

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
(A Component Unit of the City of Detroit, Michigan)

FINANCIAL STATEMENTS
(With Required Supplementary Information)

June 30, 2019 and 2018



CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

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INDEPENDENT AUDITOR'S REPORT

November 21, 2019

To the Board of Trustees
Charles H. Wright Museum of African American History

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Charles H. Wright Museum of African American History ("The Wright"), a component unit of the City of Detroit, Michigan, as of, and for the years ended, June 30, 2019 and 2018, as well as the related notes to the financial statements, which collectively comprise The Wright's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Wright's 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to The Wright'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 Wright'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 opinions.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Wright as of June 30, 2019 and 2018, and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncements

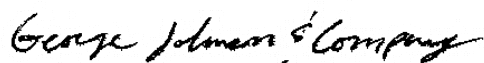
As discussed in Note A, effective July 1, 2018, The Wright has adopted the disclosure provisions contained in Statement of Governmental Accounting Standards No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. Our opinions are not modified with respect to this matter.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 and budgetary comparison on pages 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 21, 2019, on our consideration of The Wright's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Wright's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS
Detroit, Michigan

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2019 and 2018

This section of the annual report of the Charles H. Wright Museum of African American History (“The Wright”) presents management’s discussion and analysis of The Wright’s financial performance during the fiscal years that ended on June 30, 2019 and 2018 (“fiscal year 2019” and “fiscal year 2018”, respectively). Please read it in conjunction with The Wright’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Wright experienced a significant decline in revenue from the previous year as a change in leadership took place. The Wright was without a President and Chief Executive Officer (“CEO”) for seven months of fiscal year 2019, causing a precipitous decline in giving, as is reflected in the analyses to follow. The Wright’s institutional and individual donors were reluctant to give until permanent leadership was in place. However, beginning with the fiscal year that began July 1, 2019, two of these reluctant donors made gifts of \$1 million and \$200,000, respectively, specifically noting the appointment of new nationally recognized leadership.

Notably, total revenue for the year ended June 30, 2019 decreased \$790,886, or approximately 11 percent, from the prior year, primarily due to shortfalls in projected revenue from the Annual Gala and a touring exhibition that was unable to garner the contributed revenue necessary to underwrite all of its costs. Total expenses, excluding depreciation, increased \$306,035, or approximately four percent, due to one-time search firm expenses associated with recruiting a new President and CEO, as well as costs related to securing an interim Chief Operating Officer while the CEO search was underway. Funding from the City of Detroit (the “City”) remained at its historic level of \$1.9 million.

Overall, net position decreased by approximately 35 percent, compared to an increase of approximately two percent a year ago. The Wright’s unrestricted net position fell by \$1,201,610 to \$(1,664,258) as of June 30, 2019. However, with the receipt of a \$1 million grant from the Knight Foundation, payable in three installments (\$333,333) over three years, a \$200,000 grant from the Ford Foundation for general operations, and capital projects over the course of the next two years totaling \$1.7 million, The Wright’s unrestricted net position, as well as total net position, is expected to drastically improve.

As with many tax-exempt organizations operating in the current economic climate, cash flow remained an ongoing struggle throughout the year to support continuing operations. The Wright has a line of credit of \$300,000 available for contingencies. A balance of \$200,000 was outstanding as of June 30, 2019. Deferred revenue consists primarily of facility rental and group tour deposits.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2019 and 2018

FINANCIAL HIGHLIGHTS (CONTINUED)

The Wright's endowment fund increased approximately three percent over the prior year to a total of \$1,402,847. This increase was primarily due to favorable conditions in the market. In addition, approximately \$2.5 million is currently held in trust by the Community Foundation for Southeast Michigan ("CFSEM"), for a total of approximately \$3.9 million. The Wright received \$105,850 in operating support from the CFSEM fund as dividends during fiscal year 2019.

