

Muskegon Museum of Art Foundation

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

June 30, 2019 and 2018

MUSKEGON  
MUSEUM OF ART

Muskegon Museum of Art Foundation

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Muskegon Museum of Art Foundation  
Muskegon, Michigan

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Muskegon Museum of Art Foundation (a Michigan nonprofit corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Muskegon Museum of Art Foundation  
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Muskegon Museum of Art Foundation as of June 30, 2019 and 2018, 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.

**Emphasis of Matter – Change in Accounting Principle**

As described in Note M to the financial statements, Muskegon Museum of Art Foundation implemented Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive style with a large, looped initial 'B'.

Muskegon, Michigan  
September 16, 2019

Muskegon Museum of Art Foundation  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 190,774	\$ 312,719
Receivables		
Grants	36,821	20,000
Current maturities of unconditional promises to give, net	121,950	117,967
Other	32,275	4,730
Inventories	29,166	27,734
Prepaid expenses	13,381	47,418
Donated assets held for sale	-	6,300
Total current assets	424,367	536,868
 <b>PROPERTY AND EQUIPMENT</b>		
Buildings	2,631,463	2,526,343
Land improvements	103,955	103,955
Furniture and equipment	6,595	6,595
	2,742,013	2,636,893
Less accumulated depreciation	(308,519)	(210,145)
	2,433,494	2,426,748
Land	360,000	360,000
	2,793,494	2,786,748
 <b>OTHER ASSETS</b>		
Collections (Note L)	-	-
Unconditional promises to give, noncurrent portion	125,671	242,732
Beneficial interest in assets held by others	2,911,908	2,783,738
Liquor license	12,417	12,417
	3,049,996	3,038,887
	<b>\$ 6,267,857</b>	<b>\$ 6,362,503</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 101,481	\$ 119,895
Accrued liabilities		
Salaries and wages	10,847	11,253
Retirement plan	4,269	4,266
Deferred revenues	21,321	27,520
Total current liabilities	137,918	162,934
 <b>NET ASSETS</b>		
Without donor restrictions	4,308,634	4,257,786
With donor restrictions	1,821,305	1,941,783
	6,129,939	6,199,569
	<b>\$ 6,267,857</b>	<b>\$ 6,362,503</b>

The accompanying notes are an integral part of these statements.

Muskegon Museum of Art Foundation  
**STATEMENTS OF ACTIVITIES**  
Years ended June 30, 2019 and 2018

	<b>2019</b>		<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
<b>REVENUES AND SUPPORT</b>			
Grants and awards	\$ 52,021	\$ -	\$ 52,021
Other support and revenues			
Contributions	775,286	19,920	795,206
Sponsorships	186,577	-	186,577
Membership	98,974	-	98,974
Admission fees	31,677	-	31,677
Artist entry fees	41,046	-	41,046
Touring exhibition	15,803	-	15,803
Fundraisers	305,574	-	305,574
Gift shop sales	81,945	-	81,945
Interest income	68	2,139	2,207
Miscellaneous	71,058	-	71,058
Gain from beneficial interest in assets held by others	79,517	89,814	169,331
Gain (loss) on bequest receivable and donated assets held for sale	810	-	810
Net assets released from restrictions	319,273	(319,273)	-
Total revenues and support	2,059,629	(207,400)	1,852,229
<b>EXPENSES</b>			
Program services			
Collections	138,371	-	138,371
Exhibitions	553,904	-	553,904
Education	71,824	-	71,824
Facilities	402,259	-	402,259
Gift shop	172,738	-	172,738
Supporting services			
Management and general	207,305	-	207,305
Fundraising	257,975	-	257,975
Total expenses	1,804,376	-	1,804,376
Revenues and support over (under) expenses	255,253	(207,400)	47,853
Change in net assets related to collection items not capitalized			
Collection items purchased but not capitalized	(204,405)	-	(204,405)
Proceeds from collection items sold	-	86,922	86,922
Change in net assets	50,848	(120,478)	(69,630)
Net assets at beginning of year, as restated	4,257,786	1,941,783	6,199,569
Net assets at end of year	<b>\$ 4,308,634</b>	<b>\$ 1,821,305</b>	<b>\$ 6,129,939</b>

The accompanying notes are an integral part of these statements.

<b>2018</b>		
<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
\$ 55,500	\$ -	\$ 55,500
646,547	62,080	708,627
186,750	-	186,750
94,344	-	94,344
117,545	-	117,545
10,260	-	10,260
6,761	-	6,761
333,399	-	333,399
165,612	-	165,612
105	3,296	3,401
67,014	-	67,014
59,215	74,782	133,997
(64,638)	-	(64,638)
167,469	(167,469)	-
1,845,883	(27,311)	1,818,572
234,532	-	234,532
292,461	-	292,461
71,686	-	71,686
392,439	-	392,439
182,636	-	182,636
363,800	-	363,800
170,542	-	170,542
1,708,096	-	1,708,096
137,787	(27,311)	110,476
(297,089)	-	(297,089)
-	1,046,687	1,046,687
(159,302)	1,019,376	860,074
4,417,088	922,407	5,339,495
<b>\$ 4,257,786</b>	<b>\$ 1,941,783</b>	<b>\$ 6,199,569</b>

