

**WOODMERE ART
MUSEUM, INC.**

**Financial Statements
December 31, 2020 and 2019**

**Kreischer
Miller**

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WOODMERE ART MUSEUM, INC.

December 31, 2020 and 2019

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Independent Auditors' Report

The Board of Trustees
Woodmere Art Museum, Inc.
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Woodmere Art Museum, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, 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.

Auditors' 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 auditors' 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 auditors consider 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woodmere Art Museum, Inc. as of December 31, 2020 and 2019, 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.

Kreischer Miller

Horsham, Pennsylvania
June 8, 2021

WOODMERE ART MUSEUM, INC.

Statements of Financial Position December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 508,512	\$ 349,285
Contributions receivable	270,934	440,830
Other receivables	16,897	7,525
Other assets	191,371	28,601
Total current assets	987,714	826,241
Long-term contributions receivable	252,072	-
Land, building and equipment, net	4,205,240	4,260,191
Investments	9,122,785	8,327,766
Beneficial interest in perpetual trust	3,217,737	2,938,810
Total assets	<u>\$ 17,785,548</u>	<u>\$ 16,353,008</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	\$ 30,264	\$ 30,264
Line of credit	204,750	229,950
Accounts payable and accrued expenses	53,946	32,265
Deferred revenue	26,906	22,787
Total current liabilities	315,866	315,266
Long-term debt, net of current portion	431,340	461,609
	<u>747,206</u>	<u>776,875</u>
Net assets:		
Without donor restrictions:		
Undesignated	4,540,694	4,341,803
Designated by the Board	3,591,066	3,478,027
With donor restrictions	8,906,582	7,756,303
	<u>17,038,342</u>	<u>15,576,133</u>
Total liabilities and net assets	<u>\$ 17,785,548</u>	<u>\$ 16,353,008</u>

See accompanying notes to financial statements.

WOODMERE ART MUSEUM, INC.

Statements of Activities and Changes in Net Assets
Years Ended December 31, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions and grants:			
Individual	\$ 1,111,411	\$ 718,048	\$ 1,829,459
Foundation	818,926	233,737	1,052,663
Corporate	5,973	-	5,973
Government	32,467	-	32,467
In-kind	1,504	-	1,504
Education programs	119,600	-	119,600
Museum store sales	38,596	-	38,596
Programs	16,885	-	16,885
Distributions from perpetual trust	113,784	(113,784)	-
Net assets released from restrictions			
pursuant to endowment spending policy	127,664	(127,664)	-
Net assets released from restrictions - other	386,561	(386,561)	-
Total support and revenue	2,773,371	323,776	3,097,147
Expenses:			
Program services	1,793,475	-	1,793,475
Depreciation	226,136	-	226,136
Management and general	153,015	-	153,015
Development and marketing	415,256	-	415,256
Total expenses	2,587,882	-	2,587,882
Increase (decrease) in net assets before other income	185,489	323,776	509,265
Other income:			
Net investment return	347,296	433,792	781,088
Paycheck Protection Program Grant and other income	256,971	-	256,971
Change in value of perpetual trust	-	392,711	392,711
Total other income	604,267	826,503	1,430,770
Change in net assets related to collection items not captialized:			
Proceeds from sale of collections	2,530	-	2,530
Cost of collection items purchased	(480,356)	-	(480,356)
Total change in net assets related to collection items not captialized:	(477,826)	-	(477,826)
Increase in net assets	311,930	1,150,279	1,462,209
Net assets, beginning of year	7,819,830	7,756,303	15,576,133
Net assets, end of year	\$ 8,131,760	\$ 8,906,582	\$ 17,038,342

See accompanying notes to financial statements.

2019		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,258,723	\$ 177,265	\$ 1,435,988
312,400	140,000	452,400
22,612	-	22,612
36,823	-	36,823
6,157	-	6,157
230,152	-	230,152
161,927	-	161,927
43,326	-	43,326
113,913	(113,913)	-
183,000	(183,000)	-
420,890	(420,890)	-
2,789,923	(400,538)	2,389,385
2,042,211	-	2,042,211
227,178	-	227,178
160,121	-	160,121
440,447	-	440,447
2,869,957	-	2,869,957
(80,034)	(400,538)	(480,572)
483,807	629,539	1,113,346
-	-	-
-	466,739	466,739
483,807	1,096,278	1,580,085
53,450	-	53,450
(322,913)	-	(322,913)
(269,463)	-	(269,463)
134,310	695,740	830,050
7,685,520	7,060,563	14,746,083
\$ 7,819,830	\$ 7,756,303	\$ 15,576,133

WOODMERE ART MUSEUM, INC.

