

ALLENTOWN ART MUSEUM

FINANCIAL REPORT

June 30, 2022

**BUCKNO
LISICKY** 
& COMPANY

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A Professional Corporation

Certified Public Accountants | Business Consultants

ALLENTOWN ART MUSEUM

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June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Allentown Art Museum

Opinion

We have audited the accompanying financial statements of Allentown Art Museum (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allentown Art Museum as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Allentown Art Museum 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 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 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 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 Allentown Art Museum'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Allentown Art Museum'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Fund Statements, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Buckno Lisicky & Co PC

Allentown, Pennsylvania
November 3, 2022

ALLENTOWN ART MUSEUM
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 212,141	\$ 230,923
Cash and cash equivalents, restricted	1,796,497	1,301,290
Accounts receivable	55,980	3,036
Pledges receivable	8,600	13,000
Deposits receivable	560,000	500,000
Prepaid expenses	25,752	83,744
Inventory	32,321	35,159
TOTAL CURRENT ASSETS	<u>2,691,291</u>	<u>2,167,152</u>
PROPERTY AND EQUIPMENT, NET	<u>10,383,971</u>	<u>10,634,829</u>
OTHER ASSETS		
Investments, at fair value	11,124,522	13,664,293
Beneficial interest in split interest agreements	2,348,377	2,836,087
TOTAL OTHER ASSETS	<u>13,472,899</u>	<u>16,500,380</u>
TOTAL ASSETS	<u>\$ 26,548,161</u>	<u>\$ 29,302,361</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 37,176	\$ 22,524
Accrued expenses	145,569	126,945
Line of credit	53,333	1,249,008
Current maturities of long-term debt	37,710	-
TOTAL CURRENT LIABILITIES	<u>273,788</u>	<u>1,398,477</u>
LONG-TERM DEBT		
Note payable, net of current portion	<u>1,441,659</u>	-
TOTAL LONG-TERM DEBT	<u>1,441,659</u>	-
NET ASSETS		
Without donor restrictions	9,277,964	9,784,945
With donor restrictions	15,554,750	18,118,939
TOTAL NET ASSETS	<u>24,832,714</u>	<u>27,903,884</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 26,548,161</u>	<u>\$ 29,302,361</u>

ALLENTOWN ART MUSEUM
Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
OPERATING REVENUE AND SUPPORT						
Government grants	\$ 70,005	\$ -	\$ 70,005	\$ 276,000	\$ 7,430	\$ 283,430
Contributions and gifts	1,053,779	381,283	1,435,062	970,523	237,763	1,208,286
Retail and auxiliary	70,546	-	70,546	35,977	-	35,977
Admissions	24,667	-	24,667	18,878	-	18,878
Rental income	2,420	-	2,420	1,000	-	1,000
Special events	411,264	37,650	448,914	210,920	46,975	257,895
Miscellaneous income	900	-	900	400	-	400
Endowment withdrawal for operating activities	696,860	-	696,860	694,467	-	694,467
Net assets released from donor restrictions						
to fund operating expenses	149,741	(149,741)	-	141,541	(141,541)	-
TOTAL OPERATING REVENUE AND SUPPORT	2,480,182	269,192	2,749,374	2,349,706	150,627	2,500,333
OPERATING EXPENSES						
Program services:						
Exhibitions, collections and curatorial	1,218,764	-	1,218,764	934,130	-	934,130
Education	368,014	-	368,014	320,794	-	320,794
Retail and auxiliary	81,163	-	81,163	58,684	-	58,684
Supporting services:						
Management and general	416,585	-	416,585	578,489	-	578,489
Development and marketing	691,672	-	691,672	609,595	-	609,595
TOTAL OPERATING EXPENSES	2,776,198	-	2,776,198	2,501,692	-	2,501,692
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(296,016)	269,192	(26,824)	(151,986)	150,627	(1,359)
NON-OPERATING REVENUES (EXPENSES)						
Endowment withdrawal for acquisition	-	16,956	16,956	-	16,896	16,896
Proceeds from sale of art	-	6,548	6,548	-	-	-
Permanent collection items purchased	-	(195,721)	(195,721)	-	(60,099)	(60,099)
Investment return, net	5	(1,778,309)	(1,778,304)	(743)	2,829,081	2,828,338
Change in value of split-interest agreements	20,500	(400,509)	(380,009)	20,650	565,347	585,997
Distributions from endowment	-	(713,816)	(713,816)	-	(711,363)	(711,363)
Net assets released from donor restrictions						
to fund non-operating expenses	(231,470)	231,470	-	23,333	(23,333)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(210,965)	(2,833,381)	(3,044,346)	43,240	2,616,529	2,659,769
CHANGE IN NET ASSETS	(506,981)	(2,564,189)	(3,071,170)	(108,746)	2,767,156	2,658,410
NET ASSETS, BEGINNING	9,784,945	18,118,939	27,903,884	9,893,691	15,351,783	25,245,474
NET ASSETS, ENDING	\$ 9,277,964	\$ 15,554,750	\$ 24,832,714	\$ 9,784,945	\$ 18,118,939	\$ 27,903,884

