

**Bruce Museum, Inc.**

Financial Statements

June 30, 2023 and 2022

## Independent Auditors' Report

### Board of Trustees Bruce Museum, Inc.

#### Opinion

We have audited the accompanying financial statements of Bruce Museum, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bruce Museum, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Prior Period Adjustment

As discussed in Note 18 to the financial statements, understatements of amounts previously reported for contributions and grants receivable, net and contributions for museum expansion as of June 30, 2022, were discovered by management of Bruce Museum, Inc. Accordingly, amounts reported for contributions and grants receivable, net and contributions for museum expansion have been restated in the 2022 financial statements now presented. Our opinion is not modified with respect to that matter.

#### Responsibilities of Management for the Financial Statements

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

**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 27 through 30 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*

**Bruce Museum, Inc.**

Statements of Financial Position

	June 30,	
	2023	2022 (Restated)
<b>ASSETS</b>		
Cash	\$ 819,485	\$ 1,234,018
Investments, unrestricted	1,670,148	1,620,249
Contributions and grants receivable, net	4,564,722	12,144,603
Inventory	108,646	6,257
Prepaid expenses and other current assets	127,422	115,297
Investments held in endowment	27,256,886	26,486,987
Improvements and equipment, net	61,227,785	2,945,968
Other assets - museum expansion costs	-	44,991,130
	<u>\$ 95,775,094</u>	<u>\$ 89,544,509</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,547,841	\$ 5,885,552
Retainage payable	1,610,296	1,478,894
Refundable contributions	34,963	34,963
Deferred revenue and refundable advances	250,132	57,572
Lines of credit	3,507,425	3,000,000
Total Liabilities	<u>6,950,657</u>	<u>10,456,981</u>
Net Assets		
Without donor restrictions		
Undesignated	55,871,263	5,308,068
Board designated for capital account	27,919	27,919
Board designated endowment	1,025,203	1,005,138
Total Without Donor Restrictions	<u>56,924,385</u>	<u>6,341,125</u>
With donor restrictions	<u>31,900,052</u>	<u>72,746,403</u>
Total Net Assets	<u>88,824,437</u>	<u>79,087,528</u>
	<u>\$ 95,775,094</u>	<u>\$ 89,544,509</u>

See Notes to Financial Statements

**Bruce Museum, Inc.**

Statements of Activities

	Year Ended June 30, 2023			Year Ended June 30, 2022 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Contributions and grants	\$ 2,577,490	\$ 1,550,040	\$ 4,127,530	\$ 2,439,629	\$ 176,179	\$ 2,615,808
Town of Greenwich appropriations	900,867	-	900,867	883,203	-	883,203
Endowment spending appropriation	1,435,696	-	1,435,696	1,287,300	-	1,287,300
Admissions	223,245	-	223,245	79,075	-	79,075
Membership dues	546,189	-	546,189	403,689	-	403,689
Museum store revenue	168,977	-	168,977	120,132	-	120,132
Special events revenue, net of direct donor benefits of \$256,454 and \$398,042	513,064	-	513,064	384,393	-	384,393
Rental and other revenue	42,468	-	42,468	4,000	-	4,000
Net assets released from restrictions	19,288	(19,288)	-	86,332	(86,332)	-
Total Public Support and Revenue	<u>6,427,284</u>	<u>1,530,752</u>	<u>7,958,036</u>	<u>5,687,753</u>	<u>89,847</u>	<u>5,777,600</u>
<b>EXPENSES</b>						
Program Services						
Art	3,184,343	-	3,184,343	1,527,977	-	1,527,977
Science	1,831,272	-	1,831,272	633,358	-	633,358
Education	929,686	-	929,686	944,733	-	944,733
Museum store operations	388,143	-	388,143	338,120	-	338,120
Other programs	-	-	-	137,144	-	137,144
Total Program Services	<u>6,333,444</u>	<u>-</u>	<u>6,333,444</u>	<u>3,581,332</u>	<u>-</u>	<u>3,581,332</u>
Supporting Services						
General and administrative	719,657	-	719,657	441,761	-	441,761
Development	1,370,063	-	1,370,063	1,532,929	-	1,532,929
Special events	16,307	-	16,307	31,584	-	31,584
Total Expenses	<u>8,439,471</u>	<u>-</u>	<u>8,439,471</u>	<u>5,587,606</u>	<u>-</u>	<u>5,587,606</u>
Excess (Deficiency) of Support and Revenue Over Expenses from operations	(2,012,187)	1,530,752	(481,435)	100,147	89,847	189,994
<b>OTHER INCOME AND EXPENSES</b>						
Endowment investment return, net of endowment spending appropriation	20,065	627,648	647,713	(359,359)	(8,491,280)	(8,850,639)
Non-endowment investment return	43,542	-	43,542	(12,123)	-	(12,123)
Paycheck Protection Program - debt forgiveness	-	-	-	474,655	-	474,655
State and local grants for capital improvements	-	-	-	27,183	-	27,183
Contributions for museum expansion	5,617,225	1,997,079	7,614,304	-	9,525,132	9,525,132
Release from restrictions - building expansion	46,929,865	(46,929,865)	-	563,624	(563,624)	-
Loss on disposal of improvements and equipment	(15,250)	-	(15,250)	-	-	-
Contributions for endowment	-	2,038,386	2,038,386	-	2,602	2,602
Loss on uncollectible contributions receivable	-	(110,351)	(110,351)	-	(232,539)	(232,539)
Change in Net Assets	<u>50,583,260</u>	<u>(40,846,351)</u>	<u>9,736,909</u>	<u>794,127</u>	<u>330,138</u>	<u>1,124,265</u>
<b>NET ASSETS</b>						
Beginning of year	<u>6,341,125</u>	<u>72,746,403</u>	<u>79,087,528</u>	<u>5,546,998</u>	<u>72,416,265</u>	<u>77,963,263</u>
End of year	<u>\$ 56,924,385</u>	<u>\$ 31,900,052</u>	<u>\$ 88,824,437</u>	<u>\$ 6,341,125</u>	<u>\$ 72,746,403</u>	<u>\$ 79,087,528</u>

