

WOODMERE ART MUSEUM, INC.

Financial Statements
December 31, 2015 and 2014

**Kreischer
Miller**

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WOODMERE ART MUSEUM, INC.
December 31, 2015 and 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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
July 29, 2016

WOODMERE ART MUSEUM, INC.

Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
ASSETS		
Current assets:		
Cash	\$ 168,736	\$ 25,573
Contributions receivable	944,026	164,382
Other assets	16,838	24,773
Total current assets	<u>1,129,600</u>	<u>214,728</u>
Long-term contributions receivable	300,000	195,000
Land, building and equipment, net	3,649,541	3,690,605
Investments	7,867,119	7,988,404
Beneficial interest in perpetual trust	2,682,874	2,938,123
Total assets	<u>\$ 15,629,134</u>	<u>\$ 15,026,860</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	\$ 29,823	\$ 29,068
Line of credit	330,550	345,550
Accounts payable and accrued expenses	88,138	145,284
Total current liabilities	<u>448,511</u>	<u>519,902</u>
Long-term debt, net of current portion	582,890	610,090
	<u>1,031,401</u>	<u>1,129,992</u>
Net assets:		
Unrestricted:		
Board designated	3,187,766	3,817,502
Undesignated	2,961,925	2,780,078
Temporarily restricted	2,137,313	517,268
Permanently restricted	6,310,729	6,782,020
	<u>14,597,733</u>	<u>13,896,868</u>
Total liabilities and net assets	<u>\$ 15,629,134</u>	<u>\$ 15,026,860</u>

See accompanying notes to financial statements.

WOODMERE ART MUSEUM, INC.

Statements of Activities and Changes in Net Assets
Years Ended December 31, 2015 and 2014

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and revenue:				
Contributions and grants:				
Individual	\$ 773,248	\$ 150,000	\$ 25,000	\$ 948,248
Foundation	226,488	1,919,575	-	2,146,063
Corporate	7,670	-	-	7,670
Government	14,492	-	-	14,492
Membership	90,923	-	-	90,923
Art classes	209,966	-	-	209,966
Museum store sales	118,917	-	-	118,917
Programs	125,174	-	-	125,174
Investment income (loss), net of amounts distributed under spending policy	344,022	6,843	(241,042)	109,823
Decrease in fair value of perpetual trust	-	-	(255,249)	(255,249)
Net assets released from restrictions	456,373	(456,373)	-	-
Total support and revenue	2,367,273	1,620,045	(471,291)	3,516,027
Expenses:				
Program services	2,391,021	-	-	2,391,021
Management and general	136,678	-	-	136,678
Development and marketing	287,463	-	-	287,463
Total expenses	2,815,162	-	-	2,815,162
Increase (decrease) in net assets	(447,889)	1,620,045	(471,291)	700,865
Net assets, beginning of year	6,597,580	517,268	6,782,020	13,896,868
Net assets, end of year	\$ 6,149,691	\$ 2,137,313	\$ 6,310,729	\$ 14,597,733

See accompanying notes to financial statements.

2014			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 640,804	\$ 63,841	\$ 99,966	\$ 804,611
205,490	36,309	-	241,799
19,271	-	-	19,271
29,255	-	-	29,255
82,321	-	-	82,321
188,634	-	-	188,634
147,495	-	-	147,495
24,843	-	-	24,843
481,350	11,924	(5,363)	487,911
-	-	(18,455)	(18,455)
282,375	(282,375)	-	-
2,101,838	(170,301)	76,148	2,007,685
2,131,649	-	-	2,131,649
229,553	-	-	229,553
300,094	-	-	300,094
2,661,296	-	-	2,661,296
(559,458)	(170,301)	76,148	(653,611)
7,157,038	687,569	6,705,872	14,550,479
\$ 6,597,580	\$ 517,268	\$ 6,782,020	\$ 13,896,868

WOODMERE ART MUSEUM, INC.

Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 700,865	\$ (653,611)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	176,434	173,737
Net realized and unrealized (gain) loss on investments	148,747	(235,830)
Decrease in beneficial interest in perpetual trust	255,249	18,455
(Increase) decrease in:		
Contributions receivable	(884,644)	474,858
Other assets	7,935	551
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(57,146)	85,272
Net cash provided by (used in) operating activities	<u>347,440</u>	<u>(136,568)</u>
Cash flows from investing activities:		
Purchase of land, building and equipment	(135,370)	(52,903)
Proceeds from sale of investments	3,402,235	3,110,653
Purchase of investments	(3,429,697)	(2,861,067)
Net cash provided by (used in) investing activities	<u>(162,832)</u>	<u>196,683</u>
Cash flows from financing activities:		
Net repayments on line of credit	(15,000)	(19,225)
Repayments of long-term debt	(26,445)	(29,872)
Net cash used in financing activities	<u>(41,445)</u>	<u>(49,097)</u>
Net increase in cash	143,163	11,018
Cash, beginning of year	<u>25,573</u>	<u>14,555</u>
Cash, end of year	<u>\$ 168,736</u>	<u>\$ 25,573</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 30,927	\$ 28,947

See accompanying notes to financial statements.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2015 and 2014

(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. Expirations of temporary restrictions recognized on net assets are reported as reclassifications from temporarily restricted net assets to unrestricted net assets, including restrictions that are net in the year of receipt.

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 Museum are described subsequently to enhance the usefulness and understandability of the financial statements.

Continued...

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2015 and 2014

(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, 2015 and 2014

(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.

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WOODMERE ART MUSEUM, INC.

Notes to Financial Statements
December 31, 2015 and 2014

(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.

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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described may produce fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2015 and 2014.

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WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2015 and 2014

(2) Summary of Significant Accounting Policies, Continued

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 2012. 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.

Subsequent Events

The Museum has performed an evaluation of subsequent events through July 29, 2016, which is the date the financial statements were available to be issued.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2015 and 2014

(3) Contributions Receivable

Contributions receivable consist of the following at December 31:

	2015	2014
Less than one year	\$ 944,026	\$ 164,382
Between one and three years	300,000	195,000
	<u>\$ 1,244,026</u>	<u>\$ 359,382</u>

(4) Land, Building and Equipment

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

	2015	2014
Land, building and improvements	\$ 5,059,301	\$ 5,043,454
Furniture and fixtures	50,085	37,787
Equipment	105,564	95,450
Vehicle	18,944	18,944
Construction-in-progress	574,046	476,935
	<u>5,807,940</u>	<u>5,672,570</u>
Accumulated depreciation	(2,158,399)	(1,981,965)
	<u>\$ 3,649,541</u>	<u>\$ 3,690,605</u>

Depreciation expense was \$176,434 and \$173,737 for the years ended December 31, 2015 and 2014, respectively.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements
December 31, 2015 and 2014

(5) Investments

Investments consist of the following at December 31:

	2015	2014
Certificates of deposit	\$ 2,015,224	\$ 1,550,276
Mutual funds:		
Fixed income	1,416,096	1,476,667
Domestic equities	2,859,834	3,148,563
International equities	1,140,566	1,211,676
Equities	-	98,841
Commodities	132,742	158,391
Dow Jones Global Real Estate ETF	302,657	343,990
	<u>\$ 7,867,119</u>	<u>\$ 7,988,404</u>

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

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 54,577	\$ 2,770	\$ 57,774	\$ 115,121
Realized gains	74,255	4,073	98,290	176,618
Unrealized losses	(122,181)	(8,650)	(194,534)	(325,365)
	6,651	(1,807)	(38,470)	(33,626)
Transfers in (out)	337,371	8,650	(202,572)	143,449
	<u>\$ 344,022</u>	<u>\$ 6,843</u>	<u>\$ (241,042)</u>	<u>\$ 109,823</u>
	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
	<u>\$ 481,350</u>	<u>\$ 11,924</u>	<u>\$ (5,363)</u>	<u>\$ 487,911</u>

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements
December 31, 2015 and 2014

(6) Fair Value Measurements

The following is a summary of assets measured at fair value on a recurring basis and the valuation inputs used to value them at December 31:

	Assets at Fair Value as of December 31, 2015			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Fixed income	\$ 1,416,096	\$ 1,416,096	\$ -	\$ -
Equity:				
Domestic	2,859,834	2,859,834	-	-
International	1,140,566	1,140,566	-	-
Commodities	132,742	132,742	-	-
Dow Jones Global Real Estate ETF	302,657	302,657	-	-
Perpetual trust	2,682,874	-	-	2,682,874
Total assets at fair value	\$ 8,534,769	\$ 5,851,895	\$ -	\$ 2,682,874
	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:				
Domestic	3,148,563	3,148,563	-	-
International	1,211,676	1,211,676	-	-
Commodities	158,391	158,391	-	-
Equities	98,841	98,841	-	-
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

The Museum's equities, commodities, and Dow Jones Global Real Estate ETF 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.