ALLENTOWN ART MUSEUM

Statements of Functional Expenses

Year Ended June 30, 2022

	Program Services			Supporting Services		Total
	Exhibitions, Collections & Curatorial	Education	Retail and Auxiliary	Management and General	Development and Marketing	
Advertising and marketing	\$ -	\$ -	\$ 78	\$ -	\$ 14,027	\$ 14,105
Bank fees	-	-	1,563	6,720	3,985	12,268
Collection and exhibition	65,780	-	1,127	-	550	67,457
Computer and telecommunications	29,396	4,708	855	12,390	39,451	86,800
Employee benefits and payroll taxes	85,212	28,288	4,777	20,599	64,515	203,391
Equipment repairs and maintenance	8,214	1,497	272	1,326	1,052	12,361
Facility repairs and maintenance	47,978	8,747	1,590	7,748	7,904	73,967
Insurance	14,560	-	-	28,213	-	42,773
Interest expense	-	-	-	54,671	-	54,671
Licenses and fees	1,357	1,866	45	219	174	3,661
Miscellaneous	-	1,000	-	-	-	1,000
Other personnel expenses	5,329	22,135	263	1,255	1,306	30,288
Postage and shipping	1,739	286	322	409	5,891	8,647
Printing	-	-	-	-	8,015	8,015
Professional fees	19,506	21,978	599	65,784	10,427	118,294
Salaries and wages	552,970	196,632	26,785	150,119	387,460	1,313,966
Store purchases	-	-	29,733	-	-	29,733
Supplies	23,200	13,754	807	4,323	20,528	62,612
Travel and entertainment	353	921	322	4,166	79,877	85,639
Utilities	132,025	24,063	4,372	21,319	16,908	198,687
Volunteer expenses	-	14	-	-	-	14
Subtotal before depreciation expense	<u>987,619</u>	<u>325,889</u>	<u>73,510</u>	<u>379,261</u>	<u>662,070</u>	<u>2,428,349</u>
Depreciation expense	<u>231,145</u>	<u>42,125</u>	<u>7,653</u>	<u>37,324</u>	<u>29,602</u>	<u>347,849</u>
	<u>\$ 1,218,764</u>	<u>\$ 368,014</u>	<u>\$ 81,163</u>	<u>\$ 416,585</u>	<u>\$ 691,672</u>	<u>\$ 2,776,198</u>

ALLENTOWN ART MUSEUM

Statements of Functional Expenses Year Ended June 30, 2021

	Program Services			Supporting Services		Total
	Exhibitions, Collections & Curatorial	Education	Retail and Auxiliary	Management and General	Development and Marketing	
Advertising and marketing	\$ -	\$ -	\$ 42	\$ -	\$ 29,935	\$ 29,977
Bank fees	-	-	1,124	6,537	2,427	10,088
Collection and exhibition	7,967	-	815	-	350	9,132
Computer and telecommunications	30,363	4,897	1,191	12,330	28,893	77,674
Employee benefits and payroll taxes	83,411	24,401	4,436	4,119	64,703	181,070
Equipment repairs and maintenance	7,385	1,347	245	1,192	945	11,114
Facility repairs and maintenance	71,773	13,085	2,377	11,588	9,192	108,015
Insurance	15,501	-	-	28,254	-	43,755
Interest expense	-	-	-	53,279	-	53,279
Licenses and fees	1,570	637	52	253	201	2,713
Miscellaneous	-	435	-	-	9	444
Other personnel expenses	2,402	25,842	210	12,045	1,815	42,314
Postage and shipping	1,164	193	117	195	8,771	10,440
Printing	919	-	-	150	22,801	23,870
Professional fees	18,902	19,688	561	81,344	11,103	131,598
Salaries and wages	422,189	178,600	19,790	139,340	354,319	1,114,238
Store purchases	-	-	18,488	-	-	18,488
Supplies	19,061	5,676	918	5,562	28,078	59,295
Travel and entertainment	288	206	-	-	13,878	14,372
Utilities	94	18	3	181,748	12	181,875
Subtotal before depreciation expense	<u>682,989</u>	<u>275,025</u>	<u>50,369</u>	<u>537,936</u>	<u>577,432</u>	<u>2,123,751</u>
Depreciation expense	<u>251,141</u>	<u>45,769</u>	<u>8,315</u>	<u>40,553</u>	<u>32,163</u>	<u>377,941</u>
	<u>\$ 934,130</u>	<u>\$ 320,794</u>	<u>\$ 58,684</u>	<u>\$ 578,489</u>	<u>\$ 609,595</u>	<u>\$ 2,501,692</u>

See Notes to Financial Statements.