See Notes to Financial Statements

**Bruce Museum, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2023

	Program Services				Supporting Services				
	Art	Science	Education	Museum Store Operations	Total Programs	General and Administrative	Development	Special Events	Total Expenses
Salary, wages, and related costs	\$ 879,318	\$ 842,539	\$ 689,956	\$ 210,922	\$ 2,622,735	\$ 421,080	\$ 619,610	\$ -	\$ 3,663,425
Event production	-	-	-	-	-	-	170,576	254,970	425,546
Depreciation and amortization	711,142	185,778	66,880	29,900	993,700	119,602	59,801	-	1,173,103
Professional fees and independent contractors	400,154	277,009	42,324	22,486	741,973	83,410	223,984	1,035	1,050,402
Office expenses	103,372	33,973	6,823	6,878	151,046	19,579	56,578	1,130	228,333
Equipment	40,171	17,434	3,627	2,270	63,502	4,973	3,035	-	71,510
Cost of sales	-	-	-	57,639	57,639	-	-	1,408	59,047
Hospitality	10,355	11,143	3,614	227	25,339	678	49,876	2,786	78,679
Advertising and marketing	70,888	61,637	750	153	133,428	614	49,416	-	183,458
Printing	19,453	12,722	2,460	2,136	36,771	1,966	48,965	9,443	97,145
Direct exhibit costs	346,643	68,515	97	43	415,298	173	86	-	415,557
Travel	16,680	6,145	11,632	3,794	38,251	171	1,926	340	40,688
Utilities	192,063	50,174	18,063	8,075	268,375	32,302	16,151	-	316,828
Repairs and maintenance	248,880	191,178	27,936	16,933	484,927	27,818	16,760	-	529,505
Grants, awards, and appearance fees	2,575	300	8,122	-	10,997	25	75	76	11,173
Information technology	2,477	2,825	1,657	1,636	8,595	572	3,022	-	12,189
Continuing education	9,305	8,406	6,785	295	24,791	980	42,932	-	68,703
Supplies	16,768	14,257	10,568	18,453	60,046	1,362	1,211	291	62,910
Insurance	17,787	15,454	6,021	3,794	43,056	3,806	5,488	-	52,350
Miscellaneous	8,254	5,712	5,142	286	19,394	546	571	1,282	21,793
Collection acquisitions and maintenance	35,176	12,256	12,256	-	59,688	-	-	-	59,688
Interest	52,882	13,815	4,973	2,223	73,893	-	-	-	73,893
	<u>3,184,343</u>	<u>1,831,272</u>	<u>929,686</u>	<u>388,143</u>	<u>6,333,444</u>	<u>719,657</u>	<u>1,370,063</u>	<u>272,761</u>	<u>8,695,925</u>
Less direct donor benefits	-	-	-	-	-	-	-	(256,454)	(256,454)
	<u>\$ 3,184,343</u>	<u>\$ 1,831,272</u>	<u>\$ 929,686</u>	<u>\$ 388,143</u>	<u>\$ 6,333,444</u>	<u>\$ 719,657</u>	<u>\$ 1,370,063</u>	<u>\$ 16,307</u>	<u>\$ 8,439,471</u>

See Notes to Financial Statements

**Bruce Museum, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2022

	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	\$ 993,596	\$ 395,002	\$ 664,614	\$ 166,269	\$ 23,325	\$ 2,242,806	\$ 218,995	\$ 876,425	\$ 2,198	\$ 3,340,424
Event production	-	-	-	-	-	-	-	-	396,217	396,217
Depreciation and amortization	120,813	56,854	63,960	31,919	-	273,546	17,085	78,378	-	369,009
Professional fees and independent contractors	83,974	51,049	62,079	10,420	-	207,522	45,445	269,481	5,190	527,638
Office expenses	43,573	9,741	10,069	2,728	104,624	170,735	15,130	101,417	17,367	304,649
Equipment	15,805	6,798	7,648	2,327	-	32,578	11,602	6,702	-	50,882
Cost of sales	-	-	-	81,858	-	81,858	-	-	849	82,707
Hospitality	7,615	8,350	3,133	693	1,682	21,473	2,306	30,853	-	54,632
Advertising and marketing	17,420	6,290	7,225	4,143	-	35,078	8,072	19,163	-	62,313
Printing	3,595	1,699	2,556	649	-	8,499	4,289	19,997	6,829	39,614
Direct exhibit costs	39,309	3,578	-	-	-	42,887	-	-	-	42,887
Travel	10,651	2,035	10,743	3,930	537	27,896	764	5,018	-	33,678
Utilities	67,553	31,790	35,764	10,456	-	145,563	43,204	22,145	-	210,912
Repairs and maintenance	33,089	18,953	17,888	5,220	6,976	82,126	23,723	12,980	-	118,829
Grants, awards, and appearance fees	1,949	235	2,888	5	-	5,077	405	3,065	976	9,523
Information technology	62,322	29,328	33,410	11,136	-	136,196	35,944	29,213	-	201,353
Continuing education	7,612	2,380	4,556	578	-	15,126	2,411	43,402	-	60,939
Supplies	3,893	3,461	12,847	4,708	-	24,909	475	346	-	25,730
Insurance	6,535	3,075	3,459	1,081	-	14,150	8,024	11,618	-	33,792
Miscellaneous	4,410	2,740	1,894	-	-	9,044	3,887	2,726	-	15,657
Collection acquisitions and maintenance	4,263	-	-	-	-	4,263	-	-	-	4,263
	<u>1,527,977</u>	<u>633,358</u>	<u>944,733</u>	<u>338,120</u>	<u>137,144</u>	<u>3,581,332</u>	<u>441,761</u>	<u>1,532,929</u>	<u>429,626</u>	<u>5,985,648</u>
Less direct donor benefits	-	-	-	-	-	-	-	-	(398,042)	(398,042)
	<u>\$ 1,527,977</u>	<u>\$ 633,358</u>	<u>\$ 944,733</u>	<u>\$ 338,120</u>	<u>\$ 137,144</u>	<u>\$ 3,581,332</u>	<u>\$ 441,761</u>	<u>\$ 1,532,929</u>	<u>\$ 31,584</u>	<u>\$ 5,587,606</u>

