

WOODMERE ART MUSEUM, INC.
Consolidated Financial Statements
December 31, 2024
With Independent Auditor's Report

Woodmere Art Museum, Inc.
Table of Contents
December 31, 2024

Independent Auditor's Report	1-2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities and Changes in Net Assets	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-16

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Woodmere Art Museum, Inc.:

Opinion

We have audited the accompanying Consolidated Financial Statements of Woodmere Art Museum, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the Consolidated Financial Statements.

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position of Woodmere Art Museum, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statement section of our report. We are required to be independent of Woodmere Art Museum, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statement

Management is responsible for the preparation and fair presentation of these Consolidated Financial Statement in accordance with U.S. generally accepted accounting principles; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of Consolidated Financial Statement that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statement

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Consolidated Financial Statement.

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 Consolidated Financial Statement, 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 Consolidated Financial Statement.
- 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 Woodmere Art 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 Consolidated Financial Statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Woodmere Art 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 Summarized Comparative Information

We have previously audited Woodmere Art Museum, Inc.'s 2023 Financial Statement, and we expressed an unmodified audit opinion on those audited Consolidated Financial Statement in our report dated June 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited Consolidated Financial Statement from which it has been derived.

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

September 30, 2025

Woodmere Art Museum, Inc.
Consolidated Statement of Financial Position
December 31, 2024 (With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,447,192	\$ 2,722,734
Contributions receivable, net	5,112,686	3,445,168
Contract receivable	38,916	500,000
Other receivables	215,341	91,675
Other assets	<u>129,560</u>	<u>223,052</u>
Total current assets	<u>6,943,695</u>	<u>6,982,629</u>
Noncurrent assets		
Long-term contributions receivable, net	2,246,849	4,521,682
Land, building and equipment, net	17,442,806	9,327,606
Investments	10,720,573	9,839,621
Cash and cash equivalents - restricted	3,200,956	4,747,048
Beneficial interest in perpetual trust	<u>3,188,459</u>	<u>3,010,547</u>
Total noncurrent assets	<u>36,799,643</u>	<u>31,446,504</u>
Total assets	<u>\$ 43,743,338</u>	<u>\$ 38,429,133</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 314,280	\$ 314,280
Accounts payable and accrued expenses	164,897	107,148
Deferred revenue	<u>45,065</u>	<u>32,738</u>
Total current liabilities	524,242	454,166
Long-term debt, net of current portion	<u>916,690</u>	<u>1,230,970</u>
Total liabilities	<u>1,440,932</u>	<u>1,685,136</u>
Net assets		
Without donor restrictions		
Undesignated	17,635,151	9,945,084
Board designated	<u>3,572,487</u>	<u>3,416,560</u>
	21,207,638	13,361,644
Noncontrolling interest in Limited Liability Company	<u>195,576</u>	<u>-</u>
Total without donor restriction	21,403,214	13,361,644
With donor restrictions	<u>20,899,189</u>	<u>23,382,353</u>
Total net assets	<u>42,302,403</u>	<u>36,743,997</u>
Total liabilities and net assets	<u>\$ 43,743,335</u>	<u>\$ 38,429,133</u>

The Notes to Consolidated Financial Statement are an integral part of this statement.

