



Consolidated Financial Statements  
and Supplementary Information

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

*Years ended September 30, 2022 and 2021*

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

Years ended September 30, 2022 and 2021

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

### **Opinion**

We have audited the accompanying consolidated financial statements of Grand Rapids Art Museum and Grand Rapids Art Museum Foundation (collectively, the Organization), which comprise the consolidated statements of financial position as of September 30, 2022, 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 financial position of the Organization as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Consolidated Financial Statements**

The consolidated financial statements as of September 30, 2021, were audited by Jansen, Valk, Thompson, Reahm PC, who combined with UHY LLP on October 25, 2022, and whose report dated January 25, 2022, expressed an unmodified opinion on those statements.

### **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 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.

## **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 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.

## **Adoption of New Accounting Standards**

As described in Note A to the consolidated financial statements, the Organization adopted the provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This standard is effective for annual reporting periods beginning after June 15, 2021. This ASU was adopted beginning November 1, 2021. Our opinion is not modified with respect to these matters.

## Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2022 consolidating information on pages 38 through 47 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and is not a required part of the 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 2022 consolidated financial statements. The consolidating 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 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements for the year September 30, 2022, as a whole. The 2021 consolidating information on pages 38 through 47 was subjected to the auditing procedures applied in the 2021 audit of the consolidated financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the consolidated financial statements for the year ended September 30, 2021, as a whole.

*UHY LLP*

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

Consolidated Statements of Financial Position

	September 30	
	2022	2021
<b>Assets</b>		
Cash	\$ 839,643	\$ 1,317,793
Accounts receivable	47,641	29,619
Contributions receivable	5,857,462	1,432,980
Employee Retention Credit	847,161	-
Inventories	19,204	12,777
Prepaid expenses	116,172	142,786
Prepaid exhibitions	412,453	288,720
Collections (Note G)	-	-
Assets restricted for comprehensive campaign:		
Cash	226,785	642,768
Contributions receivable	243,928	1,559,316
Property and equipment, less accumulated depreciation	60,145,984	58,359,975
Beverage license	42,444	42,444
Beneficial interest in perpetual trust	82,292	103,618
Assets restricted for endowment:		
Cash	35,311	53,610
Interest receivable	2,559	1,817
Contributions receivable	46,702	25,000
Contribution receivable—split-interest agreement	961,305	837,000
Investments	20,211,422	25,277,953
Total assets	<u>\$ 90,138,468</u>	<u>\$ 90,128,176</u>
<b>Liabilities</b>		
Accounts payable	\$ 657,531	\$ 212,171
Other payables	43,571	28,432
Advance deposits	110,468	87,278
Line-of-credit	1,300,000	-
Paycheck Protection Program loan	-	457,300
Total liabilities	<u>2,111,570</u>	<u>785,181</u>
<b>Net Assets</b>		
Without donor restrictions:		
Board-designated	1,641,887	1,996,410
Undesignated	51,790,805	53,664,314
Total without donor restrictions	<u>53,432,692</u>	<u>55,640,724</u>
With donor restrictions	34,594,206	33,702,271
Total net assets	<u>88,026,898</u>	<u>89,342,995</u>
Total liabilities and net assets	<u>\$ 90,138,468</u>	<u>\$ 90,128,176</u>

*See accompanying notes to financial statements.*

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

Consolidated Statement of Activities  
Year ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>			
Contributions	\$ 1,509,277	\$ 6,519,388	\$ 8,028,665
Admissions	113,746	-	113,746
Memberships	143,427	-	143,427
Program fees	61,994	-	61,994
Special events	420,797	-	420,797
Museum store	20,828	-	20,828
Exhibition touring	90,000	-	90,000
Extinguishment of debt	457,300	-	457,300
Government grant	847,161	-	847,161
Net investment return	(324,469)	(3,936,032)	(4,260,501)
Change in value of split-interest agreement	-	124,305	124,305
Appreciation in beneficial interest in perpetual trust	-	(16,226)	(16,226)
In-kind donations	456,421	-	456,421
Other income	25,213	-	25,213
Total support and revenue	3,821,695	2,691,435	6,513,130
Net assets released from restrictions	1,743,500	(1,743,500)	-
Total support, revenue and reclassifications	5,565,195	947,935	6,513,130
<b>Expenses:</b>			
Program	3,892,481	-	3,892,481
Management and general	2,997,881	-	2,997,881
Fundraising	882,865	-	882,865
Total expenses	7,773,227	-	7,773,227
Support, revenue and reclassifications over expenses	(2,208,032)	947,935	(1,260,097)
Collection items purchased	-	(56,000)	(56,000)
Change in net assets	(2,208,032)	891,935	(1,316,097)
Net assets, beginning of year	55,640,724	33,702,271	89,342,995
Net assets, end of year	\$ 53,432,692	\$ 34,594,206	\$ 88,026,898

*See accompanying notes to financial statements.*

# Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

## Consolidated Statement of Activities Year ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>			
Contributions	\$ 1,367,139	\$ 1,102,295	\$ 2,469,434
Admissions	81,497	-	81,497
Memberships	131,307	-	131,307
Program fees	49,676	-	49,676
Special events	145,899	-	145,899
Museum store	38,926	-	38,926
Grants	9,698,070	-	9,698,070
Extinguishment of debt	457,300	-	457,300
Net investment return	286,663	3,852,212	4,138,875
Change in value of split-interest agreement	-	31,000	31,000
Appreciation in beneficial interest in perpetual trust	-	17,856	17,856
In-kind donations	17,880	-	17,880
Other income	19,953	-	19,953
Total support and revenue	12,294,310	5,003,363	17,297,673
Net assets released from restrictions	1,995,372	(1,995,372)	-
Total support, revenue and reclassifications	14,289,682	3,007,991	17,297,673
<b>Expenses:</b>			
Program	3,409,878	-	3,409,878
Management and general	2,468,948	-	2,468,948
Fundraising	631,638	-	631,638
Total expenses	6,510,464	-	6,510,464
Support, revenue and reclassifications under expenses	7,779,218	3,007,991	10,787,209
Collection items purchased	-	(34,000)	(34,000)
Change in net assets	7,779,218	2,973,991	10,753,209
Net assets, beginning of year	47,861,506	30,728,280	78,589,786
Net assets, end of year	\$ 55,640,724	\$ 33,702,271	\$ 89,342,995

See accompanying notes to financial statements.