See Notes to Financial Statements

**Bruce Museum, Inc.**

Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 9,736,909	\$ 1,124,265
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,173,103	369,009
Net realized and unrealized (gains) losses on investments	(1,496,065)	9,704,072
State and local grants for capital improvements	-	(27,183)
Contributions for capital expenditures	(7,614,304)	(9,525,132)
Contributions for endowment	(2,038,386)	(2,602)
Loss on disposal of improvements and equipment	15,250	-
Loss on uncollectible contributions receivable	110,351	232,539
Forgiveness of Paycheck Protection Loan	-	(474,655)
Changes in operating assets and liabilities		
Contributions receivable	(525,984)	187,080
Inventory	(102,389)	29,464
Prepaid expenses and other assets	(12,125)	(12,062)
Accounts payable and accrued expenses	1,316,238	297,607
Deferred revenue and refundable advances	192,560	(92,087)
Net Cash from Operating Activities	755,158	1,810,315
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of improvements and equipment	(20,001,587)	(47,452)
Acquisition of other assets - museum expansion costs	-	(21,617,891)
Proceeds from sale of investments	5,054,047	10,668,354
Purchase of investments	(4,377,780)	(8,805,859)
Net Cash from Investing Activities	(19,325,320)	(19,802,848)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash collected from contributions for endowment	1,038,886	103,102
Cash collected from state and local grants for capital improvements	-	27,183
Cash collected from contributions for capital expenditures	16,609,318	10,808,686
Repayment of line of credit	(1,000,000)	-
Proceeds from line of credit	1,507,425	3,000,000
Net Cash from Financing Activities	18,155,629	13,938,971
Net Change in Cash	(414,533)	(4,053,562)
<b>CASH</b>		
Beginning of year	1,234,018	5,287,580
End of year	\$ 819,485	\$ 1,234,018
<b>SUPPLEMENTAL CASH FLOWS INFORMATION</b>		
Cash paid for interest	\$ 279,806	\$ -
<b>Non-cash Investing and Financing Activity</b>		
Other assets - museum expansion costs financed with accounts payable and retainage payable	\$ 131,402	\$ 6,724,227
Forgiveness of Paycheck Protection Loan	-	474,655

See Notes to Financial Statements



## **Bruce Museum, Inc.**

### Notes to Financial Statements June 30, 2023 and 2022

#### **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 13).

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

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

##### ***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.

##### ***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, 2023 and 2022, there was no allowance recorded.

##### ***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.

## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2023 and 2022

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

#### ***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 quoted 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.

#### ***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 and Equipment***

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 19 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.

## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2023 and 2022

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

#### ***Deferred Revenue and Refundable Advances***

Deferred revenue consists of fees and special event revenue received but not earned. As of June 30, 2023, 2022, and 2021, deferred revenue from fees and special event revenue was \$250,132, \$57,572, and \$149,659. Refundable advances consist 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 Trustees.

*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.

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 donor restricted net assets are 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. Membership revenue is recognized ratably over the membership period. BMI records special events revenue when the event takes place.

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

## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2023 and 2022

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

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

Contributions are recorded when cash, securities, other assets, unconditional promises to give, or a notification of a beneficial interest are 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.

#### ***Contributed Non-cash Assets or Services***

BMI's policy related to gifts-in-kind is to utilize the assets given to carry out its mission. If an asset is provided that does not allow BMI to utilize it in its normal course of business, the asset will be sold. 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. Donated services primarily consisted of docent services. In addition, a number of volunteers have contributed their time to BMI. No donated services met the requirements for financial statement recognition for the years ended June 30, 2023 and 2022.

#### ***Advertising***

Advertising costs are expensed as incurred. Advertising expense totaled \$183,460 and \$62,313 for the years ended June 30, 2023 and 2022.

#### ***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 the year ended June 30, 2019 and prior.

#### ***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, recovery (loss) on 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 BMI's aggregate authorized spending amount.

## Bruce Museum, Inc.

Notes to Financial Statements  
June 30, 2023 and 2022

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

#### **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, depreciation, repairs and maintenance, and information technology, and equipment	Square footage
Salary, wages and related costs	Square footage, estimated time and effort, costs, and employee count
Advertising and marketing	Estimated use
Hospitality	Estimated time and effort
Insurance	Square footage, time, effort, costs, volunteer hours, and employee count
Office expenses	Square footage, estimated time and effort

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

BMI adopted Accounting Standards Codification (“ASC”) Topic 842, *Leases*, using the effective date method with July 1, 2022 as the date of initial adoption, with certain practical expedients available.

BMI elected the available practical expedients to account for its operating leases as finance leases and operating leases, under the new guidance, without reassessing: (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. The standard did not have a material impact on the financial statements.

