

Phoenix Art Museum

PHOENIX ART MUSEUM AND
PHOENIX ART MUSEUM ENDOWMENT FUND, INC.

Phoenix, Arizona

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

PHOENIX ART MUSEUM AND
PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses	
Year Ended June 30, 2021	5
Consolidated Statement of Functional Expenses	
Year Ended June 30, 2020	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
SUPPLEMENTARY INFORMATION	35
Consolidating Statement of Financial Position	36
Consolidating Statement of Activities	38

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Phoenix Art Museum and Phoenix Art Museum Endowment Fund, Inc.
Phoenix, Arizona

We have audited the accompanying consolidated financial statements of Phoenix Art Museum and Phoenix Art Museum Endowment Fund, Inc., (Arizona nonprofit corporations) (collectively the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Phoenix Art Museum and Phoenix Art Museum Endowment Fund, Inc., as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Henry + Horne, LLP

Tempe, Arizona
November 5, 2021

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,473,957	\$ 1,305,758
Accounts receivable	307,443	150,308
Promises to give, current, net of allowance	625,491	537,565
Promises to give restricted for endowments, current	-	300,000
Grants receivable	75,000	100,000
Prepaid expenses	94,103	38,477
Inventory	203,948	311,682
TOTAL CURRENT ASSETS	4,779,942	2,743,790
OTHER ASSETS		
Promises to give, net of current and allowance	179,136	331,069
Investments - endowments	31,062,876	25,650,293
Investments - collateral	1,241,410	1,366,553
Charitable gift annuities	89,728	93,630
Collections	-	-
Property and equipment, net	3,381,467	3,906,611
Beneficial interest in perpetual trust	559,148	465,404
TOTAL ASSETS	<u>\$ 41,293,707</u>	<u>\$ 34,557,350</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 161,566	\$ 172,691
Accrued expenses	635,247	426,604
Deferred revenue	825,441	728,109
Deferred conditional contribution	445,324	608,600
Note payable, current	95,016	93,138
TOTAL CURRENT LIABILITIES	2,162,594	2,029,142
OTHER LIABILITIES		
Accrued pension	479,438	420,447
Note payable, net of current	762,030	810,012
Charitable gift annuity liabilities	100,858	107,336
TOTAL LIABILITIES	<u>3,504,920</u>	<u>3,366,937</u>
NET ASSETS/(DEFICITS)		
Without donor restrictions	1,192,191	(758,674)
With donor restrictions	36,596,596	31,949,087
TOTAL NET ASSETS	<u>37,788,787</u>	<u>31,190,413</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 41,293,707</u>	<u>\$ 34,557,350</u>

See accompanying notes.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

	2021			2020*		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT AND REVENUE						
Earned and other revenue:						
Admissions	\$ 728,535	\$ -	\$ 728,535	\$ 942,147	\$ -	\$ 942,147
Membership revenue	966,326	-	966,326	1,386,835	-	1,386,835
Museum store income	471,538	-	471,538	728,896	-	728,896
Shared costs reimbursements	273,229	-	273,229	281,479	-	281,479
Royalties	20,242	-	20,242	64,248	-	64,248
Facility rentals	22,950	-	22,950	298,252	-	298,252
Miscellaneous income	261,914	-	261,914	415,525	-	415,525
Perpetual trust net change	-	93,744	93,744	23,033	-	23,033
Investment income, net	20,273	6,858,714	6,878,987	2,226	1,171,519	1,173,745
Total earned and other revenue	2,765,007	6,952,458	9,717,465	4,142,641	1,171,519	5,314,160
Support:						
Contributions	2,170,558	948,730	3,119,288	2,191,835	1,049,507	3,241,342
Donated facilities, materials and services	4,495,289	-	4,495,289	4,861,337	-	4,861,337
Paycheck Protection Program grant	1,449,614	-	1,449,614	677,738	-	677,738
Other government grants	745,850	-	745,850	121,224	-	121,224
Change in value of charitable gift annuity	2,576	-	2,576	(10,752)	-	(10,752)
Net assets released from time and purpose restrictions	1,382,079	(1,382,079)	-	2,550,567	(2,550,567)	-
Net assets released from endowments	1,871,600	(1,871,600)	-	1,347,581	(1,347,581)	-
Total support	12,117,566	(2,304,949)	9,812,617	11,739,530	(2,848,641)	8,890,889
Special event revenue	58,700	-	58,700	458,752	-	458,752
Direct benefit to donors	-	-	-	(166,169)	-	(166,169)
Special events, net	58,700	-	58,700	292,583	-	292,583
TOTAL SUPPORT AND REVENUE	14,941,273	4,647,509	19,588,782	16,174,754	(1,677,122)	14,497,632
EXPENSES						
Program services expenses	9,707,513	-	9,707,513	11,236,443	-	11,236,443
Supporting services expenses						
Management and general	1,767,196	-	1,767,196	2,333,080	-	2,333,080
Fundraising	1,200,800	-	1,200,800	1,642,064	-	1,642,064
Membership	314,899	-	314,899	349,233	-	349,233
TOTAL EXPENSES	12,990,408	-	12,990,408	15,560,820	-	15,560,820
CHANGE IN NET ASSETS - before loss on uncollectible promises to give	1,950,865	4,647,509	6,598,374	613,934	(1,677,122)	(1,063,188)
Loss on uncollectible promises to give	-	-	-	-	(383,570)	(383,570)
CHANGE IN NET ASSETS	1,950,865	4,647,509	6,598,374	613,934	(2,060,692)	(1,446,758)
NET ASSETS (DEFICITS), BEGINNING OF YEAR	(758,674)	31,949,087	31,190,413	(1,372,608)	34,009,779	32,637,171
NET ASSETS/(DEFICITS), END OF YEAR	<u>\$ 1,192,191</u>	<u>\$ 36,596,596</u>	<u>\$ 37,788,787</u>	<u>\$ (758,674)</u>	<u>\$ 31,949,087</u>	<u>\$ 31,190,413</u>