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

Consolidated Statement of Functional Expenses  
Year ended September 30, 2022

	Program Services			Total Program
	Curatorial	Education	Other	
Salaries and wages	\$ 269,605	\$ 496,175	\$ 43,548	\$ 809,328
Employee benefits	28,662	31,558	3,795	64,015
Payroll taxes	18,847	36,553	3,012	58,412
Advertising and promotions	-	1,850	10,442	12,292
Bad debt	-	-	-	-
Bank fees	-	-	-	-
Conferences and meetings	489	60	-	549
Cost of sales	-	-	(693)	(693)
Depreciation	-	-	1,521,354	1,521,354
Dues and subscriptions	1,070	189	2,171	3,430
Exhibition	410,541	-	-	410,541
In-kind services	-	-	31,128	31,128
Insurance	(1,624)	-	75,744	74,120
Interest expense	-	-	-	-
Meals and entertainment	212	6,970	51	7,233
Member benefits	10	1,382	383	1,775
Miscellaneous	1,399	2,452	13,750	17,601
Occupancy	460	1,272	487,153	488,885
Parking	138	4,427	523	5,088
Printing, publications and postage	2,196	1,406	15,361	18,963
Professional services	3,711	24,748	239,202	267,661
Supplies	412	33,359	65,210	98,981
Travel	995	823	-	1,818
Total expenses	\$ 737,123	\$ 643,224	\$ 2,512,134	\$ 3,892,481

*See accompanying notes to financial statements.*

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Supporting Services				
Management		Total		Total
and General	Fundraising	Supporting		
\$ 786,856	\$ 421,742	\$ 1,208,598	\$ 2,017,926	
91,741	40,421	132,162	196,177	
50,993	29,893	80,886	139,298	
31,993	(246)	31,747	44,039	
2,617		2,617	2,617	
19,934	-	19,934	19,934	
4,864	27	4,891	5,440	
44,384	-	44,384	43,691	
580,330	28,610	608,940	2,130,294	
17,952	901	18,853	22,283	
52,649	23,138	75,787	486,328	
10,220	-	10,220	41,348	
27,203	1,468	28,671	102,791	
4,406	-	4,406	4,406	
4,721	4,625	9,346	16,579	
3,368	83,717	87,085	88,860	
114,852	9,005	123,857	141,458	
218,444	7,650	226,094	714,979	
40,721	1,257	41,978	47,066	
7,750	41,695	49,445	68,408	
869,274	122,442	991,716	1,259,377	
8,509	63,715	72,224	171,205	
4,100	2,805	6,905	8,723	
<u>\$ 2,997,881</u>	<u>\$ 882,865</u>	<u>\$ 3,880,746</u>	<u>\$ 7,773,227</u>	

See accompanying notes to financial statements.

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

Consolidated Statement of Functional Expenses  
Year ended September 30, 2021

	Program Services			Total
	Curatorial	Education	Other	Program
Salaries and wages	\$ 245,902	\$ 374,429	\$ 30,520	\$ 650,851
Employee benefits	28,606	31,419	2,791	62,816
Payroll taxes	16,754	26,552	2,098	45,404
Advertising and promotions	-	1,417	6,114	7,531
Bank fees	-	-	-	-
Conferences and meetings	926	274	-	1,200
Cost of sales	-	-	37,536	37,536
Depreciation	-	-	1,455,023	1,455,023
Dues and subscriptions	1,460	803	985	3,248
Exhibition	182,387	-	-	182,387
In-kind services	-	-	12,940	12,940
Insurance	-	-	76,697	76,697
Interest	-	-	-	-
Meals and entertainment	171	2,923	1,019	4,113
Member benefits	-	420	49	469
Miscellaneous	338	2,396	87,478	90,212
Occupancy	564	1,272	432,814	434,650
Parking	-	1,785	261	2,046
Printing, publications and postage	775	534	10,975	12,284
Professional services	2,775	10,895	229,186	242,856
Supplies	1,955	35,703	48,662	86,320
Travel	1,118	177	-	1,295
Total expenses	\$ 483,731	\$ 490,999	\$ 2,435,148	\$ 3,409,878

*See accompanying notes to financial statements.*

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Supporting Services				
Management		Total		Total
and General	Fundraising	Supporting		
\$ 608,039	\$ 316,148	\$ 924,187	\$ 1,575,038	
79,610	38,277	117,887	180,703	
39,079	21,312	60,391	105,795	
83,858	100	83,958	91,489	
22,887	-	22,887	22,887	
713	-	713	1,913	
18,141	-	18,141	55,677	
562,192	25,783	587,975	2,042,998	
9,979	330	10,309	13,557	
27,831	10,380	38,211	220,598	
-	-	-	12,940	
36,540	1,734	38,274	114,971	
49,070	-	49,070	49,070	
2,800	2,028	4,828	8,941	
1,200	46,977	48,177	48,646	
34,613	18,973	53,586	143,798	
168,129	6,833	174,962	609,612	
8,404	3,532	11,936	13,982	
6,119	24,165	30,284	42,568	
640,733	42,515	683,248	926,104	
64,164	72,477	136,641	222,961	
4,847	74	4,921	6,216	
<u>\$ 2,468,948</u>	<u>\$ 631,638</u>	<u>\$ 3,100,586</u>	<u>\$ 6,510,464</u>	

# Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

## Consolidated Statements of Cash Flows

	Year ended September 30	
	2022	2021
<b>Operating activities</b>		
Change in net assets	\$ (1,316,097)	\$ 10,753,209
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,130,294	2,042,998
Collection items purchased	56,000	34,000
Donated stock	(172,275)	(390,708)
Amortization of discount—contributions receivable	839,933	(114,904)
Loss on disposition of inventory	-	86,387
Realized and unrealized gain on investments	5,082,790	(3,791,438)
Change in value of split-interest agreement	(124,305)	(31,000)
Appreciation in beneficial interest	16,226	(17,856)
Bond debt extinguishment	-	(9,698,070)
Paycheck Protection Program loan debt extinguishment	(457,300)	(457,300)
Changes in operating assets and liabilities:		
Receivables	(5,065,414)	2,224,322
Employee retention credit	(847,161)	-
Inventories	(6,427)	24,377
Prepaid expenses	(97,119)	(136,786)
Payables	443,109	22,976
Advance deposits	23,190	31,073
Total adjustments	1,821,541	(10,171,929)
Net cash provided by operating activities	505,444	581,280
<b>Investing activities</b>		
Distributions from perpetual trust	5,100	5,275
Purchases of investments	(2,180,431)	(3,377,005)
Proceeds from sales of investments	2,164,172	2,436,369
Property and equipment expenditures	(3,916,303)	(1,499,564)
Collection items purchased	(56,000)	(34,000)
Net cash used in investing activities	(3,983,462)	(2,468,925)

*See accompanying notes to financial statements.*

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

Consolidated Statements of Cash Flows (continued)

