

Audited Consolidated Financial Statements
and Other Supplementary Information

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

*Years Ended September 30, 2024 and 2023
with Report of Independent Auditors*

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Audited Consolidated Financial Statements
and Other Supplementary Information

Years Ended September 30, 2024 and 2023

Contents

Audited Consolidated Financial Statements

Report of Independent Auditors.....	1
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	7
Consolidated Statements of Cash Flows.....	9
Notes to Consolidated Financial Statements.....	10

Other Supplementary Information

Report of Independent Auditors on Other Supplementary Information	30
Consolidating Statements of Financial Position	31
Consolidating Statements of Activities.....	35
Consolidating Statements of Cash Flows	37

Report of Independent Auditors

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

Opinion

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Grand Rapids Art Museum and Grand Rapids Art Museum Foundation as of September 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Grand Rapids Art Museum and Grand Rapids Art Museum Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 of Grand Rapids Art Museum and Grand Rapids Art Museum Foundation as of September 30, 2023 were audited by other auditors whose report dated June 4, 2024 expressed an unmodified opinion on those consolidated financial 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 U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Grand Rapids Art Museum and Grand Rapids Art Museum Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Rapids Art Museum and Grand Rapids Art Museum Foundation's ability to continue as a going concern for a reasonable period of time.

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

Andrews Hopper Pavlik PLC

Grand Rapids, Michigan
March 13, 2025

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statements of Financial Position

	September 30	
	2024	2023
Assets		
Cash and cash equivalents	\$ 849,819	\$ 1,120,409
Receivables:		
Accounts	212	4,577
Contributions	1,520,975	1,521,600
Inventories	27,801	21,710
Prepaid expenses	137,016	140,319
Prepaid exhibitions	138,622	42,167
Assets restricted for comprehensive campaign:		
Cash and cash equivalents	101,697	167,251
Contributions receivable	144,731	147,388
Total current assets	<u>2,920,873</u>	<u>3,165,421</u>
Assets restricted for comprehensive campaign, net of current portion:		
Contributions receivable	76,417	184,033
Contributions receivable, net of current portion	1,761,275	2,864,803
Collections (Note 1)	-	-
Property and equipment, net	57,051,217	59,080,697
Beverage license	42,444	42,444
Beneficial interest in perpetual trust	102,909	87,547
Assets restricted for endowment:		
Cash and cash equivalents	37,720	63,774
Interest receivable	2,751	2,895
Contributions receivable	27,195	35,043
Investments	26,615,824	22,906,322
Total assets restricted for endowment	<u>26,683,490</u>	<u>23,008,034</u>
Total assets	<u><u>\$ 88,638,625</u></u>	<u><u>\$ 88,432,979</u></u>

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statements of Financial Position

	September 30	
	2024	2023
Liabilities and net assets		
Accounts payable	\$ 337,203	\$ 477,438
Other payables	85,644	55,376
Advance deposits	164,512	158,604
Line of credit	500,000	1,000,000
Total liabilities	<u>1,087,359</u>	<u>1,691,418</u>
Net assets:		
Without donor restrictions	58,466,871	60,209,667
With donor restrictions	29,084,395	26,531,894
Total net assets	<u>87,551,266</u>	<u>86,741,561</u>
Total liabilities and net assets	<u><u>\$ 88,638,625</u></u>	<u><u>\$ 88,432,979</u></u>

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statement of Activities

Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	\$ 1,279,674	\$ 1,322,068	\$ 2,601,742
Admissions	155,557	-	155,557
Memberships	158,894	-	158,894
Program fees	73,121	-	73,121
Facility rentals	483,603	-	483,603
Fundraiser tickets	67,857	-	67,857
Museum store	7,031	-	7,031
Commissions	61,772	-	61,772
Net investment return	341,290	5,024,693	5,365,983
In-kind donations	36,198	-	36,198
Other income	32,279	33,525	65,804
Net assets released from restrictions	3,827,785	(3,827,785)	-
Total revenue, support, and reclassifications	6,525,061	2,552,501	9,077,562
Expenses			
Program services	4,207,751	-	4,207,751
Management and general	3,154,445	-	3,154,445
Fundraising	737,616	-	737,616
Total expenses	8,099,812	-	8,099,812
Support, revenue, and reclassifications over (under) expenses	(1,574,751)	2,552,501	977,750
Collection items purchases	(168,045)	-	(168,045)
Change in net assets	(1,742,796)	2,552,501	809,705
Net assets beginning of year	60,209,667	26,531,894	86,741,561
Net assets end of year	\$ 58,466,871	\$ 29,084,395	\$ 87,551,266