* Reclassified for conform to current year presentation

See accompanying notes.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services				Supporting Services			Cost of Direct Benefit to Donors	Totals
	Collections and Exhibits	Education and Community Services	Museum Store	Total Program Services	Management and General	Fundraising	Membership		
Personnel expenses:									
Salaries and wages	\$ 1,994,618	\$ 158,300	\$ 175,290	\$ 2,328,208	\$ 733,254	\$ 842,398	\$ 96,271	\$ -	\$ 4,000,131
Payroll taxes	137,335	10,899	12,069	160,303	50,487	58,002	6,629	-	275,421
Employee benefits	423,022	30,093	40,854	493,969	197,158	100,069	19,778	-	810,974
	2,554,975	199,292	228,213	2,982,480	980,899	1,000,469	122,678	-	5,086,526
Advertising and marketing	208,449	-	170	208,619	4,335	-	-	-	212,954
Art acquisitions	171,506	-	-	171,506	-	-	-	-	171,506
Bank and merchant fees	38,354	71	12,369	50,794	20,690	3,367	11	-	74,862
Cost of sales	169	-	206,877	207,046	-	717	16,506	-	224,269
Curatorial expense	13,110	-	101	13,211	-	-	-	-	13,211
Depreciation expense	375,645	44,383	27,401	447,429	37,937	36,729	10,237	-	532,332
Equipment	13,877	-	-	13,877	1,261	464	-	-	15,602
Equipment rental	14,432	1,246	1,190	16,868	5,411	2,326	832	-	25,437
Equipment maintenance and repairs	58,623	1,248	451	60,322	1,854	448	211	-	62,835
Exhibition expense	403,966	850	-	404,816	-	-	-	-	404,816
Occupancy	237,834	27,408	7,843	273,085	32,531	5,568	2,770	-	313,954
Insurance expense	87,171	3,710	11,131	102,012	35,619	14,841	1,484	-	153,956
Interest expense	2,688	1,344	4,032	8,064	12,902	5,376	537	-	26,879
In-kind expenses:									
Raffle items	15,815	-	-	15,815	-	-	-	-	15,815
Advertising	16,440	-	-	16,440	-	-	-	-	16,440
Professional fees	500	-	-	500	-	590	-	-	1,090
Miscellaneous supplies	-	-	-	-	-	-	24,338	-	24,338
Occupancy	3,356,248	405,510	112,977	3,874,735	461,999	60,524	40,349	-	4,437,607
Miscellaneous	8,294	5,667	749	14,710	31,445	1,745	373	-	48,273
Postage and shipping	5,328	40	12,241	17,609	1,494	550	55,737	-	75,390
Printing	79,594	1,588	99	81,281	682	446	30,978	-	113,387
Professional fees	330,008	15,374	12,765	358,147	82,136	-	2,608	-	442,891
Dues and subscriptions	13,027	11,274	992	25,293	3,512	58,226	1,518	-	88,549
Technology	109,615	13,924	6,302	129,841	25,173	3,965	1,503	-	160,482
Travel expenses	3,512	-	-	3,512	-	-	-	-	3,512
Utilities	172,524	20,817	5,800	199,141	23,717	3,107	2,071	-	228,036
Supplies	6,075	2,483	1,802	10,360	3,599	1,342	158	-	15,459
	8,297,779	756,229	653,505	9,707,513	1,767,196	1,200,800	314,899	-	12,990,408
Less amounts reported in revenue and support on the statement of activities	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$ 8,297,779	\$ 756,229	\$ 653,505	\$ 9,707,513	\$ 1,767,196	\$ 1,200,800	\$ 314,899	\$ -	\$ 12,990,408

See accompanying notes.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services				Supporting Services			Cost of Direct Benefit to Donors	Totals
	Collections and Exhibits	Education and Community Services	Museum Store	Total Program Services	Management and General	Fundraising	Membership		
Personnel expenses:									
Salaries and wages	\$ 2,419,070	\$ 433,703	\$ 165,315	\$ 3,018,088	\$ 922,113	\$ 705,608	\$ 114,854	\$ -	\$ 4,760,663
Payroll taxes	146,386	28,798	11,030	186,214	105,708	41,929	7,791	-	341,642
Employee benefits	652,685	84,710	37,603	774,998	230,439	102,082	37,864	-	1,145,383
	3,218,141	547,211	213,948	3,979,300	1,258,260	849,619	160,509	-	6,247,688
Advertising and marketing	253,000	-	780	253,780	2,543	-	-	-	256,323
Art acquisitions	42,000	-	-	42,000	-	-	-	-	42,000
Bank and merchant fees	62,000	191	24,085	86,276	14,867	10,961	19	-	112,123
Cost of sales	-	-	277,770	277,770	-	-	-	-	277,770
Curatorial expense	27,054	-	253	27,307	10	10	-	-	27,327
Depreciation expense	384,158	46,198	15,798	446,154	71,912	14,973	8,073	-	541,112
Equipment	32,069	-	5,184	37,253	43	-	-	-	37,296
Equipment rental	29,876	3,686	1,197	34,759	16,843	58,844	2,647	-	113,093
Equipment maintenance and repairs	66,652	1,259	406	68,317	1,925	341	191	-	70,774
Exhibition expense	563,691	3,512	-	567,203	-	-	-	-	567,203
Occupancy	245,240	27,017	7,468	279,725	31,861	5,923	2,683	-	320,192
Insurance expense	97,733	-	-	97,733	69,060	-	-	-	166,793
Interest expense	-	-	-	-	29,366	-	-	-	29,366
In-kind expenses:									
Raffle item	-	-	-	-	-	-	-	17,151	17,151
Advertising	25,000	-	-	25,000	-	8,500	-	-	33,500
Professional fees	12,108	-	-	12,108	-	-	-	-	12,108
Miscellaneous supplies	250	-	-	250	1,108	253,425	-	-	254,783
Occupancy	3,448,152	422,563	115,681	3,986,396	471,946	24,286	61,167	-	4,543,795
Miscellaneous	28,167	11,147	1,008	40,322	38,560	16,149	1,911	-	96,942
Postage and shipping	13,882	102	23,002	36,986	2,067	13,596	70,956	-	123,605
Printing	32,349	8,421	55	40,825	908	25,577	27,897	-	95,207
Professional fees	404,054	40,659	2,026	446,739	126,668	279,759	11,188	149,018	1,013,372
Dues and subscriptions	25,129	20,739	184	46,052	7,010	55,597	3	-	108,662
Technology	120,124	33,264	3,422	156,810	20,228	9,569	1,216	-	187,823
Travel expenses	144,411	2,019	1,908	148,338	4,833	7,460	-	-	160,631
Utilities	57,116	6,901	1,923	65,940	150,770	1,030	687	-	218,427
Supplies	21,147	4,599	7,354	33,100	12,292	6,445	86	-	51,923
	9,353,503	1,179,488	703,452	11,236,443	2,333,080	1,642,064	349,233	166,169	15,726,989
Less amounts reported in revenue and support on the statement of activities	-	-	-	-	-	-	-	(166,169)	(166,169)
TOTAL EXPENSES	\$ 9,353,503	\$ 1,179,488	\$ 703,452	\$ 11,236,443	\$ 2,333,080	\$ 1,642,064	\$ 349,233	\$ -	\$ 15,560,820