	Year ended September 30	
	2022	2021
<b>Financing activities</b>		
Proceeds from contributions restricted for:		
Comprehensive campaign	1,265,586	552,500
Proceeds from borrowings	1,300,000	-
Proceeds from Paycheck Protection		
Program loan	-	457,300
Net cash provided by financing activities	2,565,586	1,009,800
Net decrease in cash	(912,432)	(877,845)
Cash, beginning of year	2,014,171	2,892,016
Cash, end of year	<u>\$ 1,101,739</u>	<u>\$ 2,014,171</u>

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

Cash	\$ 839,643	\$ 1,317,793
Restricted cash—comprehensive campaign	226,785	642,768
Restricted cash—endowment	35,311	53,610
Total cash	<u>\$ 1,101,739</u>	<u>\$ 2,014,171</u>

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

## **Notes to Consolidated Financial Statements**

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### **Note A—Summary of Accounting Policies**

#### **Nature of the Organization**

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

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

The Museum's and Foundation's support comes primarily from donor contributions. The Museum had a concentration of credit risk with respect to contributions receivable from one foundation of approximately \$4,484,000 and four foundations of approximately \$2,675,000 at September 30, 2022 and 2021, respectively.

#### **Basis of Consolidation**

The accompanying consolidated financial statements include the accounts of the Museum and its non-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.

#### **Basis of Accounting**

The accompanying consolidated financial statements of the Organization are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### **Use of Estimates**

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

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

Notes to Consolidated Financial Statements (continued)

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**Note A—Summary of Accounting Policies (continued)**

**Accounts Receivable**

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

**Inventories**

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

**Investments**

Investments are stated at their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note F for discussion of fair value measurements.

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

Investment management fees totaled \$75,410 in 2022 and \$77,870 in 2021.

**Property, Equipment and Depreciation**

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



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

## **Notes to Consolidated Financial Statements (continued)**

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### **Note A—Summary of Accounting Policies (continued)**

#### **Property, Equipment and Depreciation (continued)**

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

Organization's donations restricted for property and equipment received was \$116,755 and \$1,205 in 2022 and 2021, respectively.

#### **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 statement of activities, and a beneficial interest in perpetual trust is recorded in the consolidated statement of financial position at the fair value of the Museum's share of the underlying trust asset. Thereafter, the beneficial interest in the trust is reported at the fair value of the trust's assets in the consolidated statement of financial position, with trust distributions and changes in fair value recognized in the consolidated statement of activities.

#### **Classification of Net Assets**

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

- **Net Assets Without Donor Restrictions**—net assets available for use in general operations which are not subject to donor-imposed restrictions. 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.

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

## **Notes to Consolidated Financial Statements (continued)**

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### **Note A—Summary of Accounting Policies (continued)**

#### **Classification of Net Assets (continued)**

- **Net Assets With Donor Restrictions**—net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by action of the Organization or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the funds be maintained in perpetuity.

#### **Revenue Recognition**

##### ***Contribution Revenue***

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

##### ***Revenue from Contracts with Customers***

The Museum recognizes revenue from admissions, program fees, special events. These revenues are recognized 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. Special event revenues are recorded as revenue on the date the event occurs. Admissions, program fees and special event revenues received in advance of the specific use or specific program, or event date are classified as advance deposits in the consolidated statement of financial position.

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

Notes to Consolidated Financial Statements (continued)

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**Note A—Summary of Accounting Policies (continued)**

**Revenue Recognition (continued)**

***Revenue from Contracts with Customers (continued)***

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 statement of financial position.

***Other Revenue***

Net investment return, split-interest agreement value changes 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.

**Donated Materials, Supplies and Services**

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

Donated noncash assets and services are recorded at their fair values in the period received. Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed services and supplies for 2022 and 2021 included consulting, marketing/media, furniture, equipment, and supplies. These donations were recorded as contributions and as expenses at fair value at the date of receipt. Contributions of these types were approximately \$456,000 in 2022 and \$18,000 in 2021.

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

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

## **Notes to Consolidated Financial Statements (continued)**

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### **Note A—Summary of Accounting Policies (continued)**

#### **Functional Allocation of Expenses**

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

#### **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). There are no uncertain tax positions that require an accrual as of year-end.

#### **Newly Adopted Accounting Pronouncement**

The Organization adopted ASU No. 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This standard is effective for annual reporting periods beginning after June 15, 2021. This ASU was adopted beginning October 1, 2022.

#### **Upcoming New Accounting Pronouncement**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset in the consolidated statement of financial position for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*. This standard delayed the effective date of ASU No. 2016-02 by one year to fiscal years beginning after December 15, 2021.

The Organization is evaluating the impact this pronouncement may have on the consolidated financial statements.

# Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

## Notes to Consolidated Financial Statements (continued)

### Note A—Summary of Accounting Policies (continued)

#### Subsequent Events

Subsequent events were evaluated through July 21, 2023, which is the date the consolidated financial statements were available to be issued.

#### Note B—Cash

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

#### Note C—Contributions Receivable

Contributions receivable are summarized as follows at September 30:

	2022	2021
Receivable in less than one year	\$ 2,675,955	\$ 2,990,490
Receivable in one year to five years	4,313,264	28,000
Total contributions receivable	6,989,219	3,018,490
Less discount to net present value	841,127	1,194
Net contributions receivable	<u>\$ 6,148,092</u>	<u>\$ 3,017,296</u>

Contributions receivable in more than one year were discounted at 6.25% per annum for 2022 and 3.25% in 2021.

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

	2022	2021
Contributions receivable	\$ 5,857,462	\$ 1,432,980
Contributions receivable—comprehensive campaign	243,928	1,559,316
Contributions receivable—endowment	46,702	25,000
Total contributions receivable	<u>\$ 6,148,092</u>	<u>\$ 3,017,296</u>

# Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

## Notes to Consolidated Financial Statements (continued)

### Note D—Contributed Nonfinancial Assets

For the year ended September 30, 2022, contributed nonfinancial assets recognized within the consolidated statement of activities included:

	Revenue Recognized	Utilization in Programs and Activities	Donor Restrictions	Valuation Techniques and Inputs
Furniture & Equipment	\$ 413,419	Creative Learning Center upgrade & Live Artfully Dinner	No associated donor restrictions	The Organization estimated the fair value on the basis of comparable furniture & equipment in the market.
Professional services	5,000	GRAM Actuarial Report	No associated donor restrictions	The Organization estimated the fair value on the basis of comparable services.
Printed Material	15,072	Gala 2022	No associated donor restrictions	The Organization estimated the fair value on the basis of costs incurred for other similar products.
Food and Beverage	930	Jasper Johns Exhibition	No associated donor restrictions	The Organization estimated the fair value on the basis of costs incurred for other similar products.
Media	17,000	Henson 2022 Exhibition	No associated donor restrictions	The Organization estimated the fair value on the basis of fees incurred for other similar services.
Rent	5,000	General	No associated donor restrictions	The Organization estimated the fair value on the basis of comparable rent in the market.