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services				
	Collection/ Curator	Education	Exhibitions	Historical Mansion	Total Program
Personnel:					
Salary	\$ 227,403	\$ 339,471	\$ 158,825	\$ 206,513	\$ 932,212
Employee benefits	19,831	26,840	17,886	13,331	77,889
Payroll taxes	25,427	27,095	9,918	11,349	73,788
	272,661	393,406	186,629	231,193	1,083,889
Facilities:					
Maintenance and repairs	3,213	3,213	-	79,090	85,516
Telephone	1,705	3,487	644	985	6,821
Utilities	15,452	34,485	18,987	4,832	73,756
	20,370	41,185	19,631	84,907	166,093
Supplies:					
Office supplies and expense	1,088	1,937	695	2,472	6,192
Printing	976	976	976	976	3,904
Postage	105	-	-	-	105
	2,169	2,913	1,671	3,448	10,201
Services and exhibits:					
Art classes	-	954	-	-	954
Curatorial	1,050	-	-	-	1,050
Music series	-	21,631	-	-	21,631
Exhibition expense	-	-	206,639	-	206,639
Programs	-	46,734	-	-	46,734
	1,050	69,319	206,639	-	277,008
Organizational:					
Advertising/public relations	-	12,097	7,224	-	19,321
Contractual fees	-	41,114	-	-	41,114
Director's expense	5,054	2,527	3,369	842	11,792
Insurance	23,578	13,142	5,256	24,031	66,006
Interest	6,554	-	6,554	-	13,108
Professional fees	-	2,456	-	18,000	20,456
Legal and accounting	-	23,976	-	-	23,976
Development operating	-	-	-	-	-
Miscellaneous	709	2,267	2,267	2,577	7,820
Museum store sales expenses	-	30,412	-	-	30,412
Subscriptions and dues	2,525	181	469	60	3,235
Software maintenance	5,619	5,619	3,717	3,490	18,445
Staff development	65	25	-	-	90
Volunteer holiday party	-	509	-	-	509
Trustee fees	-	-	-	-	-
	44,104	134,325	28,856	48,999	256,284
Total expenses before depreciation	340,354	641,148	443,426	368,547	1,793,475
Depreciation	15,888	-	15,888	194,360	226,136
Total expenses	\$ 356,242	\$ 641,148	\$ 459,314	\$ 562,907	\$ 2,019,611

See accompanying notes to financial statements.

Support Services			Total
Management and General	Development and Marketing	Total Support Services	Program and Support Services
\$ 80,746	\$ 272,588	\$ 353,334	\$ 1,285,545
7,917	32,868	40,785	118,674
5,938	20,102	26,040	99,829
94,601	325,558	420,159	1,504,048
-	-	-	85,516
2,274	3,032	5,306	12,127
5,570	2,195	7,765	81,521
7,844	5,227	13,071	179,164
3,613	2,871	6,484	12,676
2,356	4,915	7,271	11,175
571	2,803	3,374	3,479
6,540	10,589	17,129	27,330
-	-	-	954
-	-	-	1,050
-	-	-	21,631
-	-	-	206,639
-	-	-	46,734
-	-	-	277,008
-	525	525	19,846
-	-	-	41,114
1,685	3,369	5,054	16,846
4,899	1,846	6,745	72,751
8,255	-	8,255	21,363
3,930	3,439	7,369	27,825
16,080	-	16,080	40,056
-	49,638	49,638	49,638
2,534	-	2,534	10,354
-	-	-	30,412
514	2,533	3,047	6,282
5,324	12,460	17,784	36,229
12	72	84	174
-	-	-	509
797	-	797	797
44,030	73,882	117,912	374,196
153,015	415,256	568,271	2,361,746
-	-	-	226,136
\$ 153,015	\$ 415,256	\$ 568,271	\$ 2,587,882

WOODMERE ART MUSEUM, INC.

Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services				
	Collection/ Curator	Education	Exhibitions	Historical Mansion	Total Program
Personnel:					
Salary	\$ 231,232	\$ 304,588	\$ 159,797	\$ 222,382	\$ 917,999
Employee benefits	32,160	14,154	17,839	13,000	77,153
Payroll taxes	21,703	25,212	10,699	19,780	77,394
	285,095	343,954	188,335	255,162	1,072,546
Facilities:					
Maintenance and repairs	4,277	4,277	-	144,315	152,869
Telephone	1,570	2,125	923	1,108	5,726
Utilities	16,362	37,246	20,844	5,296	79,748
	22,209	43,648	21,767	150,719	238,343
Supplies:					
Office supplies and expense	3,581	3,331	805	892	8,609
Printing	1,062	1,062	1,062	768	3,954
Postage	1,007	181	181	181	1,550
	5,650	4,574	2,048	1,841	14,113
Services and exhibits:					
Art classes	-	1,399	-	-	1,399
Conservation and curatorial	40,136	-	-	-	40,136
Music series	-	66,945	-	-	66,945
Exhibition expense	-	-	149,444	-	149,444
Programs	-	114,206	-	-	114,206
	40,136	182,550	149,444	-	372,130
Organizational:					
Advertising/public relations	2,000	3,928	11,671	-	17,599
Contractual fees	-	79,997	-	-	79,997
Director's expense	7,246	2,415	4,831	2,415	16,907
Insurance	23,059	12,698	5,278	23,414	64,449
Interest	6,958	-	6,958	-	13,916
Professional fees	-	-	-	18,096	18,096
Legal and accounting	-	-	-	-	-
Development operating	-	-	-	-	-
Miscellaneous	2,785	2,476	-	-	5,261
Museum store sales expenses	-	103,085	-	-	103,085
Subscriptions and dues	1,243	993	993	-	3,229
Software maintenance	3,566	3,888	3,888	3,848	15,190
Office furniture	-	-	-	-	-
Staff development	-	55	-	-	55
Trustee fees	-	7,295	-	-	7,295
	46,857	216,830	33,619	47,773	345,079
Total expenses before depreciation	399,947	791,556	395,213	455,495	2,042,211
Depreciation	15,888	-	15,888	195,402	227,178
Total expenses	\$ 415,835	\$ 791,556	\$ 411,101	\$ 650,897	\$ 2,269,389

See accompanying notes to financial statements.

Support Services			Total
Management and General	Development and Marketing	Total Support Services	Program and Support Services
\$ 69,144	\$ 298,094	\$ 367,238	\$ 1,285,237
8,426	35,964	44,390	121,543
5,928	22,352	28,280	105,674
83,498	356,410	439,908	1,512,454
-	-	-	152,869
7,086	2,217	9,303	15,029
6,107	2,480	8,587	88,335
13,193	4,697	17,890	256,233
4,677	3,377	8,054	16,663
1,908	3,258	5,166	9,120
90	4,864	4,954	6,504
6,675	11,499	18,174	32,287
-	-	-	1,399
-	-	-	40,136
-	-	-	66,945
-	-	-	149,444
-	19,835	19,835	134,041
-	19,835	19,835	391,965
-	3,147	3,147	20,746
-	-	-	79,997
2,415	4,831	7,246	24,153
4,708	1,791	6,499	70,948
13,139	-	13,139	27,055
-	-	-	18,096
22,055	-	22,055	22,055
2,787	24,232	27,019	27,019
4,940	-	4,940	10,201
-	-	-	103,085
917	278	1,195	4,424
2,061	13,156	15,217	30,407
1,600	-	1,600	1,600
6	571	577	632
2,127	-	2,127	9,422
56,755	48,006	104,761	449,840
160,121	440,447	600,568	2,642,779
-	-	-	227,178
\$ 160,121	\$ 440,447	\$ 600,568	\$ 2,869,957

WOODMERE ART MUSEUM, INC.