#### **Leases**

BMI assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2023 and 2022

**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 December 14, 2023.

**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	2023	2022
Quoted Prices in Active Markets for Identical Assets (Level 1)		
Mutual fund and exchanged traded funds		
Fixed income	\$ 1,312,946	\$ 1,311,932
Money market mutual fund	<u>357,202</u>	<u>-</u>
Total Level 1 Assets	1,670,148	1,311,932
Items outside the fair value hierarchy		
Cash	<u>-</u>	<u>308,317</u>
	<u>\$ 1,670,148</u>	<u>\$ 1,620,249</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	2023		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	\$ 11,491,880	\$ -	\$ 11,491,880
International equity	3,793,155	-	3,793,155
Fixed income	4,013,827	-	4,013,827
Emerging markets	294,727	-	294,727
Money market	2,061,494	-	2,061,494
Fixed income			
U.S. Corporate bonds	-	424,724	424,724
U.S. Treasury bonds	<u>1,514,371</u>	<u>-</u>	<u>1,514,371</u>
	<u>\$ 23,169,454</u>	<u>\$ 424,724</u>	23,594,178
Cash (1)			151,406
Private equity investments (2)			1,218,922
Hedge funds (2)			<u>2,292,380</u>
Total Investments Held in Endowment			<u>\$ 27,256,886</u>

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2023 and 2022

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

Description	2022		Total
	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Investments, endowment</b>			
Mutual funds/exchanged traded funds			
Domestic equity	\$ 11,003,625	\$ -	\$ 11,003,625
International equity	2,769,846	-	2,769,846
Fixed income	4,620,567	-	4,620,567
Hedge funds	996,665	-	996,665
Emerging markets	301,754	-	301,754
Fixed income			
U.S. Corporate bonds	-	622,162	622,162
U.S. Treasury bonds	1,180,525	-	1,180,525
Government-sponsored enterprise bonds	-	(61,863)	(61,863)
	<u>\$ 20,872,982</u>	<u>\$ 560,299</u>	21,433,281
Cash (1)			617,473
Private equity investments (2)			972,281
Hedge funds (2)			<u>3,463,952</u>
Total Investments Held in Endowment			<u>\$ 26,486,987</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, 2023 and 2022

**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 years ended June 30:

	2023		2022	
	Private Equity Investments	Hedge Funds	Private Equity Investments	Hedge Funds
Beginning balance	\$ 972,281	\$ 3,463,952	\$ 513,770	\$ 6,887,815
Purchases	360,750	-	456,066	-
Redemptions	(116,504)	(1,176,880)	(171,573)	-
Reported in endowment investment return				
Unrealized gains (losses) on investments held at year end	(84,309)	(16,807)	174,018	(3,423,863)
Realized gain on redemptions	86,704	22,115	-	-
Ending Balance	<u>\$ 1,218,922</u>	<u>\$ 2,292,380</u>	<u>\$ 972,281</u>	<u>\$ 3,463,952</u>

Information regarding investments measured at NAV using the practical expedient at June 30, 2023 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private equity investments (see "a" below)	\$ 1,218,922	\$ 757,991	N/A	N/A
Long/Short hedge fund (see "b" below)	<u>2,292,380</u>	<u>-</u>	Quarterly	60 days
	<u>\$ 3,511,302</u>	<u>\$ 757,991</u>		

- (a) This category includes two private equity funds that invest in private investment companies and managed advisory accounts. The nature of the investments in this category is that distributions are received when the funds liquidate 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 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 77% United States equity securities, 28% foreign equity securities, 3% in warrants, 2% in a special purpose acquisition company, 7% in a private investment company, and -17% in securities sold short.



**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2023 and 2022

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

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>2023</u>	<u>2022</u>
Endowment Investment Return		
Interest and dividends, net of fees	\$ 580,207	\$ 2,113,339
Realized gains	163,202	345,151
Unrealized (losses) gains	1,340,000	(10,021,829)
Endowment spending appropriation	<u>(1,435,696)</u>	<u>(1,287,300)</u>
Total Endowment Investment Return	<u>647,713</u>	<u>(8,850,639)</u>
Non-endowment Investment Return		
Interest and dividends, net of fees	50,679	15,271
Realized (losses) gains	-	(17,685)
Unrealized losses	<u>(7,137)</u>	<u>(9,709)</u>
Total Non-Endowment Investment Return	<u>43,542</u>	<u>(12,123)</u>
Total Investment Return	<u>\$ 691,255</u>	<u>\$ (8,862,762)</u>

**4. Contributions and Grants Receivable**

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

	<u>2023</u>	<u>2022</u>
Contributions and grants receivable		
Due in less than one year	\$ 2,717,089	\$ 9,154,218
Due in one to five years	<u>1,941,000</u>	<u>3,110,000</u>
	4,658,089	12,264,218
Discount on pledges	<u>(93,367)</u>	<u>(119,615)</u>
Contributions Receivable, Net	<u>\$ 4,564,722</u>	<u>\$ 12,144,603</u>

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

	<u>2023</u>	<u>2022</u>
Without donor restrictions	\$ 67,643	\$ 541,659
With donor restrictions	<u>4,497,079</u>	<u>11,602,944</u>
	<u>\$ 4,564,722</u>	<u>\$ 12,144,603</u>

For unconditional promises to give to be received over a period in excess of 1 year, a discount between 5.4% and 4.0% 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, 2023 and 2022.

## Bruce Museum, Inc.

### Notes to Financial Statements June 30, 2023 and 2022

#### 4. Contributions and Grants Receivable *(continued)*

Donor contributions and grants receivable outstanding as of June 30, 2023 are receivable as follows:

2024	\$ 2,717,089
2025	1,181,000
2026	630,000
2027	<u>130,000</u>
	4,658,089
Discount on contributions receivable	<u>(93,367)</u>
	<u>\$ 4,564,722</u>

BMI has received indications of support totaling approximately \$4,000,000 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.

#### 5. Property and Equipment

Property and equipment as of June 30 consists of the following:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 62,138,270	\$ 9,999,934
Furniture and equipment	460,685	648,515
Vehicles	<u>59,386</u>	<u>59,386</u>
	62,658,341	10,707,835
Accumulated depreciation and amortization	<u>(1,430,556)</u>	<u>(7,761,867)</u>
	<u>\$ 61,227,785</u>	<u>\$ 2,945,968</u>

Interest capitalized during the years ended June 30, 2023 and 2022 was \$205,913 and \$0.

#### 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. These assets were placed into service during the year ended June 30, 2023.