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

## **Notes to Consolidated Financial Statements (continued)**

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### **Note E—Inventory**

In 2021, the Museum liquidated store inventory which resulted in a loss of approximately \$86,000.

### **Note F—Fair Value Measurements**

The Organization reports assets and liabilities at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods, including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, market corroborated or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value hierarchy ranks the quality and reliability of information used to determine fair values. Based on the observability of the inputs used in the valuation techniques, financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

*Level 1*—Quoted prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date.

*Level 2*—Significant other observable inputs other Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; and other inputs that are observable or can be corroborated by observable market data.

*Level 3*—Significant unobservable inputs that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing an asset.

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

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.

# Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

## Notes to Consolidated Financial Statements (continued)

### Note F—Fair Value Measurements (continued)

*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.

*Mutual Funds*—Valued at daily closing prices as reported by the fund. Mutual 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.

*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.

*Split-Interest Agreement*—Split-interest agreement is estimated by calculating the present value of future distributions expected to be received, using published life expectancy tables and a discount rate of 3.0% for 2022 and 3.0% for 2021.

Assets measured at fair value on a recurring basis at September 30, 2022 are as follows:

	Level 1	Level 2	Level 3	Investments Valued Using the Practical Expedient	Total
<b>Beneficial Interest in Perpetual Trust</b>	\$ —	\$ —	\$ 82,292	\$ —	\$ 82,292
<b>Split-Interest Agreement</b>	\$ —	\$ —	\$ 961,305	\$ —	\$ 961,305
<b>Endowment Investments:</b>					
Exchange traded funds	\$ 768,128	\$ —	\$ —	\$ —	\$ 768,128
Hedge funds	—	—	—	2,169,729	2,169,729
Mutual funds	17,273,565	—	—	—	17,273,565
<b>Total endowment investments</b>	<b>\$ 18,041,693</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,169,729</b>	<b>\$ 20,211,422</b>



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

Notes to Consolidated Financial Statements (continued)

**Note F—Fair Value Measurements (continued)**

Assets measured at fair value on a recurring basis at September 30, 2021 are as follows:

	Level 1	Level 2	Level 3	Investments Valued Using the Practical Expedient	Total
<b>Beneficial Interest in Perpetual Trust</b>	\$ —	\$ —	\$ 103,618	\$ —	\$ 103,618
<b>Split-Interest Agreement</b>	\$ —	\$ —	\$ 837,000	\$ —	\$ 837,000
<b>Endowment Investments:</b>					
Exchange traded funds	\$ 990,956	\$ —	\$ —	\$ —	\$ 990,956
Hedge funds	—	—	—	2,421,572	2,421,572
Mutual funds	21,865,425	—	—	—	21,865,425
Total endowment investments	\$ 22,856,381	\$ —	\$ —	\$ 2,421,572	\$ 25,277,953

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

	Hedge Fund	Split-Interest Agreement	Beneficial Interest in Perpetual Trust	Total
<b>Year ended September 30, 2022</b>				
Beginning balance	\$ 2,421,572	\$ 837,000	\$ 103,618	\$ 3,362,190
Unrealized appreciation (depreciation) included in change in net assets	(251,843)	124,305	(16,226)	(143,764)
Distributions received	—	—	(5,100)	(5,100)
Ending balance	\$ 2,169,729	\$ 961,305	\$ 82,292	\$ 3,213,326

# Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

## Notes to Consolidated Financial Statements (continued)

### Note F—Fair Value Measurements (continued)

	Hedge Fund	Split-Interest Agreement	Beneficial Interest in Perpetual Trust	Total
<b>Year ended September 30, 2021</b>				
Beginning balance	\$ 1,952,344	\$ 806,000	\$ 91,037	\$ 2,849,381
Unrealized appreciation included in change in net assets	469,228	31,000	17,856	518,084
Distributions received	—	—	(5,275)	(5,275)
Ending balance	<u>\$ 2,421,572</u>	<u>\$ 837,000</u>	<u>\$ 103,618</u>	<u>\$ 3,362,190</u>

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

### Note G—Collections

The Museum's art collections consist of donated and purchased art objects, principally drawings, prints, study items and a reference library. The Museum adopted a policy of not capitalizing the collection of artwork in its 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 Museum employs a curator to ensure the collection is protected and preserved. It is the policy of the Museum that proceeds from the sale of any collection items are to be used to purchase additional collection items.

# Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

## Notes to Consolidated Financial Statements (continued)

### Note H—Property and Equipment

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

	<b>2022</b>	<b>2021</b>
Land	\$ 7,575,615	\$ 7,575,615
Building	79,983,690	76,588,560
Leasehold improvements	3,800	3,800
Furniture and equipment	3,492,916	2,971,742
Vehicles	36,919	36,919
Total property and equipment	91,092,940	87,176,636
Less accumulated depreciation	30,946,956	28,816,661
Net property and equipment	<u>\$ 60,145,984</u>	<u>\$ 58,359,975</u>

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.

### Note I—Contribution Receivable—Split-Interest Agreement

The Foundation is named as one of the beneficiaries under a trust agreement. Annual earnings from the trust are paid to the designated income beneficiary. The trust will terminate at the death of the income beneficiary, at which date the Foundation will receive its share of the trust's assets. In the Summer of 2022, the Foundation was notified that the income beneficiary died. The Foundation's beneficial interest in the trust was \$961,305 and \$837,000 at September 30, 2022 and 2021, respectively. This interest, based on the fair market value of the underlying assets, has been recorded at the present value of the future distributions expected to be received based on the beneficiary's life expectancy using a discount rate of 3.0% for 2021. The 2022 amount was not discounted as the majority of the remaining trust funds were paid out subsequent to year end.

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

Notes to Consolidated Financial Statements (continued)

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**Note J—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 special events and touring exhibitions occurring in the next fiscal year and for the portion of memberships attributable to the next fiscal year. Advance deposits are recognized in the consolidated statements of activities when the special event or touring exhibition occurs. The Organization's contract liabilities consist of the following at September 30:

	2022	2021	2020
Advance deposits	\$ 110,468	\$ 87,278	\$ 56,205

**Note K—Debt**

**Line of Credit**

The Organization has two revolving line of credit agreements with a bank they are \$750,000 and \$1,500,000 (\$50,000 and \$900,000, respectively, available at September 30, 2022), under which borrowings bear interest at the Bank's Prime Rate less 0.50% (5.75% at September 30, 2022). Both line of credits are guaranteed by the assets of the Foundation and mature May 31, 2024 and September 1, 2023, respectively.