See accompanying notes.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,598,374	\$ (1,446,758)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	532,332	541,112
Change in discount and allowance on promises to give	(216,067)	120,379
Loss on uncollectible promise to give	-	383,570
Paycheck Protection Program loan forgiveness	(608,600)	-
Net realized/unrealized gain on investments	(6,530,844)	(810,738)
Change in charitable gift annuity	(2,576)	235,120
Change in value of perpetual trust	(93,744)	(23,033)
(Increase) decrease:		
Accounts receivable	(157,135)	9,863
Promises to give	280,074	606,195
Grants receivable	25,000	208,246
Prepaid expenses	(55,626)	117,065
Inventory	107,734	(30,445)
Increase (decrease):		
Accounts payable	(11,125)	(156,111)
Accrued expenses	267,634	95,301
Deferred revenue	97,332	41,504
Deferred conditional contribution	445,324	608,600
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	678,087	499,870
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,512,434)	(10,316,467)
Proceeds from sales of investments	3,755,838	10,317,749
Endowment promises to give received	300,000	801,196
Purchases of property and equipment	(7,188)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,536,216	802,478
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(46,104)	(67,453)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(46,104)	(67,453)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,168,199	1,234,895
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,305,758	70,863
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,473,957	\$ 1,305,758

See accompanying notes.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES

Nature of Activities

Phoenix Art Museum (the Museum) is a nonprofit museum incorporated in May 1949 as an Arizona nonprofit corporation. The purpose of the Museum is to educate and expose the broadest segment of the population to the historical and aesthetic attributes of the visual arts.

Phoenix Art Museum Endowment Fund, Inc. (the Endowment Fund) was incorporated in January 1994 as an Arizona nonprofit corporation with the Phoenix Art Museum as the sole member. The purpose of the Endowment Fund is to receive and accept title of donated assets, to hold such assets as an endowment, to invest said assets, and to distribute income and gains from these assets for the benefit of the Museum.

Arizona Costume Institute, LLC (ACI), a wholly owned subsidiary of the Museum, promotes the appreciation and understanding of fashion design through the acquisition and preservation of works of historical and aesthetic significance, education programs and support for the Museum's Fashion Design department.

In addition, the Museum is supported by Phoenix Men's Art Council (MAC), a separate 501(c)(3) organization.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Museum, the Endowment Fund, and ACI (collectively the "Organization"). All inter-organizational balances and transactions have been eliminated in the consolidated financial statements.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less at date of acquisition to be cash equivalents. Cash held in accounts with stock brokerage firms are reported as investments as they represent accounts used for the purchases and sales of investments and are excluded from this definition.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Accounts Receivable

Accounts receivable are carried at the outstanding balances less an allowance for doubtful accounts, if applicable. The Organization evaluates the collectability of its accounts receivable based on a combination of factors. The Organization records a reserve based on a percentage of the accounts receivable balance. Accounts are charged off against the allowance when they are deemed to be uncollectible. Accounts receivable as of June 30, 2021 and 2020 are considered to be fully collectible.

Promises to Give and Grants Receivable

Unconditional promises to give and grants receivable include promises for general purposes or program activities. Promises to give and grants receivable are recognized as revenues in the period the promise is received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate as determined by management applicable in the years in which the promises are received. Amortization of the discounts is reflected in contributions.

The Organization records a specific reserve to reduce the amounts recorded to what it believes will be collected. Promises to give are charged off against the allowance when they are deemed uncollectible.

Inventory

Inventory consists of books, gift items, and art related objects held for resale and carried at the lower of cost or net realizable value as determined by the average cost method.

Fair Value Measurements

Accounting Standards establish a framework for measuring fair value which 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

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

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Fair Value Measurements (Continued)

Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none">• 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. <p>If the asset or liability has a specified term (contractual term), the Level 2 input must be observable for substantially the full term of the asset or liability.</p>
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement, and usually reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the assets (i.e. real estate valuations, broker quotes).

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 maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

Investments are measured at fair value or net asset value in the consolidated statements of financial position. Investments are recorded at fair value as determined by quoted prices in active markets or other valuation inputs. Investment income or loss (including realized and unrealized gains and losses, net of investment expenses) is included in the change net assets without donor restrictions in the accompanying consolidated statements of activities, unless the income or loss is restricted by donor or law.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of buildings and equipment is calculated using the straight-line method over the estimated useful lives of the respective assets.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Property and Equipment (Continued)

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in operations.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Endowment Funds

The Organization's endowment funds consist of 40 donor restricted funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization follows Arizona's Management of Charitable Funds Act (MCFA) and its own governing documents. MCFA requires the preservation of endowment funds. When a donor's intent is not expressed, MCFA directs the Organization to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors and the donor's intent that the fund continues in perpetuity.

The Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment fund also includes accumulated earnings in the fund that are also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MCFA.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Endowment Funds (Continued)

In accordance with MCFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) the Organization's other resources, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The Organization's primary objective is to obtain the best possible return on investments with the appropriate degree of risk and to meet the priorities of the Organization over time. Endowment assets are invested in a conservative, well diversified asset mix that is intended to result in a consistent inflation-protected rate of return with an average level of risk and may experience moderate levels of volatility.

Spending Policy. The Endowment Foundation's Board of Directors establishes the spending policy and draw percentage in coordination with the Museum, on a yearly basis. In establishing this policy, the Organization considers all factors outlined in the MCFA. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Charitable Gift Annuities

The Organization administers 11 charitable gift annuities. Assets received from charitable gift annuities are recorded as contribution income for the amount that exceeds the annuity liability. The annuity liability is recorded in an amount equal to the present value of the estimated future obligations to beneficiaries based on mortality rates derived from the life expectancy tables.

Beneficial Interest in Perpetual Trust

The Organization is the beneficiary of a single perpetual trust. Under the agreement, the Organization recorded the contribution with donor restriction at the fair value of the Organization's beneficial interest in the trust assets. Subsequent changes in fair value of the beneficial interest in the trust assets are recorded as changes in value of split-interest agreements to net assets with donor restrictions.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Fine Art Collection

The Organization's fine art collection consists of purchased and donated works of art. The collection items are on display for the general public. The Organization employs professional staff to ensure that the collection items are preserved and protected. Each of the items is cataloged, preserved, and cared for, and kept unencumbered, and activities verifying their existence and assessing their condition are performed continuously. Collection items acquired either through purchase or donation are not capitalized. The proceeds from deaccession of collection items may be used for acquisitions of new collection items or the direct care of existing collections.