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WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2015 and 2014

(6) 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:

	2015	2014
Balance, beginning of year	\$ 2,938,123	\$ 2,956,578
Distributions	(142,527)	(88,611)
Investment income, net of fees	10,459	77,336
Unrealized losses	(123,181)	(7,180)
Balance, end of year	<u>\$ 2,682,874</u>	<u>\$ 2,938,123</u>

(7) 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 a decrease in fair value of perpetual trust in the accompanying statements of activities.

(8) Line of Credit

The Museum has a \$400,000 bank line of credit. Interest on outstanding borrowings is payable monthly at an annual rate of 3.5%. Borrowings are collateralized by a deposit account at the bank for \$400,000.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2015 and 2014

(9) Long-term Debt

The Museum has a \$730,000 mortgage, 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, 2015) 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.

The Museum modified its existing mortgage in March 2016. Interest on the note is at a fixed rate of 2.7%, with monthly principal payments of \$2,522 and a balloon payment due on March 29, 2021.

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

Year Ending December 31,	Amount
2016	\$ 29,823
2017	30,625
2018	31,462
2019	32,322
2020	33,206
Thereafter	455,275
	<u>\$ 612,713</u>

(10) Board Designated Assets

The Board of Directors designated \$945,084 and \$1,434,315 of the Museum's unrestricted net assets as of December 31, 2015 and 2014, respectively, to be used for the acquisition of art for the Museum's permanent collection. The Board of Directors designated \$2,242,682 and \$2,383,187 of the Museum's unrestricted net assets as of December 31, 2015 and 2014, respectively, to be used for building improvements and for operations.

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2015 and 2014

(11) Temporarily Restricted Net Assets

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

	2015	2014
Art acquisitions	\$ 9,767	\$ 13,724
Prizes	11,514	14,875
Art scholarships	9,381	12,157
Speakers	1,830	3,061
Exhibits	152,357	427,849
Wind Sculpture garden	103,377	-
Subsequent year operations	1,849,087	45,602
	<u>\$ 2,137,313</u>	<u>\$ 517,268</u>

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

	2015	2014
Art acquisitions	\$ 6,419	\$ 3,450
Prizes	5,339	3,060
Art scholarship	4,252	2,271
Speakers	2,158	1,168
Exhibits	392,603	216,900
Subsequent year operations	45,602	55,526
	<u>\$ 456,373</u>	<u>\$ 282,375</u>

(12) 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.

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WOODMERE ART MUSEUM, INC.

Notes to Financial Statements December 31, 2015 and 2014

(12) Endowment, Continued

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 5.0% spending rate in 2015 and 2014, 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 on certain permanently 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 temporarily restricted net assets. For the years ended December 31, 2015 and 2014, \$323,066 and \$255,807, 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:

	2015	2014
Allison Endowment	\$ 1,333,251	\$ 1,429,917
Barra/McNeil Endowment	760,770	816,144
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	30,405	30,205
Klorfine Endowment	1,027,182	1,102,349
Campbell Endowment	220,377	236,836
Galante Endowment	24,879	-
Dina Wind	101,386	98,841
	<u>\$ 3,627,855</u>	<u>\$ 3,843,897</u>

Continued...

WOODMERE ART MUSEUM, INC.

Notes to Financial Statements
December 31, 2015 and 2014

(12) Endowment, Continued

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

	2015			Totals
	Board Designated	Temporarily Restricted	Permanently Restricted	
Beginning of year	\$ 3,817,502	\$ 48,118	\$ 3,843,897	\$ 7,709,517
Contributions	1,000	-	25,000	26,000
Dividends and interest	27,083	2,770	57,774	87,627
Realized gains, net	54,860	4,073	98,290	157,223
Unrealized losses, net	(119,950)	(8,650)	(194,534)	(323,134)
Appropriations for expenditure	(592,729)	(8,300)	(202,572)	(803,601)
End of year	\$ 3,187,766	\$ 38,011	\$ 3,627,855	\$ 6,853,632

	2014			Totals
	Board Designated	Temporarily Restricted	Permanently Restricted	
Beginning of year	\$ 3,990,630	\$ 47,355	\$ 3,749,294	\$ 7,787,279
Contributions	-	-	99,966	99,966
Dividends and interest	33,695	3,053	34,758	71,506
Realized gains, net	123,795	8,871	176,712	309,378
Unrealized gains, net	(36,334)	(2,461)	(49,637)	(88,432)
Appropriations for expenditure	(294,284)	(8,700)	(167,196)	(470,180)
End of year	\$ 3,817,502	\$ 48,118	\$ 3,843,897	\$ 7,709,517

SUPPLEMENTARY INFORMATION

WOODMERE ART MUSEUM, INC.

