</u>	<u>\$26,839,594</u>	<u>\$ 28,657,609</u>

Changes in endowment net assets for the year ended September 30, 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,441,596	\$ 21,627,084	\$ 23,068,680
Investment return:			
Investment income	47,059	689,345	736,404
Net appreciation	294,294	4,311,016	4,605,310
Total investment return	341,353	5,000,361	5,341,714
Contributions	-	59,428	59,428
Amounts appropriated for expenditure	(75,786)	(1,603,423)	(1,679,209)
Endowment net assets, end of year	<u>\$ 1,707,163</u>	<u>\$ 25,083,450</u>	<u>\$ 26,790,613</u>

10. Retirement Plan

The Museum has an IRC Section 401(k) retirement plan covering all eligible employees. The Museum's matching contributions were \$53,127 in 2025 and \$31,533 in 2024.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2025

11. Major Funding Sources

The Organization receives support from various donors in the community, including individuals, corporations, foundations, and governmental entities. As of September 30, 2025, approximately 86.00% of contributions receivable were due from one source and approximately 79.00% were due from one source as of September 30, 2024. During the year ended September 30, 2025, one donor provided approximately 20.00% of the Organization's contribution revenue and there was no such concentration during the year ended September 30, 2024.

12. Related Party Transactions

The Organization received approximately \$153,900 in contributions during the year ended September 30, 2025 and approximately \$189,000 during the year ended September 30, 2024 from the members of the Board of the Museum and Foundation.

13. Risk and Economic Uncertainties

The Organization is subject to various risks and uncertainties related to operations and financial performance. The Organization utilizes a number of suppliers and vendors to fulfill business needs and this exposes them to risks and uncertainties, including supply chain risks. These supply chain risks include availability of sources of supply for materials, labor, and services, in addition to increases in prices. Due to the level of risk associated with the supply chain and other potential risks and uncertainties, it is at least reasonably possible these risks could have an impact in the near term and could materially affect the operations of the Organization and the amounts reported in the consolidated financial statements.

14. Subsequent Event

Effective October 7, 2025, State of Michigan House Bill No. 4706 wrote \$2,000,000 into the State of Michigan budget for infrastructure upgrades at the Museum during the State of Michigan's operating year ending September 30, 2026.

Report of Independent Auditors
on Other Supplementary Information

Board of Trustees
Grand Rapids Art Museum
and Grand Rapids Art Museum Foundation
Grand Rapids, Michigan

We have audited the consolidated financial statements of Grand Rapids Art Museum and Grand Rapids Art Museum Foundation as of and for the years ended September 30, 2025 and 2024, and our report thereon dated February 6, 2026, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The following statements are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities and they are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Andrews Hooper Pavlik PLC

Grand Rapids, Michigan
February 6, 2026

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Financial Position

September 30, 2025

	Grand Rapids Grand Rapids Art Museum	Grand Rapids Art Museum Foundation	Total	Eliminating Entries	Consolidated Totals
Assets					
Operating cash and cash equivalents	\$ 82,744	\$ -	\$ 82,744	\$ -	\$ 82,744
Receivables:					
Accounts	1,988	-	1,988	-	1,988
Contributions, current portion	1,116,000	-	1,116,000	-	1,116,000
Inventories	27,632	-	27,632	-	27,632
Prepaid expenses	48,731	-	48,731	-	48,731
Prepaid exhibitions, current portion	33,753	-	33,753	-	33,753
Assets restricted for comprehensive campaign:					
Cash and cash equivalents	4,572	-	4,572	-	4,572
Contributions receivable, current portion	29,664	-	29,664	-	29,664
Assets restricted for collection purchases:					
Cash and cash equivalents	503,286	-	503,286	-	503,286
Total current assets	1,848,370	-	1,848,370	-	1,848,370
Prepaid exhibitions, net of current portions	82,503	-	82,503	-	82,503
Assets restricted for comprehensive campaign, net of current portion:					
Contributions receivable	27,476	-	27,476	-	27,476
Contributions receivable, net of current portion	926,649	-	926,649	-	926,649
Collections	-	-	-	-	-
Property and equipment, net	55,032,825	-	55,032,825	-	55,032,825
Beverage license	42,444	-	42,444	-	42,444
Beneficial interest in perpetual trust	107,513	-	107,513	-	107,513
Assets restricted for endowment:					
Cash and cash equivalents	-	944,283	944,283	-	944,283
Interest receivable	-	2,793	2,793	-	2,793
Contributions receivable	-	18,858	18,858	-	18,858
Investment receivable	-	2,447,443	2,447,443	-	2,447,443
Investments	-	25,136,722	25,136,722	-	25,136,722
Total assets restricted for endowment	-	28,550,099	28,550,099	-	28,550,099
Total assets	<u>\$ 58,067,780</u>	<u>\$ 28,550,099</u>	<u>\$ 86,617,879</u>	<u>\$ -</u>	<u>\$ 86,617,879</u>