Key funding for The Wright includes the following:

1. \$100,000 for operating support of programming from the DTE Energy Foundation as the third installment of a three-year conditional commitment
2. A \$100,000 grant for internships and programming from JPMorgan Chase
3. A \$75,000 grant for general operations from the Kresge Foundation
4. \$83,000 of a three-year grant of \$250,000 for capacity building from the Max & Marjorie Fisher Foundation
5. \$500,000 from the State of Michigan (the "State") in support of programming to spread The Wright's reach in the Upper Peninsula

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains two types of financial statements that The Wright is required to issue by the Governmental Accounting Standards Board ("GASB"). The GASB issues accounting and financial reporting guidelines for governmental agencies and units. This annual report contains the financial statements that The Wright is required to issue. The Wright's financial reports are shown as a "component unit" in the financial statements of the City because the members of The Wright's Board of Trustees are appointed by the City's mayor and the City provides financial support to The Wright. Therefore, The Wright is considered a governmental unit.

The statements of net position and statements of activities (which are presented on pages 15 and 16) are considered government-wide financial statements. The balance sheets and statements of revenue, expenditures, and fund balances for governmental funds (which are presented on pages 17, 18, 20, and 21) are considered fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2019 and 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

A further discussion of each type of statement, and the major differences between the two types of statements, follows.

Government-Wide Financial Statements

The government-wide financial statements report information about The Wright as a whole using accounting methods similar to those used by private-sector companies and non-profit organizations. The statements of net position include all of The Wright's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statements of activities, regardless of when cash is received or paid.

The two government-wide financial statements report The Wright's net position and how they have changed. Net position represents the difference between The Wright's total of assets and deferred outflows of resources and its total of liabilities and deferred inflows of resources, and it represents one way to measure The Wright's financial health, or position. Over time, increases or decreases in The Wright's net position are an indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

The fund financial statements provide more detailed information about The Wright's funds, not The Wright as a whole. Funds are accounting devices that The Wright uses to keep track of specific sources of funding and spending for particular purposes.

Most of The Wright's activities are included in governmental funds, which focus on how cash, and other financial assets that can be readily converted to cash, flow in and out and show the balances left at the end of the year that are available for spending. As such, the fund financial statements provide a detailed short-term view that shows whether there are more or fewer financial resources that can be spent in the near future to finance The Wright's programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2019 and 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Major Differences between Government-Wide Financial Statements and Fund Financial Statements

A major difference between the two types of financial statements is in the accounting for capital assets. In the government-wide financial statements, investments in long-term assets are capitalized and depreciated over the estimated useful lives of the assets. In the fund financial statements, all capital expenditures are expensed in the year such expenditures are incurred.

Another major difference between the two types of financial statements is in the accounting for pledges receivable. In the government-wide financial statements, unconditional pledges receivable are reported as revenue in the period in which the unconditional promises to give are obtained. In the fund financial statements, the recognition of revenue related to unconditional pledges is deferred unless the pledge is collected within 60 days after the end of the fiscal year. The Wright has pledges receivable that are due more than 60 days after year-end of \$20,000 and \$40,000 as of June 30, 2019 and 2018, respectively. These long-term pledges have been recognized as revenue during the years ended June 30, 2019 and 2018 in the government-wide financial statements.

The reconciliation of the differences between the fund financial statements and the government-wide financial statements is provided on pages 19 and 22.

The notes to the financial statements, which begin on page 23, explain some of the information in the financial statements and provide more detailed data. A comparison of The Wright's general fund revenue and expenditures to its budget is provided on pages 42 and 43.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**June 30, 2019 and 2018****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE**

Table 1 reflects a summary of The Wright's assets, liabilities, and net position as of June 30, 2019, 2018, and 2017:

Table 1
Statements of Net Position
June 30, 2019, 2018, and 2017
(in thousands of dollars)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets:			
Cash and cash equivalents	\$ 115.3	\$ 542.5	\$ 528.2
Investments	1,566.5	1,515.5	1,413.6
Accounts receivable	131.7	105.0	154.6
Prepaid expenses	75.3	81.3	87.5
Museum store inventory	41.0	50.8	46.7
Pledges receivable:			
Available in more than 60 days	20.0	40.0	90.0
Capital assets:			
Nondepreciable capital assets	372.4	250.3	510.6
Depreciable capital assets, net	1,051.5	1,143.7	832.9
	<u>3,373.7</u>	<u>3,729.1</u>	<u>3,664.1</u>
Total Assets			
Liabilities:			
Accounts payable	999.5	712.6	631.0
Accrued payroll and related taxes	125.9	112.4	113.1
Short-term loans	315.0	-0-	-0-
Deferred revenue	76.3	28.1	85.2
	<u>1,516.7</u>	<u>853.1</u>	<u>829.3</u>
Total Liabilities			
Net Position:			
Net investment in capital assets	1,423.9	1,394.0	1,343.6
Restricted for endowment	1,402.8	1,360.3	1,260.1
Restricted for designated activities	694.5	584.3	616.3
Unrestricted	(1,664.2)	(462.6)	(385.2)
	<u>(1,664.2)</u>	<u>(462.6)</u>	<u>(385.2)</u>
Total Net Position			
	<u>\$ 1,857.0</u>	<u>\$ 2,876.0</u>	<u>\$ 2,834.8</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**June 30, 2019 and 2018****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

Cash and cash equivalents decreased by \$427,193, or approximately 79 percent, while investments increased approximately three percent. Investments include endowment funds directed by The Wright and the cash surrender value of life insurance policies. All investments are governed by a Board-approved investment policy. Cash restricted for various projects was expended for programming or capital improvements in accordance with grant obligations. Accounts receivable increased during fiscal year 2019. They are reviewed for collectability and are written off as necessary. For fiscal year 2019, there were no accounts receivables written off.

Table 2 reflects a condensed summary of The Wright's revenue, expenses, and changes in net position for the years ended June 30, 2019, 2018, and 2017:

Table 2
Statements of Activities
For the Years Ended June 30, 2019, 2018, and 2017
(in thousands of dollars)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Expenses:			
Exhibits and educational program:			
Salaries, wages, and employee benefits	\$ 3,020.5	\$ 3,274.8	\$ 3,187.8
Contractual and professional services	1,914.3	1,489.6	926.3
Facility operations and maintenance	1,019.3	943.6	1,131.4
Educational programs and exhibits	579.9	628.2	584.2
Depreciation	208.1	244.9	222.2
Other expenses	738.1	629.8	726.0
	<u>7,480.2</u>	<u>7,210.9</u>	<u>6,777.9</u>
Program Revenue:			
Exhibits and educational program:			
Grants	2,641.6	2,507.6	2,466.8
Other program revenue	2,239.5	2,483.2	2,159.8
	<u>4,881.1</u>	<u>4,990.8</u>	<u>4,626.6</u>
Net Program Expense	<u>\$ 2,599.1</u>	<u>\$ 2,220.1</u>	<u>\$ 2,151.3</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**June 30, 2019 and 2018****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)****Table 2****Statements of Activities (continued)****For the Years Ended June 30, 2019, 2018, and 2017***(in thousands of dollars)*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Revenue:			
Contributions	\$ 1,556.3	\$ 2,218.6	\$ 2,017.5
Net realized and unrealized gain on investments	23.8	42.7	67.9
Total General Revenue	<u>1,580.1</u>	<u>2,261.3</u>	<u>2,085.4</u>
Change in Net Position	<u>(1,019.0)</u>	<u>41.2</u>	<u>(65.9)</u>
Net Position, Beginning of Year	<u>2,876.0</u>	<u>2,834.8</u>	<u>2,900.7</u>
Net Position, End of Year	<u><u>\$ 1,857.0</u></u>	<u><u>\$ 2,876.0</u></u>	<u><u>\$ 2,834.8</u></u>

The Wright received \$1,900,000 in unrestricted operating support from the City during fiscal year 2019, an amount equal to the prior year. The State contributed more than \$543,000 in support this year for educational programming and more than \$405,000 in support the prior year. While City and State revenue remained relatively constant, overall contributions fell sharply, to \$1,556,369 in fiscal year 2019 from \$2,218,627 in fiscal year 2018. Specifically, corporate giving fell by \$442,278, primarily due to the end of an internship grant for \$100,000 and the decision to end the Ford Freedom Awards, which garnered approximately \$350,000 in funding. Foundation grants also declined as a result of three multi-year grants, \$100,000 each, that previously ended. Additionally, The Wright suffered an unusual shortfall of approximately \$300,000 from its Annual Gala fundraiser. The Wright did not receive any federal funds during fiscal year 2019.