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statement of Activities

Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 1,737,771	\$ 1,070,728	\$ 2,808,499
Admissions	405,666	-	405,666
Memberships	168,971	-	168,971
Program fees	76,251	-	76,251
Facility rentals	335,988	-	335,988
Fundraiser tickets	59,104	-	59,104
Museum store	18,106	-	18,106
Exhibition touring	180,000	-	180,000
Commissions	83,801	-	83,801
Net investment return	135,632	2,654,609	2,790,241
In-kind donations	15,170	-	15,170
Other income	24,420	-	24,420
Net assets released from restrictions	11,235,569	(11,235,569)	-
Total revenue, support, and reclassifications	14,476,449	(7,510,232)	6,966,217
Expenses			
Program services	4,547,187	-	4,547,187
Management and general	2,786,495	-	2,786,495
Fundraising	858,272	-	858,272
Total expenses	8,191,954	-	8,191,954
Support, revenue, and reclassifications over (under) expenses	6,284,495	(7,510,232)	(1,225,737)
Collection items purchased	(59,600)	-	(59,600)
Change in net assets	6,224,895	(7,510,232)	(1,285,337)
Net assets beginning of year	53,984,772	34,042,126	88,026,898
Net assets end of year	\$ 60,209,667	\$ 26,531,894	\$ 86,741,561

See accompanying notes.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statement of Functional Expenses

Year Ended September 30, 2024

	Program Services				Supporting Services			
	Curatorial & Exhibition	Education	Other	Total Program	Management and General	Fundraising	Total Supporting	Total
Salaries and wages	\$ 274,091	\$ 261,513	\$ 381,218	\$ 916,822	\$ 964,962	\$ 346,094	\$ 1,311,056	\$ 2,227,878
Employee benefits	34,782	24,202	22,144	81,128	83,640	33,954	117,594	198,722
Payroll taxes	18,249	20,105	27,885	66,239	69,795	25,013	94,808	161,047
Advertising and promotions	60,104	65	14,552	74,721	78,781	-	78,781	153,502
Conferences and meetings	31	3,268	-	3,299	5,487	250	5,737	9,036
Cost of sales	1,463	215	4,389	6,067	42,604	5,773	48,377	54,444
Depreciation	-	-	1,667,086	1,667,086	684,110	47,520	731,630	2,398,716
Dues and subscriptions	841	1,422	10,920	13,183	27,180	3,546	30,726	43,909
Fees	206,559	420	1,551	208,530	36,287	594	36,881	245,411
In-kind services	-	-	36,198	36,198	-	-	-	36,198
Insurance	-	-	83,039	83,039	33,699	1,336	35,035	118,074
Interest expense	-	-	-	-	77,973	-	77,973	77,973
Meals and entertainment	2,812	5,802	-	8,614	9,597	1,220	10,817	19,431
Member benefits	14,931	6,317	6,073	27,321	5,698	98,303	104,001	131,322
Miscellaneous	44,740	15	615	45,370	2,327	1,205	3,532	48,902
Occupancy	9,670	8,542	554,603	572,815	278,697	45,991	324,688	897,503
Parking	422	7,083	1,409	8,914	13,915	957	14,872	23,786
Printing, publications, and postage	52,864	1,137	16,172	70,173	12,708	31,402	44,110	114,283
Professional services	42,138	15,923	173,106	231,167	703,352	88,503	791,855	1,023,022
Supplies	1,857	34,525	18,078	54,460	15,575	5,000	20,575	75,035
Travel	17,064	14,993	548	32,605	8,058	955	9,013	41,618
Total expenses	\$ 782,618	\$ 405,547	\$ 3,019,586	\$ 4,207,751	\$ 3,154,445	\$ 737,616	\$ 3,892,061	\$ 8,099,812

See accompanying notes.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statement of Functional Expenses

Year Ended September 30, 2023

	Program Services				Supporting Services			
	Curatorial & Exhibition	Education	Other	Total Program	Management and General	Fundraising	Total Supporting	Total
Salaries and wages	\$ 238,938	\$ 538,467	\$ 45,143	\$ 822,548	\$ 625,219	\$ 439,214	\$ 1,064,433	\$ 1,886,981
Employee benefits	24,833	41,100	5,636	71,569	71,358	52,173	123,531	195,100
Payroll taxes	15,825	39,884	3,216	58,925	42,417	31,330	73,747	132,672
Advertising and promotions	154,151	166	16,593	170,910	26,331	-	26,331	197,241
Conferences and meetings	198	310	-	508	4,571	1,263	5,834	6,342
Cost of sales	443	-	6,795	7,238	34,664	3,566	38,230	45,468
Depreciation	-	-	1,642,518	1,642,518	636,299	61,882	698,181	2,340,699
Dues and subscriptions	1,139	206	826	2,171	9,847	502	10,349	12,520
Fees	270,554	-	1,542	272,096	46,175	899	47,074	319,170
In-kind services	-	-	15,170	15,170	-	-	-	15,170
Insurance	-	-	77,611	77,611	26,887	1,384	28,271	105,882
Interest expense	-	-	-	-	61,426	-	61,426	61,426
Meals and entertainment	3,687	5,149	722	9,558	8,628	2,370	10,998	20,556
Member benefits	29,663	8,208	8,406	46,277	140,979	81,702	222,681	268,958
Miscellaneous	74,315	399	5,236	79,950	3,792	3,002	6,794	86,744
Occupancy	8,407	11,233	584,134	603,774	299,880	67,817	367,697	971,471
Parking	298	7,980	1,272	9,550	21,552	1,979	23,531	33,081
Printing, publications, and postage	274,977	2,163	18,971	296,111	18,777	26,887	45,664	341,775
Professional services	35,879	20,493	211,226	267,598	675,606	75,392	750,998	1,018,596
Supplies	1,244	37,106	7,737	46,087	8,912	3,388	12,300	58,387
Travel	39,288	7,535	195	47,018	23,175	3,522	26,697	73,715
Total expenses	<u>\$ 1,173,839</u>	<u>\$ 720,399</u>	<u>\$ 2,652,949</u>	<u>\$ 4,547,187</u>	<u>\$ 2,786,495</u>	<u>\$ 858,272</u>	<u>\$ 3,644,767</u>	<u>\$ 8,191,954</u>