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Financial Position

September 30, 2025

	Grand Rapids Grand Rapids Art Museum	Grand Rapids Art Museum Foundation	Total	Eliminating Entries	Consolidated Totals
Liabilities and net assets					
Accounts payable	\$ 236,804	\$ -	\$ 236,804	\$ -	\$ 236,804
Other payables	96,330	3	96,333	-	96,333
Advance deposits	145,164	-	145,164	-	145,164
Total liabilities	478,298	3	478,301	-	478,301
Net assets:					
Without donor restrictions	54,422,520	1,818,015	56,240,535	-	56,240,535
With donor restrictions	3,166,962	26,732,081	29,899,043	-	29,899,043
Total net assets	57,589,482	28,550,096	86,139,578	-	86,139,578
Total liabilities and net assets	\$ 58,067,780	\$ 28,550,099	\$ 86,617,879	\$ -	\$ 86,617,879

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Financial Position

September 30, 2024

	Grand Rapids Grand Rapids Art Museum	Grand Rapids Art Museum Foundation	Total	Eliminating Entries	Consolidated Totals
Assets					
Operating cash and cash equivalents	\$ 353,549	\$ -	\$ 353,549	\$ -	\$ 353,549
Receivables:					
Accounts	212	-	212	-	212
Contributions, current portion	1,520,975	-	1,520,975	-	1,520,975
Inventories	27,801	-	27,801	-	27,801
Prepaid expenses	137,016	-	137,016	-	137,016
Prepaid exhibitions, current portion	108,716	-	108,716	-	108,716
Assets restricted for comprehensive campaign:					
Cash and cash equivalents	101,697	-	101,697	-	101,697
Contributions receivable, current portion	144,731	-	144,731	-	144,731
Assets restricted for collection purchases:					
Cash and cash equivalents	496,270	-	496,270	-	496,270
Total current assets	2,890,967	-	2,890,967	-	2,890,967
Prepaid exhibitions, net of current portion	29,906	-	29,906	-	29,906
Assets restricted for comprehensive campaign, net of current portion:					
Contributions receivable	76,417	-	76,417	-	76,417
Contributions receivable, net of current portion	1,761,275	-	1,761,275	-	1,761,275
Collections	-	-	-	-	-
Property and equipment, net	57,051,217	-	57,051,217	-	57,051,217
Beverage license	42,444	-	42,444	-	42,444
Beneficial interest in perpetual trust	102,909	-	102,909	-	102,909
Assets restricted for endowment:					
Cash and cash equivalents	-	37,720	37,720	-	37,720
Interest receivable	-	2,751	2,751	-	2,751
Contributions receivable	-	27,195	27,195	-	27,195
Investments	-	26,615,824	26,615,824	-	26,615,824
Total assets restricted for endowment	-	26,683,490	26,683,490	-	26,683,490
Total assets	\$ 61,955,135	\$ 26,683,490	\$ 88,638,625	\$ -	\$ 88,638,625