Muskegon Museum of Art Foundation  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2019

	<u>Program Services</u>					<u>Supporting Services</u>		<u>Total</u>
	<u>Collections</u>	<u>Exhibitions</u>	<u>Education</u>	<u>Facilities</u>	<u>Gift Shop</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 68,294	\$ 151,910	\$ 44,761	\$ 118,256	\$ 64,550	\$ 121,528	\$ 89,761	\$ 659,060
Fringe benefits								
Payroll taxes	5,873	13,065	3,849	10,171	5,551	10,451	7,719	56,679
Group and workers' compensation insurance	11,423	25,411	7,487	19,781	10,797	20,327	15,014	110,240
Retirement plan contributions	1,767	3,932	1,158	3,060	1,671	3,145	2,323	17,056
	<u>87,357</u>	<u>194,318</u>	<u>57,255</u>	<u>151,268</u>	<u>82,569</u>	<u>155,451</u>	<u>114,817</u>	<u>843,035</u>
Advertising	-	69,248	-	-	4,381	-	10,380	84,009
Contracted services and professional fees	6,320	66,962	-	-	-	16,879	89,959	180,120
Cost of sales	-	-	-	-	75,180	-	-	75,180
Depreciation and amortization	-	-	-	98,374	-	-	-	98,374
Donations	-	-	-	-	-	4,900	-	4,900
Dues and subscriptions	-	-	-	-	-	3,987	-	3,987
Equipment rent	-	-	-	-	-	1,272	-	1,272
Exhibition rental	-	30,147	-	-	-	-	-	30,147
Fees	-	-	-	-	2,657	4,874	8,156	15,687
Field trips	-	-	2,238	-	-	-	-	2,238
Insurance	34,125	-	-	6,196	-	3,104	-	43,425
Miscellaneous	702	30,763	1,788	1,571	-	6,051	760	41,635
Postage and shipping	5,630	40,018	-	-	1,371	-	-	47,019
Printing	-	53,495	447	-	-	-	4,211	58,153
Regional and artist awards	-	55,750	-	-	-	-	-	55,750
Repairs and maintenance								
Equipment	-	-	-	6,827	-	3,656	-	10,483
Building	-	-	-	37,648	-	-	-	37,648
Supplies	1,864	1,587	9,432	5,202	6,580	5,585	25,963	56,213
Travel	2,373	11,586	22	-	-	559	315	14,855
Utilities	-	-	-	95,173	-	-	-	95,173
Workshops	-	30	642	-	-	987	3,414	5,073
	<u>\$ 138,371</u>	<u>\$ 553,904</u>	<u>\$ 71,824</u>	<u>\$ 402,259</u>	<u>\$ 172,738</u>	<u>\$ 207,305</u>	<u>\$ 257,975</u>	<u>\$ 1,804,376</u>

The accompanying notes are an integral part of these statements.



Muskegon Museum of Art Foundation  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2018

	<u>Program Services</u>					<u>Supporting Services</u>		<u>Total</u>
	<u>Collections</u>	<u>Exhibitions</u>	<u>Education</u>	<u>Facilities</u>	<u>Gift Shop</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 149,965	\$ 52,881	\$ 44,796	\$ 138,261	\$ 35,690	\$ 202,327	\$ 36,562	\$ 660,482
Fringe benefits								
Payroll taxes	11,143	4,291	3,689	11,755	4,246	15,057	3,423	53,604
Group and workers' compensation insurance	28,096	666	13,345	4,929	468	39,661	9,485	96,650
Retirement plan contributions	6,352	2,040	1,800	2,075	-	6,957	1,045	20,269
	<u>195,556</u>	<u>59,878</u>	<u>63,630</u>	<u>157,020</u>	<u>40,404</u>	<u>264,002</u>	<u>50,515</u>	<u>831,005</u>
Advertising	-	56,286	-	-	2,638	-	11,140	70,064
Contracted services and professional fees	-	34,398	-	-	-	42,058	65,936	142,392
Cost of sales	-	-	-	-	107,547	-	-	107,547
Depreciation and amortization	-	-	-	82,658	-	-	-	82,658
Donations	-	-	-	-	-	21,050	-	21,050
Dues and subscriptions	-	-	-	-	165	2,689	-	2,854
Equipment rent	-	-	-	-	-	1,174	-	1,174
Exhibition rental	-	36,087	-	-	-	-	-	36,087
Fees	-	-	-	-	14,125	3,694	-	17,819
Field trips	-	-	1,564	-	-	-	-	1,564
Insurance	34,125	-	-	5,931	-	3,019	-	43,075
Miscellaneous	475	14,909	3,563	1,284	9,447	14,503	4,788	48,969
Postage and shipping	966	24,671	-	-	2,661	-	-	28,298
Printing	-	38,345	1,036	-	-	-	7,752	47,133
Regional awards	-	16,518	-	-	-	-	-	16,518
Repairs and maintenance								
Equipment	-	-	-	4,999	-	3,842	-	8,841
Building	-	-	-	35,914	-	-	-	35,914
Supplies	2,644	2,179	1,401	4,830	5,624	7,769	30,041	54,488
Travel	716	9,134	457	36	-	-	-	10,343
Utilities	-	-	-	99,767	-	-	-	99,767
Workshops	50	56	35	-	25	-	370	536
	<u>\$ 234,532</u>	<u>\$ 292,461</u>	<u>\$ 71,686</u>	<u>\$ 392,439</u>	<u>\$ 182,636</u>	<u>\$ 363,800</u>	<u>\$ 170,542</u>	<u>\$ 1,708,096</u>

The accompanying notes are an integral part of these statements.