**Paycheck Protection Program Loan**

In March 2021, the Organization applied for and a received loan totaling \$457,300 under the Paycheck Protection Program (PPP) from a bank. The PPP loans were established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and are administered by the U. S. Small Business Administration (SBA). The loan had a five-year term and interest at 1%.

Under the terms of the CARES Act, loan recipients could apply for and be granted forgiveness for all or a portion of the loan and accrued interest. Such forgiveness was determined, subject to limitations, based on the use of loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, utilities, and retention of employees and maintaining salary levels. However, no assurance was provided that forgiveness for any portion of the loans would be obtained.

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

Notes to Consolidated Financial Statements (continued)

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**Note K—Debt (continued)**

The Organization elected to account for the PPP loans as debt pursuant to the guidance in FASB Accounting Standards Codification (ASC) 470. Under this model, the liability would only be derecognized upon repayment to the creditor or upon legal release from the SBA under ASC 405-20. PPP loans helped businesses keep their workforce employed during the Coronavirus crisis.

The Organization submitted its application for forgiveness and was notified by the SBA in November 2021 that the PPP loan and the related accrued interest were forgiven. As such, \$457,300 is included as a gain on extinguishment of debt in the consolidated statement of activities.

**Bonds Payable**

In December 2007, the Museum entered into a loan agreement with the Michigan Strategic Fund to borrow \$10,000,000 to finance the construction, furnishing and equipping of the facility. The Michigan Strategic Fund issued tax exempt variable rate demand limited obligation revenue bonds (Series B) to provide the funds loaned to the Museum. The Series B bonds underlying the loan agreement totaled \$9,420,000 and were set to mature in a lump sum on May 1, 2041. Effective June 2018, interest payments on the bonds were suspended. The Museum was notified in May 2021 that the bonds and all related accrued interest were forgiven. As a result, the bonds and related accrued interest have been reflected as a grant on the consolidated statement of activities. See footnote N for more information.

**Note L—Board-designated Net Assets**

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

	<u>2022</u>	<u>2021</u>
Board designated:		
Operating reserve	\$ 300,000	\$ 300,000
Endowment	1,341,887	1,696,410
Total	<u>\$ 1,641,887</u>	<u>\$ 1,996,410</u>

# Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

## Notes to Consolidated Financial Statements (continued)

### Note M—Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
<b>Subject to expenditure for specific purpose:</b>		
Collections	\$ 413,507	\$ 456,157
Comprehensive campaign	8,598,897	5,552,650
Education programs	57,147	3,000
Exhibitions	186,571	233,128
General operations	31,519	4,500
Property and equipment	10,687	14,566
Public outreach	2,000	2,360
Promises to give with donor restrictions:		
Comprehensive campaign	243,928	1,559,316
Exhibitions	32,333	21,651
Property and equipment	106,068	25,000
Total purpose restrictions	<u>\$ 9,682,657</u>	<u>\$ 7,872,328</u>
<b>Subject to the passage of time:</b>		
Promises to give with donor restrictions:		
Programs	\$ 4,952,791	\$ 1,218,660
Total time restrictions	<u>\$ 4,952,791</u>	<u>\$ 1,218,660</u>

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

Notes to Consolidated Financial Statements (continued)

**Note M—Net Assets With Donor Restrictions (continued)**

	<b>2022</b>	<b>2021</b>
<b>Endowment:</b>		
Subject to appropriation and expenditure when a specified event occurs:		
American Art acquisitions	\$ 735,735	\$ 1,076,418
Education programs	64,385	169,330
Exhibitions	11,449	25,910
Furniture restoration and maintenance	16,646	20,163
General operations	798,091	4,784,915
Library	—	1,835
Underprivileged and disabled patrons	205,657	514,292
Subtotal	<b>1,831,963</b>	6,592,863
Subject to the Organization's spending policy and appropriation:		
American Arts acquisitions	1,069,436	1,069,436
Education programs	547,256	547,256
Exhibitions	57,011	57,011
General operations	15,513,937	15,357,331
Library acquisitions	37,981	37,981
Underprivileged and disabled patrons	962,395	962,395
Underwater endowment	(61,221)	(12,990)
Subtotal	<b>18,126,795</b>	18,018,420
Total endowment	<b>19,958,758</b>	24,611,283
Total net assets with donor restrictions	<b>\$ 34,594,206</b>	\$ 33,702,271

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

## **Notes to Consolidated Financial Statements (continued)**

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### **Note N—Comprehensive Campaign**

In 2018, the Museum initiated the preparatory phase of a comprehensive campaign with three primary components: capital, endowment, and bridge/programming. As of September 30, 2022, the Museum had received approximately \$8,842,000 in contribution revenue and had expended approximately \$4,539,000 for these projects.

In April 2018, the Museum received a challenge grant whereby the donor that holds the Series B bonds would forgive the \$9,420,000 Series B bonds and all related accrued interest if the Museum could raise \$9,420,000 for the comprehensive campaign. The Museum fulfilled the challenge grant during 2021 and was notified in May 2021 that the \$9,420,000 Series B bonds and accrued interest totaling \$278,070 were forgiven.

### **Note O—Endowment**

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

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



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

Notes to Consolidated Financial Statements (continued)

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**Note O—Endowment (continued)**

*Investment Return Objectives, Risk Parameters and Strategies.* The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, including funds designated by the Board of Trustees to function as endowments, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-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 4.0%, while growing the funds. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately the consumer price index plus 4.0% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed so as not to expose the endowment fund to unacceptable levels of risk.

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

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

During 2021, the Foundation's Board of Trustees voted to begin drawing from the endowment effective with the fiscal year ended September 30, 2022. Additionally, the spending policy increased to 5.0% of the endowment fund's average fair value for the prior 12 quarters.