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Financial Position

September 30, 2024

	Grand Rapids Art Museum	Grand Rapids Art Museum Foundation	Total	Eliminating Entries	Consolidated Totals
Liabilities and net assets					
Accounts payable	\$ 337,203	\$ -	\$ 337,203	\$ -	\$ 337,203
Other payables	85,644	-	85,644	-	85,644
Advance deposits	164,512	-	164,512	-	164,512
Line of credit	500,000	-	500,000	-	500,000
Total liabilities	1,087,359	-	1,087,359	-	1,087,359
Net assets:					
Without donor restrictions	56,759,708	1,707,163	58,466,871	-	58,466,871
With donor restrictions	4,108,068	24,976,327	29,084,395	-	29,084,395
Total net assets	60,867,776	26,683,490	87,551,266	-	87,551,266
Total liabilities and net assets	\$ 61,955,135	\$ 26,683,490	\$ 88,638,625	\$ -	\$ 88,638,625

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Activities

Year Ended September 30, 2025

	Grand Rapids Art Museum Foundation						Eliminating Entries	Grand Rapids Art Museum, Net of Elimination	Grand Rapids Art Museum Foundation, Net of Elimination	Consolidated Totals
	Grand Rapids Art Museum		Foundation		Total					
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions				
Revenue, support, and gains										
Contributions	\$ 1,422,527	\$ 531,358	\$ -	\$ 516,480	\$ 1,422,527	\$ 1,047,838	\$ -	\$ 1,953,885	\$ 516,480	\$ 2,470,365
Admissions	281,273	-	-	-	281,273	-	-	281,273	-	281,273
Memberships	147,957	-	-	-	147,957	-	-	147,957	-	147,957
Program fees	121,867	-	-	-	121,867	-	-	121,867	-	121,867
Facility rentals	474,227	-	-	-	474,227	-	-	474,227	-	474,227
Fundraiser tickets	67,510	-	-	-	67,510	-	-	67,510	-	67,510
Museum store	22,527	-	-	-	22,527	-	-	22,527	-	22,527
Commissions	57,403	-	-	-	57,403	-	-	57,403	-	57,403
Grand Rapids Art Museum Foundation support	1,924,778	-	-	-	1,924,778	-	(1,924,778)	-	-	-
Net investment return	(213)	27,233	212,364	3,082,173	212,151	3,109,406	-	27,020	3,294,537	3,321,557
In-kind donations	38,561	-	-	-	38,561	-	-	38,561	-	38,561
Other income	61,577	197,165	-	-	61,577	197,165	-	258,742	-	258,742
Net assets released from restrictions	1,696,862	(1,696,862)	1,842,899	(1,842,899)	3,539,761	(3,539,761)	-	-	-	-
Total revenue, support, and gains	6,316,856	(941,106)	2,055,263	1,755,754	8,372,119	814,648	(1,924,778)	3,450,972	3,811,017	7,261,989
Expenses										
Program services	4,512,672	-	1,924,778	-	6,437,450	-	(1,924,778)	4,512,672	-	4,512,672
Management and general	3,064,166	-	19,633	-	3,083,799	-	-	3,064,166	19,633	3,083,799
Fundraising	791,906	-	-	-	791,906	-	-	791,906	-	791,906
Total expenses	8,368,744	-	1,944,411	-	10,313,155	-	(1,924,778)	8,368,744	19,633	8,388,377
Revenue, support, and gains over (under) expenses	(2,051,888)	(941,106)	110,852	1,755,754	(1,941,036)	814,648	-	(4,917,772)	3,791,384	(1,126,388)
Collection items purchased	(285,300)	-	-	-	(285,300)	-	-	(285,300)	-	(285,300)
Change in net assets	(2,337,188)	(941,106)	110,852	1,755,754	(2,226,336)	814,648	-	(5,203,072)	3,791,384	(1,411,688)
Net assets - beginning of year	56,759,708	4,108,068	1,707,163	24,976,327	58,466,871	29,084,395	-	60,867,776	26,683,490	87,551,266
Net assets - end of year	\$ 54,422,520	\$ 3,166,962	\$ 1,818,015	\$ 26,732,081	\$ 56,240,535	\$ 29,899,043	\$ -	\$ 55,664,704	\$ 30,474,874	\$ 86,139,578