See accompanying notes.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidated Statements of Cash Flows

	Year Ended September 30	
	2024	2023
Operating activities		
Change in net assets	\$ 809,705	\$ (1,285,337)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	2,398,716	2,340,699
Collection items purchased	168,045	59,600
Donated stock	(310,462)	(4,950)
Change in discount of contribution receivable	(280,888)	(253,710)
Realized/unrealized net gain on investments	(4,680,927)	(2,184,776)
Unrealized gain on beneficial interest	(15,362)	(5,255)
Changes in operating assets and liabilities:		
Receivables	1,507,671	1,774,508
Employee retention credit	-	847,161
Inventories	(6,091)	(2,506)
Prepaid expenses and prepaid exhibitions	(93,152)	346,139
Payables	(109,967)	(246,182)
Advance deposits	5,908	48,136
Net cash from operating activities	(606,804)	1,433,527
Investing activities		
Purchases of investments	(2,676,762)	(2,279,006)
Proceeds from sales of investments	3,958,649	1,768,881
Purchase of property/equipmet	(369,236)	(1,275,412)
Divesture of split-interest agreement	-	961,305
Collection items purchased	(168,045)	(59,600)
Net cash from investing activities	744,606	(883,832)
Financing activities		
Payments on borrowings, net	(500,000)	(300,000)
Net cash from financing activities	(500,000)	(300,000)
Net change in cash	(362,198)	249,695
Cash and cash equivalents, beginning of year	1,351,434	1,101,739
Cash and cash equivalents, end of year	\$ 989,236	\$ 1,351,434
Cash is presented in the accompanying consolidated statements of financial position as follows:		
Cash and cash equivalents	\$ 849,819	\$ 1,120,409
Restricted cash and cash equivalents-comprehensive campaign	101,697	167,251
Restricted cash and cash equivalents-endowment	37,720	63,774
Total cash	\$ 989,236	\$ 1,351,434
Supplemental cash flow information:		
Cash paid for interest	\$ 77,973	\$ 61,426

See accompanying notes.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

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

Nature of Consolidated Operations

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

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

Principles of Consolidation

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

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

Cash and Cash Equivalents

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

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

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

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

Contributions Receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. Allowance for uncollectable contributions receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. As of September 30, 2024 and 2023, an allowance for uncollectable contributions receivable was not deemed necessary.

Inventories

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

Investments

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

Investment management fees totaled \$75,617 for the year ended September 30, 2024 and \$74,226 for the year ended September 30, 2023.

Fair Value Measurements

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

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

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

Fair Value Measurements (continued)

Organization is required to provide information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

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

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

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

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

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

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

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

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

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

Property, Equipment, and Depreciation

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

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

Collections

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

Beneficial Interest in Perpetual Trust

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

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

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

Beneficial Interest in Perpetual Trust (continued)

statements 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 statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities.

Classification of Net Assets

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

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

Revenue Recognition

Contribution Revenue

Unconditional contributions are recognized as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the fiscal year in

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

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

Revenue Recognition (continued)

Contribution Revenue (continued)

which the revenue is 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 and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue from Contracts with Customers

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

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

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

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

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

Revenue Recognition (continued)

Revenue from Contracts with Customers (continued)

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

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

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

Other Revenue

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

Donated Materials, Supplies and Services

Donated materials and supplies are recognized as contributions in the accompanying consolidated statements 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 materials include consulting, marketing/media, and supplies. These donations were recorded as contributions and as expenses at fair value on the date of receipt. Contributions of these types were \$36,198 for the year ended September 30, 2024 and \$15,170 for the year ended September 30, 2023.

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

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

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

Contributed Nonfinancial Assets

For the year ended September 30, 2024, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	Revenue Recognized	Utilization in Programs & Activities	Donor Restrictions	Valuation Techniques and Inputs
Meals and entertainment	\$ 6,056	Membership and Gala	None	Estimated fair value based on fees incurred for similar services
Marketing and advertising	22,500	Various	None	Estimated fair value based on fees incurred for similar services
Floral	5,237	Exhibition	None	Estimated fair value based on fees incurred for similar services
Supplies and materials	2,405	Live Artfully and education	None	Estimated fair value based on fees incurred for similar services
	<u>\$ 36,198</u>			

For the year ended September 30, 2023, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	Revenue Recognized	Utilization in Programs & Activities	Donor Restrictions	Valuation Techniques and Inputs
Media	\$ 13,000	2023 Summer Concert	None	Estimated fair value based on fees incurred for similar services
Food & beverage	2,170	Autumn Affair	None	Estimated fair value based on fees incurred for similar services
	<u>\$ 15,170</u>			

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

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

Functional Allocation of Expenses

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

Advertising

Advertising and promotion costs are expensed at the time the advertising takes place. Advertising costs were \$153,502 during the year ended September 30, 2024 and \$197,241 during the year ended September 30, 2023.