ALLENTOWN ART MUSEUM**Statements of Cash Flows****Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,071,170)	\$ 2,658,410
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	347,849	377,941
Net realized and unrealized gains	2,016,161	(2,576,922)
Contributions for long-term investment	(9,203)	(29,915)
Contributions for capital expenditures	-	15,000
Change in value of split-interest agreements	380,009	(585,997)
Purchase of permanent art collections	195,721	60,099
Proceeds from sale of art	(6,548)	-
Loan forgiveness	-	(238,000)
(Increase) decrease in assets:		
Accounts receivable	(52,944)	1,089
Pledges receivable	4,400	(4,750)
Deposits receivable	(60,000)	(140,000)
Prepaid expenses	57,992	14,792
Inventory	2,838	(1,099)
Increase (decrease) in liabilities:		
Accounts payable	14,654	(804)
Accrued expenses	18,624	(35,560)
NET CASH USED IN OPERATING ACTIVITIES	<u>(161,617)</u>	<u>(485,716)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(96,991)	(52,400)
Proceeds from sale of investments	625,317	597,887
Purchase of permanent art collections	(195,721)	(60,099)
Proceeds from sale of art	6,548	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>339,153</u>	<u>485,388</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term investment	9,203	29,915
Contributions for capital expenditures	-	(15,000)
Proceeds from note payable	1,500,000	-
Payments on lines of credit	(1,195,676)	-
Payment of debt issuance costs	(14,638)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>298,889</u>	<u>14,915</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	476,425	14,587
CASH AND CASH EQUIVALENTS, beginning	1,532,213	1,517,626
CASH AND CASH EQUIVALENTS, ending	<u>\$ 2,008,638</u>	<u>\$ 1,532,213</u>

ALLENTOWN ART MUSEUM**Statements of Cash Flows****Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 212,141	\$ 230,923
Cash and cash equivalents, restricted	<u>1,796,497</u>	<u>1,301,290</u>
	<u>\$ 2,008,638</u>	<u>\$ 1,532,213</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for:		
Interest	<u>\$ 54,671</u>	<u>\$ 53,279</u>

ALLENTOWN ART MUSEUM
Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 1. NATURE OF ACTIVITIES

Allentown Art Museum (The “Museum”) is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania. The Museum’s mission is to enrich the lives of the widest possible audience of visitors to the Museum by engaging, informing, and inspiring them through the activities of collecting, preserving, studying, exhibiting, and interpreting important works of visual art.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The financial statements of the Museum have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Museum’s financial statement presentation follows the reporting provisions applicable to not-for-profit entities. Under these provisions, the Museum is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets are classified as follows:

Net assets without donor restrictions – not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by the actions of the Board of Trustees.

Net assets with donor restrictions – some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Museum considers all highly liquid investments with a maturity of three months or less from the time of purchase to be cash or cash equivalents. Cash equivalents are recorded at cost plus accrued interest, which approximates fair value. Additional information on cash receipts and payments is presented in the Statement of Cash Flows. Restricted cash and cash equivalents represent cash and cash equivalents with donor-imposed restrictions or board designations.

Investments

Investments in short-term instruments, fixed income securities, and equity securities are valued at the last sale price on the principal exchange; in the absence thereof, such securities are valued at the closing bid quotation for long positions and at the closing ask quotation for short positions.

The fair value of investments in equity funds, private equity, and real asset funds are determined based on the net asset values ("NAV") provided by the external investment managers of the underlying funds as a practical expedient to determine the fair value. Certain of these investments, particularly those investing in private equity and real assets, hold investments in non-marketable securities for which there are no readily obtainable values. Values for these investments are provided by the investment manager and may be based on appraisals, obtainable prices for similar assets, or other estimates. The assumptions and methods used to arrive at these valuations are reviewed by the Museum. Due to the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

Purchase and sale of short-term instruments, fixed income, and equity securities are reflected on a trade date basis. Gains and losses on the sale of securities are based on the difference between the sale price and average historical cost basis, where such basis represents the cost of securities purchased or the fair value at the date of receipt for securities received by donation. Interest income is recorded on an accrual basis and dividend income is recorded on the ex-dividend date.

Accounts Receivable

Accounts receivables consists of miscellaneous operating receivables collectible by the Museum. Accounts receivable are stated at unpaid balances, less allowance for doubtful accounts. The Museum provides for losses on accounts receivable using the allowance method. The allowance is based on prior collection experience, analysis of customer's ability to pay, economic conditions and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Museum's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of June 30, 2022 and 2021, management has determined that no allowance is required.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Museum that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in

ALLENTOWN ART MUSEUM
Notes to the Financial Statements
June 30, 2022 and 2021

the fiscal year in which the contributions are recognized. 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.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discount is reported in the statement of activities as contribution revenue.

Conditional promises to give are not included as revenue in the financial statements until the conditions are substantially met. The Museum had no conditional promises to give as of June 30, 2022 and 2021.

Admissions Income

Admissions revenue is associated with tickets sold for entry to the Museum. Admissions revenue ticket price is based upon established levels for individuals and groups. The Museum primarily recognizes revenue at a point in time for admissions at point of sale.

Retail Revenues

Auxiliary activities consist primarily of revenue from retail from the Museum store. Revenue related to retail is primarily recognized at point of time when the sale occurs.

Inventory

Inventory consists of educational products and souvenir items held for resale. These items are stated at the lower of cost or market valued on a first-in, first-out basis. The Museum annually reviews the value of the items in its inventory for obsolescence.

Property and Equipment

Property and equipment, other than contributed property and equipment, is stated at cost. Donated property and equipment is recorded at fair value at the time of contribution. Depreciation is computed by use of the straight-line method based on estimated useful lives. The Museum has a policy to capitalize property and equipment with a cost greater than \$1,000. Such assets and lives are generally as follows:

	<u>Years</u>
Buildings	10-50
Furniture and equipment	5

Art Collections and Library

The Museum's art collection and library are comprised of paintings and sculptures, prints, drawings, photographs, textiles and related historical reference material and are held for educational, research, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their

ALLENTOWN ART MUSEUM
Notes to the Financial Statements
June 30, 2022 and 2021

condition are performed periodically. Museum policy requires that proceeds from the sale of collection and library items be used to acquire other items for the permanent collection and library.