Earned revenue from admissions, the museum store, facility rental, memberships, and fundraising increased by \$85,063, or approximately six percent. However, grants and contributions from corporations, individuals, and foundations decreased by \$528,254, or approximately 11 percent. Management is already seeing an increase in fundraising revenue with new leadership in place. Notably, the 2019 Annual Gala raised a net figure of approximately \$300,000.

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2019 and 2018

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

Expenses (including depreciation) increased by \$269,248, or approximately four percent, during fiscal year 2019. This was primarily due to an increase in building expenses necessary to care for The Wright’s aging building and expenses associated with the retirement of the previous leadership and simultaneously securing new leadership. All other expenses were essentially level with the previous fiscal year.

Table 3 summarizes exhibit admissions and museum store sales for the years ended June 30, 2019 and 2018:

Table 3
Schedules of Exhibit Admissions and Museum Store Sales
For the Years Ended June 30, 2019 and 2018
(in thousands of dollars)

	<u>2019</u>	<u>2018</u>
Exhibit admissions	\$ 439.1	\$ 372.7
Museum store sales (gross)	212.7	229.0

The Wright opens minds and changes lives through the exploration and celebration of African American history and culture by providing learning opportunities, exhibitions, programs, and events based on collections and research that explore the diverse history and culture of African Americans and their African origins. The Wright believes that not only can the answers that society seeks be found throughout this shared experience, but that those answers belong to ALL people. As a result, The Wright continued to present an exciting and educational slate of programs and exhibitions that appealed to a variety of audiences. In fact, The Wright has been honored with a national and state award. The American Alliance of Museums awarded its 2019 Sustainability Excellence Award to The Wright for the institution’s collaborative efforts to engage in environmentally friendly operational practices. Locally, the Michigan Humanities Council awarded its Champion of the Year award for the efforts of a staff member “whose contributions result in outstanding public humanities impact in their community and in their state.”

The Wright partnered with the globally acclaimed British artist Marcus Lyon, who will create artistic, researched based profiles of 100 people who are driving change in Detroit. The project, called “One: Detroit”, will create a book and public exhibition with ultra-high quality photographic portraits, personal testimonies, and mapping of ancestral DNA to create a deeper understanding of the individuals and communities that make Detroit so special.

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2019 and 2018

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

The Wright also partnered with renowned artist Jessica Care More to host a “blue collar ballet for a blue collar city.” A techno-inspired dance and theatre production — motivated by concerns about gentrification — about a girl named Salt who has time traveled to Detroit in 2071 and cannot find her people, was appropriately entitled “Salt City”.

The 37th annual African World Festival (“AWF”) brought over 150,000 attendees to the grounds of The Wright, with activities for the entire family. Festivities included a headlining performance by Grammy Award nominee Regina Belle, the Detroit Rocks the Runway Fashion Show, the Watoto Children’s Village, the Knight Foundation Children’s Book Fair, African drumming and dance, and much, much more. Over 160 vendors participated in the festival, with merchandise made and inspired by African cultures, and the AWF Food Village included African, Caribbean, and African American cuisine.

The Wright’s summer 2019 *Camp Africa* delivered educational and culturally enriching activities to nearly 500 youths from ages 7 through 12. Each morning, campers started their day learning the words to “Lift Every Voice and Sing”. Each week, nearly 100 young people would participate in STEM, entrepreneurship, or environmental sustainability activities. Rounding out the week, participants took a field trip to Belle Isle, where they experienced the Nature Center and the Aquarium.

