

**Bruce Museum, Inc.**

Financial Statements

June 30, 2021 and 2020

## INDEPENDENT AUDITORS' REPORT

### **Board of Trustees Bruce Museum, Inc.**

We have audited the accompanying financial statements of Bruce Museum, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bruce Museum, Inc. as of June 30, 2021 and 2020, 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.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 26 through 29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*PKF O'Connor Davies, LLP*

December 30, 2021

**Bruce Museum, Inc.**

Statements of Financial Position

	June 30,	
	2021	2020
<b>ASSETS</b>		
Cash	\$ 5,287,580	\$ 2,017,528
Investments, unrestricted	4,558,788	4,600,048
Contributions and grants receivable, net	13,948,276	1,203,675
Inventory	35,721	54,902
Prepaid expenses and other current assets	103,235	153,274
Investments held in endowment	35,115,015	24,304,684
Property and equipment, net	3,267,525	3,501,289
Other assets - museum expansion costs	18,612,183	6,192,505
	<u>\$ 80,928,323</u>	<u>\$ 42,027,905</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,897,167	\$ 1,027,920
Retainage payable	408,616	-
Refundable contributions	34,963	34,963
Refundable advances	149,659	132,710
Paycheck Protection Program loan	474,655	537,600
Total Liabilities	<u>2,965,060</u>	<u>1,733,193</u>
Net Assets		
Without donor restrictions		
Operating	887,058	224,103
Board designated for capital account	27,919	27,919
Board designated endowment	1,364,497	961,901
Investment in property and equipment	3,267,524	3,501,289
Total Without Donor Restrictions	<u>5,546,998</u>	<u>4,715,212</u>
With donor restrictions	<u>72,416,265</u>	<u>35,579,500</u>
Total Net Assets	<u>77,963,263</u>	<u>40,294,712</u>
	<u>\$ 80,928,323</u>	<u>\$ 42,027,905</u>

See Notes to Financial Statements

**Bruce Museum, Inc.**

Statements of Activities

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Contributions and grants	\$ 947,822	\$ 127,329	\$ 1,075,151	\$ 1,118,896	\$ 146,971	\$ 1,265,867
Town of Greenwich appropriations	874,459	-	874,459	874,459	-	874,459
Endowment spending appropriation	1,218,241	-	1,218,241	1,162,464	-	1,162,464
Admissions	29,341	-	29,341	122,327	-	122,327
Membership dues	379,888	-	379,888	443,925	-	443,925
Museum store revenue	166,524	-	166,524	164,463	-	164,463
Special events revenue	669,913	-	669,913	-	-	-
Rental and other revenue	14,475	-	14,475	30,695	-	30,695
Net assets released from restrictions	95,759	(95,759)	-	181,688	(181,688)	-
Total Public Support and Revenue	<u>4,396,422</u>	<u>31,570</u>	<u>4,427,992</u>	<u>4,098,917</u>	<u>(34,717)</u>	<u>4,064,200</u>
<b>EXPENSES</b>						
Program Services						
Art	1,271,040	-	1,271,040	1,262,218	-	1,262,218
Science	537,810	-	537,810	536,707	-	536,707
Education	904,365	-	904,365	1,129,591	-	1,129,591
Museum store operations	364,832	-	364,832	344,699	-	344,699
Other programs	180,018	-	180,018	206,546	-	206,546
Total Program Services	<u>3,258,065</u>	<u>-</u>	<u>3,258,065</u>	<u>3,479,761</u>	<u>-</u>	<u>3,479,761</u>
Supporting Services						
General and administrative	447,734	-	447,734	370,165	-	370,165
Development	1,614,209	-	1,614,209	1,348,754	-	1,348,754
Special events	270,068	-	270,068	19,906	-	19,906
Total Expenses	<u>5,590,076</u>	<u>-</u>	<u>5,590,076</u>	<u>5,218,586</u>	<u>-</u>	<u>5,218,586</u>
Excess (Deficiency) of Support and Revenue Over Expenses from Operations	(1,193,654)	31,570	(1,162,084)	(1,119,669)	(34,717)	(1,154,386)
<b>OTHER INCOME AND EXPENSES</b>						
Endowment investment return, net of endowment spending appropriation	402,596	9,520,916	9,923,512	(36,883)	(893,924)	(930,807)
Non-endowment investment return	(24,041)	-	(24,041)	219,772	-	219,772
Paycheck Protection Program - debt forgiveness	537,600	-	537,600	-	-	-
State and local grants for capital improvements	82,083	646,642	728,725	824,000	-	824,000
Contributions for museum expansion	-	27,396,575	27,396,575	-	3,640,356	3,640,356
Release from restrictions - building expansion	1,027,202	(1,027,202)	-	1,980,053	(1,980,053)	-
Contributions for endowment	-	138,650	138,650	-	66,100	66,100
Recovery on uncollectible contributions receivable	-	129,614	129,614	-	112,402	112,402
Change in Net Assets	<u>831,786</u>	<u>36,836,765</u>	<u>37,668,551</u>	<u>1,867,273</u>	<u>910,164</u>	<u>2,777,437</u>
<b>NET ASSETS</b>						
Beginning of year	<u>4,715,212</u>	<u>35,579,500</u>	<u>40,294,712</u>	<u>2,847,939</u>	<u>34,669,336</u>	<u>37,517,275</u>
End of year	<u>\$ 5,546,998</u>	<u>\$ 72,416,265</u>	<u>\$ 77,963,263</u>	<u>\$ 4,715,212</u>	<u>\$ 35,579,500</u>	<u>\$ 40,294,712</u>

See Notes to Financial Statements

**Bruce Museum, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2021

	Program Services					Supporting Services				Total Expenses
	Art	Science	Education	Museum Store Operations	Other Programs	Total Programs	General and Administrative	Development	Special Events	
Salary, wages, and related costs	\$ 806,925	\$ 385,223	\$ 642,109	\$ 194,524	\$ 75,482	\$ 2,104,263	\$ 258,459	\$ 1,015,991	\$ 3,345	\$ 3,382,058
Event production	-	-	-	-	-	-	-	2,015	249,824	251,839
Depreciation and amortization	100,225	53,453	73,498	30,010	-	257,186	16,064	73,690	-	346,940
Professional fees and independent contractors	68,413	18,998	64,974	9,244	-	161,629	58,232	287,660	3,725	511,246
Office expenses	17,291	10,020	9,387	7,469	104,161	148,328	12,913	46,281	1,672	209,194
Equipment	21,647	11,305	15,545	4,749	375	53,621	25,338	13,928	-	92,887
Cost of sales	-	-	-	93,600	-	93,600	-	-	-	93,600
Hospitality	1,543	2,309	807	316	-	4,975	821	35,054	494	41,344
Advertising and marketing	12,371	3,901	5,364	3,423	-	25,059	1,851	31,829	-	58,739
Printing	19,502	927	4,525	463	-	25,417	2,914	12,753	7,354	48,438
Direct exhibit costs	79,144	943	-	-	-	80,087	-	-	-	80,087
Travel	745	204	305	1	-	1,255	3	355	191	1,804
Utilities	27,824	14,840	20,404	4,941	-	68,009	20,363	10,263	-	98,635
Repairs and maintenance	12,626	6,801	11,651	2,599	-	33,677	13,024	6,878	-	53,579
Grants, awards, and appearance fees	686	46	16,782	-	-	17,514	86	615	402	18,617
Information technology	39,972	21,157	29,077	8,185	-	98,391	26,270	21,722	2,944	149,327
Continuing education	3,604	2,576	2,105	1,091	-	9,376	1,572	42,509	-	53,457
Supplies	4,651	1,967	2,643	2,723	-	11,984	283	162	-	12,429
Insurance	5,478	2,921	4,017	1,364	-	13,780	9,232	11,460	-	34,472
Miscellaneous	28,589	219	1,172	130	-	30,110	309	1,044	117	31,580
Collection acquisitions and maintenance	19,804	-	-	-	-	19,804	-	-	-	19,804
	<u>\$ 1,271,040</u>	<u>\$ 537,810</u>	<u>\$ 904,365</u>	<u>\$ 364,832</u>	<u>\$ 180,018</u>	<u>\$ 3,258,065</u>	<u>\$ 447,734</u>	<u>\$ 1,614,209</u>	<u>\$ 270,068</u>	<u>\$ 5,590,076</u>