In conformity with accounting policies generally followed by art museums, the value of the Museum's collections has been excluded from the Statement of Financial Position, and gifts of art objects are excluded from revenue in the Statement of Activities. Purchases of art objects by the Museum are recorded as decreases in net assets in the Statement of Activities. Pursuant to state law and Museum policy, proceeds from the sale of permanent art collections (deaccessioning) and related insurance settlements are recorded as net assets with donor restrictions for the acquisition of art. Proceeds from the sale of art that were never added to the museum's permanent collection (non-accessioned) are recorded as assets without donor restrictions.

Income taxes

The Museum is a nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

The Museum continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings in determining any uncertain tax positions.

The Museum files a Return of Organization Exempt From Income Tax annually. The Museum's returns for 2019, 2020 and 2021, are subject to examination by the IRS, generally for three years after they were filed.

Advertising

The Museum expenses advertising costs as they are incurred. Total advertising costs for the years ended June 30, 2022 and 2021 were \$14,105 and \$29,977, respectively.

Use of Estimates

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

Donated Services

The Museum does not record the value of donated services provided by the members of the Society of the Arts, the Allentown Art Museum Auxiliary, and the Board of Trustees. Members of these organizations contributed in excess of 10,000 hours of their time during the year ended June 30, 2022.

Operating vs. Non-Operating Revenue and Expenses

The Museum's operating revenues and expenses on the Statement of Activities is based on the Museum's operating budget. All other revenues and expenses are reported as non-operating.

Functional Expense Allocations

The costs of providing Museum programs and supporting services are shown on the Statement of Functional Expenses. Program services include exhibitions, collections, curatorial, education, retail and auxiliary. Supporting services include management and general and development and marketing. Development and marketing include expenses associated with individual and corporate memberships and contributions, annual appeals, benefit events, capital campaigns, and other fundraising efforts. Management and general administrative costs include expenses for financial administration, information systems, human resources, and legal services.

Natural expenses attributable to numerous functional expense categories are allocated using reasonable cost allocation methodologies. Salaries and benefits are allocated on the basis of estimates of time and effort. Security costs are allocated by a square-footage and guard-post basis. Building expenses, facilities, depreciation, and other museum support are allocated on a square-footage basis.

Reclassification

Certain information in the 2021 financial statements and related footnotes contain reclassifications necessary to make the information comparable to information presented in the 2022 financial statements.

Date of Management's Review

The Museum has evaluated subsequent events through November 3, 2022, the date which the financial statements were available to be issued.

NOTE 3. LIQUIDITY AND AVAILABLE RESOURCES

Looking forward, financial assets available for general expenditure within one year of the statement of financial position date comprise of the following at June 30, 2022 and 2021:

ALLENTOWN ART MUSEUM
Notes to the Financial Statements
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Financial assets available to fund general operations within one year:		
Cash and cash equivalents	\$ 212,141	\$ 230,923
Accounts receivable	55,980	3,036
Pledges receivable	<u>8,600</u>	<u>13,000</u>
	276,721	246,959
Plus other funds subject to appropriation for expenditure:		
Endowment appropriations for operations in the next fiscal year	<u>727,202</u>	<u>696,857</u>
 Total financial assets available within one year	 <u>\$ 1,003,923</u>	 <u>\$ 943,816</u>

As part of the Museum's liquidity management strategy, the Museum structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Museum has one unsecured line of credit available which can provide borrowings up to \$500,000. See Note 7 for additional information.

NOTE 4. INVESTMENTS

Investments, stated at fair value, are comprised of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Mutual Funds, investing in:		
Short-term reserves	\$ 204,649	\$ 204,239
Equities	6,870,125	8,428,006
Fixed income	3,491,315	4,278,657
Real estate	<u>558,433</u>	<u>753,391</u>
	 <u>\$ 11,124,522</u>	 <u>\$ 13,664,293</u>

A summary of earnings on investments for the years ended June 30, 2022 and 2021 is as follows:

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Notes to the Financial Statements
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	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 266,284	\$ 274,333
Realized gains	492,045	611,772
Unrealized gains (losses)	(2,508,206)	1,965,150
Investment fees	<u>(28,427)</u>	<u>(22,917)</u>
	<u>\$ (1,778,304)</u>	<u>\$ 2,828,338</u>

Fair values assigned to these investments may differ significantly from the fair values that would have been used had a ready market for the investments existed, and such differences could be material to the Museum financial statements.

In accordance with the authoritative guidance on fair value measurements and disclosures under US GAAP, the Museum discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to valuations based on unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based on unobservable inputs that are significant to the valuation (Level 3 measurements). The three levels of the fair value hierarchy under the guidance are as follows:

Level 1 - Quoted market prices for identical instruments in active markets. Level 1 assets include cash, cash equivalents, bonds, and equity securities actively traded on recognized exchanges both domestic and foreign. These investments are freely tradable and are valued based on quoted prices from active markets.

