

WOODMERE ART MUSEUM, INC.

**Financial Statements
December 31, 2014 and 2013**

**Kreischer
Miller**

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WOODMERE ART MUSEUM, INC.

December 31, 2014 and 2013

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Woodmere Art Museum, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woodmere Art Museum, Inc. as of December 31, 2014 and 2013, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information 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 audits 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.

Kreischer Miller

Horsham, Pennsylvania
September 30, 2015

WOODMERE ART MUSEUM, INC.

Statements of Financial Position December 31, 2014 and 2013

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 25,573	\$ 14,555
Contributions receivable	164,382	639,240
Other assets	24,773	25,324
Total current assets	<u>214,728</u>	<u>679,119</u>
Construction-in-progress	476,935	476,935
Long-term contributions receivable	195,000	195,000
Land, building and equipment, net	3,213,670	3,334,504
Investments	7,988,404	8,002,160
Beneficial interest in perpetual trust	2,938,123	2,956,578
Total assets	<u>\$ 15,026,860</u>	<u>\$ 15,644,296</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	\$ 29,068	\$ 26,295
Line of credit	345,550	364,775
Accounts payable and accrued expenses	142,313	57,149
Sales tax payable	2,971	2,863
Total current liabilities	<u>519,902</u>	<u>451,082</u>
Long-term debt, net of current portion	610,090	642,735
	<u>1,129,992</u>	<u>1,093,817</u>
Net assets:		
Unrestricted:		
Board designated	4,348,686	4,290,088
Undesignated	2,248,894	2,866,950
Temporarily restricted	517,268	687,569
Permanently restricted	6,782,020	6,705,872
	<u>13,896,868</u>	<u>14,550,479</u>
Total liabilities and net assets	<u>\$ 15,026,860</u>	<u>\$ 15,644,296</u>

See accompanying notes to financial statements.

WOODMERE ART MUSEUM, INC.

Statements of Activities and Changes in Net Assets
Years Ended December 31, 2014 and 2013

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and revenue:				
Contributions and grants:				
Individual	\$ 640,804	\$ 63,841	\$ 99,966	\$ 804,611
Foundation	205,490	36,309	-	241,799
Corporate	19,271	-	-	19,271
Government	29,255	-	-	29,255
Membership	82,321	-	-	82,321
Art classes	188,634	-	-	188,634
Museum store sales	147,495	-	-	147,495
Museum collection sales	-	-	-	-
Programs	24,843	-	-	24,843
Investment income (loss)	481,350	11,924	(5,363)	487,911
Increase (decrease) in fair value of perpetual trust	-	-	(18,455)	(18,455)
Net assets released from restrictions	282,375	(282,375)	-	-
Total support and revenue	2,101,838	(170,301)	76,148	2,007,685
Expenses:				
Program services	2,131,649	-	-	2,131,649
Management and general	229,553	-	-	229,553
Development and marketing	300,094	-	-	300,094
Total expenses	2,661,296	-	-	2,661,296
Increase (decrease) in net assets	(559,458)	(170,301)	76,148	(653,611)
Net assets, beginning of year	7,157,038	687,569	6,705,872	14,550,479
Net assets, end of year	\$ 6,597,580	\$ 517,268	\$ 6,782,020	\$ 13,896,868

See accompanying notes to financial statements.

2013

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,505,480	\$ 77,426	\$ 235,287	\$ 1,818,193
233,507	577,000	-	810,507
37,900	-	-	37,900
61,738	-	-	61,738
79,963	-	-	79,963
214,016	-	-	214,016
149,294	-	-	149,294
3,500	-	-	3,500
17,423	-	-	17,423
734,647	17,620	277,936	1,030,203
-	-	231,778	231,778
38,229	(43,820)	5,591	-
3,075,697	628,226	750,592	4,454,515
2,017,609	-	-	2,017,609
226,386	-	-	226,386
272,193	-	-	272,193
2,516,188	-	-	2,516,188
559,509	628,226	750,592	1,938,327
6,597,529	59,343	5,955,280	12,612,152
\$ 7,157,038	\$ 687,569	\$ 6,705,872	\$ 14,550,479

WOODMERE ART MUSEUM, INC.

Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (653,611)	\$ 1,938,327
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	173,737	169,562
Net realized and unrealized gains on investments	(235,831)	(757,897)
Increase (decrease) in beneficial interest in perpetual trust	18,455	(231,778)
(Increase) decrease in:		
Contributions receivable	474,858	(813,081)
Other assets	551	5,575
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	85,164	(5,395)
Sales tax payable	108	(687)
Net cash provided by (used in) operating activities	<u>(136,569)</u>	<u>304,626</u>
Cash flows from investing activities:		
Purchase of land, building and equipment	(52,903)	(29,156)
Proceeds from sale of investments	3,110,653	3,448,201
Purchase of investments	<u>(2,861,066)</u>	<u>(3,714,323)</u>
Net cash provided by (used in) investing activities	<u>196,684</u>	<u>(295,278)</u>
Cash flows from financing activities:		
Net repayments on line of credit	(19,225)	(12,000)
Repayments of long-term debt	<u>(29,872)</u>	<u>(25,212)</u>
Net cash used in financing activities	<u>(49,097)</u>	<u>(37,212)</u>
Net increase (decrease) in cash and cash equivalents	11,018	(27,864)
Cash and cash equivalents, beginning of year	<u>14,555</u>	<u>42,419</u>
Cash and cash equivalents, end of year	<u>\$ 25,573</u>	<u>\$ 14,555</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 28,947	\$ 35,908

See accompanying notes to financial statements.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2014 and 2013

(1) Nature of Organization

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

(2) Summary of Significant Accounting Policies

Basis of Presentation

The Museum's financial statements have been prepared in accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958-205, *Presentation of Financial Statements*.

The Museum is required to report information regarding its financial position and activities according to three classes of net assets:

Permanently restricted net assets are subject to donor stipulations requiring that they be maintained permanently, thereby restricting the use of the principal. Normally, donor stipulations allow part or all of the income earned to be used currently for a designated purpose.

Temporarily restricted net assets are subject to donor stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations. They include gifts restricted by donors for specific programs and other operating purposes. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets released from restrictions.

Unrestricted net assets may be designated for specific purposes by the Museum or may be limited by contractual agreements with outside parties.

Basis of Accounting

The Museum prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for Not for Profit Organizations. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Cash and Cash Equivalents

The Museum considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Continued...

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2014 and 2013

(2) Summary of Significant Accounting Policies, Continued

Promises to Give

Promises to give are recorded as revenue when the donor makes a promise to give to the Museum, that is, in substance, unconditional. Conditioned promises to give are recognized when the conditions on which they depend are substantially met.

Land, Building and Equipment

Land, building and equipment are recorded at cost. Donated property and equipment are recorded at their fair value at the date of receipt. Costs for maintenance and repairs are charged to expense while costs of major renewals, replacements and betterments are capitalized. Depreciation of property and equipment is provided on a straight-line basis over each asset's estimated useful life.

Management is in the process of a Phase III construction campaign that consists of a new addition as well as the renovation of existing buildings. Total cost of this campaign is expected to be approximately \$6,000,000. Architect fees, legal fees and other costs associated with this campaign have been recorded as construction-in-progress. Management expects to fund the new addition and renovations through the use of board designated net assets and the solicitation of additional contributions and grants.

Investments

Investments in mutual funds with readily determinable fair values are stated at their fair values in the statements of financial position. Certificates of deposit are valued at amortized cost, which approximates fair value. Unrealized gains and losses are included in the statements of activities and changes in net assets.

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

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Museum with specific programs and various committee assignments. An amount has not been recognized in the accompanying statements of activities for these volunteer efforts because they did not meet the requirements for recognition under FASB ASC 958-605, *Revenue Recognition*.