See Notes to Financial Statements

**Bruce Museum, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2020

	Program Services					Supporting Services			Special Events	Total Expenses
	Art	Science	Education	Museum Store Operations	Other Programs	Total Programs	General and Administrative	Development		
Salary, wages, and related costs	\$ 793,589	\$ 429,545	\$ 755,227	\$ 194,316	\$ 104,983	\$ 2,277,660	\$ 235,499	\$ 897,248	\$ -	\$ 3,410,407
Event production	-	-	-	-	-	-	-	500	16,685	17,185
Depreciation and amortization	65,537	33,429	77,728	23,674	2,514	202,882	12,672	58,131	-	273,685
Professional fees and independent contractors	14,553	6,311	50,025	5,036	1,138	77,063	27,084	174,449	-	278,596
Office expenses	79,429	4,999	12,250	9,121	79,719	185,518	13,748	40,035	179	239,480
Equipment	8,259	3,744	8,706	2,231	282	23,222	10,820	6,087	-	40,129
Cost of sales	-	-	-	86,424	-	86,424	-	-	-	86,424
Hospitality	10,227	8,760	15,120	489	13,675	48,271	2,067	37,314	2,294	89,946
Advertising and marketing	23,020	5,872	15,592	2,292	472	47,248	1,823	11,862	-	60,933
Printing	26,795	4,221	10,785	1,584	206	43,591	5,687	36,701	600	86,579
Direct exhibit costs	114,243	120	923	-	-	115,286	-	-	-	115,286
Travel	4,705	2,413	69,625	1,374	183	78,300	444	3,731	148	82,623
Utilities	20,189	10,298	23,945	4,247	775	59,454	16,987	8,493	-	84,934
Repairs and maintenance	9,718	5,518	12,060	2,092	1,051	30,439	8,499	4,622	-	43,560
Grants, awards, and appearance fees	4,712	-	14,214	7	-	18,933	-	19	-	18,952
Information technology	33,228	16,907	39,019	7,154	1,260	97,568	25,958	16,136	-	139,662
Continuing education	3,913	2,938	14,944	349	133	22,277	1,221	36,691	-	60,189
Supplies	8,360	1,632	7,529	3,281	41	20,843	878	543	-	22,264
Insurance	6,077	-	1,899	1,008	112	9,096	6,673	15,854	-	31,623
Miscellaneous	13,661	-	-	20	2	13,683	105	338	-	14,126
Collection acquisitions and maintenance	22,003	-	-	-	-	22,003	-	-	-	22,003
	<u>\$ 1,262,218</u>	<u>\$ 536,707</u>	<u>\$ 1,129,591</u>	<u>\$ 344,699</u>	<u>\$ 206,546</u>	<u>\$ 3,479,761</u>	<u>\$ 370,165</u>	<u>\$ 1,348,754</u>	<u>\$ 19,906</u>	<u>\$ 5,218,586</u>

See Notes to Financial Statements

**Bruce Museum, Inc.**

Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 37,668,551	\$ 2,777,437
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	346,940	273,685
Net realized and unrealized losses (gains) on investments	(10,448,533)	403,751
State and local grants for capital improvements	(728,725)	(824,000)
Contributions for capital expenditures	(27,396,575)	(3,640,356)
Contributions for endowment	(138,650)	(66,100)
Recovery on uncollectible contributions receivable	(129,614)	(112,402)
Forgiveness of Paycheck Protection Loan	(537,600)	-
Changes in operating assets and liabilities		
Contributions receivable	(104,997)	51,800
Inventory	19,181	(11,630)
Prepaid expenses and other assets	50,039	11,664
Accounts payable and accrued expenses	(28,029)	(44,904)
Refundable advances	16,949	34,638
Net Cash from Operating Activities	(1,411,063)	(1,146,417)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(113,176)	(2,143,680)
Acquisition of other assets - museum expansion costs	(11,113,786)	(557,094)
Proceeds from sale of investments	22,679,635	3,480,219
Purchase of investments	(23,000,173)	(6,171,901)
Net Cash from Investing Activities	(11,547,500)	(5,392,456)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash collected from contributions for endowment	242,150	166,600
Cash collected from state and local grants for capital improvements	104,983	824,000
Cash collected from contributions for capital expenditures	15,406,827	3,606,902
Proceeds from Paycheck Protection Program loan	474,655	537,600
Net Cash from Financing Activities	16,228,615	5,135,102
Net Change in Cash	3,270,052	(1,403,771)
<b>CASH</b>		
Beginning of year	2,017,528	3,421,299
End of year	\$ 5,287,580	\$ 2,017,528
<b>SUPPLEMENTAL CASH FLOWS INFORMATION</b>		
<b>Non-cash Investing and Financing Activity</b>		
Other assets - museum expansion costs financed included with accounts payable and retainage payable	\$ 1,963,171	\$ 657,279
Forgiveness of Paycheck Protection Loan	537,600	-

See Notes to Financial Statements



## **Bruce Museum, Inc.**

### Notes to Financial Statements June 30, 2021 and 2020

#### **1. The Organization**

Bruce Museum, Inc. (“BMI”), a Connecticut nonstock corporation, is a not-for-profit entity that operates a museum of arts and science located in Greenwich, Connecticut.

BMI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

On January 31, 1992, BMI entered into a management agreement (the “Agreement”) with the Town of Greenwich, Connecticut (the “Town”), whereby the Town appointed BMI, exclusively, to supervise, manage and operate the Bruce Museum (the “Museum”) and administer its affairs subject to certain provisions set forth in the Agreement. On November 2, 2016, BMI and the Town extended the Agreement through January 2042, subject to BMI’s continuing compliance with the contract terms. In addition to the responsibilities assumed by BMI, the Agreement also covers the ownership and use of Museum real property, the ownership of collection objects, the status of Museum employees and certain commitments of the Town to the Museum (see Note 12).