Level 2 - Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, observable inputs other than quoted prices, inputs derived principally from or corroborated by observable market data by correlation or other means. Level 2 assets primarily consist of funds that invest in exchange traded equity, fixed income securities, and derivatives. The receipt of information regarding underlying holdings generally is less frequent than assets classified as Level 1. Valuations are based on quoted prices or other significant observable inputs.

Level 3 - Valuation models in which significant inputs are unobservable or where there is little, if any, market activity.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Investments classified within Level 3 whose fair value measurements consider several inputs may include Level 1 and/or Level 2 inputs as components of the overall fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022:

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Mutual funds: Valued at the net asset value (“NAV”) of shares held by the Museum at year end.

Beneficial Interest in Perpetual Trusts: Measured on quoted market prices of the underlying securities and other relevant information generated by market transaction, divided by the Museum’s share based on its pro-rata share of distributable income of the Trusts.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the financial instruments as stated on the Statement of Financial Position, by caption and by level within the valuation hierarchy as of June 30, 2022 and 2021:

	2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Short-term reserves	\$ 204,649	\$ -	\$ -	\$ 204,649
Equities	6,870,125	-	-	6,870,125
Fixed income	3,491,315	-	-	3,491,315
Real estate	558,433	-	-	558,433
	<u>11,124,522</u>	<u>-</u>	<u>-</u>	<u>11,124,522</u>
Beneficial Interest in Perpetual Trust	-	-	2,348,377	2,348,377
	<u>-</u>	<u>-</u>	<u>2,348,377</u>	<u>2,348,377</u>
Total assets at fair value	<u>\$ 11,124,522</u>	<u>\$ -</u>	<u>\$ 2,348,377</u>	<u>\$ 13,472,899</u>

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	2021			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Short-term reserves	\$ 204,239	\$ -	\$ -	\$ 204,239
Equities	8,428,006	-	-	8,428,006
Fixed income	4,278,657	-	-	4,278,657
Real estate	753,391	-	-	753,391
	<u>13,664,293</u>	<u>-</u>	<u>-</u>	<u>13,664,293</u>
Beneficial Interest in Perpetual Trust	<u>-</u>	<u>-</u>	<u>2,836,087</u>	<u>2,836,087</u>
	<u>-</u>	<u>-</u>	<u>2,836,087</u>	<u>2,836,087</u>
Total assets at fair value	<u>\$ 13,664,293</u>	<u>\$ -</u>	<u>\$ 2,836,087</u>	<u>\$ 16,500,380</u>

NOTE 5. CONTRIBUTIONS RECEIVABLE

Unconditional Promises to Give

Unconditional promises to give as of June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Less than one year	<u>\$ 8,600</u>	<u>\$ 13,000</u>

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 907,037	\$ 907,037
Buildings	16,836,181	16,781,662
Furniture and equipment	<u>1,744,212</u>	<u>1,701,740</u>
	19,487,430	19,390,439
Less accumulated depreciation	<u>(9,103,459)</u>	<u>(8,755,610)</u>
	<u>\$ 10,383,971</u>	<u>\$ 10,634,829</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$347,849 and \$377,941, respectively.

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NOTE 7. LINES OF CREDIT

Lines of credit consist of the following:

	<u>2022</u>	<u>2021</u>
\$500,000 Line of Credit with the Bank at the Bank's Prime Rate with a floor of 3.250%, Payable Upon Demand, secured by a mortgage and rents on the main operating location	\$ 53,333	\$ -
\$1,000,000 Unsecured Line of Credit with the Bank at the Bank's Prime Rate Plus 0.5% with a floor of 4%, Payable Upon Demand	-	995,000
\$255,000 Unsecured Line of Credit with the Bank at the Wall Street Prime Rate, with a floor of 5%, Due in Full Upon Demand	-	<u>254,008</u>
	<u>\$ 53,333</u>	<u>\$ 1,249,008</u>

Interest paid on the lines of credit was \$40,264 and \$53,279 for the years ended June 30, 2022 and 2021, respectively. The \$1,000,000 and \$255,000 unsecured lines of credit were paid off and closed during the 2022 fiscal year.

NOTE 8. LONG-TERM DEBT

Long-term debt consist of the following:

	<u>2022</u>	<u>2021</u>
\$1,500,000 Note Payable, due in monthly installments of \$7,757, through April 2047, at a fixed rate of 3.750% for the first 10 years, then at the Bank's Prime Rate with a floor of 3.250%, thereafter, secured by a mortgage and rents on the main operating location. The note is callable on April 26, 2032 and each ten anniversary thereafter	\$ 1,494,007	\$ -
Less unamortized debt issuance costs	(14,638)	-
Less current maturities	<u>(37,710)</u>	<u>-</u>
	<u>\$ 1,441,659</u>	<u>\$ -</u>

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Notes to the Financial Statements
June 30, 2022 and 2021

The future scheduled maturities of long-term debt are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 37,710	\$ 55,376	\$ 93,086
2024	39,148	53,938	93,086
2025	40,642	52,444	93,086
2026	42,192	50,894	93,086
2027	43,802	49,284	93,086
Thereafter	<u>1,290,513</u>	<u>533,501</u>	<u>1,824,014</u>
	<u>\$ 1,494,007</u>	<u>\$ 795,437</u>	<u>\$ 2,289,444</u>