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WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2014 and 2013

(2) Summary of Significant Accounting Policies, Continued

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Collections

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

In conformity with the practice adopted by many museums and in accordance with the provisions of FASB ASC 958-605, the Museum does not capitalize donated works of art and collections or recognize them as revenues or gains. FASB ASC 958-605 provides that such donations need not be recognized if they are added to collections that are held for public exhibition, education, or protected unencumbered, cared for, and preserved. The Museum has a policy that requires the proceeds from sales of collection items to be used to acquire other items for its collection. The cost of all objects purchased is reported as a separate program expense. All such items on hand are currently insured for approximately \$18,300,000.

Functional Allocation of Expenses

The costs of providing the Museum's various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Continued...

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2014 and 2013

(2) Summary of Significant Accounting Policies, Continued

Use of Estimates

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

Concentrations of Credit Risk

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

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

Income Tax Status

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

The Museum files Federal Form 990, *Return of Organization Exempt from Income Tax*, on an annual basis and is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2011. Based on the Museum's assessment of many factors, including past experience, the Museum does not currently anticipate significant changes in its tax positions over the next 12 months.

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WOODMERE ART MUSEUM, INC.

Notes to Financial Statements
December 31, 2014 and 2013

(2) Summary of Significant Accounting Policies, Continued

Fair Value Measurements

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

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

For the years ended December 31, 2014 and 2013, the application of valuation techniques applied to similar assets and liabilities has been consistent. The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy:

	Assets at Fair Value as of December 31, 2014			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Fixed income	\$ 1,476,667	\$ 1,476,667	\$ -	\$ -
Equity mutual funds:				
Domestic	3,148,563	3,148,563	-	-
International	1,211,676	1,211,676	-	-
Equities	98,841	98,841	-	-
Commodities	158,391	158,391	-	-
Dow Jones Global Real Estate ETF	343,990	343,990	-	-
Perpetual trust	2,938,123	-	-	2,938,123
Total assets at fair value	\$ 9,376,251	\$ 6,438,128	\$ -	\$ 2,938,123
	Assets at Fair Value as of December 31, 2013			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Fixed income	\$ 1,450,208	\$ 1,450,208	\$ -	\$ -
Equity mutual funds:				
Domestic	3,080,114	3,080,114	-	-
International	1,017,708	1,017,708	-	-
Equities	302,430	302,430	-	-
Commodities	188,822	188,822	-	-
Dow Jones Global Real Estate ETF	319,989	319,989	-	-
Perpetual trust	2,956,578	-	-	2,956,578
Total assets at fair value	\$ 9,315,849	\$ 6,359,271	\$ -	\$ 2,956,578

Continued...

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2014 and 2013

(2) Summary of Significant Accounting Policies, Continued

Fair Value Measurements, Continued

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

A summary of changes in the fair value of the Museum's level 3 assets is as follows:

	2014	2013
Balance, beginning of year	\$ 2,956,578	\$ 2,724,800
Distributions	(88,611)	(120,585)
Purchases	77,336	69,961
Unrealized gains (losses) included in changes in net assets (see Note 6)	(7,180)	282,402
Balance, end of year	<u>\$ 2,938,123</u>	<u>\$ 2,956,578</u>

Subsequent Events

The Museum has performed an evaluation of subsequent events through September 30, 2015, which is the date the financial statements were available to be issued.

(3) Contributions Receivable

Contributions receivable consist of the following at December 31:

	2014	2013
Less than one year	\$ 164,382	\$ 639,240
Between one and three years	195,000	195,000
	<u>\$ 359,382</u>	<u>\$ 834,240</u>

WOODMERE ART MUSEUM, INC.

**Notes to Financial Statements
December 31, 2014 and 2013**

(4) Land, Building and Equipment

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

	2014	2013
Land, building and improvements	\$ 5,043,454	\$ 5,026,855
Furniture and fixtures	37,787	37,787
Equipment	95,450	59,146
Vehicle	18,944	18,944
	<u>5,195,635</u>	<u>5,142,732</u>
Accumulated depreciation	(1,981,965)	(1,808,228)
	<u>\$ 3,213,670</u>	<u>\$ 3,334,504</u>

Depreciation expense was \$173,737 and \$169,562 for the years ended December 31, 2014 and 2013, respectively.