Muskegon Museum of Art Foundation  
**STATEMENTS OF CASH FLOWS**  
Years ended June 30, 2019 and 2018

	<b>2019</b>	<b>2018</b>
Operating activities		
Change in net assets	\$ (69,630)	\$ 860,074
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	98,374	82,658
(Gain) loss from beneficial interest in assets held by others	(169,331)	(133,997)
(Gain) loss on bequest receivable	-	36,943
(Gain) loss on donated assets held for sale	(810)	40,695
	(141,397)	886,373
(Increase) decrease in operating assets		
Receivables		
Grants	(16,821)	30,000
Other	(27,545)	26,070
Inventories	(1,432)	17,368
Prepaid expenses	34,037	(10,205)
Donated assets held for resale	-	(700)
Increase (decrease) in operating liabilities		
Accounts payable	(18,414)	61,854
Accrued liabilities	(403)	10,547
Deferred revenue	(6,199)	(20,451)
	(178,174)	1,000,856
Net cash provided by (used for) operating activities		
Investing activities		
Change in beneficial interest in assets held by others	41,161	(1,733,334)
Proceeds from sale of donated assets held for sale	7,110	183,806
Collection of bequest	-	626,493
Property and equipment purchases	(105,120)	(92,604)
	(56,849)	(1,015,639)
Net cash provided by (used for) investing activities		
Financing activities		
Contributions restricted for capital campaign	113,078	98,135
	(121,945)	83,352
<b>INCREASE (DECREASE) IN CASH</b>		
Cash at beginning of year	312,719	229,367
Cash at end of year	<b>\$ 190,774</b>	<b>\$ 312,719</b>

The accompanying notes are an integral part of these statements.

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Muskegon Museum of Art Foundation (MMAF) is a not-for-profit organization whose purpose is to promote understanding, education and enjoyment of fine art to the citizens of Muskegon County and all of West Michigan. A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

**Basis of Accounting**

The financial statements are presented on an accrual basis of accounting which recognizes income when earned and expenses when incurred.

**Basis of Presentation**

MMAF is required to report information regarding its financial position and activities according to the following net asset classes: without donor restrictions and with donor restrictions.

*Net assets without donor restrictions.* Net assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions.* Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those may or will be met by the actions of MMAF and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

**Revenue Recognition**

MMAF records earned revenues on an accrual basis. MMAF records as revenue in the period received the following types of contributions, when they are received unconditionally, at their fair value: cash, promises to give (pledges), certain contributed services and gifts of long-lived and other assets. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are recorded net of estimated uncollectible amounts.

Revenue received for goods or services to be provided in the succeeding year is reported as deferred revenue and is not recognized as revenue until the year earned.

MMAF reports gifts of cash or other assets as increases in net assets with donor restrictions if they are received with donor stipulations limiting the use of the donated assets. When a donor restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction. If a restriction is fulfilled in the same period in which the contribution is received, the MMAF reports the support as net assets without donor restrictions.

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Public Support and Revenue**

Campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give are recorded at their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. The majority of the promises to give are received from a broad base of contributors as a result of the campaign. An allowance for uncollectible promises is provided based on Management's evaluation of potential uncollectible promises receivable at year end. Management has determined that all of the promises are collectable and therefore no allowance for uncollectible promises is currently necessary.

**Inventories and Prepaid Expenses**

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Property and Equipment**

Assets purchased at a cost of more than \$5,000 are recorded at cost and are depreciated over the estimated useful lives of the assets using the straight-line method. Maintenance and repairs are expensed as incurred.

Donations of property and equipment with a fair value in excess of \$5,000 are recorded at their estimated fair value on the date donated and depreciated over their estimated useful lives using the straight-line method. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**Recognition of Collection Items**

The art collections are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. For the year ended June 30, 2019, donated artwork, collectibles and artifacts totaled approximately \$143,587, of which \$110,124 has been, or have been earmarked to be, accessioned into MMAF's collection. Donated assets held for sale at June 30, 2018 consist entirely of items donated in previous years still waiting to be sold, with the proceeds from the sales to be used to acquire additional collection items. There were no donated assets held for sale at June 30, 2019.

**Volunteers**

A number of volunteers, including the members of the Board of Directors, have made significant contributions of time to MMAF's policy-making, program, and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services, and, accordingly, is not reflected in the accompanying financial statements.

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Non-monetary Transactions**

Non-monetary transactions are recorded on the basis of the market value of services provided or assets transferred.