NOTE 9. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Museum's net assets without donor restrictions is comprised of amounts for the following purposes as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ (1,307,469)	\$ (1,122,879)
Board-designated for specified purpose:		
Operating Reserve	201,462	201,462
Investment in property	<u>10,383,971</u>	<u>10,706,362</u>
Total Net Assets Without Donor Restrictions	<u>\$ 9,277,964</u>	<u>\$ 9,784,945</u>

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2022 and 2021:

ALLENTOWN ART MUSEUM
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	<u>2022</u>	<u>2021</u>
Subject to purpose or time:		
Acquisitions	\$ 1,762,160	\$ 1,605,538
Capital expenditures	<u>251,501</u>	<u>20,031</u>
General operating:		
Grippe collections	677,405	849,235
Other programs	<u>274,453</u>	<u>193,176</u>
	<u>951,858</u>	<u>1,042,411</u>
 Total restricted by purpose or time	 <u>2,965,519</u>	 <u>2,667,980</u>
 Perpetual in nature:		
Endowment	10,240,854	12,614,872
Beneficial perpetual trust	<u>2,348,377</u>	<u>2,836,087</u>
	<u>12,589,231</u>	<u>15,450,959</u>
 Total Net Assets With Donor Restrictions	 <u>\$ 15,554,750</u>	 <u>\$ 18,118,939</u>

NOTE 11. PERPETUAL TRUSTS

The Museum is the beneficiary of perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, the Museum has the irrevocable right to receive the income earned on trust assets in perpetuity. The fair value of the beneficial interest in a trust is recognized as an asset and as contributions with donor restrictions at the date the trust is established. The Museum's estimate of fair value at each reporting date is based on fair value information about the trust's assets received from trustees. Trust assets consist of, but are not limited to, cash and cash equivalents, corporate and government bonds, mutual funds, and equity securities. These assets are not subject to control or direction by the Museum. Distributions of income from the trusts are reported as non-operating revenue. Gains and losses, which are not distributed by the trusts, are reflected as the change in value of split-interest agreement in the Statements of Activities. The following table represents the changes in beneficial trust assets for the years ended June 30, 2022 and 2021:

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Notes to the Financial Statements
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Balance, Beginning of Year	\$ 2,836,087	\$ 2,357,240
Distributions	(107,701)	(107,150)
Change in value	<u>(380,009)</u>	<u>585,997</u>
Balance, End of Year	<u>\$ 2,348,377</u>	<u>\$ 2,836,087</u>

NOTE 12. ENDOWMENT

The Museum's endowment consists of various funds established to support general operations and art acquisitions through the withdrawal of income as determined by the Board and donor restrictions. As required by Generally Accepted Accounting Principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Museum has interpreted the laws of the Commonwealth of Pennsylvania as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The net assets with donor restrictions remain classified as such until those amounts are appropriated for expenditure by the Museum in a manner consistent with the laws of the Commonwealth of Pennsylvania.

Endowment Return Objectives, Risk Parameters and Strategies and Spending Policy

The Museum has adopted endowment investment and spending policies which have been approved by the Board of Trustees. The goal of the endowment investment policy is to provide a total return that preserves the long-term purchasing power of the endowment's assets, while providing an income stream to support the activities and mission of the Museum through sufficient spending. To satisfy the total return objectives, the Museum relies on a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum targets a diversified asset allocation that places emphasis on equities-based securities and fixed income investments within prudent risk parameters.

The spending policy of the Museum states distributions from the endowment funds should be determined as follows:

- For the endowment where the donor has stipulated the amount of allowable distributions, the donor's restrictions will govern.

ALLENTOWN ART MUSEUM
Notes to the Financial Statements
June 30, 2022 and 2021

- For those endowment funds which are absent donor's restrictions, the annual spendable distributions from the fund shall use a target of 5% of the three-year moving average of its market value, determined quarterly. Current law (and the Museum's Spending Policy) allows this percentage to vary between 2% and 7%.

The following table represents the endowment net asset composition by type of endowment fund for the years ending June 30, 2022 and 2021:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<u>June 30, 2022</u>			
Board designated endowment	\$ -	\$ -	\$ -
Donor-restricted endowment	<u>-</u>	<u>10,240,854</u>	<u>10,240,854</u>
	<u>\$ -</u>	<u>\$ 10,240,854</u>	<u>\$ 10,240,854</u>
 <u>June 30, 2021</u>			
Board designated endowment	\$ -	\$ -	\$ -
Donor-restricted endowment	<u>-</u>	<u>12,614,872</u>	<u>12,614,872</u>
	<u>\$ -</u>	<u>\$ 12,614,872</u>	<u>\$ 12,614,872</u>

The following table represents the changes in endowment net asset for the years ended June 30, 2022 and 2021:

	<u>2022</u>		
<u>Description</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning	\$ -	\$ 12,614,872	\$ 12,614,872
Contributions	-	9,203	9,203
Investment return:			
Interest and dividends	-	245,209	245,209
Net realized and unrealized gains	-	(1,888,014)	(1,888,014)
Investment fees	-	(26,600)	(26,600)
Withdrawals	<u>-</u>	<u>(713,816)</u>	<u>(713,816)</u>
Endowment net assets, ending	<u>\$ -</u>	<u>\$ 10,240,854</u>	<u>\$ 10,240,854</u>