(5) Investments

Investments reported at fair value, consist of the following at December 31:

	2014		
	Cost	Fair Value	Unrealized Gains (Losses)
Certificates of deposit	\$ 1,550,276	\$ 1,550,276	\$ -
Fixed income	1,534,612	1,476,667	(57,945)
Mutual funds	4,199,639	4,360,239	160,600
Equities	34,110	98,841	64,731
Commodities	200,516	158,391	(42,125)
Dow Jones Global Real Estate ETF	305,232	343,990	38,758
	<u>\$ 7,824,385</u>	<u>\$ 7,988,404</u>	<u>\$ 164,019</u>
	2013		
	Cost	Fair Value	Unrealized Gains (Losses)
Certificates of deposit	\$ 1,642,889	\$ 1,642,889	\$ -
Fixed income	1,524,655	1,450,208	(74,447)
Mutual funds	3,848,782	4,097,822	249,040
Equities	248,545	302,430	53,885
Commodities	206,101	188,822	(17,279)
Dow Jones Global Real Estate ETF	323,924	319,989	(3,935)
	<u>\$ 7,794,896</u>	<u>\$ 8,002,160</u>	<u>\$ 207,264</u>

Continued...

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2014 and 2013

(5) Investments, Continued

The following schedule summarizes investment activity reported in the statements of activities and changes in net assets for the years ended December 31:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 39,520	\$ 3,053	\$ 34,758	\$ 77,331
Realized gains	152,054	8,871	176,712	337,637
Unrealized losses	(49,708)	(2,461)	(49,637)	(101,806)
	141,866	9,463	161,833	313,162
Transfers in (out)	339,484	2,461	(167,196)	174,749
	\$ 481,350	\$ 11,924	\$ (5,363)	\$ 487,911
	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 54,872	\$ 3,442	\$ 33,378	\$ 91,692
Realized gains	176,587	14,178	220,426	411,191
Unrealized gains	148,795	10,891	187,020	346,706
	380,254	28,511	440,824	849,589
Transfers in (out)	354,393	(10,891)	(162,888)	180,614
	\$ 734,647	\$ 17,620	\$ 277,936	\$ 1,030,203

Transfers in (out) are distributions from permanently and temporarily restricted net assets to unrestricted net assets pursuant to spending policy.

(6) Beneficial Interest in Perpetual Trust

Woodmere is the beneficiary under a trust administered by Wells Fargo Bank. The bank is to invest and manage the trust assets in perpetuity. Woodmere Art Museum is the sole beneficiary of the trust, and each year will receive a bank approved percentage (currently 4.5%) of the total trust assets held in perpetuity. The Museum has recorded the interest in the trust at fair value as a permanently restricted net asset. Changes in the fair value of the assets and related investment income are recognized as an increase (decrease) in fair value of perpetual trust in the accompanying statements of activities.

(7) Line of Credit

The Museum has a \$400,000 bank line of credit. Borrowings are collateralized by a deposit account at the bank for \$400,000. Interest on outstanding borrowings is payable monthly at an annual rate of 3.25%.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2014 and 2013

(8) Long-Term Debt

In 2011, the Museum refinanced its previous debt into a \$730,000 mortgage. The note is due in equal monthly installments of \$3,832, including interest with a balloon payment due on March 16, 2016. Interest on the note is at the bank's index rate plus 200 basis points (2.7% at December 31, 2014) and will adjust on an annual basis. The note is collateralized by a deposit account at the bank that approximates the outstanding balance. Management expects to apply future funding from the Museum's capital campaign to repay the principal balance.

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

Year Ending December 31,	Amount
2015	\$ 29,068
2016	610,090
	<u>\$ 639,158</u>

(9) Board Designated Assets

The Board of Directors designated \$1,434,315 and \$1,567,857 of the Museum's unrestricted net assets as of December 31, 2014 and 2013, respectively, to be used for the acquisition of art for the Museum's permanent collection. The Board of Directors designated \$2,914,371 and \$2,722,231 of the Museum's unrestricted net assets as of December 31, 2014 and 2013, respectively, to be used for building improvements and for operations.