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Activities

Year Ended September 30, 2024

	Grand Rapids Art Museum Foundation						Eliminating Entries	Grand Rapids Art Museum, Net of Elimination	Grand Rapids Art Museum Foundation, Net of Elimination	Consolidated Totals
	Grand Rapids Art Museum		Foundation		Total					
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions				
Revenue, support, and gains										
Contributions	\$ 1,279,674	\$ 1,260,487	\$ -	\$ 61,581	\$ 1,279,674	\$ 1,322,068	\$ -	\$ 2,540,161	\$ 61,581	\$ 2,601,742
Admissions	155,557	-	-	-	155,557	-	-	155,557	-	155,557
Memberships	158,894	-	-	-	158,894	-	-	158,894	-	158,894
Program fees	73,121	-	-	-	73,121	-	-	73,121	-	73,121
Facility rentals	483,603	-	-	-	483,603	-	-	483,603	-	483,603
Fundraiser tickets	67,857	-	-	-	67,857	-	-	67,857	-	67,857
Museum store	7,031	-	-	-	7,031	-	-	7,031	-	7,031
Commissions	61,772	-	-	-	61,772	-	-	61,772	-	61,772
Grand Rapids Art Museum Foundation support	1,679,209	-	-	-	1,679,209	-	(1,679,209)	-	-	-
Net investment return	(63)	24,332	341,353	5,000,361	341,290	5,024,693	-	24,269	5,341,714	5,365,983
In-kind donations	36,198	-	-	-	36,198	-	-	36,198	-	36,198
Other income	32,270	33,525	-	-	32,270	33,525	-	65,795	-	65,795
Net assets released from restrictions	2,202,631	(2,202,631)	1,625,154	(1,625,154)	3,827,785	(3,827,785)	-	-	-	-
Total revenue, support, and gains	6,237,754	(884,287)	1,966,507	3,436,788	8,204,261	2,552,501	(1,679,209)	3,674,258	5,403,295	9,077,553
Expenses										
Program services	4,207,751	-	1,679,209	-	5,886,960	-	(1,679,209)	4,207,751	-	4,207,751
Management and general	3,132,705	-	21,731	-	3,154,436	-	-	3,132,705	21,731	3,154,436
Fundraising	737,616	-	-	-	737,616	-	-	737,616	-	737,616
Total expenses	8,078,072	-	1,700,940	-	9,779,012	-	(1,679,209)	8,078,072	21,731	8,099,803
Revenue, support, and gains over (under) expenses	(1,840,318)	(884,287)	265,567	3,436,788	(1,574,751)	2,552,501	-	(4,403,814)	5,381,564	977,750
Collection items purchased	(168,045)	-	-	-	(168,045)	-	-	(168,045)	-	(168,045)
Change in net assets	(2,008,363)	(884,287)	265,567	3,436,788	(1,742,796)	2,552,501	-	(4,571,859)	5,381,564	809,705
Net assets - beginning of year	58,768,071	4,992,355	1,441,596	21,539,539	60,209,667	26,531,894	-	63,760,426	22,981,135	86,741,561
Net assets - end of year	\$ 56,759,708	\$ 4,108,068	\$ 1,707,163	\$ 24,976,327	\$ 58,466,871	\$ 29,084,395	\$ -	\$ 59,188,567	\$ 28,362,699	\$ 87,551,266