**Description of Activities**

Below is a summary of the program services administered by MMAF.

***Collections:*** MMAF through its governing boards, staff, and volunteers, is committed to collecting, preserving, and interpreting its art collections for the benefit of current and future generations. This program service includes curatorial research and oversight, collections management, and acquisition and deacquisition activities. New acquisitions are acquired that enhance both the current make-up of the collection and that advance our mission as established in the vision and mission statements of the institution.

***Exhibitions:*** MMAF is dedicated to the continual and rotating display of the permanent collection and the installation of temporary exhibitions, featuring both the permanent collections and works from other sources. Exhibitions are developed to celebrate and expand the understanding of the museum's permanent collection by reinforcing its value, building supporting scholarship, and demonstrating its links between the past and present.

***Education:*** The educational programs developed by MMAF are a critical tool for addressing their mission goals of providing educational opportunities and engagement, building an environment for creative expression and stimulation, and contributing to community enrichment. Education programs also facilitate and encourage a strong museum connection with the region, builds membership, increases community involvement, and provides accessibility to a wide range of groups, ages, and cultures. It is through programming that the museum is able to connect directly with its audiences, enhancing and building upon the visual experience provided in the galleries.

***Facilities:*** MMAF is committed to its role as steward and caretaker of the historic 1912 building in which it is located. Program services related to Facilities includes custodial and maintenance functions and expenses, as well as all security costs associated with protecting both the art and the facility in a safe and protective manner.

***Gift Shop:*** MMAF operates a gift shop that carries artist consignment goods and products and books related to the permanent collection and temporary exhibitions.

**Functional Expenses**

The cost of providing the program and other activities has been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on Management's analysis and estimates.

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

The expenses that have been allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and effort
Fringe benefits	
Payroll taxes	Time and effort
Group and workers' compensation insurance	Time and effort
Retirement plan contributions	Time and effort
Advertising	Direct cost
Contracted services and professional fees	Direct cost
Fees	Direct cost
Insurance	Direct cost
Miscellaneous	Direct cost
Postage and shipping	Direct cost
Printing	Direct cost
Repairs and maintenance	
Equipment	Direct cost
Supplies	Direct cost
Travel	Direct cost
Workshops	Direct cost

**Advertising Costs**

MMAF expenses the cost of advertising and promotions as incurred. Advertising expense was \$84,009 and \$70,064 in 2019 and 2018, respectively.

**Tax Status**

MMAF is generally exempt from federal income tax under Internal Revenue Code Section 501(c)(3). However, income derived from activities unrelated to MMAF's exempt function is taxable under the Code. This unrelated business taxable income arises principally from gift shop and other sales for items that are not directly related to the exempt function, as well as raffle income.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state and local tax returns generally remain open for examination by the various taxing authorities for a period of three or four years.

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Use of Estimates**

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Reclassifications**

Certain prior year accounts have been reclassified for comparative purposes to conform to the current year presentation.

**Date of Management's Review**

Subsequent events have been evaluated through September 16, 2019, which is the date the financial statements were available to be issued.

**NOTE B—AVAILABILITY AND LIQUIDITY**

The following represents the MMAF's financial assets as of June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Financial assets at year end:		
Cash and cash equivalents	\$ 190,774	\$ 312,719
Grants and other receivables, net	69,096	24,730
Unconditional promises to give - current portion	121,950	117,967
Beneficial interest in assets held by others	2,911,908	2,783,738
Total financial assets	3,293,728	3,239,154
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,821,305	1,941,783
Less net assets with purpose restrictions to be met in less than one year	(43,922)	(62,454)
Board-designated for facilities improvement	523,134	512,851
Board-designated for art acquisition	29,284	7,946
	2,329,801	2,400,126
Financial assets available to meet general expenses over the next year	<b>\$ 963,927</b>	<b>\$ 839,028</b>

MMAF manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenses and meeting its liabilities and other obligations as they become due.

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE C—CASH**

MMAF maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to certain limitations. As of June 30, 2019, MMAF's had no uninsured cash balances.

**NOTE D—UNCONDITIONAL PROMISES TO GIVE**

The unconditional promises to give are for the purposes of operational, facility and program needs and consist of the following as of June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Unconditional promises to give	\$ 249,898	\$ 365,115
Less:		
Discount to net present value	(2,277)	(4,416)
Net unconditional promises to give	<b>\$ 247,621</b>	<b>\$ 360,699</b>
 Amounts due in:		
Less than one year	\$ 121,950	\$ 117,967
More than one year	125,671	242,732
	<b>\$ 247,621</b>	<b>\$ 360,699</b>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1 percent.



Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE E—FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that MMAF has the ability to access.

Level 2            Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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. 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, 2019 and 2018.

***Beneficial Interests in Assets Held by Others:*** The assets are valued based upon MMAF's allocable share of the Community Foundation for Muskegon County and the Grand Haven Area Community Foundation's (Community Foundations) pooled investment portfolio. The allocable share is based on the value of the underlying assets owned by the funds, minus its liabilities.