ALLENTOWN ART MUSEUM
Notes to the Financial Statements
June 30, 2022 and 2021

<u>Description</u>	2021		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
Endowment net assets, beginning	\$ -	\$10,659,690	\$ 10,659,690
Contributions		29,915	29,915
Investment return:			
Interest and dividends	-	252,987	252,987
Net realized and unrealized gains	-	2,405,074	2,405,074
Investment fees	-	(21,431)	(21,431)
Withdrawals	-	(711,363)	(711,363)
Endowment net assets, ending	<u>\$ -</u>	<u>\$12,614,872</u>	<u>\$ 12,614,872</u>

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor restricted endowment funds fall below the level that the donor requires the Museum to retain as a fund of perpetual duration. There was no deficiency of donor restricted endowment funds as of June 30, 2022.

NOTE 13. SPECIAL EVENTS

Revenue and related expenses of the Museum's major fundraising events for the year ended June 30, 2022 and 2021 are as follows:

<u>Description</u>	2022		
	<u>Event Contributions</u>	<u>Costs of Direct Benefits</u>	<u>Net Revenue</u>
Cocktails & Collecting	\$ 91,575	\$ (21,781)	\$ 69,794
Gala	357,339	(75,180)	282,159
	<u>\$ 448,914</u>	<u>\$ (96,961)</u>	<u>\$ 351,953</u>

<u>Description</u>	2021		
	<u>Event Contributions</u>	<u>Costs of Direct Benefits</u>	<u>Net Revenue</u>
Gala	\$ 257,895	\$ (45,491)	\$ 212,404
	<u>\$ 257,895</u>	<u>\$ (45,491)</u>	<u>\$ 212,404</u>

ALLENTOWN ART MUSEUM
Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 14. PENSION PLAN

The Museum has a defined contribution pension plan covering all employees who work an average of 25 hours or more per week. The Museum contributes up to 5% of the earnings of eligible voluntary participants. During year ended June 30, 2022 and 2021, the Museum elected not to contribute their employer contribution.

NOTE 15. CONCENTRATION OF CREDIT RISK

The Museum maintains its cash balances in limited financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, bank balances are in excess of FDIC limits. The Museum has not experienced any losses as a result of these uninsured cash balances.

ALLENTOWN ART MUSEUM

**Combining Statement of Financial Position - Fund Basis
June 30, 2022**

ASSETS	Operating Fund	Board Designated Fund	Capital Fund	Temporarily Restricted Fund	Acquisition Fund	Endowment Fund	Total	Elimination Entry	Consolidated Total
CURRENT ASSETS									
Cash and cash equivalents	\$ 212,141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,141	\$ -	\$ 212,141
Cash and cash equivalents, restricted	-	-	251,501	343,141	1,201,855	-	1,796,497	-	1,796,497
Accounts receivable	55,980	-	-	-	-	-	55,980	-	55,980
Pledges receivable	8,600	-	-	-	-	-	8,600	-	8,600
Deposits receivable	-	-	-	-	560,000	-	560,000	-	560,000
Prepaid expenses	25,752	-	-	-	-	-	25,752	-	25,752
Inventory	32,321	-	-	-	-	-	32,321	-	32,321
Interfund receivable	806,956	201,462	-	(73,489)	305	-	935,234	(935,234)	-
TOTAL CURRENT ASSETS	1,141,750	201,462	251,501	269,652	1,762,160	-	3,626,525	(935,234)	2,691,291
PROPERTY AND EQUIPMENT, NET	-	-	10,383,971	-	-	-	10,383,971	-	10,383,971
OTHER ASSETS									
Investments, at fair value	-	-	-	682,206	-	10,442,316	11,124,522	-	11,124,522
Beneficial interests in perpetual trusts	-	-	-	-	-	2,348,377	2,348,377	-	2,348,377
TOTAL OTHER ASSETS	-	-	-	682,206	-	12,790,693	13,472,899	-	13,472,899
TOTAL ASSETS	\$ 1,141,750	\$ 201,462	\$ 10,635,472	\$ 951,858	\$ 1,762,160	\$ 12,790,693	\$ 27,483,395	\$ (935,234)	\$ 26,548,161
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts payable	\$ 37,176	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,176	\$ -	\$ 37,176
Accrued expenses	145,569	-	-	-	-	-	145,569	-	145,569
Line of credit	53,333	-	-	-	-	-	53,333	-	53,333
Current maturities of long-term debt	37,710	-	-	-	-	-	37,710	-	37,710
Interfund payable	-	-	733,772	-	-	201,462	935,234	(935,234)	-
TOTAL CURRENT LIABILITIES	273,788	-	733,772	-	-	201,462	1,209,022	(935,234)	273,788
LONG-TERM DEBT									
Note payable	1,441,659	-	-	-	-	-	1,441,659	-	1,441,659
TOTAL LONG-TERM DEBT	1,441,659	-	-	-	-	-	1,441,659	-	1,441,659
NET ASSETS									
Without donor restrictions									
Undesignated	(573,697)	-	(733,772)	-	-	-	(1,307,469)	-	(1,307,469)
Board designated	-	201,462	-	-	-	-	201,462	-	201,462
Investment in property	-	-	10,383,971	-	-	-	10,383,971	-	10,383,971
With donor restrictions:									
Restricted by purpose or time	-	-	251,501	951,858	1,762,160	-	2,965,519	-	2,965,519
Beneficial trust	-	-	-	-	-	2,348,377	2,348,377	-	2,348,377
Endowment	-	-	-	-	-	10,240,854	10,240,854	-	10,240,854
TOTAL NET ASSETS	(573,697)	201,462	9,901,700	951,858	1,762,160	12,589,231	24,832,714	-	24,832,714
TOTAL LIABILITIES AND NET ASSETS	\$ 1,141,750	\$ 201,462	\$ 10,635,472	\$ 951,858	\$ 1,762,160	\$ 12,790,693	\$ 27,483,395	\$ (935,234)	\$ 26,548,161