(10) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31:

	2014	2013
Art acquisitions	\$ 13,724	\$ 9,878
Prizes	14,875	11,797
Art scholarships	12,157	9,845
Speakers	3,061	1,623
Exhibits	427,849	598,900
Subsequent year operations	45,602	55,526
	<u>\$ 517,268</u>	<u>\$ 687,569</u>

Continued...

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2014 and 2013

(10) Temporarily Restricted Net Assets, Continued

Net assets released from donor by satisfying the restricted purpose during the years ended December 31, were as follows:

	2014	2013
Art acquisitions	\$ 3,450	\$ 3,449
Prizes	3,060	9,125
Art scholarship	2,271	2,272
Barra slide registry	-	6,807
Speakers	1,168	1,167
Exhibits	216,900	-
Subsequent year operations	55,526	21,000
	<u>\$ 282,375</u>	<u>\$ 43,820</u>

(11) Endowment

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

Permanently restricted net assets are included in the accompanying statements of financial position at the fair value of the underlying investments.

The Museum used a 5.5% spending rate in 2014 and 2013, to determine the amount of donor-restricted endowment earnings to be allocated to operations, from internally managed endowments. The spending rate, which is subject to review by the Museum's Board of Directors, is applied to a moving average of annual donor-restricted endowment levels over the period of three years. In addition, all distributions from outside trusts are credited to operations.

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WOODMERE ART MUSEUM, INC.

**Notes to Financial Statements
December 31, 2014 and 2013**

(11) Endowment, Continued

The use of income on certain permanently restricted endowment funds is subject to donor-imposed restrictions. Dividend, interest, gains and losses on these assets, net of withdrawn funds for unrestricted purposes, are recorded as increases or decreases in permanently restricted net assets. For the years ended December 31, 2014 and 2013, \$255,807 and \$299,304, respectively, of the funds were withdrawn and used by the Museum for their intended purposes.

Permanently restricted net assets include the following endowments as of December 31:

	2014	2013
Allison Endowment	\$ 1,429,917	\$ 1,430,841
Barra/McNeil Endowment	816,144	817,907
Prize Endowment	59,605	59,605
Acquisition Endowment - Yarnall	25,000	25,000
Barra Art Endowment	25,000	25,000
Kuch Lecture Endowment	20,000	20,000
Art Scholarship Endowment	30,205	30,205
Klorfine Endowment	1,102,349	1,102,885
Campbell Endowment	236,836	237,851
Dina Wind-Haverford	98,841	-
	<u>\$ 3,843,897</u>	<u>\$ 3,749,294</u>

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

	2014			Totals
	Board Designated	Temporarily Restricted	Permanently Restricted	
Beginning of year	\$ 4,290,088	\$ 47,355	\$ 3,749,294	\$ 8,086,737
Contributions	109,508	-	99,966	209,474
Dividends and interest	39,520	3,053	34,758	77,331
Realized gains, net	152,054	8,871	176,712	337,637
Unrealized losses, net	(49,708)	(2,461)	(49,637)	(101,806)
Appropriations for expenditure	(192,776)	(8,700)	(167,196)	(368,672)
End of year	<u>\$ 4,348,686</u>	<u>\$ 48,118</u>	<u>\$ 3,843,897</u>	<u>\$ 8,240,701</u>

Continued...

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements
December 31, 2014 and 2013

(11) Endowment, Continued

	2013			
	Board Designated	Temporarily Restricted	Permanently Restricted	Totals
Beginning of year	\$ 4,087,158	\$ 36,074	\$ 3,230,480	\$ 7,353,712
Contributions	29,500	-	235,287	264,787
Dividends and interest	54,875	1,987	33,378	90,240
Realized gains, net	176,587	14,178	220,426	411,191
Unrealized gains, net	148,795	10,891	187,020	346,706
Appropriations for expenditure	(206,827)	(15,775)	(157,297)	(379,899)
End of year	\$ 4,290,088	\$ 47,355	\$ 3,749,294	\$ 8,086,737

SUPPLEMENTARY INFORMATION

WOODMERE ART MUSEUM, INC.