The Museum’s support comes primarily from admissions, memberships, support from the Town, special events, and donor contributions.

BMI is currently conducting a capital campaign to raise funds to expand the Museum’s facilities and to increase the size of the endowment fund.

#### **2. Summary of Significant Accounting Policies**

##### ***Change in Accounting Principle***

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU provides a single principles-based revenue recognition model with a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires that reporting companies disclose the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. On July 1, 2020, BMI adopted this ASU, and it was determined that the adoption of this ASU had no impact on BMI’s financial statements.

##### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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.

## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Contributions Receivable***

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2021 and 2020, the allowance was \$288,751 and \$916,865.

#### ***Collections***

Contributions and purchases of art and natural science treasures and other similar assets are not capitalized in the accompanying financial statements. It is the policy of BMI that proceeds from the sale of any collection items are to be used to purchase additional collection items or for the direct care of existing collections. BMI defines direct care of collections as any activity that involves the protection and preservation of the collection.

#### ***Inventory***

Inventory consists of items held for sale in the Museum's store. Inventory is stated at the lower of actual cost (first-in first-out basis) or market (net realizable value).

#### ***Investments***

Investments are reported at their fair value in the statements of financial position.

#### ***Fair Value of Financial Instruments***

The Museum follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than unadjusted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient, is not categorized within the fair value hierarchy.

The value by input level of BMI's investments is included in Note 3 to the financial statements.

## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Investment expenses are netted against investment returns as allowed by U.S. GAAP. Realized and unrealized gains and losses are included in the determination of change in net assets.

#### ***Property, Equipment and Depreciation***

Property and equipment are recorded at cost, or if received by donation, at estimated fair value at the time such items are received. The cost of property and equipment purchased in excess of \$5,000 is capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 3 to 30 years. Expenditures for maintenance and repairs are expensed as incurred. Expenditures that improve or extend the estimated useful lives are capitalized. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease inclusive of expected renewals.

#### ***Deferred Revenue and Refundable Grants***

Deferred revenue consists of fees and special event revenue received but not earned. Refundable grants consists of conditional grants for which payment was received but the barriers to recognition have not been met or have occurred.

#### ***Net Assets***

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. This category may also include amounts designated by the Board of Directors.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed 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. Contributions restricted by donors are reported as an increase 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.

## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Net Assets (continued)***

Expenditures of net assets restricted for the purchase and construction of property, equipment, and leasehold improvements are released from restriction when the related asset is placed into service.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor restricted net assets by the donor or by applicable state law.

#### ***Revenue Recognition***

BMI recognizes revenue from ticket sales at a point in time when the customer is admitted to the museum. Admission to museum and ticket sales typically occur simultaneously. Museum store revenue is recognized at a point in time when store sales occur or when online orders are shipped to the customer.

Rental and other income is recognized when the service is completed.

#### ***Contributions and Grants***

BMI recognizes contributions and grants when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Membership dues have negligible benefits for the members and are therefore, recognized as contribution revenue when received.

The organization records special events revenue when the event takes place.

#### ***Contributed Services***

Contributions of donated non-cash assets are recorded at their 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 donation, are recorded at their fair value in the period received.

For the years ended June 30, 2021 and 2020, BMI recognized \$0 and \$34,326 of donated services in the financial statements as contributions along with the corresponding expenses. Donated services consisted of docent and store clerk services. In addition, a number of volunteers have contributed their time to BMI, none of which meets the requirements for financial statement recognition.

## Bruce Museum, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (*continued*)

#### **Advertising**

Advertising costs are expensed as incurred. Advertising expense totaled \$58,739 and \$60,933 for the years ended June 30, 2021 and 2020.

#### **Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Utilities	Square footage
Repairs and maintenance	Square footage
Salary, wages and related costs	Square footage, time, effort, costs, volunteer hours, and employee count
Advertising and marketing	Estimated use
Equipment related costs	Employee count
Information technology	Square footage
Hospitality	Time, effort, costs, volunteer hours and employee count
Insurance	Square footage, time, effort, costs, volunteer hours, and employee count
Office expenses	Square footage, time, effort, costs, volunteer hours, and employee count

#### **Accounting for Uncertainty in Income Taxes**

BMI recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that BMI had no uncertain tax positions that would require financial statement recognition or disclosure. For information returns, BMI is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to years ended June 30, 2018.

#### **Measure of Operations**

BMI includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities and excludes contributions to the endowment fund, Paycheck Protection Program Loan forgiveness, state and local grants for capital improvements, contributions for capital improvements and art acquisition, allowances for uncollectible contributions receivables for the endowment fund and capital construction, and investment income, including net realized and unrealized gains and losses, earned in excess of the Organization's aggregate authorized spending amount.

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

**2. Summary of Significant Accounting Policies (continued)**

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 30, 2021.

**3. Investments and Fair Value of Financial Instruments**

The following table presents the composition of investments, unrestricted and the fair value hierarchy of those investments that are measured at fair value as of June 30:

Description	2021	2020
Quoted Prices in Active Markets for Identical Assets (Level 1)		
Mutual fund and exchanged traded funds		
Fixed income	\$ 3,743,642	\$ 4,119,308
Items outside the fair value hierarchy		
Cash	815,146	480,740
	<u>\$ 4,558,788</u>	<u>\$ 4,600,048</u>

The following tables present the composition of assets held in endowment and the fair value hierarchy of those investments that are measured at fair value as of June 30:

Description	2021		Total
	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Investments, endowment			
Mutual funds/exchanged traded funds			
Domestic equity	\$ 15,003,066	\$ -	\$ 15,003,066
International equity	4,167,623	-	4,167,623
Fixed income	4,293,147	-	4,293,147
Hedge funds	974,190	-	974,190
Emerging markets	483,630	-	483,630
Fixed income			
U.S. Corporate bonds	-	1,166,867	1,166,867
U.S. Treasury bonds	788,134	-	788,134
International corporate bonds	-	265,888	265,888
Government-sponsored enterprise bonds	-	419,233	419,233
	<u>\$ 25,709,790</u>	<u>\$ 1,851,988</u>	27,561,778
Cash (1)			151,652
Private equity investments (2)			513,770
Hedge funds (2)			<u>6,887,815</u>
Total Investments Held in Endowment			<u>\$ 35,115,015</u>

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

**3. Investments and Fair Value of Financial Instruments (continued)**

Description	2020		Total
	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Investments, endowment			
Mutual funds			
Domestic equity	\$ 13,710,896	\$ -	\$ 13,710,896
International equity	2,791,265	-	2,791,265
Fixed income	486,912	-	486,912
Hedge funds	712,234	-	712,234
Fixed income			
U.S. Corporate bonds	-	688,878	688,878
U.S. Treasury bonds	870,529	-	870,529
International corporate bonds	-	181,720	181,720
Government-sponsored enterprise bonds	-	708,824	708,824
Mortgage backed securities	-	90,597	90,597
	<u>\$ 18,571,836</u>	<u>\$ 1,670,019</u>	<u>20,241,855</u>
Cash (1)			337,575
Private equity investments (2)			445,848
Hedge funds (2)			<u>3,279,406</u>
Total Investments Held in Endowment			<u>\$ 24,304,684</u>

(1) Cash is not part of the fair value hierarchy.