In continuing the tradition of The Wright’s premiere fundraising activity, the eighth annual 2018 Wright Gala “Fashion Night at The Wright” was held at The Wright, where more than 300 attendees enjoyed entertainment with jazz music, DJ DNice, an exquisite array of food, a live auction, and a remix after party. Throughout the evening, guests were surrounded by floating live fashion models and details that depicted a fancy New York runway show.

The Wright was proud and honored to be selected to host the public viewing of the late great Queen of Soul, Aretha Franklin. Hundreds of thousands lined up for three days, sometimes spanning five blocks, to pay tribute to Detroit’s own, as Franklin’s powerful vocals from classic gospel performances were piped through The Wright. As a further tribute to the Queen, an exhibit, *Think: A Tribute to the Queen of Soul*, was organized one month later. Additionally, The Wright paid homage to the late Judge Damon Keith and The Wright’s own Dr. Roberta Wright, both who were laid in state. Keith was remembered as a federal judge, serving over 55 years on the bench and championing equality and civil rights. Dr. Wright, the widow of the founder of The Wright, was a fierce, stalwart supporter who deeply believed in the mission of the institution. “Her generous spirit left a mark — whether she was arguing before the U.S. Supreme Court or speaking with students at the museum.”

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2019 and 2018

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

The Wright continued to present exhibitions that were educational, entertaining, and impactful. Exhibitions presented during the year included the following:

- *Oh You Fancy! Black Hair & Fashion*
- *The Paradox of Liberty*
- *Music and Saints: The Art of Jerome Wright*
- *Denmark Vesey: His Life and Legacy*
- *Think: A Tribute to the Queen of Soul*

Once again, The Wright, in partnership with the Arab American National Museum, took part in the 27th anniversary of the city-wide Concert of Colors, featuring the following performances, among others:

- Rashard “Shardy” Miles
- Spoken Word: State Violence, Trauma & Healing: Phoenix Pharaoh
- The Gwen Laster Quintet: A Tribute to Geri Allen
- Mayaeni

The popular *30 Days to Lose It*, a health and fitness program to address health issues in the community, and *Hustle for History*, a weekly program to provide exercise in a fun manner, continue to garner interest to constituents. Additionally, The Wright continued its partnership with the Association for the Study of African American Life and History to present joint programming and events such as a monthly lecture series on history lessons. Other popular annual programs which were continued include Grandparents Day, Noel Night, Martin Luther King Jr. Day, Juneteenth, the Black Women Rock Concert, and Links to Science, presented by the Renaissance Chapter of The Links, Incorporated.

The award-winning Secret Society of Twisted Storytellers, which presents a curated, live storytelling event featuring real people with true stories that are told live, has become an audience favorite. Hosted by creator and producer Satori Shakoor, it also features twisted musical and dance guests. It is a guaranteed awesome, fun-loving night out at The Wright.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2019 and 2018

ECONOMIC FACTORS

The Wright remains laser-focused on the following four cornerstone goals:

1. Create a standard and culture of service within The Wright
2. Improve the quantity and quality of educational offerings
3. Seek opportunities for partnership with other local organizations
4. Improve marketing of The Wright's products and services

Management believes that The Wright has made progress on all of these goals and will continue to do so.

In fiscal year 2020, The Wright will continue to focus on the four goals and expects increases in earned income while performing as cost-effectively as possible. A full fund development team is in place to further The Wright's reach in donor giving.

The Wright's current fiscal year 2020 budget was compiled using a different methodology than The Wright has ever previously used, Zero-Based Budgeting ("ZBB"). ZBB is a cost discipline that can help improve resource planning, employee engagement, and organizational collaboration. All programs and initiatives have individual budgets, with specific revenue allocated to each program and initiative to cover exact costs. This approach can translate into cost savings that fund future strategic initiatives and drive growth. When revenue streams were developed for this budget, The Wright included approximately \$260,000 to help alleviate the deficit from the previous year. With ZBB, as earned income increases and the development team increases operating revenue through secured grants, The Wright is expected to begin recovering from its deficit.

During the 2020 fiscal year, The Wright plans to launch a series of programs and exhibitions that will further enhance The Wright visitor experience. Plans are in the works to revitalize and upgrade *And Still We Rise*, The Wright's premier exhibit.