Woodmere Art Museum, Inc.
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2024 (With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
Support and revenue				
Contributions and grants				
Individual	\$ 1,771,159	\$ 3,743,866	\$ 5,515,025	\$ 1,966,563
Foundation	363,439	1,822,851	2,186,290	1,969,870
Corporate	37,903	-	37,903	25,598
Government	54,416	-	54,416	27,060
Non cash financial assets	75,000	-	75,000	-
Education programs	229,647	-	229,647	244,156
Museum store sales	125,323	-	125,323	128,150
Speciality programs	40,125	-	40,125	37,739
Distributions from perpetual trust	99,902	(99,902)	-	-
Net assets released from restrictions	8,963,261	(8,963,261)	-	-
Total support and revenue	<u>11,760,175</u>	<u>(3,496,446)</u>	<u>8,263,729</u>	<u>4,399,136</u>
Expenses				
Program services	2,634,242	-	2,634,242	2,982,697
Supporting Services				
Management and general	189,801	-	189,801	260,465
Development and marketing	721,783	-	721,783	549,033
Total expenses	<u>3,545,826</u>	<u>-</u>	<u>3,545,826</u>	<u>3,792,195</u>
Change in net assets before other	<u>8,214,349</u>	<u>(3,496,446)</u>	<u>4,717,903</u>	<u>606,941</u>
Other income				
Net investment gain, net	474,319	735,468	1,209,787	1,653,677
Change in value of perpetual trust	-	277,814	277,814	338,373
Total other income	<u>474,319</u>	<u>1,013,282</u>	<u>1,487,601</u>	<u>1,992,050</u>
Change in net assets related to				
Collection items not capitalized				
Cost of collection items purchased	(447,098)	-	(447,098)	(424,468)
Total change in net assets related to collection items not capitalized	<u>(447,098)</u>	<u>-</u>	<u>(447,098)</u>	<u>(424,468)</u>
Change in net assets	8,241,570	(2,483,164)	5,758,406	2,174,523
Change attributable to noncontrolling interest	(4,469)	-	(4,469)	-
Change attributable to the Museum	8,246,039	(2,483,164)	5,762,875	2,174,523
Net assets				
Beginning of year	<u>13,361,644</u>	<u>23,382,353</u>	<u>36,743,997</u>	<u>34,569,474</u>
Syndication costs	(400,000)	-	(400,000)	-
Equity contribution in MH Owner	200,000	-	200,000	-
End of year	<u>\$ 21,403,214</u>	<u>\$ 20,899,189</u>	<u>\$ 42,302,403</u>	<u>\$ 36,743,997</u>

The Notes to Consolidated Financial Statement are an integral part of this statement.

Woodmere Art Museum, Inc.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024 (With Comparative Totals for 2023)

	Program Services				Total Program Services	Support Services		Total Support Services	Total Expenses	
	Collection/ Curator	Education	Exhibitions	Historical Mansion		Management and General	Development and Marketing		2024	2023
Personnel										
Salary	\$ 228,597	\$ 369,860	\$ 172,192	\$ 224,990	\$ 995,639	\$ 96,144	\$ 421,880	\$ 518,024	\$ 1,513,663	\$ 1,373,679
Employee benefits	19,353	21,957	10,866	25,113	77,289	10,417	36,727	47,144	124,433	89,936
Payroll taxes	30,311	29,988	10,681	11,566	82,546	7,880	32,676	40,556	123,102	112,135
	<u>278,261</u>	<u>421,805</u>	<u>193,739</u>	<u>261,669</u>	<u>1,155,474</u>	<u>114,441</u>	<u>491,283</u>	<u>605,724</u>	<u>1,761,198</u>	<u>1,575,750</u>
Facilities										
Maintenance and repairs	8,112	4,001	8,112	187,727	207,952	-	-	-	207,952	271,914
Utilities and communications	19,067	35,304	27,721	7,268	89,360	8,547	6,658	15,205	104,565	110,421
	<u>27,179</u>	<u>39,305</u>	<u>35,833</u>	<u>194,995</u>	<u>297,312</u>	<u>8,547</u>	<u>6,658</u>	<u>15,205</u>	<u>312,517</u>	<u>382,335</u>
Office expense										
Computer	5,525	5,960	3,883	746	16,114	3,406	10,347	13,753	29,867	32,924
Supplies and printing	3,593	3,491	1,004	1,570	9,658	7,840	21,121	28,961	38,619	35,939
	<u>9,118</u>	<u>9,451</u>	<u>4,887</u>	<u>2,316</u>	<u>25,772</u>	<u>11,246</u>	<u>31,468</u>	<u>42,714</u>	<u>68,486</u>	<u>68,863</u>
Exhibits and programs										
Exhibitions	-	-	161,521	-	161,521	-	-	-	161,521	140,210
Educational programs	-	94,241	-	-	94,241	-	-	-	94,241	81,203
Music series	-	56,815	-	-	56,815	-	-	-	56,815	53,275
Publications	116,079	-	-	-	116,079	-	-	-	116,079	116,736
Other	300	-	-	-	300	-	-	-	300	1,866
	<u>116,379</u>	<u>151,056</u>	<u>161,521</u>	<u>-</u>	<u>428,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,956</u>	<u>393,290</u>
Organizational										
Advertising/public relations	736	37,696	10,490	736	49,658	-	77,292	77,292	126,950	45,460
Contractual fees	-	58,416	-	-	58,416	-	-	-	58,416	57,778
Development operating	-	-	-	-	-	-	83,191	83,191	83,191	77,611
Director's expense	9,433	9,314	6,288	1,572	26,608	2,337	9,433	11,770	38,378	30,132
Insurance	27,955	16,199	7,764	44,444	96,362	4,501	2,129	6,630	102,992	112,252
Interest	10,044	10,044	10,044	10,044	40,175	-	-	-	40,175	51,486
Professional fees	-	30,000	-	-	30,000	5,000	18,000	23,000	53,000	351,908
Legal and accounting	3,980	-	-	-	3,980	42,410	-	42,410	46,390	63,957
Storage	-	76,158	-	-	76,158	-	-	-	76,158	16,217
Museum store	12,469	-	-	-	12,469	-	-	-	12,469	88,841
Bad debt	-	-	-	-	-	350	-	350	350	25,384
Other	1,907	5,650	1,649	1,726	10,933	969	2,329	3,298	14,230	127,338
	<u>66,524</u>	<u>243,477</u>	<u>36,235</u>	<u>58,522</u>	<u>404,758</u>	<u>55,567</u>	<u>192,374</u>	<u>247,941</u>	<u>652,699</u>	<u>1,048,364</u>
Total expenses before depreciation	497,461	865,094	432,215	517,502	2,312,272	189,801	721,783	911,584	3,223,856	3,468,602
Depreciation	107,323	-	107,323	107,323	321,970	-	-	-	321,970	323,593
Total functional expenses	<u>\$ 604,784</u>	<u>\$ 865,094</u>	<u>\$ 539,538</u>	<u>\$ 624,826</u>	<u>\$ 2,634,242</u>	<u>\$ 189,801</u>	<u>\$ 721,783</u>	<u>\$ 911,584</u>	<u>\$ 3,545,826</u>	<u>\$ 3,792,195</u>