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

Notes to Consolidated Financial Statements (continued)

**Note O—Endowment (continued)**

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>September 30, 2022</b>			
Board-designated endowment funds	\$ 1,341,887	\$ —	\$ 1,341,887
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	—	18,105,724	18,105,724
Accumulated investment gains	—	1,770,742	1,770,742
Perpetual trust	—	82,292	82,292
Total funds	<u>\$ 1,341,887</u>	<u>\$ 19,958,758</u>	<u>\$ 21,300,645</u>
<b>September 30, 2021</b>			
Board-designated endowment funds	\$ 1,696,410	\$ —	\$ 1,696,410
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	—	17,927,792	17,927,792
Accumulated investment gains	—	6,579,873	6,579,873
Perpetual trust	—	103,618	103,618
Total funds	<u>\$ 1,696,410</u>	<u>\$ 24,611,283</u>	<u>\$ 26,307,693</u>

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

Notes to Consolidated Financial Statements (continued)

**Note O—Endowment (continued)**

Changes in endowment net assets for the year ended September 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,696,410	\$ 24,611,283	\$ 26,307,693
Investment return:			
Investment income, net of fees	63,896	762,514	826,410
Net depreciation	(387,903)	(4,698,546)	(5,086,449)
Total investment return	(324,007)	(3,936,032)	(4,260,039)
Contributions	—	53,627	53,627
Depreciation in beneficial interest in perpetual trust	—	(16,226)	(16,226)
Change in value of split-interest agreement	—	124,305	124,305
Amounts appropriated for expenditure	(30,516)	(878,199)	(908,715)
Endowment net assets, end of year	<u>\$ 1,341,887</u>	<u>\$ 19,958,758</u>	<u>\$ 21,300,645</u>

Changes in endowment net assets for the year ended September 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,406,797	\$ 20,038,676	\$ 21,445,473
Investment return:			
Investment income, net of fees	24,138	319,776	343,914
Net appreciation	265,475	3,532,436	3,797,911
Total investment return	289,613	3,852,212	4,141,825
Contributions	—	692,066	692,066
Appreciation in beneficial interest in perpetual trust	—	17,856	17,856
Change in value of split-interest agreement	—	31,000	31,000
Amounts appropriated for expenditure	—	(20,527)	(20,527)
Endowment net assets, end of year	<u>\$ 1,696,410</u>	<u>\$ 24,611,283</u>	<u>\$ 26,307,693</u>

# Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

## Notes to Consolidated Financial Statements (continued)

### Note P—Net Investment Return

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

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 898,161	\$ 428,253
Realized and unrealized net gain (loss) on investments	(5,083,252)	3,788,492
Investment management fees	(75,410)	(77,870)
Total	<u>\$ (4,260,501)</u>	<u>\$ 4,138,875</u>

### Note Q—Commitments

#### Lease Commitments

The Museum leases certain office equipment under noncancelable operating lease. The lease expires in February 2024. Lease expense for this office equipment was \$2,520 in 2022 and \$2,331 in 2021.

The Museum leases a secondary office facility under a noncancelable operating lease that expires in March 2023. Rent expense for the lease totaled \$33,263 in 2022 and \$31,493 in 2021.

Future minimum lease commitments at September 30, 2022 under noncancelable operating leases with remaining terms in excess of one year are as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2023	\$ 37,146
2024	18,363
Total lease commitments	<u>\$ 55,509</u>

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

## **Notes to Consolidated Financial Statements (continued)**

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### **Note Q—Commitments (continued)**

#### **Collaborative Arrangement**

In October 2016, the Museum entered into a collaborative arrangement with WOOD TV8 for the purpose of growing community connections through the media arts which expires in October 2023. The Museum provides space for the joint media center and collaboratively works with WOOD TV8 to conceive and produce broadcasts, programs, events, and presentations utilizing the media arts.

#### **Note R—Retirement Plan**

The Museum has an IRC Section 401(k) retirement plan covering all eligible employees. The Museum suspended matching effective October 2020 and reinstated in January 2023. As such the Museum's matching contributions were \$0 in 2022 and \$8,428 in 2021.

#### **Note S—Advertising Costs**

Advertising and promotion costs are expensed at the time the advertising takes place. Advertising costs incurred were \$44,039 in 2022 and \$83,958 in 2021.

#### **Note T—Risk and Uncertainties**

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

# Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

## Notes to Consolidated Financial Statements (continued)

### Note U—Liquidity and Availability

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

	2022	2021
Cash	\$ 1,101,739	\$ 2,014,171
Receivables	6,195,733	3,046,915
Investments	20,211,422	25,277,953
Total financial assets	27,508,894	30,339,039
Less those unavailable for general expenditure within one year due to:		
Restricted by donor with purpose restrictions	6,008,750	2,311,333
Restricted by donor with time restrictions	—	—
Donor-restricted endowment	18,105,724	17,927,792
Board-designated endowment	1,341,887	1,696,410
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,052,533	\$ 8,403,504

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

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

The Organization's board-designated endowment of \$1,341,887 is subject to an annual spending policy rate up to 5% as described in Footnote O. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

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

Notes to Consolidated Financial Statements (continued)

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**Note U—Liquidity and Availability (continued)**

As part of the Organization's liquidity management plan, the Board has a line of credit and has designated an amount for an operating reserve which was \$300,000 as of September 30, 2022 and in 2021.

**Note V—Supplemental Cash Flow Information**

Cash paid for interest was \$4,406 in 2022 and \$0 in 2021.

## Supplementary Information



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

Consolidating Statement of Financial Position  
September 30, 2022

	Grand Rapids Art Museum	Grand Rapids Art Museum Foundation	Eliminations	Consolidated
<b>Assets</b>				
Cash	\$ 839,643	\$ -	\$ -	\$ 839,643
Receivables:				
Accounts	86,588	-	(38,947)	47,641
Contributions	5,857,462	-	-	5,857,462
Employee Retention Credit	847,161	-	-	847,161
Inventories	19,204	-	-	19,204
Prepaid expenses	116,172	-	-	116,172
Prepaid exhibitions	412,453	-	-	412,453
Assets restricted for comprehensive campaign:				
Cash	226,785	-	-	226,785
Contributions receivable	243,928	-	-	243,928
Property and equipment, less accumulated depreciation	60,145,984	-	-	60,145,984
Beverage license	42,444	-	-	42,444
Beneficial interest in perpetual trust	82,292	-	-	82,292
Assets restricted for endowment:				
Cash	-	35,311	-	35,311
Interest receivable	-	2,559	-	2,559
Contributions receivable	-	46,702	-	46,702
Contribution receivable—split-interest agreement	-	961,305	-	961,305
Investments	-	20,211,422	-	20,211,422
Total assets	<u>\$ 68,920,116</u>	<u>\$ 21,257,299</u>	<u>\$ (38,947)</u>	<u>\$ 90,138,468</u>
<b>Liabilities</b>				
Accounts payable	\$ 657,531	\$ 38,947	\$ (38,947)	\$ 657,531
Other payables	43,571	-	-	43,571
Advance deposits	110,468	-	-	110,468
Line-of-credits	1,300,000	-	-	1,300,000
Total liabilities	<u>2,111,570</u>	<u>38,947</u>	<u>(38,947)</u>	<u>2,111,570</u>
<b>Net Assets</b>				
Without donor restrictions	52,090,806	1,341,886	-	53,432,692
With donor restrictions	14,717,740	19,876,466	-	34,594,206
Total net assets	<u>66,808,546</u>	<u>21,218,352</u>	<u>-</u>	<u>88,026,898</u>
Total liabilities and net assets	<u>\$ 68,920,116</u>	<u>\$ 21,257,299</u>	<u>\$ (38,947)</u>	<u>\$ 90,138,468</u>

# Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

## Consolidating Statement of Financial Position September 30, 2021

	Grand Rapids Art Museum	Grand Rapids Art Museum Foundation	Eliminations	Consolidated
<b>Assets</b>				
Cash	\$ 1,317,793	\$ -	\$ -	\$ 1,317,793
Accounts receivable	29,619	8,695	(8,695)	29,619
Contributions receivable	1,432,980	-	-	1,432,980
Inventories	12,777	-	-	12,777
Prepaid expenses	142,786	-	-	142,786
Prepaid exhibitions	288,720	-	-	288,720
Assets restricted for comprehensive campaign:				
Cash	642,768	-	-	642,768
Contributions receivable	1,559,316	-	-	1,559,316
Property and equipment, less accumulated depreciation	58,359,975	-	-	58,359,975
Beverage license	42,444	-	-	42,444
Beneficial interest in perpetual trust	103,618	-	-	103,618
Assets restricted for endowment:				
Cash	-	53,610	-	53,610
Interest receivable	-	1,817	-	1,817
Contributions receivable	-	25,000	-	25,000
Contribution receivable—split-interest agreement	-	837,000	-	837,000
Investments	-	25,277,953	-	25,277,953
Total assets	<u>\$ 63,932,796</u>	<u>\$ 26,204,075</u>	<u>\$ (8,695)</u>	<u>\$ 90,128,176</u>
<b>Liabilities</b>				
Accounts payable	\$ 220,866	\$ -	\$ (8,695)	212,171
Other payables	28,432	-	-	28,432
Advance deposits	87,278	-	-	87,278
Long-term debt:				
Paycheck Protection Program loan	457,300	-	-	457,300
Total liabilities	<u>793,876</u>	<u>-</u>	<u>(8,695)</u>	<u>785,181</u>
<b>Net Assets</b>				
Without donor restrictions	53,944,314	1,696,410	-	55,640,724
With donor restrictions	9,194,606	24,507,665	-	33,702,271
Total net assets	<u>63,138,920</u>	<u>26,204,075</u>	<u>-</u>	<u>89,342,995</u>
Total liabilities and net assets	<u>\$ 63,932,796</u>	<u>\$ 26,204,075</u>	<u>\$ (8,695)</u>	<u>\$ 90,128,176</u>

# Grand Rapids Art Museum and Grand Rapids Art Museum Foundation

## Consolidating Statement of Activities

Year ended September 30, 2022

	<b>Grand Rapids Art Museum</b>	
	<b>Without</b>	<b>With Donor</b>
	<b>Donor</b>	<b>Restrictions</b>
	<b>Restrictions</b>	
<b>Support and revenue:</b>		
Contributions	\$ 1,509,277	\$ 6,465,761
Admissions	113,746	-
Memberships	143,427	-
Program fees	61,994	-
Special events	420,797	-
Museum store	20,828	-
Exhibition touring	90,000	-
Grand Rapids Art Museum Foundation Support	879,000	-
Gain on extinguishment of debt	457,300	-
Government grant	847,161	-
Net investment return	(463)	-
Change in value of split-interest agreement	-	-
Depreciation in beneficial interest in perpetual trust	-	(16,226)
In-kind donations	456,421	-
Other income	25,213	-
Total support and revenue	5,024,701	6,449,535
Net assets released from restrictions	870,401	(870,401)
Total support, revenue and reclassifications	5,895,102	5,579,134
<b>Expenses:</b>		
Program	3,892,481	-
Management and general	2,973,264	-
Fundraising	882,865	-
Total expenses	7,748,610	-
Support, revenue and reclassifications over (under) expenses	(1,853,508)	5,579,134
Collection items purchased	-	(56,000)
Change in net assets	(1,853,508)	5,523,134
Net assets, beginning of year	53,944,314	9,194,606
Net assets, end of year	\$ 52,090,806	\$ 14,717,740

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

Consolidating Statement of Activities (continued)  
Year ended September 30, 2022

<b>Grand Rapids Art Museum Foundation</b>				
<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Eliminations</b>	<b>Total</b>	
\$ -	\$ 53,627	\$ -	\$	8,028,665
-	-	-		113,746
-	-	-		143,427
-	-	-		61,994
-	-	-		420,797
-	-	-		20,828
-	-	-		90,000
-	-	(879,000)		-
-	-	-		457,300
-	-	-		847,161
(324,006)	(3,936,032)	-		(4,260,501)
-	124,305	-		124,305
-	-	-		(16,226)
-	-	-		456,421
-	-	-		25,213
(324,006)	(3,758,100)	(879,000)		6,513,130
873,099	(873,099)	-		-
549,093	(4,631,199)	(879,000)		6,513,130
879,000	-	(879,000)		3,892,481
24,617	-	-		2,997,881
-	-	-		882,865
903,617	-	(879,000)		7,773,227
(354,524)	(4,631,199)	-		(1,260,097)
-	-	-		(56,000)
(354,524)	(4,631,199)	-		(1,316,097)
1,696,410	24,507,665	-		89,342,995
\$ 1,341,886	\$ 19,876,466	\$ -	\$	88,026,898

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

Consolidating Statement of Activities

Year ended September 30, 2021

	<b>Grand Rapids Art Museum</b>	
	<b>Without</b>	<b>With Donor</b>
	<b>Donor</b>	<b>Restrictions</b>
	<b>Restrictions</b>	
<b>Support and revenue:</b>		
Contributions	\$ 1,367,139	\$ 410,229
Admissions	81,497	-
Memberships	131,307	-
Program fees	49,676	-
Special events	145,899	-
Museum store	38,926	-
Grant	9,698,070	-
Government grant	457,300	-
Net investment return	(2,950)	-
Change in value of split-interest agreement	-	-
Appreciation in beneficial interest in perpetual trust	-	17,856
In-kind donations	17,880	-
Other income	19,953	-
Total support and revenue	12,004,697	428,085
Net assets released from restrictions	1,980,120	(1,980,120)
Total support, revenue and reclassifications	13,984,817	(1,552,035)
<b>Expenses:</b>		
Program	3,409,878	-
Management and general	2,453,696	-
Fundraising	631,638	-
Total expenses	6,495,212	-
Support, revenue and reclassifications over (under) expenses	7,489,605	(1,552,035)
Collection items purchased	-	(34,000)
Change in net assets	7,489,605	(1,586,035)
Net assets, beginning of year	46,454,709	10,780,641
Net assets, end of year	\$ 53,944,314	\$ 9,194,606