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,462,209	\$ 830,050
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	226,136	227,178
Net realized and unrealized (gain) loss on investments	(695,840)	(992,810)
(Increase) in beneficial interest in perpetual trust	(278,927)	(352,826)
(Increase) decrease in:		
Contributions receivable	(82,176)	149,753
Other receivables	(9,372)	(7,525)
Other assets	(162,770)	2,381
Increase (decrease) in:		
Accounts payable and accrued expenses	21,681	(2,744)
Deferred revenue	4,119	22,787
Net cash provided by (used in) operating activities	485,060	(123,756)
Cash flows from investing activities:		
Purchase of land, building and equipment	(171,185)	(90,281)
Proceeds from sale of investments	2,631,637	3,686,333
Purchase of investments	(2,730,816)	(3,368,351)
Net cash provided by (used in) investing activities	(270,364)	227,701
Cash flows from financing activities:		
Net repayments of line of credit	(25,200)	(25,200)
Repayments of long-term debt	(30,269)	(30,269)
Net cash used in financing activities	(55,469)	(55,469)
Net increase in cash	159,227	48,476
Cash, beginning of year	349,285	300,809
Cash, end of year	\$ 508,512	\$ 349,285
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 21,363	\$ 27,054

See accompanying notes to financial statements.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements

December 31, 2020 and 2019

(1) Nature of Organization

Woodmere Art Museum (the Museum) is a not-for-profit institution whose official mission statement is to inspire creativity, learning, and self-expression through experiences with the art and artists of Philadelphia and the region.

In July 2020, the Museum elected to participate as a member of the Philadelphia Collaborative Arts Consortium (PHL CAC). The PHL CAC is a network of mid-sized museums formed with the strategy to raise general operating support from sources that individual members otherwise could not access, to affect a continued pooling of resources, and to share programmatic and operational opportunities among the network.

The Museum acts as Fiscal Sponsor for the PHL CAC until such time the PHL CAC establishes its own tax-exempt status under Internal Revenue Code 501(c)(3). As Fiscal Sponsor of the PHL CAC, the Museum is responsible for the legal compliance of receiving, reporting, and acknowledging charitable donations. For the year ended December 31, 2020, the Museum did not receive any contributions for the PHL CAC.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The Museum's financial statements have been prepared in accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958, *Not-for-Profit Entities*. The significant accounting and reporting policies used by the Museum are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Presentation

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements

December 31, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

The Museum reports contributions restricted by donors 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 reporting period in 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 statements of activities as net assets released from restrictions.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Museum expects to be entitled to receive in exchange for those goods and services. The Museum applies the five-step revenue model under FASB ASC 606, *Revenue from Contracts with Customers*, to determine when revenue is earned and recognized.

Exchange Revenues

The Museum recognizes revenue from educational programs, other programs, and store sales when performance obligations are satisfied. The performance obligations are fulfilled, and revenue is recognized, when admission is delivered to the customer or goods are transferred to the customer. Program fees paid in advance are recorded as deferred revenue and recognized when admission is delivered to the customer.

Contributions and Grants

The Museum records cash and unconditional promises to give as revenue in the period received. Unconditional contributions are recorded at the net present value of the amounts expected to be collected. Conditional contributions are recognized as revenue when the conditions on which they depend are substantially met.

The Museum records unconditional contributions as restricted revenue (i.e., net assets with donor restrictions) if they are received with donor stipulations that limit their use either through purpose or time. When the donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, restricted net assets are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from restrictions.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements

December 31, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Museum with specific programs and various committee assignments. Donated services are not recognized in the financial statements unless the services create or enhance a non-financial asset or require specialized skills and would typically need to be purchased if not donated. For services that meet this criteria, the Museum records revenue and corresponding expense for these donated services based on market rates for equivalent services. The Museum recorded donated services totaling \$1,504 and \$6,157 for the years ended December 31, 2020 and 2019, respectively.

Land, Building and Equipment

The Museum records land, building and equipment additions over \$2,000 at cost. Donated property and equipment are recorded at their fair value at the date of receipt. Costs for maintenance and repairs are charged to expense. Depreciation of property and equipment is provided on a straight-line basis over each asset's estimated useful life, ranging from 3 to 40 years.

Investments

Investments in mutual funds and Exchange Traded Funds (ETFs) with readily determinable fair values are stated at fair value in the statements of financial position. Certificates of deposit are valued at amortized cost, which approximates fair value. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less direct internal investment expenses. Specifically identified cost is used to determine the gain or loss for investments sold.

The Board is allowed to appropriate so much of the net appreciation of the endowment funds as is prudent considering the Museum's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions.