The beneficial interests in assets held by others are valued monthly by the Community Foundations and are allocated based upon each organization's calculated share of the Community Foundations' pooled investment portfolio. Each entity with an interest within the pooled investments receives a statement from the Community Foundations indicating the additions to the investment (via contributions), withdrawals from the investment (via grants), and the investment returns allocated via a unitization process. MMAF calculates the fair value of its beneficial interest in the pooled investment assets held by the Community Foundations based on the estimated fair value of the underlying assets. The Community Foundations control the investments and make all management and investment decisions.

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019 and 2018

**NOTE E—FAIR VALUE MEASUREMENTS—Continued**

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while MMAF believes its valuation method is 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 sets forth by level, within the fair value hierarchy, MMAF’s assets at fair value as of June 30, 2019 and 2018:

	Assets at Fair Value as of June 30,			
	2019		2018	
	Level 2	Total	Level 2	Total
Beneficial interest in assets held by others	\$ 2,911,908	\$ 2,911,908	\$ 2,783,738	\$ 2,783,738

**NOTE F—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

**The Funds**

MMAF has seven funds with the Community Foundation for Muskegon County (CFFMC) and one fund with the Grand Haven Area Community Foundation (GHACF). The funds are administered by the Community Foundation at which each fund is held.

The Community Foundations invest the majority of contributions to the endowment funds in various types of marketable equity and debt securities, U.S. Treasuries, commercial paper, and certificates of deposit. The majority of investments are uninsured and uncollateralized. The non-endowed funds are invested in money market funds.

***MMA Endowment Fund***

The MMA Endowment Fund held at the GHACF was established in 2011 as an endowment fund to support the programming and operations of the Museum. The agreement with the GHACF allows MMAF to draw 4% of the average of the previous 3 years year-end balance.

***MMA Endowment Fund***

The MMA Endowment Fund held at the CFFMC was established in 1982 as an endowment fund to support operations and activities. The agreement with the CFFMC identifies MMAF as the advisors to the fund and allows MMAF to draw a percentage (4%-5% as determined by MMAF of a 16-quarter rolling average) per year of the fund’s income to be used for MMAF’s operations.

***Corky Tuttle Fund***

The Corky Tuttle Fund held at the CFFMC was established in 2005 as an endowment fund for the support of acquisitions and exhibitions of studio glass and contemporary art. The agreement with the CFFMC allows MMAF to draw an amount per year as determined by MMAF to support acquisitions or exhibitions.

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE F—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS—Continued**

**The Funds—Continued**

***MMA Inspire Campaign Funds***

The MMA Inspire Campaign - Endowment Fund, the MMA Inspire Campaign - Facilities Improvement Fund, and the MMA Inspire Campaign - Program Support Fund held at the CFFMC were all established in 2011, and were established in anticipation of a major capital campaign that began in 2012 and concluded in the spring of 2014. All of the contributions to the Inspire campaign that are not otherwise designated are deposited into the Inspire Endowment Fund. The Board has designated that on a quarterly basis 20% of the Inspire Campaign - Endowment Fund balance is to be reallocated to the Inspire Campaign - Facilities Fund and 13% is to be reallocated to the Inspire Campaign - Program Support Fund. The remaining balance of the Inspire Campaign - Endowment Fund is transferred to the MMA Endowment Fund. The agreement with the CFFMC allows MMAF to draw funds from the Inspire Campaign - Facilities Improvement Fund for facility projects upon MMAF Board Approval. The agreement with the CFFMC allows MMAF to draw funds from the Inspire Campaign - Program Support Fund for general support of operations and/or special projects as needed.

***MMA Art Acquisition Fund***

The MMA Art Acquisition Fund held at the CFFMC was established in 2004 as a fund created to hold donor restricted gifts for art acquisition. The agreement with the CFFMC allows MMAF to draw funds for art acquisition purchases.

***MMA Hackley Picture Fund***

The MMA Hackley Picture Fund, held at the CFFMC, was established July 7, 2014 through a gift to MMAF of \$212,982, by Muskegon Public Schools. This gift was from the Hackley Picture Fund, an expendable trust fund established in 1905 through the bequest of Charles Hackley, and for which Muskegon Public Schools had previously served as the fiduciary. The fund is to be used for the acquisition of artwork.

**Reporting of the Assets of the Funds**

The investments held at the CFFMC in the Inspire Facilities Improvement Fund, the Inspire Program Support Fund and a portion of the MMA Acquisition Fund are Board designated funds. The remainder of the MMA Acquisition Fund, the MMA Hackley Picture Fund, and a portion of the investments held at the GHACF were contributed by MMAF to the funds along with the earnings on these investments and are reported at fair value as net assets with donor restriction of MMAF.

The investments held at the CFFMC in the Corky Tuttle Fund, the Inspire Endowment Fund as well as the majority of the MMA Endowment Fund, and the majority of the investments held at the GHACF which were contributed by third party donors directly to the Community Foundations and have been excluded from the net assets of MMAF.