The Organization adheres to the ethical principles and definition of direct care established by the American Alliance of Museums and considers direct care to entail actions that enhance the life, usefulness, or quality of the collection items to ensure they will continue to benefit the public. The Organization's collection management policy includes conservation services, archival services, collections care investments identified through a conservation assessment and/or plan, and collection care training for staff and volunteers, as activities that are considered direct care of collection items.

Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with assets without donor restrictions and as decreases in net assets with donor restrictions if purchased with donor-restricted assets. Acquisitions of fine art for the years ended June 30, 2021 and 2020 totaled \$171,506 and \$42,000, respectively. Contributions of collection items are not recognized in the consolidated statements of activities.

Revenue Recognition

Other than membership revenue, the majority of the Organization's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services.

Membership revenue:

Memberships can be purchased for either one-year or two-year terms. Over the term of the membership, the members receive various benefits depending on the membership level purchased. Benefits include free admission to the museum, free and discounted admission to lectures and films, discounts in the museum store and restaurant, and other benefits. The exchange transaction portion of the membership dues paid is determined to be earned revenue and is based on the value of the benefits provided. This earned membership revenue is recognized and earned on an equal monthly basis over the term of the membership as the benefits are provided to members relatively equally each month. Membership dues received as of year-end relating to the months in the membership terms that occur subsequent to year-end, are recorded as a contract liability (deferred revenue) at June 30th.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Revenue Recognition (Continued)

Admissions and museum store income:

Museum ticket sales and sales of merchandise are earned revenues where performance obligations are satisfied at a point in time. Tickets are sold daily for access to the museum, so the performance obligation is also satisfied on a daily basis. Ticket sales are earned and recognized as revenue in the period the transfer of these services is provided. Museum store income is recognized in the period the goods are sold and is reported net of sales taxes.

Facility rentals:

The Organization periodically provides space in the museum to organizations and individuals for a rental fee where half of the total fee is due at the time of the reservation and the remainder due on the day of the event. The single performance obligation is satisfied on the day the space is provided for use and the facility rental income is recognized in the period the rental occurs. Amounts received in advance of the event are recorded as a contract liability (deferred revenue).

Deferred revenue:

The activity in the contract liability accounts (deferred revenue) included the following:

	Deferred Membership Revenue	Deferred Facility Rental Revenue
Balance at June 30, 2019	\$ 524,818	\$ 112,198
Amounts received in fiscal year 2020	1,395,394	324,854
Revenue recognized in fiscal year 2020	(1,386,835)	(298,252)
Balance at June 30, 2020	533,377	138,800
Amounts received in fiscal year 2021	993,093	(45,850)
Revenue recognized in fiscal year 2021	(966,326)	(22,950)
Balance at June 30, 2021	<u>\$ 560,144</u>	<u>\$ 70,000</u>

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Contributions

Contributions received are recorded as either support with donor restrictions or as support without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. If the restriction is met or expires in the same fiscal year the contribution is received, the amount is classified as net assets without donor restrictions.

Non-Cash Donations

Donated materials and rent are recorded at their estimated fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donated services, are recorded at their fair market values in the period received. The Organization received the benefit of service from approximately 25 and 740 volunteers for the years ended June 30, 2021 and 2020, respectively, which has not been recorded in the accompanying consolidated financial statements as it does not meet the recognition criteria.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions.
- Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Advertising

The Organization uses advertising to promote its programs to the community it serves. Advertising costs are charged to operations as incurred. Advertising expense charged to operations was approximately \$213,000 and \$256,000 for the years ended June 30, 2021 and 2020, respectively.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. The consolidated financial statements of the Organization report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated based on use, square footage basis, or on the basis of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Tax Status

The Museum and the Endowment Fund each qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, therefore, there is no provision for income taxes. In addition, they qualify for the charitable contribution deduction under Section 170 of the code and have been classified as organizations that are not private foundations under Section 509(a)(2).

Arizona Costume Institute, LLC is treated as a disregarded entity for tax reporting purposes. All transactions and account balances of Arizona Costume Institute, LLC are reported for tax purposes by Phoenix Art Museum, the sole member of Arizona Costume Institute, LLC.

The Organization recognizes uncertain tax positions in the consolidated financial statements when it is more likely-than-not that the positions will not be sustained upon examination by the tax authorities. As of June 30, 2021 and 2020, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

The Organization recognizes interest and penalties associated with income tax in operating expenses. During the years ended June 30, 2021 and 2020, the Organization did not have any income tax related interest and penalty expense.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Use of Estimates

The preparation of the consolidated financial statements in conformity 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 consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Date of Management's Review

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 5, 2021, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors its liquidity in order to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, promises to give and other readily liquid financial instruments. Additionally, the Organization has a \$5.5 million line of credit which it can draw from when needed.

As of June 30, 2021 and 2020, the following table shows the total financial assets held by the Organization that are available for expenditure in the following year:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,473,957	\$ 1,305,758
Accounts receivable	307,443	150,308
Current promises to give (excluding those restricted for endowments)	625,491	537,565
Grants receivable	75,000	100,000
Endowment funds for distribution	<u>1,573,500</u>	<u>437,891</u>
Financial assets available to be used within one year	<u>\$ 6,055,391</u>	<u>\$ 2,531,522</u>

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 3 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and cash equivalents, investments, promises to give, and grants receivable. The Organization maintains its cash in bank accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances. Investment balances with brokerage firms are insured up to \$500,000 by SIPC. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on investment balances.

Promises to give include amounts due from two donors totaling 31% of total gross promises as of June 30, 2021 and amounts due from three donors totaling 48% of total gross promises to give as of June 30, 2020. Grants receivable include amounts due from two donors for each of the years ended June 30, 2021 and 2020. Concentrations of credit risk with respect to promises to give and grants receivable are limited due to the relationship and history with these donors.

NOTE 4 PROMISES TO GIVE AND GRANTS RECEIVABLE

Promises to give and grants receivable consist of the following unconditional promises at June 30:

	2021	2020
Grants receivable due in less than one year	\$ 75,000	\$ 100,000
Promises to give due in less than one year	625,491	1,042,565
Promises to give due in one to five years	185,250	356,250
Promises to give due in more than five years	18,000	10,000
Total promises to give and grants receivable	903,741	1,508,815
Discount to present value	(24,114)	(35,181)
Allowance for uncollectible promises to give	-	(205,000)
Net promises to give and grants receivable	879,627	1,268,634
Grants receivable, current portion	(75,000)	(100,000)
Promises to give, current portion	(625,491)	(837,565)
Promises to give and grants receivable, net of current and less discount and allowances	\$ 179,136	\$ 331,069

The estimated cash flows for promises to give were discounted over the collection period using a discount rate of 4%.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 5 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments with readily determinable fair values are measured at fair value in the consolidated statements of financial position as determined by quoted market prices in active markets (Level 1). Alternative investments include private equity funds which are valued at net asset value based on information provided by the investment fund manager.