Collections

The Museum's collections are made up of works of art, artifacts of historical significance, and art objects that are held for educational and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

Collections, Continued

In conformity with the practice adopted by many museums and in accordance with the provisions of FASB ASC 958-605, the Museum does not capitalize donated works of art and collections or recognize them as revenues or gains. FASB ASC 958-605 provides that such donations need not be recognized if they are added to collections that are held for public exhibition, education, or protected unencumbered, cared for, and preserved. The Museum has a policy that requires the proceeds from sales of collection items to be used to acquire other items for its collection and/or the direct care and preservation of the Museum's existing collections. Direct care includes investing in the existing collection to enhance the life, usefulness or quality and thereby ensuring the collection will continue to benefit the public. The cost of all objects purchased is reported as a separate program expense. All such items on hand are currently insured for approximately \$18,000,000.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel and certain organizational costs are allocated based on time and effort. Facility costs are allocated based on square footage.

Use of Estimates

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

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements. FASB ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements

December 31, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

Fair Value Measurements, Continued

The asset 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.

The methods described may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Concentrations of Credit Risk

Financial instruments which potentially subject the Museum to concentrations of credit risk consist principally of cash and investments. The Museum's cash is secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. From time to time, the Museum maintains cash balances in excess of insured limits. However, management does not believe it is exposed to any significant credit risk on cash.

The Museum invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statements of financial position. The Board of Trustees has implemented an investment policy intended to mitigate the investment risk. The policy sets forth the range of asset allocation to consist of 57-77% of equity investments, 10-30% of fixed income securities, 0-20% of cash, and 0-18% of alternative investments.

Income Tax Status

The Museum is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) as described in Section 509(a)(2) of the IRC and similar state statutes; therefore, no provision for income taxes is included in the accompanying financial statements.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

Income Tax Status, Continued

The Museum files Federal Form 990, Return of Organization Exempt from Income Tax, on an annual basis and is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2016. Based on the Museum's assessment of many factors, including past experience, the Museum does not currently anticipate significant changes in its tax positions over the next 12 months.

Reclassification

Certain items in the accompanying 2019 financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

The Museum has performed an evaluation of subsequent events through June 8, 2021, which is the date the financial statements were available to be issued.

(3) Liquidity and Availability

For purposes of identifying assets available to meet expenditures over the next 12-month period, the Museum considers anticipated expenditures budgeted to meet the operational and programmatic goals for the forthcoming year.

Financial assets available for general expenditure, that is, without donor restriction or other restrictions limiting their use, within one year of the statement of financial position date comprise the following at December 31:

	2020	2019
Cash and cash equivalents	\$ 508,512	\$ 349,285
Contributions receivable	270,934	440,830
Other receivables	16,897	7,525
Budgeted distributions from beneficial interest in assets held by others	115,015	115,015
Budgeted endowment spending-rate distributions and appropriations	384,473	368,986
Less those unavailable for general expenditures within one year:		
Due to donor-imposed restrictions:		
Restricted for exhibitions	(47,737)	(27,395)
Time restricted	(111,889)	-
	<u>\$ 1,136,205</u>	<u>\$ 1,254,246</u>

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements

December 31, 2020 and 2019

(3) Liquidity and Availability, Continued

The Museum receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition to financial assets available to meet general expenditures over the next 12 months, the Museum operates with a balanced budget and anticipates collecting sufficient revenue to cover budgeted expenditures.

As part of the Museum's liquidity management plan, the Museum invests cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus for capital improvements and other future projects, which was \$2,214,787 and \$2,143,832 at December 31, 2020 and 2019, respectively. This fund can be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, the Museum could also draw upon the \$400,000 available line of credit (as further discussed in Note 7).

(4) Land, Building and Equipment

Land, building and equipment consists of the following as of December 31:

	2020	2019
Land, building and improvements	\$5,310,088	\$5,290,161
Parking lot /Stormwater	1,686,577	1,686,577
Furniture and fixtures	72,380	72,380
Equipment	143,823	111,198
Vehicle	18,944	18,944
Construction-in-progress	146,373	27,740
	<u>7,378,185</u>	<u>7,207,000</u>
Accumulated depreciation	(3,172,945)	(2,946,809)
	<u>\$4,205,240</u>	<u>\$4,260,191</u>

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2020 and 2019

(5) Fair Value Measurements

The following is a summary of assets measured at fair value on a recurring basis and the valuation inputs used to value them at December 31:

	Assets at Fair Value as of December 31, 2020			
	Total	Level 1	Level 2	Level 3
Cash, at cost	\$ 522,583	\$ -	\$ -	\$ -
Certificates of deposit	935,651	-	935,651	-
Mutual funds:				
Fixed income	1,759,271	1,759,271	-	-
Equity:				
Domestic	3,948,927	3,948,927	-	-
International	1,337,273	1,337,273	-	-
Commodities ETFs	228,482	228,482	-	-
Real estate ETFs	390,598	390,598	-	-
Perpetual trust	3,217,737	-	-	3,217,737
Total assets at fair value	\$ 12,340,522	\$ 7,664,551	\$ 935,651	\$ 3,217,737
	Assets at Fair Value as of December 31, 2019			
	Total	Level 1	Level 2	Level 3
Cash, at cost	\$ 895,088	\$ -	\$ -	\$ -
Certificates of deposit	926,798	-	926,798	-
Mutual funds:				
Fixed income	1,414,954	1,414,954	-	-
Equity:				
Domestic	3,264,874	3,264,874	-	-
International	1,309,096	1,309,096	-	-
Commodities ETFs	197,201	197,201	-	-
Real estate ETFs	319,755	319,755	-	-
Perpetual trust	2,938,810	-	-	2,938,810
Total assets at fair value	\$ 11,266,576	\$ 6,505,880	\$ 926,798	\$ 2,938,810

The Museum's investments in commodities ETFs and real estate ETFs are valued at the closing price reported on the active market in which the investments are traded.

The Museum's mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Museum are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Museum are deemed to be actively traded.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements

December 31, 2020 and 2019

(5) Fair Value Measurements, Continued

The Museum invests in certificates of deposit (CDs), which are valued at amortized cost, which approximates fair value, and are classified within Level 2.

The fair value of the beneficial interest in perpetual trust is based on the fair value of the assets held by the trust.

(6) Beneficial Interest in Perpetual Trust

The Museum is the beneficiary under a trust administered by Wells Fargo Bank. The bank is to invest and manage the trust assets in perpetuity. The Museum is the sole beneficiary of the trust, and each year will receive a bank approved percentage (currently 4.0%) of the total trust assets held in perpetuity. The Museum has recorded the interest in the trust at fair value as a net asset with donor restrictions. Fair value is determined based on the underlying assets of the trust. Changes in the fair value of the assets and related investment income are recognized as change in fair value of perpetual trust in the accompanying statements of activities.

(7) Line of Credit

The Museum has a \$400,000 bank line of credit. Interest on outstanding borrowings is payable monthly at an annual rate of 3.25%. Borrowings are collateralized by a deposit account at the bank for \$400,000. The outstanding borrowings under the line of credit were \$204,750 and \$229,950 at December 31, 2020 and 2019, respectively. The line of credit expires on August 31, 2021.

(8) Long-Term Debt

The Museum has a \$730,000 note payable, with a balance of \$461,604 and \$491,873 at December 31, 2020 and 2019, respectively, due in equal monthly principal installments of \$2,522, plus interest with a balloon payment due on March 16, 2023. Interest on the note is at a fixed rate of 2.45%. The note is collateralized by a deposit account at the bank that approximates the outstanding balance. Management expects to apply future funding from the Museum's capital campaign to repay the principal balance.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements
December 31, 2020 and 2019

(8) Long-Term Debt, Continued

Aggregate future maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2021	\$ 30,264
2022	30,264
2023	401,076
	<u>\$ 461,604</u>

(9) Board Designated Assets

Board designated net assets are designated for the following purposes at December 31:

	2020	2019
Acquisition of art for permanent collection	\$ 223,136	\$ 282,701
Building improvements and operations	3,367,930	3,195,326
	<u>\$ 3,591,066</u>	<u>\$ 3,478,027</u>

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2020 and 2019

(10) Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2020	2019
Subject to expenditure for specified purposes:		
Art acquisitions	\$ 16,784	\$ 6,403
Juried prizes	19,120	12,932
Art scholarships	6,702	5,151
Education	36,859	53,841
Exhibits	152,084	215,215
Strategic Advancement	601,966	-
Outdoor Experience	307,462	129,760
Film series	8,081	7,305
	<hr/> 1,149,058	<hr/> 430,607
Subject to the passage of time:		
Subsequent year operations	-	200,000
Endowments:		
Subject to Museum's endowment spending policy and appropriation:		
Various department salaries	3,583,663	3,367,892
Scholarships	75,001	70,646
Juried prizes	60,605	60,605
Archives	259,743	237,196
Art conservation	147,746	134,876
Education	281,129	245,671
Other programs	131,900	70,000
	<hr/> 4,539,787	<hr/> 4,186,886
Not subject to spending policy or appropriation:		
Beneficial interest in a perpetual trust	3,217,737	2,938,810
	<hr/> \$ 8,906,582	<hr/> \$ 7,756,303