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE F—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS—Continued**

**Summary of Community Foundation Funds**

A summary of revenues, expenses, and changes in the net assets at fair value of the funds for the year ended June 30, 2019 follows:

	<b>Grand Haven Area Community Foundation</b>	<b>Community Foundation for Muskegon County</b>		
	<b>MMA Endowment Fund</b>	<b>MMA Endowment Fund</b>	<b>Corky Tuttle Fund</b>	<b>Inspire - Endowment Fund</b>
Revenues				
Gifts received	\$ 27,000	\$ 7,785	\$ 100	\$ 275,657
Interfund grants and other income	-	276,813	-	140,590
Investment income (loss), net	56,365	382,972	603	(3,086)
	<u>83,365</u>	<u>667,570</u>	<u>703</u>	<u>413,161</u>
Expenses				
Transfers to (from) MMAF	32,358	197,803	-	-
Interfund transfers	-	-	-	413,213
	<u>32,358</u>	<u>197,803</u>	<u>-</u>	<u>413,213</u>
Change in net assets	51,007	469,767	703	(52)
Net assets at beginning of year	<u>907,853</u>	<u>6,396,349</u>	<u>10,611</u>	<u>52</u>
Net assets at end of year	958,860	6,866,116	11,314	-
Less assets recorded as those of the Community Foundation	<u>(892,844)</u>	<u>(6,781,013)</u>	<u>(11,314)</u>	<u>-</u>
Assets reported on the Statement of Financial Position	<u><b>\$ 66,016</b></u>	<u><b>\$ 85,103</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE F—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS—Continued**

**Summary of Community Foundation Funds—Continued**

	<u>Community Foundation for Muskegon County</u>				
	<b>Inspire - Facilities Improvement Fund</b>	<b>Inspire - Program Support Fund</b>	<b>MMA Art Acquisition Fund</b>	<b>MMA Hackley Picture Fund</b>	<b>Total</b>
Revenues					
Gifts received	\$ 15,670	\$ -	\$ 107,329	\$ -	\$ 433,541
Interfund grants and other income	83,881	67,960	2,130	-	571,374
Investment income (loss), net	32,732	42,040	74,541	12,386	598,553
	<u>132,283</u>	<u>110,000</u>	<u>184,000</u>	<u>12,386</u>	<u>1,603,468</u>
Expenses					
Transfers to (from) MMAF	122,000	28,000	168,534	-	548,695
Interfund transfers	-	-	-	-	413,213
	<u>122,000</u>	<u>28,000</u>	<u>168,534</u>	<u>-</u>	<u>961,908</u>
Change in net assets	10,283	82,000	15,466	12,386	641,560
Net assets at beginning of year	<u>512,851</u>	<u>662,625</u>	<u>1,242,250</u>	<u>222,928</u>	<u>9,955,519</u>
Net assets at end of year	523,134	744,625	1,257,716	235,314	10,597,079
Less assets recorded as those of the Community Foundation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,685,171)</u>
Assets reported on the Statement of Financial Position	<u><b>\$ 523,134</b></u>	<u><b>\$ 744,625</b></u>	<u><b>\$ 1,257,716</b></u>	<u><b>\$ 235,314</b></u>	<u><b>\$ 2,911,908</b></u>

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE F—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS—Continued**

**Summary of Community Foundation Funds—Continued**

A summary of revenues, expenses, and changes in the net assets at fair value of the funds for the year ended June 30, 2018 follows:

	<b>Grand Haven Area Community Foundation</b>	<b>Community Foundation for Muskegon County</b>		
	<b>MMA Endowment Fund</b>	<b>MMA Endowment Fund</b>	<b>Corky Tuttle Fund</b>	<b>Inspire - Endowment Fund</b>
Revenues				
Gifts received	\$ 29,887	\$ 1,320	\$ 100	\$ 298,693
Interfund grants and other income	-	285,376	-	130,460
Investment income (loss), net	81,871	393,731	642	(3,166)
	<u>111,758</u>	<u>680,427</u>	<u>742</u>	<u>425,987</u>
Expenses				
Transfers to (from) MMAF	29,829	279,555	-	-
Interfund transfers	-	-	-	425,935
	<u>29,829</u>	<u>279,555</u>	<u>-</u>	<u>425,935</u>
Change in net assets	81,929	400,872	742	52
Net assets at beginning of year	<u>825,924</u>	<u>5,995,477</u>	<u>9,869</u>	<u>-</u>
Net assets at end of year	907,853	6,396,349	10,611	52
Less assets recorded as those of the Foundation	<u>(846,655)</u>	<u>(6,314,463)</u>	<u>(10,611)</u>	<u>(52)</u>
Assets reported on the Statement of Financial Position	<u><b>\$ 61,198</b></u>	<u><b>\$ 81,886</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE F—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS—Continued**