Income Taxes

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

Generally, tax years from 2020 through the current year remain open to examination. The Organization does not believe that the results from the examination of any open years would have a material adverse effect on the Organization.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

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

Use of Estimates (continued)

liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure in the consolidated financial statements through March 13, 2025, which is the date the consolidated financial statements were available to be issued.

2. Liquidity and Availability of Financial Resources

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

	2024	2023
Financial assets:		
Cash	\$ 989,236	\$ 1,351,434
Receivables	3,533,556	4,760,339
Investments	26,615,824	22,906,322
Total financial assets	31,138,616	29,018,095
Less those unavailable for general expenditures:		
Restricted by donor with purpose restrictions	(1,098,003)	(1,196,825)
Restricted by donor with time restrictions	(2,902,942)	(3,707,984)
Board endowment	(1,707,162)	(1,441,596)
Donor endowment	(18,141,509)	(18,097,442)
Financial assets available to meet general expenditures within one year	<u>\$ 7,289,000</u>	<u>\$ 4,574,248</u>

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

2. Liquidity and Availability of Financial Resources (continued)

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

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

The Organization's board-designated endowment of \$1,707,162 is subject to an annual spending policy rate up to 5% as described in Note 9. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the Organization's liquidity management plan, the Organization has a line of credit available. See Note 7 for additional details. The Organization has also designated an amount for an operating reserve which was \$370,632 as of September 30, 2024 and \$804,252 as of September 30, 2023.

3. Contributions Receivable

Contributions receivable are summarized as follows as of September 30:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 1,665,706	\$ 1,668,988
Receivable in one year to five years	2,171,416	3,671,295
Total contributions receivable	3,837,122	5,340,283
Less discount to net present value	(306,529)	(587,417)
Net contributions receivable	<u>\$ 3,530,593</u>	<u>\$ 4,752,866</u>

Contributions receivable in more than one year were discounted at 6.25% per annum for 2024 and 8.50% per annum for 2023.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

3. Contributions Receivable (continued)

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

	<u>2024</u>	<u>2023</u>
Contributions receivable – current	\$ 1,520,975	\$ 1,521,600
Contributions receivable – net of current	1,761,275	2,864,803
Contributions receivable – comprehensive campaign – current	144,731	331,421
Contributions receivable-comprehensive campaign – net of current	76,417	-
Contributions receivable – endowment	27,195	35,042
Total contributions receivable	<u>\$ 3,530,593</u>	<u>\$ 4,752,866</u>

4. Fair Value Measurements

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments Valued Using the Practical Expedient</u>	<u>Total</u>
Beneficial Interest in Perpetual Trust	\$ -	\$ -	\$ 102,909	\$ -	\$ 102,909
Endowment investments:					
Exchange traded funds	\$ 464,896	\$ -	\$ -	\$ -	\$ 464,896
Hedge funds	-	-	-	2,299,169	2,299,669
Fixed income	23,851,759	-	-	-	23,851,759
Total endowment investments	<u>\$ 24,316,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,299,169</u>	<u>\$ 26,615,824</u>

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

4. Fair Value Measurements (continued)

Assets measured at fair value on a recurring basis as of September 30, 2023 are as follows:

	Level 1	Level 2	Level 3	Investments Valued Using the Practical Expedient	Total
Beneficial interest in perpetual trust	\$ -	\$ -	\$ 87,547	\$ -	\$ 87,547
Endowment investments:					
Exchange traded funds	\$ 1,240,573	\$ -	\$ -	\$ -	\$ 1,240,573
Hedge funds	-	-	-	1,910,187	1,910,187
Fixed income	19,755,562	-	-	-	19,755,562
Total endowment investments	\$ 20,996,135	\$ -	\$ -	\$ 1,910,187	\$ 22,906,322

Information about the changes in the beneficial interest and hedge funds are as follows:

	Hedge Fund	Beneficial Interest in Perpetual Trust	Total
Year ended September 30, 2024			
Beginning balance	\$ 1,910,187	\$ 87,547	\$ 1,997,734
Unrealized appreciation included in changes in net assets	388,982	15,362	404,344
Ending balance	\$ 2,299,169	\$ 102,909	\$ 2,402,078

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

4. Fair Value Measurements (continued)

	Hedge Fund	Split- Interest Agreement	Beneficial Interest in Perpetual Trust	Total
Year ended September 30, 2023				
Beginning balance	\$ 2,169,729	\$ 961,305	\$ 82,292	\$ 3,213,326
Unrealized appreciation included in changes in net assets	240,458	-	9,815	250,273
Distributions received	(500,000)	(961,305)	(4,560)	(1,465,865)
Ending balance	<u>\$ 1,910,187</u>	<u>\$ -</u>	<u>\$ 87,547</u>	<u>\$ 1,997,734</u>