The following is a summary of investments measured at fair value and net asset value on a recurring basis at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments measured at fair value:				
Cash and fixed income	\$ 573,075	\$ -	\$ -	\$ 573,075
Mutual funds	7,341,367	-	-	7,341,367
Equity funds	22,354,839	-	-	22,354,839
Total investments measured at fair value	<u>\$ 30,269,281</u>	<u>\$ -</u>	<u>\$ -</u>	30,269,281
Investments measured at net asset value:				
Private equity funds				2,035,005
Total investments	<u>\$ 30,269,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,304,286</u>

The following is a summary of investments measured at fair value and net asset value on a recurring basis at June 30, 2020:

	Level 1	Level 2	Level 3	Total
Investments measured at fair value:				
Cash and fixed income	\$ 680,737	\$ -	\$ -	\$ 680,737
Mutual funds	7,487,828	-	-	7,487,828
Equity funds	17,316,044	-	-	17,316,044
Total investments measured at fair value	<u>\$ 25,484,609</u>	<u>\$ -</u>	<u>\$ -</u>	25,484,609
Investments measured at net asset value:				
Private equity funds				1,532,237
Total investments	<u>\$ 25,484,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,016,846</u>

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 5 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

In accordance with Accounting Standards, certain investments that are measured using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The net asset value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

The Organization invests in private equity funds with a diversified portfolio across general partners, industries, stages of business development and geographies. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds less any incentives due to the fund sponsor will be distributed to the investors. The sale of the assets is subject to the approval of the fund's manager and unfunded commitments totaled approximately \$1,470,000 and \$1,087,000 as of June 30, 2021 and 2020, respectively.

Investment return is summarized as follows for the year ended June 30:

	2021	2020
Interest and dividend income	\$ 451,649	\$ 497,199
Realized gains	354,791	724,418
Unrealized gains	6,176,053	63,287
Gain on perpetual trust	93,744	23,033
Investment fees	(103,506)	(111,159)
	<u>\$ 6,972,731</u>	<u>\$ 1,196,778</u>

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 5 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Other assets measured at fair value on a recurring basis include the charitable gift annuity investments and beneficial interest in perpetual trust. The Organization serves as the trustee for the charitable gift annuities and the investments held are measured at fair value as determined by quoted market prices in active markets. A third-party trustee holds the perpetual trust assets. The fair value of the interest in the perpetual trust is estimated at the fair value of the Organization's portion of the underlying assets of the trust using information provided by the trustee. The fair value of these assets is summarized as follows for the year ended June 30, 2021:

	Level 1	Level 2	Level 3	Total
Charitable gift annuities:				
Cash and money market	\$ 2,619	\$ -	\$ -	\$ 2,619
Fixed income mutual funds	31,022	-	-	31,022
Equity mutual funds	51,839	-	-	51,839
Other funds	2,656	-	-	2,656
Real asset funds	1,592	-	-	1,592
Total charitable gift annuities	89,728	-	-	89,728
Beneficial interest in perpetual trust	-	-	559,148	559,148
	<u>\$ 89,728</u>	<u>\$ -</u>	<u>\$ 559,148</u>	<u>\$ 648,876</u>

The fair value of these assets is summarized as follows for the year ended June 30, 2020:

	Level 1	Level 2	Level 3	Total
Charitable gift annuities:				
Cash and money market	\$ 2,949	\$ -	\$ -	\$ 2,949
Fixed income mutual funds	40,030	-	-	40,030
Equity mutual funds	45,021	-	-	45,021
Other funds	2,796	-	-	2,796
Real asset funds	2,834	-	-	2,834
Total charitable gift annuities	93,630	-	-	93,630
Beneficial interest in perpetual trust	-	-	465,404	465,404
	<u>\$ 93,630</u>	<u>\$ -</u>	<u>\$ 465,404</u>	<u>\$ 559,034</u>

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 5 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using the significant unobservable inputs (Level 3) during the years ended June 30, 2021 and 2020.

Balance at June 30, 2019	\$ 442,371
Change in fair value	<u>23,033</u>
Balance at June 30, 2020	465,404
Change in fair value	<u>93,744</u>
Balance at June 30, 2021	<u><u>\$ 559,148</u></u>

NOTE 6 BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization is an income beneficiary of one perpetual trust. The trust fund is held and controlled by a third-party trustee. The Organization is entitled to a specified percentage of the annual income distributions from the trust as defined in the trust agreement. The Organization will also be entitled to a specified percentage of the total amount of the corpus assets that will be distributed if the trust is ever dissolved. At June 30, 2021 and 2020, the Organization has estimated the fair value of its beneficial interest in the trust based upon the Organization's respective interest in the value of the underlying assets held by the trust. For the year ended June 30, 2021, there was a distribution of \$15,000 from the perpetual trust. For the year ended June 30, 2020, there were no distributions from the perpetual trust. Future distributions will be included in investment income with donor restrictions in the consolidated statements of activities and are restricted for the purpose of purchasing Asian art.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2021	2020
Land	\$ 699,253	\$ 699,253
Building and improvements	8,750,179	8,750,179
Equipment	797,250	1,062,849
Furniture and fixtures	75,446	81,281
Website	298,000	298,000
	<u>10,620,128</u>	<u>10,891,562</u>
Accumulated depreciation	(7,245,846)	(6,984,951)
Construction in progress	<u>7,185</u>	<u>-</u>
	<u><u>\$ 3,381,467</u></u>	<u><u>\$ 3,906,611</u></u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$532,332 and \$541,112, respectively.

NOTE 8 LINE OF CREDIT

The Organization has a \$5,500,000 line of credit with a variable interest rate equal to an adjusted LIBOR plus 1%. This line of credit agreement is collateralized by marketable securities and expires in May 2022. There was no outstanding balance due on the line of credit as of June 30, 2021 and 2020.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 9 LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Note payable with Arizona Community Foundation (ACF) due in monthly installments of \$10,631, including interest payable at a fixed rate of 4%. The Organization signed a deferment agreement with ACF to defer payments for three months, from April to June 2020 due to the pandemic. The Organization signed another deferment agreement with ACF to defer payments for six months, from July to December 2020, also due to the pandemic. This loan is collateralized by securities under a pledge agreement.	\$ 857,046	\$ 903,150
Current portion	<u>(95,016)</u>	<u>(93,138)</u>
	<u>\$ 762,030</u>	<u>\$ 810,012</u>

The note payable with ACF requires compliance with a debt service coverage ratio, which is tested quarterly.