The Notes to Consolidated Financial Statement are an integral part of this statement.

Woodmere Art Museum, Inc.
Consolidated Statement of Cash Flows
Year Ended December 31, 2024 (With Comparative Totals for 2023)

	2024	2023
Operating activities		
Change in net assets	\$ 5,758,406	\$ 2,174,523
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	321,970	323,593
Net investment gain	(748,856)	(1,212,193)
Change in beneficial interest in perpetual trust	(177,912)	(232,277)
Change in discount on contributions receivable	(75,000)	(469,396)
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Contributions receivable	682,315	3,854,555
Contract receivable	461,084	-
Other receivables	(123,666)	(27,963)
Other assets	93,492	(37,681)
Accounts payable and accrued expenses	57,749	(46,160)
Deferred revenue	12,327	2,177
Net cash provided by operating activities	<u>6,261,909</u>	<u>4,329,178</u>
Investing activities		
Purchase of land, building and equipment	(8,437,170)	(1,337,073)
Proceeds from sale of investments	4,891,391	2,935,667
Purchase of investments	<u>(5,023,487)</u>	<u>(2,053,511)</u>
Net cash used for investing activities	<u>(8,569,266)</u>	<u>(454,917)</u>
Financing activities		
Equity investment in MH Owner	(200,000)	-
Repayments of long-term debt	<u>(314,280)</u>	<u>(715,346)</u>
Net cash used for financing activities	<u>(514,280)</u>	<u>(715,346)</u>
Net change in cash, cash equivalents and restricted cash	(2,821,637)	3,158,915
Cash, cash equivalents and restricted cash		
Beginning of year	<u>7,469,782</u>	<u>4,310,867</u>
End of year	<u>\$ 4,648,145</u>	<u>\$ 7,469,782</u>
Supplemental disclosure		
Interest paid	<u>\$ 40,175</u>	<u>\$ 51,486</u>

The Notes to Consolidated Financial Statement are an integral part of this statement.

Woodmere Art Museum, Inc.
Notes to Consolidated Financial Statement
December 31, 2024

1. NATURE OF OPERATIONS

Woodmere Art Museum, Inc. D/B/A “Woodmere” (the “Museum”) is a nonprofit institution whose official mission statement is to inspire creativity, learning and self-expression through experiences with the art and artists of Philadelphia and the region. In October 2021, the Museum purchased a 19th century mansion which, once renovated, will expand the Museum and serve as a gallery space for the Museum's permanent collection of works by Philadelphia artists, as well as a hands-on children's art and education center and public programming spaces.

MH Manager, LLC (“MH Manager”) is a Philadelphia corporation organized in 2024 to manage and operate the operating building occupied by MH Owner, LLC,.