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

5. Property and Equipment

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

	2024	2023
Land	\$ 7,575,615	\$ 7,575,615
Building	81,200,732	80,992,193
Leasehold improvements	3,800	3,800
Furniture and equipment	3,235,696	3,074,999
Vehicles	36,919	36,919
Total property and equipment	<u>92,052,762</u>	<u>91,683,526</u>
Less accumulated depreciation	<u>(35,001,545)</u>	<u>(32,602,829)</u>
Property and equipment, net	<u>\$ 57,051,217</u>	<u>\$ 59,080,697</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.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

6. Advance Deposits

The timing of revenue recognition results in advance deposits (contract liability) on the consolidated statements of financial position. Advance deposits have been recorded for fundraiser tickets for 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 as of September 30:

	2024	2023	2022
Advance deposits	\$ 164,512	\$ 158,604	\$ 110,468

7. Lines of Credit

The Organization has two revolving line of credit agreements with a bank under which borrowings bear interest. The general line of credit is at the bank's prime rate less 0.50% for an effective rate of 7.50% as of September 30, 2024 and 8.00% as of September 30, 2023. The construction line of credit was amended during fiscal 2024 to change the interest rate from the bank's prime rate less 0.50% to the bank's prime rate less 0.07% for an effective rate of 7.93% as of September 30, 2024 (8.00% as of September 30, 2023). The general line of credit, which has a limit of \$750,000 had no outstanding balance as of September 30, 2024 and 2023. The construction line of credit, which has a limit of \$1.5 million, had an outstanding balance of \$500,000 as of September 30, 2024 and an outstanding balance of \$1,000,000 as of September 30, 2023.

Both lines of credit are guaranteed by the assets of the Foundation. The general line of credit matures May 31, 2025 and the construction line of credit matures September 1, 2025.

8. Net Assets

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

	2024	2023
Board designated:		
Operating reserves	\$ 370,632	\$ 804,252
Endowment	1,707,162	1,441,596
	<u>\$ 2,077,794</u>	<u>\$ 2,245,848</u>

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

8. Net Assets (continued)

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

	2024	2023
Purpose restricted:		
General operations	\$ 15,000	\$ 27,030
Comprehensive campaign	189,832	-
Exhibitions	205,067	78,771
Education programs	86,917	399,772
Property and equipment	2,599	1,299
Public outreach	2,500	141,436
Collections	513,770	450,582
Promises to give with donor restrictions:		
Exhibitions	14,330	10,330
Property and equipment	67,988	87,605
Total purpose restrictions	1,098,003	1,196,825
Time restricted:		
Programs	2,902,942	3,707,984
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
American Art acquisitions	1,299,100	955,504
Education programs	236,557	93,938
Exhibitions	18,077	20,372
Furniture restoration and maintenance	23,519	18,816
General operations	4,730,907	2,108,025
Underprivileged and disabled patrons	523,607	292,445
Library	7,265	-
Subtotal	6,839,032	3,489,100
Permanently restricted endowments:		
American Art acquisitions	1,069,436	1,069,436
Education programs	547,257	547,257
Exhibitions	57,011	57,011
General operations	15,570,337	15,510,909
Library	37,982	37,982
Underprivileged and disabled patrons	962,395	962,395
Underwater endowments	-	(47,005)
Subtotal	18,244,418	18,137,985
Total endowments	25,083,450	21,627,085
Total net assets with donor restrictions	\$ 29,084,395	\$26,531,894

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

9. 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 U.S. GAAP, 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.

Investment Return Objectives, Risk Parameters, and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, including funds designated by the Board of Trustees to function as endowments, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-tax total real rate of return, including investment income and capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity securities, debt securities, and alternative strategies, which are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately the consumer price index plus 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed so as not to expose the endowment fund to unacceptable levels of risk.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

9. Endowment (continued)

Spending Policy. The Foundation has a policy of appropriating for distribution each year 5.0% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned for all amounts. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at the consumer price index rate. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

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

	Without Donor Restrictions	With Donor Restrictions	Total
September 30, 2024			
Board-designated endowment funds	\$ 1,707,162	\$ -	\$ 1,707,162
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	-	18,141,509	18,141,509
Accumulated investment gains	-	6,839,032	6,839,032
Perpetual trust	-	102,909	102,909
Total funds	\$ 1,707,162	\$ 25,083,450	\$ 26,790,612

	Without Donor Restrictions	With Donor Restrictions	Total
September 30, 2023			
Board-designated endowment funds	\$ 1,441,596	\$ -	\$ 1,441,596
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	-	18,097,442	18,097,442
Accumulated investment gains	-	3,442,095	3,442,095
Perpetual trust	-	87,547	87,547
Total funds	\$ 1,441,596	\$ 21,627,084	\$ 23,068,680

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

9. Endowment (continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,441,596	\$ 21,627,084	\$ 23,068,680
Investment return:			
Investment income	47,058	689,345	736,403
Net appreciation	294,294	4,311,016	4,605,310
Total investment return	341,352	5,000,361	5,341,713
Contributions	-	59,428	59,428
Amounts appropriated for expenditure	(75,786)	(1,603,423)	(1,679,209)
Endowment net assets, end of year	<u>\$ 1,707,162</u>	<u>\$ 25,083,450</u>	<u>\$ 26,790,612</u>