Annual principal payments due for the next five years and thereafter are as follows for the years ending June 30:

<u>Years Ending June 30,</u>	
2022	\$ 95,016
2023	98,888
2024	102,916
2025	107,109
2026	111,473
Thereafter	<u>341,644</u>
	<u>\$ 857,046</u>

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 10 ENDOWMENTS

Endowments consists of 40 funds restricted in perpetuity by the donors which are included in net assets with donor restrictions on the accompanying consolidated statements of financial position. Endowment net asset composition as of June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Funds
Original corpus - investments	\$ -	\$ 22,519,990	\$ 22,519,990
Accumulated investment earnings	-	9,784,296	9,784,296
	<u>\$ -</u>	<u>\$ 32,304,286</u>	<u>\$ 32,304,286</u>

Endowment net asset composition as of June 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Funds
Original corpus - investments	\$ -	\$ 22,219,664	\$ 22,219,664
Original corpus - promises to give	-	300,000	300,000
Accumulated investment earnings	-	4,797,182	4,797,182
	<u>\$ -</u>	<u>\$ 27,316,846</u>	<u>\$ 27,316,846</u>

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 10 ENDOWMENTS (Continued)

Changes in endowment funds for the years ended June 30 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Funds
Balance, June 30, 2019	\$ -	\$ 27,308,786	\$ 27,308,786
Contributions	-	161,489	161,489
Discount on long-term promises to give	-	22,633	22,633
Interest and dividend income	-	494,973	494,973
Realized gains	-	724,418	724,418
Unrealized gains	-	63,287	63,287
Fees	-	(111,159)	(111,159)
Amounts appropriated for expenditure	-	(1,347,581)	(1,347,581)
Balance, June 30, 2020	-	27,316,846	27,316,846
Contributions	-	326	326
Interest and dividend income	-	450,701	450,701
Realized gains	-	354,791	354,791
Unrealized gains	-	6,176,053	6,176,053
Fees	-	(122,831)	(122,831)
Amounts appropriated for expenditure	-	(1,871,600)	(1,871,600)
Balance, June 30, 2021	\$ -	\$ 32,304,286	\$ 32,304,286

The fair value of assets associated with individual donor-restricted endowments may have fair values less than the amount required to be maintained by donors or law (underwater endowments). The Organization has interpreted MCFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2021 and 2020, certain endowment funds had fair values less than the original gift values resulting in deficiencies. These deficiencies resulted from unfavorable market fluctuations and continued appropriations for certain programs that were deemed prudent by the Board of Directors. It is the Organization's policy to continue to apply the spending policy to underwater endowment funds. The underwater funds as of June 30, 2021 included one fund with an original total gift value of \$100,548 and total fair value of \$84,820, with a total deficiency of \$15,728. The underwater funds as of June 30, 2020 included three funds with original total gift values of \$2,062,999 and total fair values of \$1,970,530, with a total deficiency of \$92,469.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30 consist of:

	2021	2020
<u>Time restricted:</u>		
Promises to give	\$ 408,994	\$ 210,000
<u>Time and purpose restricted promises to give:</u>		
Exhibits and events	210,951	350,000
Salary support	-	175,000
Library support	112,500	168,750
Other	60,000	-
	<u>383,451</u>	<u>693,750</u>
<u>Purpose restricted:</u>		
Exhibits and education	1,677,443	1,922,839
Conservation	1,136,924	1,119,072
Other	126,350	221,176
Beneficial interest in perpetual trust	559,148	465,404
	<u>3,499,865</u>	<u>3,728,491</u>
<u>Endowment funds:</u>		
Portion of perpetual endowment funds that is required to be retained permanently	22,519,990	22,519,664
Investment income subject to a time restriction under MCFA	1,747,360	289,189
Investment income subject to time and purpose restriction under MCFA:		
Exhibits and education	3,676,693	1,107,124
Conservation	1,397,717	1,099,625
Art acquisitions	2,870,189	2,246,351
Art awards and scholarships	92,337	54,893
	<u>32,304,286</u>	<u>27,316,846</u>
Total net assets with donor restrictions	<u>\$ 36,596,596</u>	<u>\$ 31,949,087</u>

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 12 PAYCHECK PROTECTION PROGRAM GRANT

During the year ended June 30, 2020, the Organization received funding in the amount of \$1,286,338 under the Paycheck Protection Program ("PPP") administered by the U.S. Small Business Administration ("SBA"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, provides for funding to qualifying businesses for amounts up to 2.5 times the adjusted average monthly payroll costs incurred during the year prior to the funding date of the qualifying business. The funding amount and accrued interest are forgivable after 24 weeks as long as the Organization uses the proceeds for eligible purposes, including payroll costs, interest on mortgage obligations, rent and utilities. Unless certain safe harbor requirements are met, the amount of the forgiveness will be reduced if the Organization reduces the number of employees or reduces salaries by more than 25% during the 24-week period beginning on the PPP funding origination date. The Organization has determined that the PPP funding represents a conditional contribution and they received full forgiveness of the amount received in December 2020. Conditions to be met for recognition of this contribution include the incurring of eligible expenses as well as maintaining the full-time equivalent employee count, unless the Organization meets the requirements for the safe harbor option. As of June 30, 2020, the Organization had partially met these conditions and recorded contribution income relating to the PPP funding in the amount of \$677,738. As of June 30, 2021, the Organization received full forgiveness of the amount received, had met the remaining conditions for incurring eligible expenses, and recorded contribution income relating to the PPP funding in the amount of \$617,798, which also includes interest that was forgiven.