MH Owner, LLC (“MH Owner”) is a Philadelphia corporation organized in 2024. MH Owner leases from MH Manager under a formal lease agreement. MH Manager is the managing member of MH Owner with a 1% interest in MH Owner. CSI Historic Fund Equity, LLC (“The Consortium”) is the limited member with a 99% non-controlling interest in MH Owner.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Organization is presented to assist the reader in understanding the Organization's Consolidated Financial Statement. The Consolidated Financial Statement and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (“GAAP”) and have been consistently applied in the preparation of the Consolidated Financial Statement.

Basis of Accounting

The Consolidated Financial Statement have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Principles of Consolidation

United States generally accepted accounting principles (“GAAP”) require a nonprofit organization to consolidate the financial statements of affiliated nonprofit organizations when it has (a) certain kinds of control and (b) other kinds of control coupled with an economic interest.

The accompanying consolidated financial statements include the accounts of Woodmere Art Museum, MH Owner and MH Manager (collectively, the “Organization”). All material intercompany balances have been eliminated in the consolidated financial statements.

Consolidated Financial Statements Presentation

The Museum reports information regarding its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves.

Net assets with donor restrictions: Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Museum and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as “net assets released from restrictions.”

Woodmere Art Museum, Inc.
Notes to Consolidated Financial Statement
December 31, 2024

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets be maintained indefinitely while permitting the Museum to expend the income generated in accordance with the provisions of the contribution.

Summarized Prior Year Information

The Consolidated Financial Statement include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles ("GAAP"). Accordingly, such information should be read in conjunction with the Museum's Consolidated Financial Statement for the year ended December 31, 2023, from which the summarized information was derived.

Estimates

Management uses estimates and assumptions in preparing Consolidated Financial Statement. These estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Museum. Unobservable inputs reflect the Museum's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Museum has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Museum's own assumptions.

Investments

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

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

Cash and Cash Equivalents

All highly liquid interest-bearing deposits with initial maturities of three months or less are considered to be cash equivalents.

Woodmere Art Museum, Inc.
Notes to Consolidated Financial Statement
December 31, 2024

Exchange Revenues

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

Contributions and Grants

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

The Museum reports contributions and grants restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions and grants 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 the net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Land, Building and Equipment

The Museum records land, building and equipment that extend the useful life of the property. Donated property and equipment are recorded at their fair value at the date of receipt. Costs for maintenance and repairs are charged to expense. Depreciation of property and equipment is provided on a straight-line basis over each asset's estimated useful life, ranging from 3 to 40 years. Depreciation expense for the year ended December 31, 2024 was \$321,970.

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 catalogued, 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 and/or the direct care and preservation of the Museum's existing collections. Direct care includes investing in the existing collection to enhance the life, usefulness or quality, and thereby ensuring the collection will continue to benefit the public. The cost of all objects purchased is reported as a separate program expense.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Museum expects to be entitled to receive in exchange for those goods and services.

Woodmere Art Museum, Inc.
Notes to Consolidated Financial Statement
December 31, 2024

Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and changes in net assets and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include personnel and certain organizational costs which have been allocated based on estimates of time and effort. Facility costs are allocated based on square footage.

Income Tax Status

The Museum is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Museum has been classified as an organization other than a private foundation under Section 509(a)(2). GAAP requires entities to evaluate, measure, recognize and disclose any uncertain tax positions. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the Consolidated Financial Statement. The Museum believes that it had no uncertain tax positions as defined in GAAP.

Concentrations and Concentration of Credit Risk

Financial instruments which potentially subject the Museum to concentration of credit risk are cash and investments. The Museum maintains its cash at various financial institutions. At times, such deposits may exceed federally-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.

Impairment of Long-Lived Assets

The Museum reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. During the years ended December 31, 2024 and 2023, there was no impairment losses recognized for long-lived assets.

Advertising

The Museum expenses advertising costs as incurred. For the years ended December 31, 2024 and 2023, marketing and advertising expenses were \$126,949 and \$45,460, respectively.

Syndication Costs

Syndication costs represent costs incurred in connection with the syndication of the limited liability companies interests. These costs are reflected as a direct reduction of member's capital accounts in the initial year of the fund. For the years ended December 31, 2024 and 2023, syndication costs were approximately \$400,000 and \$-0-, respectively.