Changes in endowment net assets for the year ended September 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,341,887	\$ 19,958,758	\$ 21,300,645
Investment return:			
Investment income	40,790	608,108	648,898
Net appreciation	64,047	2,046,429	2,110,476
Total investment return	104,837	2,654,537	2,759,374
Contributions	-	13,419	13,419
Amounts appropriated for expenditure	(5,128)	(999,630)	(1,004,758)
Endowment net assets, end of year	<u>\$ 1,441,596</u>	<u>\$ 21,627,084</u>	<u>\$ 23,068,680</u>

10. Commitments

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 expired 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.

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Notes to Consolidated Financial Statements

September 30, 2024

11. 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 \$31,533 in 2024 and \$32,057 in 2023.

12. Major Funding Sources

The Organization receives support from various donors in the community, including individuals, corporations, foundations, and governmental entities. As of September 30, 2024, approximately 79% of receivables were due from one source and approximately 77% were due from one source as of September 30, 2023.

13. Related Party Transactions

The Organization received approximately \$189,000 in contributions during the year ended September 30, 2024 and approximately \$157,000 during the year ended September 30, 2023 from the members of the Board of the Museum and Foundation.

14. Risk and Economic Uncertainties

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

15. Subsequent Event

In November 2024, the Museum sold a piece of art from their permanent collection for approximately \$158,000.

Subsequent to September 30, 2024, the Museum accepted a gift of \$500,000 to establish the "Dean and Helga Toriello Curator of Exhibitions and Collections" endowed fund. The earnings from the fund are to cover the salary and benefits of the Curator of Exhibitions and Collections role at the Museum. An additional \$1,000,000 is anticipated at a future time, for an anticipated future endowment of \$1.5 million.

Report of Independent Auditors
on Other Supplementary Information

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

We have audited the consolidated financial statements of Grand Rapids Art Museum and Grand Rapids Art Museum Foundation as of and for the year ended September 30, 2024, and our report thereon dated March 13, 2025, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The following statements are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities and they are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The 2023 consolidating statements were subjected to the auditing procedures applied in the September 30, 2023 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 2023 consolidated financial statements as a whole.



Grand Rapids, Michigan
March 13, 2025

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Financial Position

September 30, 2024

	Grand Rapids Art Museum	Grand Rapids Art Museum Foundation	Total	Eliminating Entries	Consolidated Totals
Assets					
Cash and cash equivalents	\$ 849,819	\$ -	\$ 849,819	\$ -	\$ 849,819
Receivables:					
Accounts	212	-	212	-	212
Contributions	1,520,975	-	1,520,975	-	1,520,975
Inventories	27,801	-	27,801	-	27,801
Prepaid expenses	137,016	-	137,016	-	137,016
Prepaid exhibitions	138,622	-	138,622	-	138,622
Assets restricted for comprehensive campaign:					
Cash and cash equivalents	101,697	-	101,697	-	101,697
Contributions receivable	144,731	-	144,731	-	144,731
Total current assets	2,920,873	-	2,920,873	-	2,920,873
Assets restricted for comprehensive campaign, net of current portion:					
Contributions receivable	76,417	-	76,417	-	76,417
Contributions receivable, net of current portions	1,761,275	-	1,761,275	-	1,761,275
Collections	-	-	-	-	-
Property and equipment, net	57,051,217	-	57,051,217	-	57,051,217
Beverage license	42,444	-	42,444	-	42,444
Beneficial interest in perpetual trust	102,909	-	102,909	-	102,909
Assets restricted for endowment:					
Cash and cash equivalents	-	37,720	37,720	-	37,720
Interest receivable	-	2,751	2,751	-	2,751
Contributions receivable	-	27,195	27,195	-	27,195
Investments	-	26,615,824	26,615,824	-	26,615,824
Total assets restricted for endowment	-	26,683,490	26,683,490	-	26,683,490
Total assets	\$ 61,955,135	\$ 26,683,490	\$ 88,638,625	\$ -	\$ 88,638,625