During the year ended June 30, 2021, the Organization received a second draw PPP funding in the amount of \$1,286,338. The maximum funding amount of a second draw is 2.5 times the average monthly 2019 or 2020 payroll costs up to \$2,000,000. The second draw PPP funding has the same terms and forgiveness rules as the first draw PPP funding. In addition, the Organization must demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020. Any portion of the amount that is not forgiven will be required to be paid back over a 5-year period at an interest rate of 1%. The Organization has determined that the proceeds represent a conditional contribution as forgiveness is anticipated for the full of the amount received. As of June 30, 2021, the Organization has partially met the conditions for recognition and has recorded contribution income relating to the second draw PPP funding in the amount of \$841,014. The remaining conditional contribution relating to this funding in the amount of \$445,324 is included in a deferred conditional contribution liability on the accompanying consolidated statements of financial position and will be recognized as contribution income when the remaining conditions are met. Subsequent to year end, the Organization received full forgiveness of the amount received.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 13 DONATED MATERIALS

The Organization has an operating agreement with the City of Phoenix (the City) which commenced June 30, 1993 and ends on June 30, 2052, subject to cancellation. The agreement stipulates that the Organization will pay one dollar per year as rent for use of the Organization's facilities. The Organization has estimated the fair value of these donated costs from the City for the years ended June 30 as follows:

	2021	2020
Facility	\$ 3,713,490	\$ 3,713,490
Utilities	225,028	259,321
Maintenance	499,089	570,984
	<u>\$ 4,437,607</u>	<u>\$ 4,543,795</u>

In addition, the Organization received various other donated items and supplies with a fair value of \$57,682 and \$317,542 for the years ended June 30, 2021 and 2020, respectively.

NOTE 14 PENSION PLAN

The Organization has a defined benefit pension plan covering eligible employees. The plan calls for benefits to be paid to employees at retirement based on an actuarial valuation consisting primarily of years of service and compensation. Employees are fully vested after five years employment with the Organization. Effective September 1, 2013, the Organization's defined benefit pension plan was frozen, as such, there are no further entrants to the plan nor benefits accrued after that date.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 14 PENSION PLAN (Continued)

The plan's funded status was as follows:

	<u>2021</u>	<u>2020</u>
Projected benefit obligation	\$ (1,339,483)	\$ (1,388,368)
Fair value of plan assets	<u>860,045</u>	<u>967,921</u>
Funded status of plan at year-end	<u>\$ (479,438)</u>	<u>\$ (420,447)</u>
Accumulated benefit obligation	<u>\$ 1,339,483</u>	<u>\$ 1,388,368</u>
Employer contributions	<u>\$ 10,000</u>	<u>\$ -</u>
Participant contributions	<u>\$ -</u>	<u>\$ -</u>
Benefits paid	<u>\$ 97,363</u>	<u>\$ 167,245</u>

Amounts recognized in the consolidated statements of financial position as of June 30, 2021 and 2020 consists of pension liability in the amounts of \$479,438 and \$420,447, respectively.

Net periodic benefit costs included in expenses for the years ended June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Service costs	<u>\$ -</u>	<u>\$ -</u>
Other components of costs:		
Interest costs	\$ 40,847	\$ 49,054
Expected return on plan assets	(61,173)	(68,860)
Recognized actuarial (gain) loss	12,172	9,249
Recognized (gain) or loss due to settlement curtailment	<u>45,209</u>	<u>87,722</u>
Net periodic pension cost	<u>\$ 37,055</u>	<u>\$ 77,165</u>

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 14 PENSION PLAN (Continued)

The following sets forth the amounts recognized in changes in net assets without donor restrictions:

	2021	2020
Net loss	\$ 580,475	\$ 548,539
Prior service cost	-	-
Net amount recognized	<u>\$ 580,475</u>	<u>\$ 548,539</u>

The following weighted-average assumptions were used in the accounting for the plan at June 30:

	2021	2020
Discount rate:		
Net periodic pension cost	3.00%	3.00%
Benefit obligations	3.00%	3.00%
Rate of compensation increase	2.00%	2.00%
Compensation and benefit limit increase	3.00%	3.00%
Expected long-term rate of return of plan assets	6.50%	6.50%

The discount rate and expected rate of return on plan assets are critical assumptions which significantly affect pension accounting. Even relatively small changes in these rates would significantly change the recorded pension expense and accrued liability. Management believes the discount rate and expected rate of return on plan assets used in determining its year-end pension accounting are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.

The overall expected long-term rate of return on plan assets represents a weighted-average composition rate based on expected rates of return. The Organization's pension plan weighted-average asset allocations by asset are as follows:

	2021	2020
Cash and cash equivalents	10.00%	10.00%
Fixed income	90.00%	90.00%
	<u>100.00%</u>	<u>100.00%</u>

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 14 PENSION PLAN (Continued)

The Organization's overall strategy is to invest in high-grade securities with a minimum amount of market fluctuations. In general, the Organization's objective is to maintain the following allocation ranges:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	9.95%	9.91%
Fixed income	<u>90.05%</u>	<u>90.09%</u>
	<u>100.00%</u>	<u>100.00%</u>

Such rates are estimated by adjusting historical results for each category of investment for anticipated market movement. Under its terms, the plan investments will be limited to marketable securities including common and preferred stocks, convertible securities, government, municipal and corporate bonds, mutual and collective investment funds, and short-term money market instruments.

The following pension benefit payments which reflect expected future service, as appropriate, are expected to be paid as follows:

<u>Years Ending June 30:</u>	<u>Amount</u>
2022	\$ 54,070
2023	54,363
2024	55,472
2025	58,886
2026	58,859
2027-2031	<u>292,497</u>
	<u>\$ 574,147</u>

NOTE 15 EMPLOYEE BENEFIT PLANS

The Organization has a 403(b) defined contribution savings plan. Participation in the plan is voluntary. The Organization does not contribute nor match employee's contributions.

The Organization sponsors a 401(k) plan (the "Plan") for the benefit of its employees who have completed certain service requirements and have attained the age 21. Employees may elect to contribute a percentage of their salary to the Plan up to a maximum allowed under the Internal Revenue Code. Upon eligibility, the Organization contributes 3% of the employee's compensation plus 100% of an employee's salary deferral up to 1% of compensation. The Organization's contribution to the Plan for the years ended June 30, 2021 and 2020 totaled approximately \$111,000 and \$168,000, respectively.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 16 RELATED PARTY TRANSACTIONS

The Men's Art Council (MAC) is a separate legal entity that is affiliated with the Organization. MAC provides contributions to assist in support of the Organization's operations. MAC donated \$62,500 and \$72,500 in donations without restrictions to the organization during the years ended June 30, 2021 and 2020, respectively. The Organization provides for payment of MAC's salaries, wages, benefits and taxes, which are reimbursed by MAC. Salaries, wages, benefits and taxes reimbursed to the Organization by MAC as of June 30, 2021 and 2020 totaled \$38,002 and \$77,919, respectively.

Artenders, Inc., an entity that is wholly owned by MAC, provides beverage services at many of the Organization's special events. The Organization rents office space to Artenders, Inc. as well as provides for payment of Artenders, Inc.'s salaries, wages, benefits and taxes, which are reimbursed by Artenders, Inc. Total rental income received from Artenders amounted to \$24,000 for each of the years ended June 30, 2021 and 2020, respectively. Salaries, wages, benefits and taxes, and miscellaneous expenses reimbursed to the Organization by Artenders, Inc. during the years ended June 30, 2021 and 2020 amounted to \$9,647 and \$101,561, respectively. In addition, Artenders, Inc. donated \$16,253 to the Organization during the year ended June 30, 2020.