Woodmere Art Museum, Inc.
Notes to Consolidated Financial Statement
December 31, 2024

Subsequent Events

Management has evaluated the subsequent events of the Organization through September 30, 2025, the date on which the Consolidated Financial Statement were available to be issued. Based on this evaluation, management determined that no subsequent events have occurred which require adjustment in the Consolidated Financial Statement.

3. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable were as follows as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 5,112,686	\$ 3,445,168
More than one year	<u>2,785,721</u>	<u>4,985,554</u>
	7,898,407	8,430,722
Less: Discounts to net present value	<u>(538,872)</u>	<u>(463,872)</u>
Contributions receivable, net	<u>\$ 7,359,535</u>	<u>\$ 7,966,850</u>

4. LAND, BUILDING AND EQUIPMENT, NET

Land, building and equipment, net consisted of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 670,215	\$ 670,215
Building and improvements	8,638,432	8,626,645
Furniture and fixtures	306,554	316,286
Parking lot/stormwater	1,686,577	1,686,577
Construction-in-progress	<u>10,333,332</u>	<u>1,917,161</u>
	21,635,110	13,216,884
Less: Accumulated depreciation	<u>(4,192,304)</u>	<u>(3,889,278)</u>
	<u>\$ 17,442,806</u>	<u>\$ 9,327,606</u>

5. BENEFICIAL INTEREST IN PERPETUAL TRUST

The Museum is the beneficiary under a perpetual trust administered by Wells Fargo Bank. The bank is to invest and manage the trust's assets in perpetuity. The Museum is the sole beneficiary of the perpetual trust, and each year receives a bank approved percentage (currently 3.25%) of the total trust assets held in perpetuity. The Museum has recorded the beneficial interest in the perpetual trust at fair value as a net asset with donor restrictions. Fair value is determined based on the underlying assets of the trust. Changes in the fair value of the assets and related investment income are recognized as change in fair value of perpetual trust in the accompanying statements of activities and changes in net assets.

Woodmere Art Museum, Inc.
Notes to Consolidated Financial Statement
December 31, 2024

6. LONG-TERM DEBT AND INTEREST RATE SWAP AGREEMENT

Revolving Credit Line and Interest Rate Swap Agreement

The Museum has a revolving credit line agreement for \$3,200,000. Before entering into an interest rate swap agreement, the credit line was payable in monthly installments of interest at the one-month LIBOR and was due on demand. The credit line is secured by a portion of the Museum's brokerage account held at Glenmede Trust Company, as defined by the credit line agreement. At December 31, 2024 and 2023, the balance of long term debt was \$1,230,970 and \$1,545,250.

In November 2021, the Museum entered into an interest rate swap agreement to manage its interest rate risk on the revolving credit line. Under the terms of the swap agreement, the Museum pays monthly installments of principal in the amount of \$26,190 plus interest at a fixed rate of 2.82% and both the credit line and the swap agreement mature in November 2028. The floating rate option for each calculation period under the interest rate swap agreement is the one-month Secured Overnight Financing rate ("SOFR") with a spread of 1.40%. The SOFR rate was 5.33% as of December 31, 2024. The outstanding notional principal balance of the swap agreement was \$1,230,970 at December 31, 2024. The fair value of the Museum's interest rate swap agreement at December 31, 2023 was \$87,167 in favor of the Museum.

By using a derivative instrument, the Museum is exposed to credit risk. If the counterparty fails to perform, credit risk is equal to the extent of the fair value gain in a derivative. When fair value of a derivative contract is positive, this generally indicates that the counterparty owes the Museum, and therefore, creates a repayment risk for the Museum. When the fair value of a derivative is negative, the Museum owes the counterparty, and therefore, it has a repayment risk. The Museum minimizes credit risk in derivative instruments by entering into transactions with highly-rated counterparties.

Long-term debt was as follows at December 31, 2024:

Revolving line of credit	\$ 1,230,970
	1,230,970
Less: Current maturities	<u>(314,280)</u>
	<u>\$ 916,690</u>

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

Year ending December 31,

2025	\$ 314,280
2026	314,280
2027	314,280
2028	<u>288,130</u>
	<u>\$ 1,230,970</u>

Woodmere Art Museum, Inc.
Notes to Consolidated Financial Statement
December 31, 2024

7. BOARD DESIGNATED ASSETS

Board designated net assets are designated for the following purposes at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Acquisition of art for permanent collection	\$ 93,817	\$ 99,205
Building improvements and operations	<u>3,478,670</u>	<u>3,317,355</u>
	<u>\$ 3,572,487</u>	<u>\$ 3,416,560</u>