(2) As discussed in Note 2, investments that are measured at NAV using the practical expedient are not classified within the fair value hierarchy. The fair value amounts presented in the total column of this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

**3. Investments and Fair Value of Financial Instruments (continued)**

The following is a reconciliation of the beginning and ending balances for assets measured at NAV during the period ended June 30:

	2021		2020	
	Private Equity Investments	Hedge Funds	Private Equity Investments	Hedge Funds
Beginning balance	\$ 445,848	\$ 3,279,406	\$ 562,121	\$ 3,167,446
Purchases	-	-	8,250	-
Redemptions	(95,877)	-	(108,622)	-
Reported in endowment investment return				
Unrealized gains (losses) on investments held at year end	82,092	3,608,409	(61,083)	111,960
Realized gain on redemptions	81,707	-	45,182	-
Ending Balance	<u>\$ 513,770</u>	<u>\$ 6,887,815</u>	<u>\$ 445,848</u>	<u>\$ 3,279,406</u>

Information regarding investments measured at NAV using the practical expedient at June 30, 2021 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private equity investments (see "a" below)	\$ 513,770	\$ 68,741	N/A	N/A
Equity market neutral hedge fund (see "b" below)	237,238	-	Quarterly	15-30 days
Multi-strategy hedge fund (see "c" below)	985,063	-	Quarterly	30 days
Managed futures hedge fund (see "d" below)	143,274	-	Monthly	15 days
Long/Short hedge fund (see "e" below)	5,522,240	-	Quarterly	60 days
	<u>\$ 7,401,585</u>	<u>\$ 68,741</u>		

- (a) This category includes several private equity funds that invest in private investment companies and managed advisory accounts. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the funds. There is no estimate as to when the underlying investments will be liquidated by the funds.
- (b) This category includes a hedge fund that pursues equity market neutral strategies. The hedge fund's composite portfolio for this category includes investments in approximately 77% United States equity securities and 23% foreign equity securities.



**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

**3. Investments and Fair Value of Financial Instruments (continued)**

- (c) This category includes a hedge fund that pursues multiple strategies to diversify risks and reduce volatility. The hedge fund's composite portfolio consists of approximately 14% in an exchange traded fund and mutual funds, 10% in private investment companies that invest in distressed assets, 64% in private investment companies that pursue an equity hedge strategy, 10% in private investment companies that pursue a global macro strategy, and 2% in private investment companies that pursue other investment strategies. The hedge fund's investments are subject to various redemption restrictions. 7% of the hedge fund's investments are subject to gate provisions, 2% of the hedge fund's investments are subject to redemptions from liquidations, and 18% of the hedge fund's investments are subject to lock-up provisions between 2021 and 2023. The remaining redemption period for the investments held by the hedge fund ranged from monthly to annually at June 30, 2021.
- (d) This category includes a hedge fund that pursues a strategy of managed futures. It has leveraged fully-diversified futures portfolio with positions in currency, global interest rates, equities, energy, precious and industrial metals and agricultural future markets.
- (e) This category includes a hedge fund that pursues a long/short strategy. By employing a discipline investment process, which utilizes various research techniques and evaluates fundamental factors, the partnership seeks to earn above market returns and long-term appreciation by investing principally in U.S. and foreign marketable securities. The hedge funds' composite portfolio for this category includes investments in approximately 102% United States equity securities, 9% foreign equity securities, 10% in warrants, and -21% in securities sold short. Redemptions from the fund are subject to a one year lockup period and a 1.25% withdrawal fee if withdrawn prior to the end of the lockup period.

Investment return in excess or less than the spending policy amount is reflected in the statements of activities as non-operating revenue or loss. Components of investment return for the years ended June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Endowment Investment Return		
Interest and dividends, net of fees	\$ 615,960	\$ 767,101
Realized gains (losses)	2,342,473	(80,867)
Unrealized gains (losses)	8,183,320	(454,577)
Endowment spending appropriation	<u>(1,218,241)</u>	<u>(1,162,464)</u>
Total Endowment Investment Return	<u>9,923,512</u>	<u>(930,807)</u>
Non-endowment Investment Return		
Interest and dividends, net of fees	53,219	88,079
Realized gains	49,860	-
Unrealized gains	<u>(127,120)</u>	<u>131,693</u>
Total Non-Endowment Investment Return	<u>(24,041)</u>	<u>219,772</u>
Total Investment Return	<u>\$ 9,899,471</u>	<u>\$ (711,035)</u>

## Bruce Museum, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

#### 4. Contributions and Grants Receivable

Contributions and grants receivable as of June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Contributions and grants receivable		
Due in less than one year	8,450,230	\$ 1,739,131
Due in one to five years	<u>6,135,000</u>	<u>404,210</u>
	14,585,230	2,143,341
Allowance for uncollectible contributions receivable	(288,751)	(916,865)
Discount on pledges	<u>(348,203)</u>	<u>(22,801)</u>
Contributions Receivable, Net	<u>\$ 13,948,276</u>	<u>\$ 1,203,675</u>

The aforementioned contributions and grants receivable have been included in the following net asset categories at June 30:

	<u>2021</u>	<u>2020</u>
Without donor restrictions	\$ 728,739	\$ -
With donor restrictions	<u>13,219,537</u>	<u>1,203,675</u>
	<u>\$ 13,948,276</u>	<u>\$ 1,203,675</u>

For unconditional promises to give to be received over a period in excess of 1 year, a discount of 4% was applied.

Contributions and grants receivable without donor restrictions represent promises to give to fund current operations of BMI for which payment was due as of June 30, 2021 and 2020.

Donor contributions and grants receivable outstanding as of June 30, 2021 are receivable as follows:

2022	\$ 8,450,230
2023	3,100,000
2024	<u>3,035,000</u>
	14,585,230
Allowance for uncollectible contributions receivable	(288,751)
Discount on contributions receivable	<u>(348,203)</u>
	<u>\$ 13,948,276</u>

BMI has received indications of support totaling approximately \$3,200,000 for the endowment fund and for the expansion of its facility. These indications of support do not meet the criteria to be recognized as either an asset or revenue on the accompanying financial statements.

## Bruce Museum, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

#### 5. Property and Equipment

Property and equipment at June 30 consists of the following:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 9,999,934	\$ 9,999,934
Furniture and equipment	601,063	487,887
Vehicles	<u>59,386</u>	<u>59,386</u>
	10,660,383	10,547,207
Accumulated depreciation and amortization	<u>(7,392,858)</u>	<u>(7,045,918)</u>
	<u>\$ 3,267,525</u>	<u>\$ 3,501,289</u>

#### 6. Other Assets – Museum Expansion Costs

Other assets represent pre-construction costs related to designing, developing and preparing for construction of a new extension and renovations to the existing building and grounds that house the Museum and BMI. BMI will begin to depreciate the property costs over its estimated useful life when the improvements are placed into service.