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

Consolidating Statement of Activities (continued)  
Year ended September 30, 2021

<b>Grand Rapids Art Museum Foundation</b>				
<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Eliminations</b>	<b>Total</b>	
\$ -	\$ 692,066	\$ -	\$ 2,469,434	
-	-	-	81,497	
-	-	-	131,307	
-	-	-	49,676	
-	-	-	145,899	
-	-	-	38,926	
-	-	-	9,698,070	
-	-	-	457,300	
289,613	3,852,212	-	4,138,875	
-	31,000	-	31,000	
-	-	-	17,856	
-	-	-	17,880	
-	-	-	19,953	
289,613	4,575,278	-	17,297,673	
15,252	(15,252)	-	-	
304,865	4,560,026	-	17,297,673	
-	-	-	3,409,878	
15,252	-	-	2,468,948	
-	-	-	631,638	
15,252	-	-	6,510,464	
289,613	4,560,026	-	10,787,209	
-	-	-	(34,000)	
289,613	4,560,026	-	10,753,209	
1,406,797	19,947,639	-	78,589,786	
\$ 1,696,410	\$ 24,507,665	\$ -	\$ 89,342,995	

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

Consolidating Statement of Cash Flows

Year ended September 30, 2022

	<u>Grand Rapids Art Museum</u>	<u>Grand Rapids Art Museum Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Operating activities</b>				
Change in net assets	\$ 3,669,626	\$ (4,985,723)	\$ -	\$ (1,316,097)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	2,130,294	-	-	2,130,294
Collection items purchased	56,000	-	-	56,000
Donated stock	(172,275)	-	-	(172,275)
Amortization of discount	836,635	3,298	-	839,933
Realized/unrealized net gain on investments	-	5,082,790	-	5,082,790
Change in value of split-interest agreement	-	(124,305)	-	(124,305)
Depreciation in beneficial interest	16,226	-	-	16,226
Paycheck Protection Program loan debt extinguishment	(457,300)	-	-	(457,300)
Changes in operating assets and liabilities:				
Receivables	(5,096,009)	(17,047)	47,642	(5,065,414)
Employee retention credit	(847,161)	-	-	(847,161)
Inventories	(6,427)	-	-	(6,427)
Prepaid expenses	(97,119)	-	-	(97,119)
Payables	451,804	38,947	(47,642)	443,109
Advance deposits	23,190	-	-	23,190
Total adjustments	<u>(3,162,142)</u>	<u>4,983,683</u>	<u>-</u>	<u>1,821,541</u>
Net cash provided by operating activities	507,484	(2,040)	-	505,444

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

Consolidating Statement of Cash Flows (continued)  
Year ended September 30, 2022

	<b>Grand Rapids Art Museum</b>	<b>Grand Rapids Art Museum Foundation</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Investing activities</b>				
Distributions from perpetual trust	5,100	-	-	5,100
Purchases of investments	-	(2,180,431)	-	(2,180,431)
Proceeds from sales of investments	-	2,164,172	-	2,164,172
Property/equipment expenditures	(3,916,303)	-	-	(3,916,303)
Collection items purchased	(56,000)	-	-	(56,000)
Net cash used in investing activities	(3,967,203)	(16,259)	-	(3,983,462)
<b>Financing activities</b>				
Proceeds from restricted contributions:				
Comprehensive campaign	1,265,586	-	-	1,265,586
Proceeds from borrowings	1,300,000	-	-	1,300,000
Net cash provided by financing activities	2,565,586	-	-	2,565,586
Net decrease in cash	(894,133)	(18,299)	-	(912,432)
Cash, beginning of year	1,960,561	53,610	-	2,014,171
Cash, end of year	<u>\$ 1,066,428</u>	<u>\$ 35,311</u>	<u>\$ -</u>	<u>\$ 1,101,739</u>



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

Consolidating Statement of Cash Flows

Year ended September 30, 2021

	<u>Grand Rapids Art Museum</u>	<u>Grand Rapids Art Museum Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Operating activities</b>				
Change in net assets	\$ 5,903,570	\$ 4,849,639	\$ -	\$ 10,753,209
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	2,042,998	-	-	2,042,998
Collection items purchased	34,000	-	-	34,000
Donated stock	(390,708)	-	-	(390,708)
Amortization of discount	(114,904)	-	-	(114,904)
Loss on disposition of inventory	86,387	-	-	86,387
Realized/unrealized net gain on investments	-	(3,791,438)	-	(3,791,438)
Change in value of split-interest agreement	-	(31,000)	-	(31,000)
Appreciation in beneficial interest	(17,856)	-	-	(17,856)
Bond debt extinguishment	(9,698,070)	-	-	(9,698,070)
Paycheck Protection Program loan debt extinguishment	(457,300)	-	-	(457,300)
Changes in operating assets and liabilities:				
Receivables	2,281,736	(8,807)	(48,607)	2,224,322
Inventories	24,377	-	-	24,377
Prepaid expenses	(136,786)	-	-	(136,786)
Payables	31,671	(57,302)	48,607	22,976
Advance deposits	31,073	-	-	31,073
Total adjustments	<u>(6,283,382)</u>	<u>(3,888,547)</u>	<u>-</u>	<u>(10,171,929)</u>
Net cash provided by operating activities	(379,812)	961,092	-	581,280

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

Consolidating Statement of Cash Flows (continued)  
Year ended September 30, 2021

	<b>Grand Rapids Art Museum</b>	<b>Grand Rapids Art Museum Foundation</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Investing activities</b>				
Distributions from perpetual trust	5,275	-	-	5,275
Purchases of investments	-	(3,377,005)	-	(3,377,005)
Proceeds from sales of investments	-	2,436,369	-	2,436,369
Property/equipment expenditures	(1,499,564)	-	-	(1,499,564)
Collection items purchased	(34,000)	-	-	(34,000)
Net cash used in investing activities	(1,528,289)	(940,636)	-	(2,468,925)
<b>Financing activities</b>				
Proceeds from restricted contributions:				
Comprehensive campaign	552,500	-	-	552,500
Proceeds from Paycheck Protection Program loan	457,300	-	-	457,300
Net cash provided by financing activities	1,009,800	-	-	1,009,800
Net decrease in cash	(898,301)	20,456	-	(877,845)
Cash, beginning of year	2,858,862	33,154	-	2,892,016
Cash, end of year	<u>\$ 1,960,561</u>	<u>\$ 53,610</u>	<u>\$ -</u>	<u>\$ 2,014,171</u>