**Summary of Community Foundation Funds—Continued**

	<u>Community Foundation for Muskegon County</u>				
	<b>Inspire - Facilities Improvement Fund</b>	<b>Inspire - Program Support Fund</b>	<b>MMA Art Acquisition Fund</b>	<b>MMA Hackley Picture Fund</b>	<b>Total</b>
Revenues					
Gifts received	\$ 521,500	\$ -	\$ 1,292,596	\$ -	\$ 2,144,096
Interfund grants and other income	85,187	122,372	2,090	-	625,485
Investment income (loss), net	26,225	29,057	58,876	13,646	600,882
	<u>632,912</u>	<u>151,429</u>	<u>1,353,562</u>	<u>13,646</u>	<u>3,370,463</u>
Expenses					
Transfers to (from) MMAF	61,000	(13,000)	228,700	-	586,084
Interfund transfers	80,000	15,000	-	-	520,935
	<u>141,000</u>	<u>2,000</u>	<u>228,700</u>	<u>-</u>	<u>1,107,019</u>
Change in net assets	491,912	149,429	1,124,862	13,646	2,263,444
Net assets at beginning of year	<u>20,939</u>	<u>513,196</u>	<u>117,388</u>	<u>209,282</u>	<u>7,692,075</u>
Net assets at end of year	512,851	662,625	1,242,250	222,928	9,955,519
Less assets recorded as those of the Community Foundation	-	-	-	-	(7,171,781)
Assets reported on the Statement of Financial Position	<u><b>\$ 512,851</b></u>	<u><b>\$ 662,625</b></u>	<u><b>\$ 1,242,250</b></u>	<u><b>\$ 222,928</b></u>	<u><b>\$ 2,783,738</b></u>

The Board of Trustees of the Community Foundations have the power to modify any restriction or condition on the distribution of funds for any specified purpose or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The authority to modify restrictions is sometimes referred to as "variance power" and is a legal standard imposed on all community foundations.

**Risks and Uncertainties**

Investments are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the fund's balance and the amount reported in the financial statements.

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE G—RETIREMENT PLAN**

MMAF maintains a 403(b) plan, covering substantially all of its employees, which provides for annual contributions at the discretion of the Board of Directors. For the years ended June 30, 2019 and 2018, retirement expense for the Plan was \$17,056 and \$20,269, respectively.

**NOTE H—COMMITMENTS**

MMAF has entered into multiple contracts for future expenses related to presenters, curators and exhibitions that will be paid in future periods. As of June 30, 2019, MMAF had approved commitments of approximately \$94,500.

**NOTE I—NET ASSETS**

Net assets without donor restrictions as of June 30, 2019 and 2018 are comprised of the following:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 247,381	\$ 295,562
Board-designated		
Inspire - facilities improvement	523,134	512,851
Inspire - program support	744,625	662,625
Invested in property and equipment, net of related debt	<u>2,793,494</u>	<u>2,786,748</u>
	<u><b>\$ 4,308,634</b></u>	<u><b>\$4,257,786</b></u>

Net assets with donor restrictions as of June 30, 2019 and 2018 are comprised of the following:

	<u>2019</u>	<u>2018</u>
Passage of time		
Unconditional promises to give	\$ 247,621	\$ 360,699
Specific purpose		
Beneficial interest in assets held by others		
Grand Haven Area Community Foundation - MMA Endowment Fund	66,016	61,198
Community Foundation for Muskegon County		
MMA Art Acquisition Fund	1,228,432	1,234,304
MMA Hackley Picture Fund	235,314	222,928
Grants for educational programs or other specific purposes	<u>43,922</u>	<u>62,654</u>
	<u><b>\$1,821,305</b></u>	<u><b>\$1,941,783</b></u>



Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE I—NET ASSETS—Continued**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Passage of time		
Unconditional promises to give	\$ 115,217	\$ 100,732
Release of appropriated endowment amounts		
Grand Haven Area Community Foundation - MMA Endowment Fund	-	701
Purpose or other restriction accomplished		
MMA Art Acquisition Fund	168,534	38,700
Other donor restricted funds	35,522	27,336
	<b>\$ 319,273</b>	<b>\$ 167,469</b>

**NOTE J—CONTINGENCIES**

MMAF participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although MMAF expects such amounts, if any, to be immaterial.

**NOTE K—RELATED PARTY TRANSACTION**

MMAF contracted with a Company in which a Board member has ownership to provide construction services totaling approximately \$0 and \$340 during the years ended June 30, 2019 and 2018, respectively.

**NOTE L—COLLECTIONS**

The MMAF collections are made up of art objects that are held for educational, curatorial, and public purposes. Each of the items is catalogued, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. Collection items are subject to a policy that requires proceeds from any sales to be used to acquire other works of art for the collections of the Muskegon Museum of Art or to provide for direct conservation and care of existing collection objects.

Efforts to continue to hone the Permanent Collection through the addition of works of art and the reasoned and judicious deaccessioning was again a priority of the Curatorial staff during the fiscal year that ended June 30, 2019. Seventy-four works of art were deaccessioned during the fiscal year. Thirty-seven of these works were pages from sketchbooks, sketches, reproductions and lesser quality prints. Works of this type were deemed as not fitting the goals of the collection. Eighteen of the works deaccessioned were classified as “decorative arts”, fine housewares owned for decorative and/or functional use, but of insufficient quality for the collection.