During the years ended June 30, 2021 and 2020, the Organization received contributions from board members that totaled approximately \$1,231,000 and \$610,000, respectively.

NOTE 17 NEW ACCOUNTING PRONOUNCEMENTS

The FASB has issued ASU No. 2016-02, *Leases*. For nonpublic companies, the standard must be adopted for annual reporting periods beginning after December 15, 2021. The standard's core principle is the recognition of lease assets and lease liabilities by lessees for substantially all leases, including those currently classified as operating leases. Under the ASU, a lessee will be required to recognize assets and liabilities for operating and finance leases with terms of more than 12 months. Management is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 18 SUBSEQUENT EVENT

In July 2021, the Organization received \$479,410 in funding from the Shuttered Venue Operators Grant (SVOG) program, administered by the Small Business Administration. The SVOG program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act and amended by the American Rescue Plan Act. Eligible recipients qualified for grants equal to 45% of gross earned revenue up to a maximum amount of \$10 million. The funds may be used for ordinary and necessary business expenses that are not reimbursed by another source and that were incurred between March 1, 2020 and June 30, 2022. Funds can also be used for payments on debt that was incurred prior to February 15, 2020. This funding will be subject to a Single Audit under the Uniform Guidance in the fiscal year ending June 30, 2022. Grantees are required to maintain documentation demonstrating the use of the funds.

Subsequent to year end, the Organization received an unrestricted operating grant from the Virginia G. Piper Charitable Trust in the amount of \$4,000,000.

SUPPLEMENTARY INFORMATION

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2021

	Phoenix Art Museum	Phoenix Art Museum Endowment Fund, Inc.	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,473,957	\$ -	\$ -	\$ 3,473,957
Accounts receivable	307,443	-	-	307,443
Due from affiliate	-	50	(50)	-
Promises to give, current, net	625,491	-	-	625,491
Grants receivable	75,000	-	-	75,000
Prepaid expenses	94,103	-	-	94,103
Inventory	203,948	-	-	203,948
	<u>4,779,942</u>	<u>50</u>	<u>(50)</u>	<u>4,779,942</u>
OTHER ASSETS				
Promises to give, net of current, discount and allowance	179,136	-	-	179,136
Investments - endowments	-	31,062,876	-	31,062,876
Investments - collateral	-	1,241,410	-	1,241,410
Charitable gift annuities	89,728	-	-	89,728
Property and equipment, net	3,381,467	-	-	3,381,467
Beneficial interest in perpetual trust	559,148	-	-	559,148
	<u>4,209,479</u>	<u>32,304,286</u>	<u>-</u>	<u>36,513,765</u>
TOTAL ASSETS	<u>\$ 8,989,421</u>	<u>\$ 32,304,336</u>	<u>\$ (50)</u>	<u>\$ 41,293,707</u>

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)
June 30, 2021

	Phoenix Art Museum	Phoenix Art Museum Endowment Fund, Inc.	Eliminations	Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 161,566	\$ -	\$ -	\$ 161,566
Due to affiliate	50	-	(50)	-
Accrued expenses	635,247	-	-	635,247
Deferred revenue	825,441	-	-	825,441
Deferred conditional contribution	445,324	-	-	445,324
Note payable, current	95,016	-	-	95,016
	2,162,644	-	(50)	2,162,594
OTHER LIABILITIES				
Accrued pension	479,438	-	-	479,438
Note payable, net of current	762,030	-	-	762,030
Charitable gift annuity liabilities	100,858	-	-	100,858
TOTAL LIABILITIES	3,504,970	-	(50)	3,504,920
NET ASSETS/(DEFICITS)				
Without donor restrictions	1,192,141	50	-	1,192,191
With donor restrictions	4,292,310	32,304,286	-	36,596,596
TOTAL NET ASSETS	5,484,451	32,304,336	-	37,788,787
TOTAL LIABILITIES AND NET ASSETS	\$ 8,989,421	\$ 32,304,336	\$ (50)	\$ 41,293,707

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Phoenix Art Museum	Phoenix Art Museum Endowment Fund, Inc.	Eliminations	Total
SUPPORT AND REVENUE				
Earned and other revenue:				
Admissions	\$ 728,535	\$ -	\$ -	\$ 728,535
Membership revenue	966,326	-	-	966,326
Museum store income	471,538	-	-	471,538
Shared costs reimbursements	273,229	-	-	273,229
Royalties	20,242	-	-	20,242
Facility rentals	22,950	-	-	22,950
Miscellaneous income	261,914	-	-	261,914
Perpetual trust net change	93,744	-	-	93,744
Investment income, net	948	6,878,039	-	6,878,987
Total earned and other revenue	2,839,426	6,878,039	-	9,717,465
Support:				
Contributions	3,118,912	376	-	3,119,288
Endowment fund grant	1,871,600	-	(1,871,600)	-
Donated facilities, materials and services	4,495,289	-	-	4,495,289
Paycheck Protection Program grant	1,449,614	-	-	1,449,614
Other government grants	745,850	-	-	745,850
Change in value of charitable gift annuity	2,576	-	-	2,576
Total support	11,683,841	376	(1,871,600)	9,812,617
Special event revenue	58,700	-	-	58,700
Cost of direct benefit to donors	-	-	-	-
Gross profit on special events	58,700	-	-	58,700
TOTAL SUPPORT AND REVENUE	14,581,967	6,878,415	(1,871,600)	19,588,782

PHOENIX ART MUSEUM AND PHOENIX ART MUSEUM ENDOWMENT FUND, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES (Continued)
Year Ended June 30, 2021

	Phoenix Art Museum	Phoenix Art Museum Endowment Fund, Inc.	Eliminations	Total
EXPENSES				
Program services expenses	9,707,513	1,871,600	(1,871,600)	9,707,513
Supporting services expenses				
Management and general	1,749,371	17,825	-	1,767,196
Fundraising	1,200,800	-	-	1,200,800
Membership	314,899	-	-	314,899
TOTAL EXPENSES	12,972,583	1,889,425	(1,871,600)	12,990,408
CHANGE IN NET ASSETS	1,609,384	4,988,990	-	6,598,374
NET ASSETS, BEGINNING OF YEAR	3,875,067	27,315,346	-	31,190,413
NET ASSETS, END OF YEAR	\$ 5,484,451	\$ 32,304,336	\$ -	\$ 37,788,787