#### 7. Refundable Contributions

The Museum received cash for contributions which are conditional upon BMI meeting various milestones related to the expansion of the building. Accordingly, the contributions will not be recognized as revenue until the conditions for recognition have occurred.

#### 8. Paycheck Protection Program Loan

On April 22, 2020, BMI received loan proceeds in the amount of \$537,600 under the Paycheck Protection Program (the “PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. On April 16, 2021, BMI received loan proceeds in the amount of \$474,655, under Second Draw provisions of the PPP as authorized by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the “Economic Aid Act”). The Second Draw provisions of the Economic Aid Act provides for loans to qualifying entities for amounts up to 2.5 times their 2019 or 2020 average monthly payroll expenses. The PPP loans bear an interest rate of 1% per annum.

All or a portion of the PPP loans principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act as amended by the Economic Aid Act, over a period between eight or twenty-four weeks from the date the loan proceeds are received (the “Covered Period”). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries above a certain threshold during the Covered Period and does not qualify for certain safe harbors.

## Bruce Museum, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 8. Paycheck Protection Program Loan (*continued*)

Although, BMI believes these loans will be substantially or fully forgiven, there can be no guarantee that the United States Small Business Administration (“SBA”) will approve the loan forgiveness. The unforgiven portion of the Second Draw PPP Loan, if any, is payable within five years from the date of the PPP loan with deferral of payments of principal or interest until the amount of loan forgiveness is approved by the SBA. If BMI does not apply for forgiveness, payments begin approximately 16 months after the loan date.

As of June 30, 2021 and 2020, the PPP loans are recognized as debt on the statements of financial position. BMI will recognize the income from the forgiveness of the PPP loans when it receives the notification of forgiveness from SBA in accordance with Accounting Standards Codification (“ASC”) 470, *Debt*. As of June 2, 2021, the SBA has notified BMI that the First Draw PPP loan has been forgiven. As of September 14, 2021, the SBA has notified BMI that the Second Draw PPP loan has been forgiven. Accordingly, BMI has recognized \$537,600 as forgiveness of debt for the year ended June 30, 2021.

### 9. Employee Benefits

BMI sponsors a 401(k) plan. This plan is for the benefit of substantially all full-time professional and support staff of BMI. For the years ended June 30, 2021 and 2020, BMI’s contribution to the 401(k) plan was \$126,209 and \$115,702.

### 10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2021	2020
Programs	\$ 722,237	\$ 670,667
Collection acquisitions and maintenance	292,226	292,226
Time restricted	20,000	40,000
Unappropriated endowment returns	12,655,501	3,134,585
Capital campaign	38,211,498	11,143,036
Endowment	<u>20,514,803</u>	<u>20,298,986</u>
	<u>\$ 72,416,265</u>	<u>\$ 35,579,500</u>

Net assets released from restrictions during the years ended June 30 by incurring expenses that satisfy the restricted purposes or by the occurrence of other events specified by donors were as follows:

	2021	2020
Programs	\$ 55,759	\$ 169,110
Collection acquisitions	-	12,578
Time restricted	40,000	-
Capital campaign	<u>1,027,202</u>	<u>1,980,053</u>
	<u>\$ 1,122,961</u>	<u>\$ 2,161,741</u>

## Bruce Museum, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

#### 11. Liquidity and Availability

The following reflects BMI's available financial assets, reduced by amounts not available for general use within one year. Amounts not available for use within one year include financial assets received with donor restrictions that are designated for a specific purpose, timeline or contractual obligation, and have been earmarked as resources available for future years. Total financial assets available to meet cash needs for general expenditure within one year at June 30, 2021, are as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 5,287,580	\$ 2,017,528
Investments, unrestricted	4,558,788	4,600,048
Contributions receivable, net	13,948,276	1,203,675
Unrestricted portion of endowment fund	<u>35,295</u>	<u>35,295</u>
Total Financial Assets Available Within One Year	<u>23,829,939</u>	<u>7,856,546</u>
Less amounts unavailable for general expenditures within one year due to:		
Donor restrictions for programs, time, and collection acquisitions and maintenance	1,034,463	1,002,893
Unspent portion of assets donor restricted for capital campaign	20,191,228	4,950,531
Contribution receivable for endowment	99,750	126,083
Board designations	<u>27,919</u>	<u>27,919</u>
	<u>21,353,360</u>	<u>6,107,426</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,476,579</u>	<u>\$ 1,749,120</u>

The principal source of liquidity is cash flow generated from contributions, membership dues, proceeds from special events, appropriations from the Town of Greenwich, and appropriation from the endowment fund. As part of BMI's liquidity strategy, management structures its financial assets, consisting of cash, investments, and receivables to be available as its general expenditures, liabilities and obligations come due within one year. Excess cash is designated by the board to be invested in the endowment fund, which could be drawn upon in the event of an unanticipated liquidity need.

#### 12. Transactions with the Town of Greenwich

The Agreement between BMI and the Town (see Note 1) provides that the Town will:

- Give an annual budget appropriation to BMI to assist it in meeting its operating requirements,
- Maintain insurance coverage on Museum premises and collection objects, including items on temporary loan, and
- Provide maintenance and repairs, as defined in the Agreement.

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

**12. Transactions with the Town of Greenwich (continued)**

During the years ended June 30, 2021 and 2020, budget appropriations made by the Town on behalf of and paid to BMI amounted to \$874,459 and \$874,459, representing approximately 20% and 22% of BMI's total operating public support and revenue.

The award periodically awards grants for capital improvements to the Museum. For the years ended June 30, 2021 and 2020 the Museum recognized \$728,725 and \$824,000 in grants from the Town for capital improvements.

**13. Endowment Fund**

BMI maintains various donor-restricted and board-designated funds whose purpose is to provide long term support for its charitable programs. In classifying such funds for financial statement purposes as either net assets with donor restrictions or without donor restrictions, the Board looks to the explicit direction of the donor where applicable and the provisions of the laws of the State of Connecticut. Absent donor stipulations to the contrary, Connecticut State law suggests a permanent restriction on the portion of the total return of the endowment required to maintain its purchasing power over time. Connecticut State law suggests a temporary (time) restriction on the balance of the total return over such amount until appropriated by the Board for expenditure. For the years ended June 30, 2021 and 2020, the Board utilized a spending rate of five percent (5%) of its endowment to be calculated based upon the average value of such endowment on each of the twelve previous calendar quarters ending on March 31.