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2020 and 2019

(11) Endowment

The Museum accounts for its endowment established by donors and its board designated funds in accordance with FASB Staff Position 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds* now incorporated in FASB ASC 958-205. The Commonwealth of Pennsylvania has not yet adopted the provisions of the UPMIFA, but the Museum is required by FASB ASC 958-205 to disclose certain matters associated with its endowment funds. Endowment funds subject to FASB ASC 958-205 include net assets with donor restrictions, with the exception of the beneficial interest in perpetual trust, and the income generated by certain net assets subject to donor restrictions and board designated net assets. Management of the Museum does not consider any other fund to be subject to FASB ASC 958-205.

The Museum used a 5.0% spending rate in 2020 and 2019, to determine the amount of donor-restricted endowment earnings to be allocated to operations, from internally managed endowments. The spending rate, which is subject to review by the Museum's Board of Directors, is applied to a moving average of annual donor-restricted endowment levels over the period of three years. In addition, all distributions from outside trusts are credited to operations. During the year ended December 31, 2020, the Museum suspended certain operating draws in order to preserve the endowment.

The use of income from certain donor restricted endowment funds is subject to donor-imposed restrictions. Dividends, interest, and net realized gains on these assets, net of withdrawn funds for unrestricted purposes, are recorded as increases in net assets without donor restrictions.

The following tables summarize the changes in endowment net assets for the years ended December 31:

	2020		
	Board Designated	With Donor Restrictions	Totals
Beginning of year	\$ 3,478,027	\$ 4,235,924	\$ 7,713,951
Contributions	2,531	66,310	68,841
Investment income, net	259,664	433,016	692,680
Appropriations for expenditure	(6,970)	-	(6,970)
Appropriations for building improvements	(56,604)	-	(56,604)
Appropriations for art acquisition and conservation	(85,582)	(129,664)	(215,246)
End of year	\$ 3,591,066	\$ 4,605,586	\$ 8,196,652

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2020 and 2019

(11) Endowment, Continued

	2019		
	Board Designated	With Donor Restrictions	Totals
Beginning of year	\$ 3,339,699	\$ 3,798,432	\$ 7,138,131
Contributions	75,384	4,825	80,209
Investment income, net	395,217	623,967	1,019,184
Appropriations for expenditure	(36,444)	-	(36,444)
Appropriations for building improvements	(120,094)	-	(120,094)
Appropriations for art acquisition and conservation	(175,735)	(191,300)	(367,035)
End of year	\$ 3,478,027	\$ 4,235,924	\$ 7,713,951

(12) Paycheck Protection Program

In 2020, the Museum received a loan in the amount of \$256,870, from a bank pursuant to the Paycheck Protection Program (PPP) Phase 1, administered by the United States Small Business Administration (SBA) and authorized by Keeping American Workers Employed and Paid Act, which is part of the Coronavirus Aid, Relief, and Economic Security Act, enacted on March 27, 2020. The PPP was established to provide economic stimulus and funding to businesses affected by the COVID-19 pandemic.

The Museum has elected to account for the PPP proceeds under International Accounting Standards (IAS) 20, *Accounting for Government Grants and Disclosure of Government Assistance*. In accordance with IAS 20, a forgivable loan from the government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. The Museum is following the income approach under IAS 20 whereby a government grant is not recognized in profit or loss until there is reasonable assurance that the entity will comply with the conditions attaching to it. Accordingly, the grant was recorded as a liability upon receipt and recognized systematically over the periods in which the Museum recognized as expenses the related costs for which the grant was intended to compensate. The grant, in the amount of \$256,870, has been recorded as other income in the accompanying 2020 statement of activities and is included within net cash provided by operating activities in the accompanying 2020 statement of cash flows.

In February 2021, the Museum received notification from the SBA that the full amount of the loan was forgiven.