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>Balance December 31, 2023</u>	<u>Additions/ (Losses)</u>	<u>Released from Restrictions</u>	<u>Balance December 31, 2024</u>
Subject to expenditure for specified purpose or period				
Art acquisitions	\$ 25,581	\$ 9,410	\$ (16,000)	\$ 18,991
Juried prizes	19,993	5,885	(2,300)	23,578
Art scholarships	5,297	3,205	(2,000)	6,502
Education	136,915	104,953	(52,235)	189,633
Exhibits	429,670	312,525	(30,700)	711,495
Strategic advancement	515,942	-	-	515,942
Frances M. Maguire Hall for Art and Education at Woodmere Art Museum	13,836,621	5,220,801	(8,367,356)	10,690,066
Capital improvements	10,778	-	-	10,778
Outdoor experience	88,001	-	(68,671)	19,330
Film series	8,472	-	(7,569)	903
Subsequent year operations	<u>400,000</u>	<u>150,000</u>	<u>(175,000)</u>	<u>375,000</u>
	<u>15,477,270</u>	<u>5,806,779</u>	<u>(8,721,831)</u>	<u>12,562,218</u>
To be maintained indefinitely				
Endowments				
Various department salaries	3,489,183	333,021	(176,362)	3,645,842
Scholarships	75,471	4,804	(2,242)	78,033
Juried prizes	60,605	-	-	60,605
Exhibition	471,660	45,028	(23,385)	493,303
Archives	253,212	24,167	(12,801)	264,578
Art conservation	144,141	13,757	(7,278)	150,620
Education	274,689	26,217	(13,880)	287,026
Other programs	125,575	26,801	(5,482)	146,894
Beneficial interest in a perpetual trust	<u>3,010,547</u>	<u>277,814</u>	<u>(99,902)</u>	<u>3,188,459</u>
	<u>7,905,083</u>	<u>751,609</u>	<u>(341,332)</u>	<u>8,315,360</u>
	<u>\$ 23,382,353</u>	<u>\$ 6,558,388</u>	<u>\$ (9,063,163)</u>	<u>\$ 20,877,578</u>

Woodmere Art Museum, Inc.
Notes to Consolidated Financial Statement
December 31, 2024

9. ENDOWMENT FUNDS

An accounting standard exists which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Museum is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The Museum used a 5.0% spending rate in 2024 and 2023 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.

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

The following tables summarize the changes in endowment net assets for the years ended December 31, 2024 and 2023:

	2024		
	Board Designated	With Donor Restrictions	Total
Endowment net assets, at beginning of year	\$ 3,416,560	\$ 4,894,536	\$ 8,311,096
Contributions	-	21,905	21,905
Investment income, net	326,662	451,792	778,454
Appropriation for expenditure	(165,347)	(241,332)	(406,679)
Appropriation for art acquisition and conservation	(5,388)	-	(5,388)
Endowment net assets, at end of year	<u>\$ 3,572,487</u>	<u>\$ 5,126,901</u>	<u>\$ 8,699,388</u>
	2023		
	Board Designated	With Donor Restrictions	Total
Endowment net assets, at beginning of year	\$ 3,139,667	\$ 4,495,095	\$ 7,634,762
Investment income, net	450,485	642,953	1,093,438
Appropriation for expenditure	(166,130)	(243,512)	(409,642)
Appropriation for art acquisition and conservation	(7,462)	-	(7,462)
Endowment net assets, at end of year	<u>\$ 3,416,560</u>	<u>\$ 4,894,536</u>	<u>\$ 8,311,096</u>

Woodmere Art Museum, Inc.
Notes to Consolidated Financial Statement
December 31, 2024

10. ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

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

Description	Balance December 31, 2024	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 3,200,958	\$ 3,200,958	\$ -	\$ -
Investments				
Mutual funds				
Fixed income	2,969,051	2,969,051	-	-
Equity				
Domestic	5,142,410	5,142,410	-	-
International	1,866,502	1,866,502	-	-
Commodities ETFs	258,053	258,053	-	-
Real estate ETFs	484,556	484,556	-	-
Perpetual trust	3,188,459	-	-	3,188,459
	<u>\$ 17,109,988</u>	<u>\$ 13,921,529</u>	<u>\$ -</u>	<u>\$ 3,188,459</u>

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

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

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

The fair value of the beneficial interests in perpetual trusts (Level 3) as of December 31, 2024 and 2023 was and \$3,188,459 and \$3,010,547, respectively. During the year ended December 31, 2024 the trusts distributed \$99,902 to the Museum and the gain in the fair value of the trusts was \$277,814.