Supplementary Information
 Schedule of Functional Expenses
 Year Ended December 31, 2015

	Program Services				
	Collection/ Curator	Education	Exhibitions	Historical Mansion	Total Program
Personnel:					
Salary	\$ 191,322	\$ 294,497	\$ 132,042	\$ 232,834	\$ 850,695
Employee benefits	18,511	23,759	7,832	20,757	70,859
Payroll taxes	14,711	23,369	10,778	20,499	69,357
	224,544	341,625	150,652	274,090	990,911
Facilities:					
Maintenance and repairs	1,686	-	1,686	68,529	71,901
Telephone	1,779	1,779	-	1,779	5,337
Utilities	3,349	2,201	3,580	72,818	81,948
	6,814	3,980	5,266	143,126	159,186
Supplies:					
Office supplies and expense	4,000	2,691	83	429	7,203
Printing	2,115	2,115	3,334	1,810	9,374
Postage	75	4,018	2,569	-	6,662
	6,190	8,824	5,986	2,239	23,239
Services and exhibits:					
Art classes	-	3,633	-	-	3,633
Collection acquisitions	164,504	-	-	-	164,504
Conservation and curatorial	47,926	-	-	-	47,926
Cuba trip	-	84,887	-	-	84,887
Photography	3,055	-	-	-	3,055
Music series	-	57,821	-	-	57,821
Exhibition expense	-	-	269,947	-	269,947
Programs	-	80,887	-	-	80,887
	215,485	227,228	269,947	-	712,660
Organizational:					
Advertising/public relations	-	-	3,750	-	3,750
Contractual fees	-	78,146	-	-	78,146
Director's expense	6,662	2,221	4,441	2,221	15,545
Insurance	21,950	10,752	3,706	23,283	59,691
Interest	9,771	-	9,771	-	19,542
Investment fees	-	-	-	-	-
Legal and accounting	-	-	-	41,430	41,430
Development operating	-	-	-	-	-
Miscellaneous	2,934	6,048	3,866	-	12,848
Museum store sales expenses	-	70,855	-	-	70,855
Subscriptions and dues	573	573	573	573	2,292
Software maintenance	6,015	6,845	5,583	5,583	24,026
Office furniture	139	72	-	-	211
Staff development	60	195	-	-	255
Trustee fees	-	-	-	-	-
Depreciation	12,551	-	12,551	151,332	176,434
	60,655	175,707	44,241	224,422	505,025
	\$ 513,688	\$ 757,364	\$ 476,092	\$ 643,877	\$ 2,391,021

Support Services			Total
Management and General	Development and Marketing	Total Support Services	Program and Support Services
\$ 32,669	\$ 191,736	\$ 224,405	\$ 1,075,100
1,719	16,517	18,236	89,095
2,268	14,225	16,493	85,850
36,656	222,478	259,134	1,250,045
-	-	-	71,901
2,967	1,779	4,746	10,083
-	-	-	81,948
2,967	1,779	4,746	163,932
4,206	1,761	5,967	13,170
2,183	305	2,488	11,862
-	354	354	7,016
6,389	2,420	8,809	32,048
-	-	-	3,633
-	-	-	164,504
-	-	-	47,926
-	-	-	84,887
-	-	-	3,055
-	-	-	57,821
-	-	-	269,947
-	-	-	80,887
-	-	-	712,660
-	41,227	41,227	44,977
-	-	-	78,146
2,221	4,441	6,662	22,207
5,128	1,980	7,108	66,799
11,385	-	11,385	30,927
45,246	-	45,246	45,246
18,416	-	18,416	59,846
-	4,416	4,416	4,416
2,211	-	2,211	15,059
-	-	-	70,855
382	573	955	3,247
3,722	7,893	11,615	35,641
99	256	355	566
-	-	-	255
1,856	-	1,856	1,856
-	-	-	176,434
90,666	60,786	151,452	656,477
\$ 136,678	\$ 287,463	\$ 424,141	\$ 2,815,162

WOODMERE ART MUSEUM, INC.

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

	Program Services				Total Program
	Collection/ Curator	Education	Exhibitions	Historical Mansion	
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
Conservation and curatorial	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 Support Services	Total Program and Support Services
Management and General	Development and Marketing		
\$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