Supplementary Information
 Schedule of Functional Expenses
 Year Ended December 31, 2014

	Program Services				
	Collection/ Curator	Education	Exhibitions	Historical Mansion	Total Program
Personnel:					
Salary	\$ 181,172	\$ 276,622	\$ 129,223	\$ 230,734	\$ 817,751
Employee benefits	17,636	24,183	9,321	15,475	66,615
Payroll taxes	14,384	22,133	10,950	21,396	68,863
	213,192	322,938	149,494	267,605	953,229
Facilities:					
Maintenance and repairs	192	300	276	73,462	74,230
Telephone	1,724	2,043	253	1,724	5,744
Utilities	307	3,009	442	80,869	84,627
	2,223	5,352	971	156,055	164,601
Supplies:					
Office supplies and expense	3,668	2,201	198	422	6,489
Printing	1,011	2,231	3,025	548	6,815
Postage	195	1,624	1,276	-	3,095
	4,874	6,056	4,499	970	16,399
Services and exhibits:					
Art classes	-	14,075	-	-	14,075
Collection acquisitions	46,300	-	-	-	46,300
Photography	1,869	-	-	-	1,869
Library	-	636	-	-	636
Music series	-	54,107	-	-	54,107
Exhibition expense	-	-	349,286	-	349,286
Programs	-	70,562	-	-	70,562
	48,169	139,380	349,286	-	536,835
Organizational:					
Advertising/public relations	-	489	3,900	-	4,389
Contractual fees	-	77,005	-	-	77,005
Director's expense	3,643	1,214	2,428	1,214	8,499
Insurance	13,275	12,516	3,400	29,036	58,227
Interest	645	1,006	929	-	2,580
Investment fees	-	-	-	-	-
Legal and accounting	-	-	-	43,478	43,478
Miscellaneous	1,283	1,023	805	-	3,111
Museum store sales expenses	-	93,210	-	-	93,210
Subscriptions and dues	1,248	1,947	1,797	1,248	6,240
Software maintenance	1,894	4,817	2,541	1,462	10,714
Office furniture	139	72	-	-	211
Staff development	60	210	-	-	270
Trustee fees	-	-	-	-	-
Depreciation	1,004	1,566	1,446	148,635	152,651
	23,191	195,075	17,246	225,073	460,585
	\$ 291,649	\$ 668,801	\$ 521,496	\$ 649,703	\$ 2,131,649

Support Services			Total
Management and General	Development and Marketing	Total Support Services	Program and Support Services
\$ 30,539	\$ 194,728	\$ 225,267	\$ 1,043,018
1,452	16,093	17,545	84,160
2,225	14,862	17,087	85,950
34,216	225,683	259,899	1,213,128
3,847	192	4,039	78,269
2,872	1,724	4,596	10,340
6,144	307	6,451	91,078
12,863	2,223	15,086	179,687
2,983	1,206	4,189	10,678
1,641	274	1,915	8,730
1,087	655	1,742	4,837
5,711	2,135	7,846	24,245
-	-	-	14,075
-	-	-	46,300
-	-	-	1,869
-	-	-	636
-	-	-	54,107
-	-	-	349,286
-	-	-	70,562
-	-	-	536,835
-	42,480	42,480	46,869
-	-	-	77,005
1,214	2,428	3,642	12,141
8,550	2,144	10,694	68,921
25,722	645	26,367	28,947
86,042	-	86,042	86,042
25,747	-	25,747	69,225
4,208	16,076	20,284	23,395
-	-	-	93,210
832	1,248	2,080	8,320
975	3,772	4,747	15,461
-	-	-	211
149	256	405	675
3,242	-	3,242	3,242
20,082	1,004	21,086	173,737
176,763	70,053	246,816	707,401
\$ 229,553	\$ 300,094	\$ 529,647	\$ 2,661,296

WOODMERE ART MUSEUM, INC.