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Cash Flows

September 30, 2025

	Grand Rapids Grand Rapids Art Museum	Grand Rapids Art Museum Foundation	Total	Eliminating Entries	Consolidated Totals
Operating activities					
Change in net assets	\$ (3,278,294)	\$ 1,866,606	\$ (1,411,688)	\$ -	\$ (1,411,688)
Adjustments to reconcile change in net assets to cash provided by operating activities:					
Depreciation	2,362,617	-	2,362,617	-	2,362,617
Loss on sale of property and equipment	10,262	-	10,262	-	10,262
Collection items purchased	285,300	-	285,300	-	285,300
Donated stock	(30,016)	(5,025)	(35,041)	-	(35,041)
Change in discount of contribution receivable	(175,012)	-	(175,012)	-	(175,012)
Realized/unrealized net gain on investments	-	(2,572,356)	(2,572,356)	-	(2,572,356)
Unrealized gain on beneficial interest	(4,604)	-	(4,604)	-	(4,604)
Changes in operating assets and liabilities:					
Receivables	1,576,845	8,295	1,585,140	-	1,585,140
Inventories	169	-	169	-	169
Prepaid expenses and prepaid exhibitions	110,651	-	110,651	-	110,651
Payables	(89,713)	3	(89,710)	-	(89,710)
Advance deposits	(19,348)	-	(19,348)	-	(19,348)
Net cash from operating activities	748,857	(702,477)	46,380	-	46,380
Investing activities					
Purchases of investments	-	(2,732,013)	(2,732,013)	-	(2,732,013)
Proceeds from sales of investments	30,016	4,341,053	4,371,069	-	4,371,069
Purchase of property and equipment	(354,487)	-	(354,487)	-	(354,487)
Collection items purchased	(285,300)	-	(285,300)	-	(285,300)
Net cash from investing activities	(609,771)	1,609,040	999,269	-	999,269
Financing activities					
Payments on line of credit	(500,000)	-	(500,000)	-	(500,000)
Net cash from financing activities	(500,000)	-	(500,000)	-	(500,000)
Net change in cash and cash equivalents	(360,914)	906,563	545,649	-	545,649
Cash and cash equivalents, beginning of year	951,516	37,720	989,236	-	989,236
Cash and cash equivalents, end of year	\$ 590,602	\$ 944,283	\$ 1,534,885	\$ -	\$ 1,534,885

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Cash Flows

September 30, 2024

	Grand Rapids Grand Rapids Art Museum	Grand Rapids Art Museum Foundation	Total	Eliminating Entries	Consolidated Totals
Operating activities					
Change in net assets	\$ (2,892,650)	\$ 3,702,355	\$ 809,705	\$ -	\$ 809,705
Adjustments to reconcile change in net assets to cash provided by operating activities:					
Depreciation	2,398,716	-	2,398,716	-	2,398,716
Collection items purchased	168,045	-	168,045	-	168,045
Donated stock	(306,219)	(4,243)	(310,462)	-	(310,462)
Change in discount of contribution receivable	(280,888)	-	(280,888)	-	(280,888)
Realized/unrealized net gain on investments	-	(4,680,927)	(4,680,927)	-	(4,680,927)
Unrealized gain on beneficial interest	(15,362)	-	(15,362)	-	(15,362)
Changes in operating assets and liabilities:					
Receivables	1,526,578	7,992	1,534,570	(26,899)	1,507,671
Inventories	(6,091)	-	(6,091)	-	(6,091)
Prepaid expenses and prepaid exhibitions	(93,152)	-	(93,152)	-	(93,152)
Payables	(109,967)	(26,899)	(136,866)	26,899	(109,967)
Advance deposits	5,908	-	5,908	-	5,908
Net cash from operating activities	394,918	(1,001,722)	(606,804)	-	(606,804)
Investing activities					
Purchases of investments	-	(2,676,762)	(2,676,762)	-	(2,676,762)
Proceeds from sales of investments	306,219	3,652,430	3,958,649	-	3,958,649
Purchase of property and equipment	(369,236)	-	(369,236)	-	(369,236)
Collection items purchased	(168,045)	-	(168,045)	-	(168,045)
Net cash from investing activities	(231,062)	975,668	744,606	-	744,606
Financing activities					
Payments on line of credit	(500,000)	-	(500,000)	-	(500,000)
Net cash from financing activities	(500,000)	-	(500,000)	-	(500,000)
Net change in cash and cash equivalents	(336,144)	(26,054)	(362,198)	-	(362,198)
Cash and cash equivalents, beginning of year	1,287,660	63,774	1,351,434	-	1,351,434
Cash and cash equivalents, end of year	\$ 951,516	\$ 37,720	\$ 989,236	\$ -	\$ 989,236