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Financial Position

September 30, 2024

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

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Financial Position

September 30, 2023

	Grand Rapids Art Museum	Grand Rapids Art Museum Foundation	Total	Eliminating Entries	Consolidated Totals
Assets					
Cash and cash equivalents	\$ 1,120,409	\$ -	\$ 1,120,409	\$ -	\$ 1,120,409
Receivables:					
Accounts	31,476	-	31,476	(26,899)	4,577
Contributions	1,521,600	-	1,521,600	-	1,521,600
Inventories	21,710	-	21,710	-	21,710
Prepaid expenses	140,319	-	140,319	-	140,319
Prepaid exhibitions	42,167	-	42,167	-	42,167
Assets restricted for comprehensive campaign:					
Cash and cash equivalents	167,251	-	167,251	-	167,251
Contributions receivable	147,388	-	147,388	-	147,388
Total current assets	3,192,320	-	3,192,320	(26,899)	3,165,421
Assets restricted for comprehensive campaign, net of current portion:					
Contributions receivable	184,033	-	184,033	-	184,033
Contributions receivable, net of current portion	2,864,803	-	2,864,803	-	2,864,803
Collections	-	-	-	-	-
Property and equipment, net	59,080,697	-	59,080,697	-	59,080,697
Beverage license	42,444	-	42,444	-	42,444
Beneficial interest in perpetual trust	87,547	-	87,547	-	87,547
Assets restricted for endowment:					
Cash and cash equivalents	-	63,774	63,774	-	63,774
Interest receivable	-	2,895	2,895	-	2,895
Contributions receivable	-	35,043	35,043	-	35,043
Investments	-	22,906,322	22,906,322	-	22,906,322
Total assets restricted for endowment	-	23,008,034	23,008,034	-	23,008,034
Total assets	\$ 65,451,844	\$ 23,008,034	\$ 88,459,878	\$ (26,899)	\$ 88,432,979

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Financial Position

September 30, 2023

	Grand Rapids Art Museum	Grand Rapids Art Museum Foundation	Total	Eliminating Entries	Consolidated Totals
Liabilities and net assets					
Accounts payable	\$ 477,438	\$ 26,899	\$ 504,337	\$ (26,899)	\$ 477,438
Other payables	55,376	-	55,376	-	55,376
Advance deposits	158,604	-	158,604	-	158,604
Line of credit	1,000,000	-	1,000,000	-	1,000,000
Total liabilities	1,691,418	26,899	1,718,317	(26,899)	1,691,418
Net assets:					
Without donor restrictions	58,768,071	1,441,596	60,209,667	-	60,209,667
With donor restrictions	4,992,355	21,539,539	26,531,894	-	26,531,894
Total net assets	63,760,426	22,981,135	86,741,561	-	86,741,561
Total liabilities and net assets	<u>\$ 65,451,844</u>	<u>\$ 23,008,034</u>	<u>\$ 88,459,878</u>	<u>\$ (26,899)</u>	<u>\$ 88,432,979</u>

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Activities

Year Ended September 30, 2024

	Grand Rapids Art Museum Foundation				Total			
	Grand Rapids Art Museum		Foundation		Total			
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Eliminating Entries	Consolidated Totals
Revenue and support								
Contributions	\$ 1,279,674	\$ 1,260,487	\$ -	\$ 61,581	\$ 1,279,674	\$ 1,322,068	\$ -	\$ 2,601,742
Admissions	155,557	-	-	-	155,557	-	-	155,557
Memberships	158,894	-	-	-	158,894	-	-	158,894
Program fees	73,121	-	-	-	73,121	-	-	73,121
Facility rentals	483,603	-	-	-	483,603	-	-	483,603
Fundraiser tickets	67,857	-	-	-	67,857	-	-	67,857
Museum store	7,031	-	-	-	7,031	-	-	7,031
Commissions	61,772	-	-	-	61,772	-	-	61,772
Grand Rapids Art Museum Foundation Support	1,679,200	-	-	-	1,679,200	-	(1,679,200)	-
Net investment return	(63)	24,332	341,353	5,000,361	341,290	5,024,693	-	5,365,983
In-kind donations	36,198	-	-	-	36,198	-	-	36,198
Other income	32,279	33,525	-	-	32,279	33,525	-	65,804
Net assets released from restriction:	2,202,631	(2,202,631)	1,625,154	(1,625,154)	3,827,785	(3,827,785)	-	-
Total revenue, support, and reclassifications	6,237,754	(884,287)	1,966,507	3,436,788	8,204,261	2,552,501	(1,679,200)	9,077,562
Expenses								
Program services	4,207,751	-	1,679,200	-	5,886,951	-	(1,679,200)	4,207,751
Management and general	3,132,705	-	21,740	-	3,154,445	-	-	3,154,445
Fundraising	737,616	-	-	-	737,616	-	-	737,616
Total expenses	8,078,072	-	1,700,940	-	9,779,012	-	(1,679,200)	8,099,812
Support, revenue, and reclassifications over (under) expenses	(1,840,318)	(884,287)	265,567	3,436,788	(1,574,751)	2,552,501	-	977,750
Collection items purchased	(168,045)	-	-	-	(168,045)	-	-	(168,045)
Change in net assets	(2,008,363)	(884,287)	265,567	3,436,788	(1,742,796)	2,552,501	-	809,705
Net assets beginning of year	58,768,071	4,992,355	1,441,596	21,539,539	60,209,667	26,531,894	-	86,741,561
Net assets end of year	\$ 56,759,708	\$ 4,108,068	\$ 1,707,163	\$ 24,976,327	\$ 58,466,871	\$ 29,084,395	\$ -	\$ 87,551,266