ALLENTOWN ART MUSEUM

Combining Statement of Activities - Fund Basis
Year Ended June 30, 2022

	Operating Fund		Board Designated Fund		Capital Fund		Temporarily	Acquisition	Endowment Fund			TOTAL		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	With Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING REVENUE AND SUPPORT														
Government grants	\$ 70,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,005	\$ -	\$ 70,005	
Contributions and gifts	1,053,779	-	-	-	-	134,000	238,080	-	9,203	9,203	1,053,779	381,283	1,435,062	
Retail and auxiliary	70,546	-	-	-	-	-	-	-	-	-	70,546	-	70,546	
Admissions	24,667	-	-	-	-	-	-	-	-	-	24,667	-	24,667	
Rental income	2,420	-	-	-	-	-	-	-	-	-	2,420	-	2,420	
Special events	411,264	-	-	-	-	37,650	-	-	-	-	411,264	37,650	448,914	
Miscellaneous income	900	-	-	-	-	-	-	-	-	-	900	-	900	
Endowment withdrawal for operating activities	696,860	-	-	-	-	-	-	-	-	-	696,860	-	696,860	
Net assets released from donor restrictions														
to fund operating expenses	149,741	-	-	-	-	(149,741)	-	-	-	-	149,741	(149,741)	-	
TOTAL OPERATING REVENUE AND SUPPORT	2,480,182	-	-	-	-	21,909	238,080	-	9,203	9,203	2,480,182	269,192	2,749,374	
OPERATING EXPENSES														
Program services:														
Exhibitions, collections and curatorial	1,218,764	-	-	-	-	-	-	-	-	-	1,218,764	-	1,218,764	
Education	368,014	-	-	-	-	-	-	-	-	-	368,014	-	368,014	
Retail and auxiliary	81,163	-	-	-	-	-	-	-	-	-	81,163	-	81,163	
Supporting services:														
Management and general	416,585	-	-	-	-	-	-	-	-	-	416,585	-	416,585	
Development and marketing	691,672	-	-	-	-	-	-	-	-	-	691,672	-	691,672	
TOTAL OPERATING EXPENSES	2,776,198	-	-	-	-	-	-	-	-	-	2,776,198	-	2,776,198	
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(296,016)	-	-	-	-	21,909	238,080	-	9,203	9,203	(296,016)	269,192	(26,824)	
NON-OPERATING REVENUES (EXPENSES)														
Endowment withdrawal for acquisition	-	-	-	-	-	-	16,956	-	-	-	-	16,956	16,956	
Proceeds from sale of art	-	-	-	-	-	-	6,548	-	-	-	-	6,548	6,548	
Permanent collection items purchased	-	-	-	-	-	-	(195,721)	-	-	-	-	(195,721)	(195,721)	
Investment return (loss), net	4	-	1	-	1	(112,462)	3,559	(1,669,406)	(1,669,406)	5	(1,778,309)	(1,778,304)		
Change in value of split-interest agreements	-	-	-	-	-	-	-	20,500	(400,509)	(380,009)	20,500	(400,509)	(380,009)	
Distributions from endowment	-	-	-	-	-	-	-	-	(713,816)	(713,816)	-	(713,816)	(713,816)	
Net assets released from donor restrictions														
to fund non-operating expenses	-	-	(231,470)	231,470	-	-	-	-	-	-	(231,470)	231,470	-	
Transfers between funds	368,349	-	(347,849)	-	(347,849)	-	87,200	(20,500)	(87,200)	(107,700)	-	-	-	
TOTAL NON-OPERATING REVENUES (EXPENSES)	368,353	-	(579,318)	231,470	(347,848)	(112,462)	(81,458)	-	(2,870,931)	(2,870,931)	(210,965)	(2,833,381)	(3,044,346)	
CHANGE IN NET ASSETS	72,337	-	(579,318)	231,470	(347,848)	(90,553)	156,622	-	(2,861,728)	(2,861,728)	(506,981)	(2,564,189)	(3,071,170)	
NET ASSETS, BEGINNING	(646,034)	201,462	10,229,517	20,031	10,249,548	1,042,411	1,605,538	-	15,450,959	15,450,959	9,784,945	18,118,939	27,903,884	
NET ASSETS, ENDING	\$ (573,697)	\$ 201,462	\$ 9,650,199	\$ 251,501	\$ 9,901,700	\$ 951,858	\$ 1,762,160	\$ -	\$ 12,589,231	\$ 12,589,231	\$ 9,277,964	\$ 15,554,750	\$ 24,832,714	