#### 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.

## Bruce Museum, Inc.

### Notes to Financial Statements June 30, 2023 and 2022

#### 8. Paycheck Protection Program Loan

On April 16, 2021, BMI received loan proceeds in the amount of \$474,655, under Second Draw provisions of the Paycheck Protection Program (the “PPP”) as authorized by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the “Economic Aid Act”). The PPP per 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 of the qualifying entity. 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 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.

As of June 30, 2021, the Second Draw PPP loan was recognized as debt on the statement of financial position. BMI recognized the income from the forgiveness of the PPP loans when it received the notification of forgiveness from the Small Business Administration (the “SBA”) in accordance with Accounting Standards Codification (“ASC”) 470, *Debt*. As of September 14, 2021, the SBA notified BMI that the Second Draw PPP loan has been forgiven. Accordingly, BMI has recognized \$0 and \$474,655 as forgiveness of debt for the years ended June 30, 2023 and 2022.

#### 9. Lines of Credit

BMI has a line of credit with a bank (“LOC 1”) in the amount of \$18,000,000, expiring February 1, 2029, to be used for construction costs on the Museum expansion (see Note 6). Interest only payments are payable monthly at bank’s prime rate (8.75% and 3.25% per annum at June 30, 2023 and 2022). \$1,000,000 will be held back to pay interest on the advances made through December 31, 2024. On January 1, 2025, the annual interest rate will be adjusted to the five-year treasury index plus 2.25% in effect on December 28, 2024. Principal payments of \$2,000,000 are payable on October 15, 2023 and October 15, 2024. Commencing February 1, 2025, monthly payments of principal and interest are due in the amount required to amortize the outstanding principal of LOC 1 over a five-year period, ending on February 1, 2029. For the period subsequent to the completion of the expansion through February 1, 2025, any payments on promises to give or other donations designated by the donor for the expansion of the Museum, shall be paid to the bank as repayment of LOC 1’s principal balance. LOC 1 is collateralized by contributions and promises to give received for the Museum expansion. As of June 30, 2023 and 2022, there were gross contributions receivable of approximately \$2,130,000 and \$9,660,000 restricted for the Museum expansion. As of June 30, 2023 and 2022, the outstanding balance on LOC 1 was \$1,507,425 and \$0.

## Bruce Museum, Inc.

### Notes to Financial Statements June 30, 2023 and 2022

#### 9. Lines of Credit (*continued*)

BMI obtained a line of credit (“LOC 2”) in the amount of \$4,000,000, which is repayable on demand. Interest is payable at Bloomberg Short-Term Bank Yield Index (the “BSBY”) Daily Floating Rate plus 1.25% (6.41% at June 30, 2023). As of June 30, 2023 and 2022, LOC 2 is collateralized by investments held by the bank totaling approximately \$6570,000 and \$4,970,000. The investments held for collateral are part of the investments that are disclosed in Note 3. At June 30, 2023 and 2022, the outstanding balance was \$2,000,000 and \$3,000,000.

#### 10. 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, 2023 and 2022, BMI’s contribution to the 401(k) plan was \$138,862 and \$122,535.

#### 11. Net Assets With Donor Restrictions

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

	2023	2022
Programs	\$ 862,837	\$ 827,635
Collection acquisitions and maintenance	292,226	292,226
Time restricted	3,497,079	4,450
Unappropriated endowment returns	4,791,869	4,164,221
Capital campaign	-	47,039,716
Endowment	22,456,041	20,418,155
	<u>\$ 31,900,052</u>	<u>\$ 72,746,403</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:

	2023	2022
Programs	\$ 14,838	\$ 66,332
Time restricted	4,450	20,000
Capital campaign	-	563,624
	<u>\$ 19,288</u>	<u>\$ 649,956</u>

#### 12. Liquidity and Availability of Financial Assets

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.

## Bruce Museum, Inc.

Notes to Financial Statements  
June 30, 2023 and 2022

### 12. Liquidity and Availability of Financial Assets (continued)

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. Additionally, to maintain sufficient liquidity during the Museum expansion, BMI obtained two lines of credit during the year ended June 30, 2022 with a maximum borrowing capacity of \$22,000,000. Excess cash from prior years has been designated by the board to be invested in the endowment fund, which could be drawn upon in the event of an unanticipated liquidity need.

Total financial assets available to meet cash needs for general expenditure within one year at June 30, are as follows:

	2023	2022
Cash	\$ 819,485	\$ 1,234,018
Investments, unrestricted	1,670,148	1,620,249
Contributions receivable, net	4,564,722	12,144,603
Unrestricted portion of endowment fund	<u>35,295</u>	<u>35,295</u>
Total Financial Assets Available Within One Year	<u>7,089,650</u>	<u>15,034,165</u>
Less amounts unavailable for general expenditures within one year due to:		
Donor restrictions for programs, time, and collection acquisitions and maintenance	4,652,142	1,124,311
Unspent portion of assets donor restricted for capital campaign	-	12,864,845
Contribution receivable for endowment	1,000,000	500
Board designated for capital account	<u>27,919</u>	<u>27,919</u>
	<u>5,680,061</u>	<u>14,017,575</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within one Year	<u>\$ 1,409,589</u>	<u>\$ 1,016,590</u>

### 13. 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, 2023 and 2022

**13. Transactions With the Town of Greenwich (continued)**

During the years ended June 30, 2023 and 2022, budget appropriations made by the Town on behalf of and paid to BMI amounted to \$900,867 and \$883,203, representing approximately 11% and 14% of BMI's total operating public support and revenue.

The Town periodically agrees to fund capital improvements to the Museum. For the years ended June 30, 2023 and 2022, the Museum recognized \$0 and \$27,183 in grants from the Town for capital improvements.