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Activities

Year Ended September 30, 2023

	Grand Rapids Art Museum Foundation				Total			
	Grand Rapids Art Museum		Without	With Donor	Without	With Donor	Eliminating	Consolidated
	Without	With Donor	Donor	Restrictions	Donor	Restrictions	Entries	Totals
	Restrictions	Restrictions	Restrictions		Restrictions			
Revenue and support								
Contributions	\$ 1,737,771	\$ 1,057,309	\$ -	\$ 13,419	\$ 1,737,771	\$ 1,070,728	\$ -	\$ 2,808,499
Admissions	405,666	-	-	-	405,666	-	-	405,666
Memberships	168,971	-	-	-	168,971	-	-	168,971
Program fees	76,251	-	-	-	76,251	-	-	76,251
Facility rentals	335,988	-	-	-	335,988	-	-	335,988
Fundraiser tickets	59,104	-	-	-	59,104	-	-	59,104
Museum store	18,106	-	-	-	18,106	-	-	18,106
Exhibition touring	180,000	-	-	-	180,000	-	-	180,000
Commissions	83,801	-	-	-	83,801	-	-	83,801
Grand Rapids Art Museum Foundation Support	982,725	-	-	-	982,725	-	(982,725)	-
Net investment return	30,795	5,255	104,837	2,649,354	135,632	2,654,609	-	2,790,241
In-kind donations	15,170	-	-	-	15,170	-	-	15,170
Other income	24,420	-	-	-	24,420	-	-	24,420
Net assets released from restrictions	10,235,869	(10,235,869)	999,700	(999,700)	11,235,569	(11,235,569)	-	-
Total revenue, support, and reclassifications	14,354,637	(9,173,305)	1,104,537	1,663,073	15,459,174	(7,510,232)	(982,725)	6,966,217
Expenses								
Program services	4,547,187	-	982,725	-	5,529,912	-	(982,725)	4,547,187
Management and general	2,764,393	-	22,102	-	2,786,495	-	-	2,786,495
Fundraising	858,272	-	-	-	858,272	-	-	858,272
Total expenses	8,169,852	-	1,004,827	-	9,174,679	-	(982,725)	8,191,954
Support, revenue, and reclassifications over (under) expenses	6,184,785	(9,173,305)	99,710	1,663,073	6,284,495	(7,510,232)	-	(1,225,737)
Collection items purchased	(59,600)	-	-	-	(59,600)	-	-	(59,600)
Change in net assets	6,125,185	(9,173,305)	99,710	1,663,073	6,224,895	(7,510,232)	-	(1,285,337)
Net assets beginning of year	52,642,886	14,165,660	1,341,886	19,876,466	53,984,772	34,042,126	-	88,026,898
Net assets end of year	\$ 58,768,071	\$ 4,992,355	\$ 1,441,596	\$ 21,539,539	\$ 60,209,667	\$ 26,531,894	\$ -	\$ 86,741,561

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Cash Flows

September 30, 2024

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

Grand Rapids Art Museum and
Grand Rapids Art Museum Foundation

Consolidating Statement of Cash Flows

September 30, 2023

	Grand Rapids				
	Grand Rapids Art Museum	Art Museum Foundation	Total	Eliminating Entries	Consolidated Totals
Operating activities					
Change in net assets	\$ (3,048,120)	\$ 1,762,783	\$ (1,285,337)	\$ -	\$ (1,285,337)
Adjustments to reconcile change in net assets to cash provided by operating activities:					
Depreciation	2,340,699	-	2,340,699	-	2,340,699
Collection items purchased	59,600	-	59,600	-	59,600
Donated stock	(4,950)	-	(4,950)	-	(4,950)
Change in discount of contribution receivable	(255,370)	1,660	(253,710)	-	(253,710)
Realized/unrealized net gain on investments	-	(2,184,776)	(2,184,776)	-	(2,184,776)
Unrealized gain on beneficial interest	(5,255)	-	(5,255)	-	(5,255)
Changes in operating assets and liabilities:					
Receivables	1,698,998	9,664	1,708,662	65,846	1,774,508
Employee retention credit	847,161	-	847,161	-	847,161
Inventories	(2,506)	-	(2,506)	-	(2,506)
Prepaid expenses	346,139	-	346,139	-	346,139
Payables	(168,288)	(12,048)	(180,336)	(65,846)	(246,182)
Advance deposits	48,136	-	48,136	-	48,136
Net cash from operating activities	1,856,244	(422,717)	1,433,527	-	1,433,527
Investing activities					
Purchases of investments	-	(2,279,006)	(2,279,006)	-	(2,279,006)
Proceeds from sales of investments	-	1,768,881	1,768,881	-	1,768,881
Property/equipment expenditures	(1,275,412)	-	(1,275,412)	-	(1,275,412)
Divestiture of split-interest agreement	-	961,305	961,305	-	961,305
Collection items purchased	(59,600)	-	(59,600)	-	(59,600)
Net cash from investing activities	(1,335,012)	451,180	(883,832)	-	(883,832)
Financing activities					
Payments on borrowings, net	(300,000)	-	(300,000)	-	(300,000)
Net cash from financing activities	(300,000)	-	(300,000)	-	(300,000)
Net change in cash	221,232	28,463	249,695	-	249,695
Cash and cash equivalents, beginning of year	1,066,428	35,311	1,101,739	-	1,101,739
Cash and cash equivalents, end of year	\$ 1,287,660	\$ 63,774	\$ 1,351,434	\$ -	\$ 1,351,434