Muskegon Museum of Art Foundation  
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**NOTE L—COLLECTIONS—Continued**

Four sculptures and fifteen paintings were deaccessioned as being of lesser quality, and not suitable for the collection, two of which were donated to the City of Muskegon. The remaining works that are suitable for auction either have been or will be sent to the appropriate auction house. Proceeds from auctioned deaccessions are forwarded, per MMAF policy, directly to the MMA Acquisition Fund at the Community Foundation for Muskegon County. During the year ended June 30, 2019, proceeds from the sale of works at auction totaled approximately \$87,000, of which approximately \$80,000 was from previously deaccessioned works. None of the items deaccessioned during the year ended June 30, 2019 have sold at auction, nor are they currently consigned with pending sales dates. The value of the objects varies greatly, though none can be considered of significant worth and many of the items may prove to have no worth on the secondary market. The objects with no monetary value will be disposed of.

During the year ended June 30, 2018, 259 objects were deaccessioned from the permanent collection by recommendation of the Collections Committee and formal action of the MMAF Board. In this group, 162 objects were drawings for political and editorial cartoons, book illustrations, or syndicated cartoons. Objects of this type were deemed as not fitting the goals of the collection, and their sale at auction is pending. Thirty-four of the objects deaccessioned are classified as “decorative arts,” fine housewares owned for decorative and/or functional use, but of insufficient quality for the collection. These objects are also currently pending auction. Two sculptures and five paintings by 20th century artists were deaccessioned as being of lesser quality, and not suitable for the collection. Auction is pending for these items, where value exists. Two books were removed as non-art objects, and four furniture pieces were also deaccessioned, as the museum is no longer collecting furniture.

**NOTE M—CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

For the year ended June 30, 2019, MMAF adopted new accounting standard ASU 2016-14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. As a result, the Organization began reporting net assets in two classes: net assets without donor restrictions and net assets with donor restrictions. The change in accounting principle was applied retrospectively to the prior period presented. The change resulted in net assets reclassification and had no effect on previously reported total net assets or total change in net assets.

During the year ended June 30, 2019, Management noted an error was made in the prior year wherein the prior year financial statements reported the purchase of a collection item from restricted funds. The collection item was actually purchased using unrestricted funds, which resulted in a misstatement of net assets released from restrictions and ending net assets at June 30, 2018. Correction of the error on the current year financial statements resulted in net asset reclassifications and had no effect on previously reported total net assets or total change in net assets.

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE M—CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT—  
Continued**

Effects of the implementation of the change in accounting principle and the prior period adjustment were as follows:

	Unrestricted Net Assets	Net Assets Without Donor Restrictions	Temporarily Restricted Net Assets	Net Assets With Donor Restrictions	Total
Net assets at June 30, 2017, as previously stated	\$ 4,417,088	\$ -	\$ 922,407	\$ -	\$ 5,339,495
Change in net asset classification	(4,417,088)	4,417,088	(922,407)	922,407	-
Net assets at June 30, 2017, as restated	-	4,417,088	-	922,407	5,339,495
Change in net assets for the year ended June 30, 2018, as previously reported	-	36,531	-	823,543	860,074
Correction related to use of unrestricted funds versus restricted	-	(195,833)	-	195,833	-
Net assets at June 30, 2018, as restated	<b>\$ -</b>	<b>\$4,257,786</b>	<b>\$ -</b>	<b>\$1,941,783</b>	<b>\$6,199,569</b>

	Unrestricted Net Assets	Net Assets Without Donor Restrictions	Temporarily Restricted Net Assets	Net Assets With Donor Restrictions	Total
Change in net assets for the year ended June 30, 2018, as previously reported	\$ 36,531	\$ -	\$ 823,543	\$ -	\$ 860,074
Correction related to use of unrestricted funds versus restricted	(195,833)	-	195,833	-	-
Change in net asset classification	159,302	(159,302)	(1,019,376)	1,019,376	-
Change in net assets for the year ended December 31, 2017, as restated	<b>\$ -</b>	<b>\$ (159,302)</b>	<b>\$ -</b>	<b>\$1,019,376</b>	<b>\$ 860,074</b>

**NOTE N—UPCOMING ACCOUNTING PRONOUNCEMENT**

ASU 2014-09—*Revenue from Contracts with Customers (Topic 606)* was issued by the FASB in May 2014. This standard introduced a comprehensive, principles-based framework for recognizing revenue, and when effective, will supersede the revenue recognition requirements in FASB ASC 605—*Revenue Recognition*, and virtually all industry-specific revenue recognition guidance in the FASB ASC. However, the standards for the recognition of revenue from contributions by nonprofit organizations will be retained in FASB ASC 958-605 which will be retitled *Not-for-profit Entities-Revenue Recognition Contributions*. For nonpublic entities, this standard is effective for fiscal years beginning after December 15, 2018.

Muskegon Museum of Art Foundation  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE N—UPCOMING ACCOUNTING PRONOUNCEMENT—Continued**

ASU 2016-02—*Leases (Topic 842)* was issued by the FASB in February 2016. The standard will increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Statements of Financial Position and disclosing key information about leasing arrangements. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. For nonpublic entities, this standard is effective for fiscal years beginning after December 15, 2019.