**14. 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, 2023 and 2022, the Board utilized a spending rate of five percent (5%) of its endowment 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 for the year ended June 30, 2023:

	Without Donor Restriction	With Donor Restriction	Total Endowment
Balance, July 1, 2022	\$ 1,040,433	\$ 24,581,876	\$ 25,622,309
Cash contributions received and receivable collections	-	1,038,386	1,038,386
Investment return, net	78,357	2,005,052	2,083,409
Appropriation for expenditure	(58,292)	(1,377,404)	(1,435,696)
Balance, June 30, 2023	\$ 1,060,498	\$ 26,247,910	27,308,408
Reconciliation to Assets Held for Endowment			
(Due from) operating			(51,522)
Investments held for Endowment (Note 3)			\$ 27,256,886

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2023 and 2022

**14. Endowment Fund (continued)**

The following is a reconciliation of the activity in the endowment funds for the year ended June 30, 2022:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total Endowment</u>
Balance, July 1, 2021	\$ 1,399,792	\$ 33,070,554	\$ 34,470,346
Cash contributions received and receivable collections	-	2,602	2,602
Investment return, net	(307,088)	(7,256,251)	(7,563,339)
Appropriation for expenditure	(52,271)	(1,235,029)	(1,287,300)
Balance, June 30, 2022	<u>\$ 1,040,433</u>	<u>\$ 24,581,876</u>	25,622,309

Reconciliation to Assets Held for Endowment

Due to operating	864,678
Investments held for Endowment (Note 3)	<u>\$ 26,486,987</u>

As of June 30, 2023 and 2022, BMI had the following endowment net asset composition by type of fund:

	<u>2023</u>	<u>2022</u>
<b>Without Donor Restrictions</b>		
Undesignated	\$ 35,295	\$ 35,295
Board Designated	<u>1,025,203</u>	<u>1,005,138</u>
Total Without Donor Restrictions	<u>1,060,498</u>	<u>1,040,433</u>
<b>With Donor Restrictions</b>		
Amounts to be held in perpetuity		
Purpose restricted	11,928,235	11,928,235
General use	9,527,806	8,489,420
Accumulated investment gains		
Purpose restricted	2,975,361	2,618,982
Available for general use	<u>1,816,508</u>	<u>1,545,239</u>
Total With Donor Restrictions	<u>26,247,910</u>	<u>24,581,876</u>
Total Endowment Composition	<u>\$ 27,308,408</u>	<u>\$ 25,622,309</u>

## Bruce Museum, Inc.

### Notes to Financial Statements June 30, 2023 and 2022

#### 14. Endowment Fund (continued)

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

	<u>2023</u>	<u>2022</u>
Endowment fund	\$ 21,456,041	\$ 20,417,655
Contributions receivable, net	<u>1,000,000</u>	<u>500</u>
	<u>\$ 22,456,041</u>	<u>\$ 20,418,155</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.

#### 15. 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. The agreement was extended in 2016 through January 31, 2042. 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.

#### 16. 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.



## **Bruce Museum, Inc.**

### Notes to Financial Statements June 30, 2023 and 2022

#### **16. Collections (continued)**

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, 2023 and 2022. 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 expended approximately \$50,000 and \$13,000 to acquire collection items during the years ended June 30, 2023 and 2022. There were no items de-accessed during the years ended June 30, 2023 and 2022.

#### **17. 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, 2023 and 2022, \$705,000 and \$1,096,000 of cash was maintained with institutions in excess of FDIC limits.

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.

BMI's investments are held in various financial institutions. In the event of a failure by the brokerage firm, these investments are protected by the Securities Investor Protection Corporation ("SIPC") up to \$500,00 (\$250,000 for cash) per financial institution. As of June 30, 2023 and 2022, BMI has \$1,500,000 of their investments were protected by the SIPC.

## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2023 and 2022

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

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

##### *Contributions*

For the year ended June 30, 2023, two donors represented 26% of total contributions, membership dues, and special event revenues. For the year ended June 30, 2022, one donor represented 19% of total contributions, membership dues, and special event revenues. Three donors represent 73% of gross contributions receivable as of June 30, 2023. Two donors represent 74% of gross contributions receivable as of June 30, 2022.

##### *Geographic Concentration*

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

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

##### *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.

##### *Investments*

BMI invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes may be material.

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

For the years ended June 30, 2023 and 2022, BMI received contributions, membership dues, special events revenues, and contributions for museum expansion from trustees totaling approximately \$5,800,000 and \$5,900,000 representing approximately 37% and 45% of total contributions, membership dues, and special event revenues. As of June 30, 2023 and 2022, 30% and 20% of gross contributions receivable were due from trustees.

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2023 and 2022

**18. Prior Period Adjustment**

It was determined that certain promises to give from donors outstanding as of June 30, 2022 were not reported in the previously issued financial statements. Accordingly, the June 30, 2022 financial statements have been restated to reflect the contributions receivable as of June 30, 2022. The following line items were restated on the June 30, 2022 financial statements:

	<u>Previously Reported</u>	<u>Restated</u>
Contributions and grants receivable, net	\$ 10,079,928	\$ 12,144,603
Net assets with donor restrictions	70,681,728	72,746,403
Contributions for museum expansion	7,460,457	9,525,132
Change in net assets	(940,410)	1,124,265