Woodmere Art Museum, Inc.
Notes to Consolidated Financial Statement
December 31, 2024

11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Museum's financial assets as of the statement of financial position date, which have been reduced by financial assets not available within one year.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,437,192	\$ 2,722,734
Cash and cash equivalents - restricted	3,200,956	4,747,048
Contributions receivable, net	5,112,686	3,445,168
Other receivables	215,341	91,675
Contract receivable	38,916	500,000
Investments	10,720,573	9,839,621
Beneficial Interest in perpetual trust	3,188,459	3,010,547
Budgeted distributions from beneficial investment in assets held by others	99,902	99,900
Budgeted endowment spending-rate distributions and appropriations	<u>399,682</u>	<u>423,229</u>
Total financial assets	24,413,707	29,401,694
Less: Financial assets not available for general operations within one year		
Perpetually restricted	(5,126,901)	(4,894,536)
Board restricted	(3,572,487)	(3,416,560)
Donor restricted for purpose or period	<u>(12,562,218)</u>	<u>(15,477,270)</u>
Total financial assets available within one year for general operations	<u>\$ 3,152,101</u>	<u>\$ 5,613,328</u>

Liquidity Management

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

As part of the Museum's liquidity management plan, the Museum invests cash in excess of daily requirements in short-term investments, CDs and money market funds. Occasionally, the Board designates a portion of any operating surplus for capital improvements and other future projects. These funds can be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities.

12. HISTORIC TAX CREDIT TRANSACTIONS

The Museum entered into HTC transactions in September 2024 in order to fund certain costs associated with renovations and restoration of certain improvements of The Frances M. Maguire Hall for Art and Education at Woodmere Art Museum in Philadelphia.

MH Owner was created to facilitate the execution of the HTC transaction. Based on the criteria for consolidation under ASC 958, the accounts and transactions of MH Owner are consolidated with those of the Museum. The Museum is the sole member of MH Manager which serves as the managing member of MH Owner and has a 1% economic interest in MH Owner.

Woodmere Art Museum, Inc.
Notes to Consolidated Financial Statement
December 31, 2024

The Museum transferred to MH Owner approximately \$10,545,000 for the purchase of land, buildings, improvements, and equipment. The Consortium transferred \$200,000 to MH Owner during the year ended December 31, 2024. Concurrent with the contribution of the building, The Museum and MH Owner will enter into a lease agreements for the Museum to lease back the use of the building for operations.

13. CHANGE IN CONSOLIDATED NET ASSETS WITHOUT DONOR RESTICTIONS

As of December 31, 2024 the non-controlling interest in MH Owner was \$195,576 classified as net assets without donor restrictions. The decrease from the original equity investment reflects the 99% non-controlling interest share of the change in net assets of MH Owner. The net assets and changes in net assets attributable to the noncontrolling interest are presented separately in the consolidated statement of financial position and statement of activities. No donor-imposed restrictions apply to the non-controlling interest. The non-controlling interest holders are entitled to their proportionate share of the change in net assets of MH Owner as stipulated in the operating agreement. MH Owner's change in net assets for the year ended December 31, 2024 and 2023 was (\$4,469) and \$ -0-, respectively, with a loss of \$45 attributable to the Museum.

The change in net assets without donor restriction for the years ended June 30, 2024 and 2023 as follows:

	2024		
	Without Donor Restriction		
	Total	Controlling Interest	Noncontrolling Interest
Balance January 1, 2024	\$ 13,361,644	\$ 13,361,644	\$ -
Equity contribution in MH Owner	200,000	-	200,000
Syndication costs	(400,000)	(400,000)	-
Change in net assets from operations	8,241,615	8,246,039	(4,424)
Balance December 31, 2024	<u>\$ 21,403,259</u>	<u>\$ 21,207,683</u>	<u>\$ 195,576</u>
2023			
	Without Donor Restriction		
	Total	Controlling Interest	Noncontrolling Interest
Balance January 1, 2023	\$ 11,335,680	\$ 11,335,680	\$ -
Change in net assets from operations	2,025,964	2,025,964	-
Balance December 31, 2023	<u>\$ 13,361,644</u>	<u>\$ 13,361,644</u>	<u>\$ -</u>