The following is a reconciliation of the activity in the endowment funds:

	Without Donor Restriction	With Donor Restriction	Total Endowment
Balance, July 1, 2019	\$ 1,034,079	\$ 24,034,812	\$ 25,068,891
Cash contributions received and receivable collections	-	166,600	166,600
Investment return, net	9,491	222,166	231,657
Appropriation for expenditure	<u>(46,374)</u>	<u>(1,116,090)</u>	<u>(1,162,464)</u>
Balance, June 30, 2020	997,196	23,307,488	24,304,684
Cash contributions received and receivable collections	-	242,150	242,150
Investment return, net	452,573	10,689,180	11,141,753
Appropriation for expenditure	<u>(49,977)</u>	<u>(1,168,264)</u>	<u>(1,218,241)</u>
Balance, June 30, 2021	<u>\$ 1,399,792</u>	<u>\$ 33,070,554</u>	\$ 34,470,346
Appropriation for expenditure not transferred to operating Investments held for Endowment (Note 3)			<u>\$ 644,669</u>  <u>\$ 35,115,015</u>

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

**13. Endowment Fund (continued)**

As of June 30, 2021 and 2020, BMI had the following endowment net asset composition by type of fund:

	<u>2021</u>	<u>2020</u>
Without Donor Restrictions		
Undesignated	\$ 35,295	\$ 35,295
Board Designated	<u>1,364,497</u>	<u>961,901</u>
Total Without Donor Restrictions	<u>1,399,792</u>	<u>997,196</u>
With Donor Restrictions		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	20,415,053	20,172,903
Accumulated investment gains	<u>12,655,501</u>	<u>3,134,585</u>
Total With Donor Restrictions	<u>33,070,554</u>	<u>23,307,488</u>
Total Endowment Composition	<u>\$ 34,470,346</u>	<u>\$ 24,304,684</u>

Net assets donor restricted for the endowment was comprised of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Endowment fund	\$ 20,415,053	\$ 20,172,903
Contributions receivable, net	<u>99,750</u>	<u>126,083</u>
	<u>\$ 20,514,803</u>	<u>\$ 20,298,986</u>

The investment objectives for BMI are 1) to provide BMI with a dependable source of income to be applied towards the spending policy; 2) to increase the size of the endowment fund by achieving positive returns on a net basis after expenses and withdrawals; and 3) to maintain required amounts in the endowment funds pursuant to the Board's interpretation of Connecticut State law. BMI seeks to achieve these objectives through the use of broad diversification in order to control the risks of loss and volatility and through the use of an asset allocation policy appropriate to the needs of BMI, designed to maximize risk-adjusted long-term returns. This diversification means that in addition to the traditional investment classes of equity and fixed-income securities, the fund's assets may be allocated to non-traditional investment classes including foreign securities, real estate, commodities, private equity, derivatives and "alternative investments" such as hedge funds. These non-traditional investment classes may have higher risk characteristics than traditional investment classes.

## **Bruce Museum, Inc.**

### Notes to Financial Statements June 30, 2021 and 2020

#### **14. Museum Facility**

As described in Note 1, BMI manages and operates the Museum in a facility that is owned by the Town. The use of the facility by BMI is provided by the Town free of charge. In exchange for the use of the facility and in lieu of paying rent, BMI agreed in 1992 to incur the cost to improve, expand, and operate the facility pursuant to the Agreement. At the end of the Agreement between BMI and the Town, all improvements to the facility become the Town's property. Since the cost of the improvements, expansion, and operations exceed the fair rental value of the property over the extended term of the Agreement, BMI has not recorded any contribution income in connection with the use of the facility.

#### **15. Collections**

The Museum's collections comprise artwork consisting of fine examples of 19th and 20th century American and European painting, sculpture, and graphics, as well as world-class minerals and exceptional wildlife specimens depicted in their native environments. The Museum's collections of pre-Columbian, Native American, and Asian art enable the Museum to mount exhibits of rich cultural diversity.

In addition to the permanent display of natural history objects, the Museum rotates art objects onto display from the permanent collection, often featuring them in temporary exhibitions. When off view, the objects are kept in secure, climate controlled storage. The Museum maintains policies and procedures addressing the collection's maintenance and upkeep, as well as aspects of its management, including accessioning and de-accessioning. These procedures are in accordance with guidelines from the American Association of Museums, which reaccredited the Bruce Museum in December 2007. The permanent collections are insured by the Town for \$30 million; additional insurance is purchased to cover the value of works loaned to the Museum for temporary exhibitions.

Various collection items were donated to the Museum, which is owned by the Town, during the years ended June 30, 2021 and 2020. Title to all objects in the collections of the Museum, and all additions thereto, is vested exclusively in the Town and is held in public trust. Accordingly, BMI did not recognize income from the donations of objects to the Museum's collection on the statements of activities.

BMI purchased \$0 and \$8,900 of collection items during the years ended June 30, 2021 and 2020. There were no items de-accessed during the years ended June 30, 2021 and 2020.

#### **16. Concentration of Credit Risk, Risks and Uncertainties, and Related Party Transactions**

##### ***Concentrations of Credit Risks***

##### ***Cash and Investments Held at Financial Institutions***

Financial instruments that potentially subject BMI to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. BMI does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2021 and 2020, \$4,940,000 and \$1,820,000 of cash was maintained with institutions in excess of FDIC limits.



## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

### **16. Concentration of Credit Risk, Risks and Uncertainties, and Related Party Transactions (continued)**

#### ***Concentrations of Credit Risks (continued)***

##### *Cash and Investments Held at Financial Institutions (continued)*

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment, investment advisor, investment manager or group of investments represents a significant concentration of credit risk.

##### *Contributions*

For the years ended June 30, 2021, two donors represented 68% of total contributions, membership dues, and special event revenues. For the year ended June 30, 2020, no donor represented more than 10% of total contributions, membership dues, and special event revenues. Two donors represent 89% of gross contributions receivable as of June 30, 2021. Three donors represent 47% of gross contributions receivable as of June 30, 2020.

##### *Geographic Concentration*

BMI's market is concentrated in Greenwich, Connecticut and the surrounding area.

#### ***Risks and Uncertainties***

##### *Covid-19*

BMI's operations and financial performance has been affected by the coronavirus outbreak, which has spread globally and is expected to adversely affect economic conditions throughout the world. Continued operation of the Museum to visitors is contingent on Connecticut or the Town of Greenwich not requiring BMI to close due to the spread of Covid-19. If the outbreak continues and conditions worsen, BMI may experience a disruption in operations as well as a decline in grants, contributions and other revenue streams. The outbreak is likely to adversely affect BMI's business, financial conditions, cash flows, and results of operations on an interim basis.

##### *Alternative Investments*

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

## Bruce Museum, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 16. Concentration of Credit Risk, Risks and Uncertainties, and Related Party Transactions *(continued)*

#### ***Related Party Transactions***

For the years ended June 30, 2021 and 2020, BMI received contributions, membership dues, special events revenues, and contributions for museum expansion from trustees totaling approximately \$4,472,000 and \$857,000 representing approximately 15% and 16% of total contributions, membership dues, and special event revenues. As of June 30, 2021 and 2020, 3% and 12% of gross contributions receivable were due from trustees.