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**Bruce Museum, Inc.**

Supplementary Information

June 30, 2023 and 2022

**Bruce Museum, Inc.**

Statement of Financial Position - Supplemental Schedule  
June 30, 2023

	Operating Fund	Property and Equipment Fund	Temporarily Restricted Fund	Capital Campaign Fund	Endowment Fund	Eliminations	Total
<b>ASSETS</b>							
Cash	\$ 614,831	\$ -	\$ -	\$ 204,654	\$ -	\$ -	\$ 819,485
Investments, unrestricted	-	-	1,670,148	-	-	-	1,670,148
Contributions and grants receivable, net	1,567,643	-	-	1,997,079	1,000,000	-	4,564,722
Inventory	108,646	-	-	-	-	-	108,646
Prepaid expenses and other current assets	127,422	-	-	-	-	-	127,422
Interfund receivables	2,868,722	-	-	-	-	(2,868,722)	-
Investments held in endowment	-	-	-	-	27,256,886	-	27,256,886
Property and equipment, net	-	61,227,785	-	-	-	-	61,227,785
	<u>\$ 5,287,264</u>	<u>\$ 61,227,785</u>	<u>\$ 1,670,148</u>	<u>\$ 2,201,733</u>	<u>\$ 28,256,886</u>	<u>\$ (2,868,722)</u>	<u>\$ 95,775,094</u>
<b>LIABILITIES AND NET ASSETS</b>							
Liabilities							
Accounts payable and accrued expenses	\$ 1,547,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,547,841
Retainage payable	-	-	-	1,610,296	-	-	1,610,296
Refundable contributions	-	-	-	34,963	-	-	34,963
Deferred revenue and refundable advances	250,132	-	-	-	-	-	250,132
Line of credit	-	-	-	3,507,425	-	-	3,507,425
Interfund payables	-	-	756,810	2,163,434	(51,522)	(2,868,722)	-
Total Liabilities	<u>1,797,973</u>	<u>-</u>	<u>756,810</u>	<u>7,316,118</u>	<u>(51,522)</u>	<u>(2,868,722)</u>	<u>6,950,657</u>
Net Assets							
Without Donor Restrictions							
Undesignated	1,961,372	61,227,785	(241,725)	(7,111,464)	35,295	-	55,871,263
Board designated for capital account	27,919	-	-	-	-	-	27,919
Board designated endowment	-	-	-	-	1,025,203	-	1,025,203
Total Without Donor Restrictions	<u>1,989,291</u>	<u>61,227,785</u>	<u>(241,725)</u>	<u>(7,111,464)</u>	<u>1,060,498</u>	<u>-</u>	<u>56,924,385</u>
With donor restrictions	<u>1,500,000</u>	<u>-</u>	<u>1,155,063</u>	<u>1,997,079</u>	<u>27,247,910</u>	<u>-</u>	<u>31,900,052</u>
Total Net Assets	<u>3,489,291</u>	<u>61,227,785</u>	<u>913,338</u>	<u>(5,114,385)</u>	<u>28,308,408</u>	<u>-</u>	<u>88,824,437</u>
	<u>\$ 5,287,264</u>	<u>\$ 61,227,785</u>	<u>\$ 1,670,148</u>	<u>\$ 2,201,733</u>	<u>\$ 28,256,886</u>	<u>\$ (2,868,722)</u>	<u>\$ 95,775,094</u>

See Independent Auditors' Report

**Bruce Museum, Inc.**

Statement of Financial Position - Supplemental Schedule  
June 30, 2022

	Operating Fund	Property and Equipment Fund	Temporarily Restricted Fund	Capital Campaign Fund	Endowment Fund	Eliminations	Total
<b>ASSETS</b>							
Cash	\$ 513,276	\$ -	\$ -	\$ 720,742	\$ -	\$ -	\$ 1,234,018
Investments, unrestricted	-	-	1,620,249	-	-	-	1,620,249
Contributions and grants receivable, net	-	-	-	12,144,103	500	-	12,144,603
Inventory	6,257	-	-	-	-	-	6,257
Prepaid expenses and other current assets	115,297	-	-	-	-	-	115,297
Interfund receivables	7,742,475	-	-	-	-	(7,742,475)	-
Investments held in endowment	-	-	-	-	26,486,987	-	26,486,987
Improvements and equipment, net	-	2,945,968	-	-	-	-	2,945,968
Other assets - museum expansion costs	-	-	-	44,991,130	-	-	44,991,130
	<u>\$ 8,377,305</u>	<u>\$ 2,945,968</u>	<u>\$ 1,620,249</u>	<u>\$ 57,855,975</u>	<u>\$ 26,487,487</u>	<u>\$ (7,742,475)</u>	<u>\$ 89,544,509</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>Liabilities</b>							
Accounts payable and accrued expenses	\$ 5,885,552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,885,552
Retainage payable	-	-	-	1,478,894	-	-	1,478,894
Refundable contributions	-	-	-	34,963	-	-	34,963
Deferred revenue and refundable advances	57,572	-	-	-	-	-	57,572
Line of credit	-	-	-	3,000,000	-	-	3,000,000
Interfund payables	-	-	725,756	6,152,041	864,678	(7,742,475)	-
Total Liabilities	<u>5,943,124</u>	<u>-</u>	<u>725,756</u>	<u>10,665,898</u>	<u>864,678</u>	<u>(7,742,475)</u>	<u>10,456,981</u>
<b>Net Assets</b>							
<b>Without donor restrictions</b>							
Undesignated	2,406,262	2,945,968	(229,818)	150,361	35,295	-	5,308,068
Board designated for capital account	27,919	-	-	-	-	-	27,919
Board designated endowment	-	-	-	-	1,005,138	-	1,005,138
Total Without Donor Restrictions	<u>2,434,181</u>	<u>2,945,968</u>	<u>(229,818)</u>	<u>150,361</u>	<u>1,040,433</u>	<u>-</u>	<u>6,341,125</u>
<b>With donor restrictions</b>							
	<u>-</u>	<u>-</u>	<u>1,124,311</u>	<u>47,039,716</u>	<u>24,582,376</u>	<u>-</u>	<u>72,746,403</u>
Total Net Assets	<u>2,434,181</u>	<u>2,945,968</u>	<u>894,493</u>	<u>47,190,077</u>	<u>25,622,809</u>	<u>-</u>	<u>79,087,528</u>
	<u>\$ 8,377,305</u>	<u>\$ 2,945,968</u>	<u>\$ 1,620,249</u>	<u>\$ 57,855,975</u>	<u>\$ 26,487,487</u>	<u>\$ (7,742,475)</u>	<u>\$ 89,544,509</u>