Supplementary Information
 Schedule of Functional Expenses
 Year Ended December 31, 2013

	Program Services				Total Program
	Collection/ Curator	Education	Exhibitions	Historical Mansion	
Personnel:					
Salary	\$ 153,909	\$ 278,491	\$ 113,217	\$ 223,390	\$ 769,007
Employee benefits	11,235	19,410	11,574	13,179	55,398
Payroll taxes	13,731	24,347	9,869	22,628	70,575
	178,875	322,248	134,660	259,197	894,980
Facilities:					
Maintenance and repairs	208	347	277	56,097	56,929
Telephone	1,779	2,176	196	1,779	5,930
Utilities	228	2,407	303	73,424	76,362
	2,215	4,930	776	131,300	139,221
Supplies:					
Office supplies and expense	3,165	2,477	215	395	6,252
Printing	776	1,922	2,374	517	5,589
Postage	69	2,210	933	-	3,212
	4,010	6,609	3,522	912	15,053
Services and exhibits:					
Art classes	-	12,711	-	-	12,711
Collection acquisitions	116,384	-	-	-	116,384
Conservation and curatorial	9,225	-	-	-	9,225
Library	-	114	-	-	114
Music series	-	92,342	-	-	92,342
Exhibition expense	-	-	179,111	-	179,111
Programs	-	61,742	7,536	-	69,278
	125,609	166,909	186,647	-	479,165
Organizational:					
Advertising/public relations	-	17,076	15,155	-	32,231
Contractual fees	-	82,822	-	-	82,822
Director's expense	4,389	1,463	2,926	1,463	10,241
Insurance	12,819	11,264	3,012	27,000	54,095
Interest	831	1,388	1,105	-	3,324
Investment fees	-	-	-	-	-
Legal and accounting	-	-	-	41,439	41,439
Miscellaneous	(12)	1,233	608	-	1,829
Museum store sales expenses	-	97,452	-	-	97,452
Subscriptions and dues	650	1,086	865	650	3,251
Software maintenance	3,711	4,439	3,499	2,631	14,280
Office furniture	-	45	-	-	45
Staff development	-	343	-	-	343
Trustee fees	-	-	-	-	-
Depreciation	1,035	1,728	1,377	143,698	147,838
	23,423	220,339	28,547	216,881	489,190
	\$ 334,132	\$ 721,035	\$ 354,152	\$ 608,290	\$ 2,017,609

Support Services		Total	
Management and General	Development and Marketing	Total Support Services	Program and Support Services
\$ 29,741	\$ 204,132	\$ 233,873	\$ 1,002,880
2,044	14,604	16,648	72,046
2,285	16,738	19,023	89,598
34,070	235,474	269,544	1,164,524
4,154	208	4,362	61,291
2,965	1,779	4,744	10,674
4,566	228	4,794	81,156
11,685	2,215	13,900	153,121
3,243	1,586	4,829	11,081
2,502	323	2,825	8,414
739	558	1,297	4,509
6,484	2,467	8,951	24,004
-	-	-	12,711
-	-	-	116,384
-	-	-	9,225
-	-	-	114
-	-	-	92,342
-	-	-	179,111
-	-	-	69,278
-	-	-	479,165
-	11,143	11,143	43,374
-	-	-	82,822
1,463	2,926	4,389	14,630
8,120	2,208	10,328	64,423
31,753	831	32,584	35,908
75,333	-	75,333	75,333
24,642	-	24,642	66,081
4,126	10,528	14,654	16,483
-	-	-	97,452
433	650	1,083	4,334
3,068	2,631	5,699	19,979
350	-	350	395
361	85	446	789
3,809	-	3,809	3,809
20,689	1,035	21,724	169,562
174,147	32,037	206,184	695,374
\$ 226,386	\$ 272,193	\$ 498,579	\$ 2,516,188