### 17. Recent Accounting Pronouncements

#### ***Leases***

In February 2016, the FASB issued ASU 2016-02, *Leases*. The core principle of this standard is that a lessee should recognize the assets and liabilities that arise from leases on their statement of financial position. Consequently, all leases that were classified as operating leases under prior lease guidance will now be recognized as assets and liabilities, initially measured at the present value of the lease payments. The lessee will recognize a single lease cost in its statement of activities calculated so that the cost of the lease is allocated over the lease term, typically on a straight-line basis. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election to not recognize such leases as assets and liabilities in their statement of financial position. The accounting applied by a lessor entity is largely unchanged from prior lease guidance. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2016-02 one year making it effective for annual reporting periods beginning after December 15, 2021, with early application permitted and allows either the full retrospective or the modified retrospective method of adoption. BMI is evaluating the impact the pronouncement may have on the financial statements.

#### ***Contributed Nonfinancial Assets to Not-for-Profit Entities***

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU improves financial reporting by providing new presentation and disclosure requirements concerning contributed nonfinancial assets and includes additional disclosure requirements for recognized contributed services. The ASU applies to NFPs that receive contributed nonfinancial assets. Nonfinancial assets may include land, buildings, equipment, the use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU, among other things, requires contributed nonfinancial assets must be shown on a separate line in the statement of activities, qualitative information about whether the contributed nonfinancial assets were monetized or utilized and, if utilized, a description of the specific programs or other activities in which those contributed nonfinancial assets were used, a description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition. This ASU is effective for fiscal periods beginning after June 15, 2021. BMI is evaluating the impact the pronouncement may have on the financial statements.

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**Bruce Museum, Inc.**

Supplementary Information

June 30, 2021 and 2020

**Bruce Museum, Inc.**

Statement of Financial Position - Supplemental Schedule  
June 30, 2021

	Operating Fund	Property and Equipment Fund	Temporarily Restricted Fund	Capital Campaign Fund	Endowment Fund	Eliminations	Total
<b>ASSETS</b>							
Cash	\$ 5,064,969	\$ -	\$ -	\$ -	\$ -	\$ 222,611	\$ 5,287,580
Investments, unrestricted	-	-	1,646,518	2,912,270	-	-	4,558,788
Contributions and grants receivable, net	187,080	-	-	13,661,446	99,750	-	13,948,276
Inventory	35,721	-	-	-	-	-	35,721
Prepaid expenses and other current assets	103,235	-	-	-	-	-	103,235
Interfund receivables	1,654,597	-	-	3,617,512	-	(5,272,109)	-
Investments held in endowment	-	-	-	-	35,337,626	(222,611)	35,115,015
Property and equipment, net	-	3,267,525	-	-	-	-	3,267,525
Other assets - museum expansion costs	-	-	-	18,612,183	-	-	18,612,183
	<u>\$ 7,045,602</u>	<u>\$ 3,267,525</u>	<u>\$ 1,646,518</u>	<u>\$ 38,803,411</u>	<u>\$ 35,437,376</u>	<u>\$ (5,272,109)</u>	<u>\$ 80,928,323</u>
<b>LIABILITIES AND NET ASSETS</b>							
Liabilities							
Accounts payable and accrued expenses	\$ 1,897,167	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,897,167
Retainage payable	-	-	-	408,616	-	-	408,616
Refundable contributions	-	-	-	34,963	-	-	34,963
Refundable advances	149,659	-	-	-	-	-	149,659
Paycheck Protection Program loan	474,655	-	-	-	-	-	474,655
Interfund payables	3,617,512	-	787,317	-	867,280	(5,272,109)	-
Total Liabilities	<u>6,138,993</u>	<u>-</u>	<u>787,317</u>	<u>443,579</u>	<u>867,280</u>	<u>(5,272,109)</u>	<u>2,965,060</u>
Net Assets							
Without Donor Restrictions							
Operating	878,691	-	(175,262)	148,334	35,295	-	887,058
Board designated for capital account	27,919	-	-	-	-	-	27,919
Board designated endowment	-	-	-	-	1,364,497	-	1,364,497
Investment in property and equipment	-	3,267,524	-	-	-	-	3,267,524
Total Without Donor Restrictions	<u>906,610</u>	<u>3,267,524</u>	<u>(175,262)</u>	<u>148,334</u>	<u>1,399,792</u>	<u>-</u>	<u>5,546,998</u>
With donor restrictions	<u>-</u>	<u>-</u>	<u>1,034,463</u>	<u>38,211,498</u>	<u>33,170,304</u>	<u>-</u>	<u>72,416,265</u>
Total Net Assets	<u>906,610</u>	<u>3,267,524</u>	<u>859,201</u>	<u>38,359,832</u>	<u>34,570,096</u>	<u>-</u>	<u>77,963,263</u>
	<u>\$ 7,045,603</u>	<u>\$ 3,267,524</u>	<u>\$ 1,646,518</u>	<u>\$ 38,803,411</u>	<u>\$ 35,437,376</u>	<u>\$ (5,272,109)</u>	<u>\$ 80,928,323</u>

See Independent Auditors' Report

**Bruce Museum, Inc.**

Statement of Financial Position - Supplemental Schedule  
June 30, 2020

	Operating Fund	Property and Equipment Fund	Temporarily Restricted Fund	Capital Campaign Fund	Endowment Fund	Eliminations	Total
<b>ASSETS</b>							
Cash	\$ 1,946,813	\$ -	\$ -	\$ -	\$ -	\$ 70,715	\$ 2,017,528
Investments, unrestricted	-	-	1,661,482	2,938,566	-	-	4,600,048
Contributions and grants receivable, net	-	-	-	1,077,592	126,083	-	1,203,675
Inventory	54,902	-	-	-	-	-	54,902
Prepaid expenses and other current assets	153,274	-	-	-	-	-	153,274
Interfund receivables	826,985	-	-	1,221,371	-	(2,048,356)	-
Investments held in endowment	-	-	-	-	24,375,399	(70,715)	24,304,684
Property and equipment, net	-	3,501,289	-	-	-	-	3,501,289
Other assets - museum expansion costs	-	-	-	6,192,505	-	-	6,192,505
	<u>\$ 2,981,974</u>	<u>\$ 3,501,289</u>	<u>\$ 1,661,482</u>	<u>\$ 11,430,034</u>	<u>\$ 24,501,482</u>	<u>\$ (2,048,356)</u>	<u>\$ 42,027,905</u>
<b>LIABILITIES AND NET ASSETS</b>							
Liabilities							
Accounts payable and accrued expenses	\$ 946,120	\$ -	\$ -	\$ 81,800	\$ -	\$ -	\$ 1,027,920
Refundable contributions	-	-	-	34,963	-	-	34,963
Refundable advances	132,710	-	-	-	-	-	132,710
Paycheck Protection Program loan	537,600	-	-	-	-	-	537,600
Interfund payables	1,221,371	-	756,270	-	70,715	(2,048,356)	-
Total Liabilities	<u>2,837,801</u>	<u>-</u>	<u>756,270</u>	<u>116,763</u>	<u>70,715</u>	<u>(2,048,356)</u>	<u>1,733,193</u>
Net Assets							
Without donor restrictions							
Operating	116,254	-	(97,681)	170,235	35,295	-	224,103
Board designated for capital account	27,919	-	-	-	-	-	27,919
Board designated endowment	-	-	-	-	961,901	-	961,901
Investment in property and equipment	-	3,501,289	-	-	-	-	3,501,289
Total Without Donor Restrictions	<u>144,173</u>	<u>3,501,289</u>	<u>(97,681)</u>	<u>170,235</u>	<u>997,196</u>	<u>-</u>	<u>4,715,212</u>
With donor restrictions	<u>-</u>	<u>-</u>	<u>1,002,893</u>	<u>11,143,036</u>	<u>23,433,571</u>	<u>-</u>	<u>35,579,500</u>
Total Net Assets	<u>144,173</u>	<u>3,501,289</u>	<u>905,212</u>	<u>11,313,271</u>	<u>24,430,767</u>	<u>-</u>	<u>40,294,712</u>
	<u>\$ 2,981,974</u>	<u>\$ 3,501,289</u>	<u>\$ 1,661,482</u>	<u>\$ 11,430,034</u>	<u>\$ 24,501,482</u>	<u>\$ (2,048,356)</u>	<u>\$ 42,027,905</u>