See Independent Auditors' Report

**Bruce Museum, Inc.**

Statement of Activities - Supplemental Schedule  
Year Ended June 30, 2023

	Operating Fund	Property and Equipment Fund	Temporarily Restricted Fund	Capital Campaign Fund	Endowment Fund	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Contributions and grants	\$ 3,978,928	\$ -	\$ 148,602	\$ -	\$ -	\$ 4,127,530
Town of Greenwich appropriations	900,867	-	-	-	-	900,867
Endowment spending appropriation	1,435,696	-	-	-	-	1,435,696
Admissions	223,245	-	-	-	-	223,245
Membership dues	546,189	-	-	-	-	546,189
Museum store revenue	168,977	-	-	-	-	168,977
Special events revenue, net of direct donor benefits of \$256,454	513,064	-	-	-	-	513,064
Rental and other revenue	42,468	-	-	-	-	42,468
Total Public Support and Revenue	<u>7,809,434</u>	<u>-</u>	<u>148,602</u>	<u>-</u>	<u>-</u>	<u>7,958,036</u>
<b>EXPENSES</b>						
Program services	4,903,114	993,700	171,298	265,332	-	6,333,444
General and administrative	595,511	119,602	-	4,544	-	719,657
Development	1,192,895	59,801	-	117,367	-	1,370,063
Special events	16,307	-	-	-	-	16,307
Total Expenses	<u>6,707,827</u>	<u>1,173,103</u>	<u>171,298</u>	<u>387,243</u>	<u>-</u>	<u>8,439,471</u>
Excess (Deficiency) of Support and Revenue Over Expenses from Operations	1,101,607	(1,173,103)	(22,696)	(387,243)	-	(481,435)
<b>OTHER INCOME, OTHER EXPENSES, AND TRANSFERS</b>						
Endowment investment return, net of endowment spending appropriation	-	-	-	-	647,713	647,713
Non-endowment investment return	2,001	-	41,541	-	-	43,542
Museum expansion placed into service	-	59,421,672	-	(59,421,672)	-	-
Purchase of improvements and equipment	(48,498)	48,498	-	-	-	-
Loss on disposal of improvements and equipment	-	(15,250)	-	-	-	(15,250)
Contributions for museum expansion	-	-	-	7,614,304	-	7,614,304
Contributions for endowment	-	-	-	-	2,038,386	2,038,386
Loss on uncollectible contributions receivable	-	-	-	(109,851)	(500)	(110,351)
Change in Net Assets	1,055,110	58,281,817	18,845	(52,304,462)	2,685,599	9,736,909
<b>NET ASSETS</b>						
Beginning of year	<u>2,434,181</u>	<u>2,945,968</u>	<u>894,493</u>	<u>47,190,077</u>	<u>25,622,809</u>	<u>79,087,528</u>
End of year	<u>\$ 3,489,291</u>	<u>\$ 61,227,785</u>	<u>\$ 913,338</u>	<u>\$ (5,114,385)</u>	<u>\$ 28,308,408</u>	<u>\$ 88,824,437</u>

See Independent Auditors' Report

**Bruce Museum, Inc.**

Statement of Activities - Supplemental Schedule  
Year Ended June 30, 2022

	Operating Fund	Property and Equipment Fund	Temporarily Restricted Fund	Capital Campaign Fund	Endowment Fund	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Contributions and grants	\$ 2,406,829	\$ -	\$ 208,979	\$ -	\$ -	\$ 2,615,808
Town of Greenwich appropriations	883,203	-	-	-	-	883,203
Endowment spending appropriation	1,287,300	-	-	-	-	1,287,300
Admissions	79,075	-	-	-	-	79,075
Membership dues	403,689	-	-	-	-	403,689
Museum store revenue	120,132	-	-	-	-	120,132
Special events revenue, net of direct donor benefits of \$398,042	384,393	-	-	-	-	384,393
Rental and other revenue	4,000	-	-	-	-	4,000
Total Public Support and Revenue	<u>5,568,621</u>	<u>-</u>	<u>208,979</u>	<u>-</u>	<u>-</u>	<u>5,777,600</u>
<b>EXPENSES</b>						
Program services	2,953,893	273,546	149,877	204,016	-	3,581,332
General and administrative	377,535	17,085	-	47,141	-	441,761
Development	1,142,084	78,378	-	312,467	-	1,532,929
Special events	31,584	-	-	-	-	31,584
Total Expenses	<u>4,505,096</u>	<u>369,009</u>	<u>149,877</u>	<u>563,624</u>	<u>-</u>	<u>5,587,606</u>
Excess (Deficiency) of Support and Revenue Over Expenses from Operations	1,063,525	(369,009)	59,102	(563,624)	-	189,994
<b>OTHER INCOME, OTHER EXPENSES, AND TRANSFERS</b>						
Endowment investment return, net of endowment spending appropriation	-	-	-	-	(8,850,639)	(8,850,639)
Non-endowment investment return	9,661	-	(23,810)	2,026	-	(12,123)
Paycheck Protection Program - debt forgiveness	474,655	-	-	-	-	474,655
Purchase of improvements and equipment	(20,269)	20,269	-	-	-	-
State and local grants for capital improvements	-	27,183	-	-	-	27,183
Contributions for museum expansion	-	-	-	9,525,132	-	9,525,132
Contributions for endowment	-	-	-	-	2,602	2,602
Loss on uncollectible contributions receivable	-	-	-	(133,289)	(99,250)	(232,539)
Change in Net Assets	1,527,572	(321,557)	35,292	8,830,245	(8,947,287)	1,124,265
<b>NET ASSETS</b>						
Beginning of year	<u>906,609</u>	<u>3,267,525</u>	<u>859,201</u>	<u>38,359,832</u>	<u>34,570,096</u>	<u>77,963,263</u>
End of year	<u>\$ 2,434,181</u>	<u>\$ 2,945,968</u>	<u>\$ 894,493</u>	<u>\$ 47,190,077</u>	<u>\$ 25,622,809</u>	<u>\$ 79,087,528</u>

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