See Independent Auditors' Report

**Bruce Museum, Inc.**

Statement of Activities - Supplemental Schedule  
Year Ended June 30, 2021

	Operating Fund	Property and Equipment Fund	Temporarily Restricted Fund	Capital Campaign Fund	Endowment Fund	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Contributions and grants	\$ 943,320	\$ 2,000	\$ 129,831	\$ -	\$ -	\$ 1,075,151
Town of Greenwich appropriations	874,459	-	-	-	-	874,459
Endowment spending appropriation	1,218,241	-	-	-	-	1,218,241
Admissions	29,341	-	-	-	-	29,341
Membership dues	379,888	-	-	-	-	379,888
Museum store revenue	166,524	-	-	-	-	166,524
Special events revenue	669,913	-	-	-	-	669,913
Rental and other revenue	14,475	-	-	-	-	14,475
Total Public Support and Revenue	<u>4,296,161</u>	<u>2,000</u>	<u>129,831</u>	<u>-</u>	<u>-</u>	<u>4,427,992</u>
<b>EXPENSES</b>						
Program	2,514,302	257,186	163,364	323,213	-	3,258,065
General and administrative	331,719	16,064	-	99,951	-	447,734
Development	936,481	73,690	-	604,038	-	1,614,209
Special events	270,068	-	-	-	-	270,068
Total Expenses	<u>4,052,570</u>	<u>346,940</u>	<u>163,364</u>	<u>1,027,202</u>	<u>-</u>	<u>5,590,076</u>
Excess (Deficiency) of Support and Revenue Over Expenses from Operations	243,591	(344,940)	(33,533)	(1,027,202)	-	(1,162,084)
<b>OTHER INCOME, OTHER EXPENSES, AND TRANSFERS</b>						
Endowment investment return, net of endowment spending appropriation	-	-	-	-	9,923,512	9,923,512
Non-endowment investment return	10,338	-	(12,478)	(21,901)	-	(24,041)
Paycheck Protection Program - debt forgiveness	537,600	-	-	-	-	537,600
Purchase of property and equipment	(29,092)	29,092	-	-	-	-
State and local grants for capital improvements	-	82,083	-	646,642	-	728,725
Contributions for museum expansion	-	-	-	27,396,575	-	27,396,575
Contributions for endowment	-	-	-	-	138,650	138,650
Recovery on uncollectible pledges receivable	-	-	-	52,447	77,167	129,614
Change in Net Assets	762,437	(233,765)	(46,011)	27,046,561	10,139,329	37,668,551
<b>NET ASSETS</b>						
Beginning of year	<u>144,173</u>	<u>3,501,289</u>	<u>905,212</u>	<u>11,313,271</u>	<u>24,430,767</u>	<u>40,294,712</u>
End of year	<u>\$ 906,610</u>	<u>\$ 3,267,524</u>	<u>\$ 859,201</u>	<u>\$ 38,359,832</u>	<u>\$ 34,570,096</u>	<u>\$ 77,963,263</u>

See Independent Auditors' Report

**Bruce Museum, Inc.**

Statement of Activities - Supplemental Schedule  
Year Ended June 30, 2020

	<u>Operating Fund</u>	<u>Property and Equipment Fund</u>	<u>Temporarily Restricted Fund</u>	<u>Capital Campaign Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>						
Contributions and grants	\$ 1,175,125	\$ -	\$ 90,742	\$ -	\$ -	\$ 1,265,867
Town of Greenwich appropriations	874,459	-	-	-	-	874,459
Endowment spending appropriation	1,162,464	-	-	-	-	1,162,464
Admissions	122,327	-	-	-	-	122,327
Membership dues	443,925	-	-	-	-	443,925
Museum store revenue	164,463	-	-	-	-	164,463
Special events revenue	-	-	-	-	-	-
Rental and other revenue	30,695	-	-	-	-	30,695
Total Public Support and Revenue	<u>3,973,458</u>	<u>-</u>	<u>90,742</u>	<u>-</u>	<u>-</u>	<u>4,064,200</u>
<b>EXPENSES</b>						
Program	2,898,953	202,882	214,822	163,104	-	3,479,761
General and administrative	357,493	12,672	-	-	-	370,165
Development	782,445	58,131	-	508,178	-	1,348,754
Special events	19,906	-	-	-	-	19,906
Total Expenses	<u>4,058,797</u>	<u>273,685</u>	<u>214,822</u>	<u>671,282</u>	<u>-</u>	<u>5,218,586</u>
Deficiency of Support and Revenue Over Expenses from Operations	(85,339)	(273,685)	(124,080)	(671,282)	-	(1,154,386)
<b>OTHER INCOME, OTHER EXPENSES, AND TRANSFERS</b>						
Endowment investment return, net of endowment spending appropriation	-	-	-	-	(930,807)	(930,807)
Non-endowment investment return	4,290	-	77,403	138,079	-	219,772
Purchase of property and equipment	(10,909)	2,143,680	-	(2,132,771)	-	-
State and local grants for capital improvements	-	-	-	824,000	-	824,000
Contributions for museum expansion	-	-	-	3,640,356	-	3,640,356
Contributions for endowment	-	-	-	-	66,100	66,100
Recovery on uncollectible pledges receivable	-	-	-	112,402	-	112,402
Change in Net Assets	(91,958)	1,869,995	(46,677)	1,910,784	(864,707)	2,777,437
<b>NET ASSETS</b>						
Beginning of year	<u>236,131</u>	<u>1,631,294</u>	<u>951,889</u>	<u>9,402,487</u>	<u>25,295,474</u>	<u>37,517,275</u>
End of year	<u>\$ 144,173</u>	<u>\$ 3,501,289</u>	<u>\$ 905,212</u>	<u>\$ 11,313,271</u>	<u>\$ 24,430,767</u>	<u>\$ 40,294,712</u>

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