New exhibitions scheduled for the upcoming year include the following:

- *Tuskegee Airmen*
- *Aboriginal Totems*
- *Personal to Political: Celebrating the African American Artists of Paulson Fountaine Press*
- *Queen: From the Collection of CCH Pounder*
- *Highlights from The Wright Collection*
- *Visions of Our 44th President*

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2019 and 2018

FINANCIAL CONTACT

This financial report is designed to present its users with a general overview of The Wright's finances and to demonstrate The Wright's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer's office of the Charles H. Wright Museum of African American History, 315 East Warren, Detroit, Michigan 48201.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

STATEMENTS OF NET POSITION

June 30, 2019 and 2018

	Governmental Activities	
	2019	2018
Assets:		
Cash and cash equivalents (Note B)	\$ 115,316	\$ 542,509
Investments (Note B)	1,566,518	1,515,479
Accounts receivable (no allowance considered necessary)	131,701	104,994
Prepaid expenses	75,318	81,307
Museum store inventory (lower of cost or market)	40,935	50,764
Pledges receivable (no allowance considered necessary) (Note D):		
Available in more than 60 days	20,000	40,000
Capital assets (Note E):		
Nondepreciable capital assets	372,429	250,252
Depreciable capital assets, net	1,051,477	1,143,733
Collections and artifacts (Notes A and C)	—	—
Total Assets	3,373,694	3,729,038
Liabilities:		
Accounts payable	999,507	712,590
Accrued payroll and related taxes	125,902	112,373
Short-term loans (Note F)	315,000	-0-
Deferred revenue	76,250	28,100
Total Liabilities	1,516,659	853,063
Net Position:		
Net investment in capital assets	1,423,906	1,393,985
Restricted for endowment	1,402,847	1,360,324
Restricted for designated activities	694,540	584,314
Unrestricted	(1,664,258)	(462,648)
Total Net Position	\$ 1,857,035	\$ 2,875,975

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2019 and 2018

	Governmental Activities	
	2019	2018
Expenses:		
Exhibits and educational program:		
Salaries, wages, and employee benefits	\$ 3,020,476	\$ 3,274,774
Contractual and professional services	1,914,337	1,489,570
Facility operations and maintenance	1,019,286	943,628
Office expenses	341,966	299,224
Cost of goods sold	163,309	161,734
Educational programs and exhibits	579,893	628,223
Purchases of artifacts	5,050	315
Other expenses	227,729	168,543
Depreciation (Note E)	208,136	244,923
	7,480,182	7,210,934
Program Revenue:		
Exhibits and educational program:		
Grants (Notes G and L)	2,641,615	2,507,611
Facility rental and catering	614,167	641,613
Exhibit admissions	439,110	372,658
Museum store	212,726	229,016
Memberships	188,732	126,385
Special events and other revenue	784,738	1,113,571
	4,881,088	4,990,854
	2,599,094	2,220,080
General Revenue:		
Contributions	1,556,369	2,218,627
Net realized and unrealized gain on investments	23,785	42,647
	1,580,154	2,261,274
	(1,018,940)	41,194
Net Position, Beginning of Year	2,875,975	2,834,781
	\$ 1,857,035	\$ 2,875,975

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

BALANCE SHEETS — GOVERNMENTAL FUNDS

June 30, 2019

(With Comparative Totals as of June 30, 2018)

	2019				Total All Funds	
	General Fund	Special Revenue Fund	Capital Projects Fund	Permanent Fund	2019	2018
ASSETS						
Cash and cash equivalents (Note B)	\$ (579,224)	\$ 694,540	\$ -0-	\$ -0-	\$ 115,316	\$ 542,509
Investments (Note B)	63,667	100,004		1,402,847	1,566,518	1,515,479
Accounts receivable (no allowance considered necessary)	131,701				131,701	104,994
Prepaid expenditures	75,318				75,318	81,307
Museum store inventory (lower of cost or market)	40,935				40,935	50,764
Pledges receivable (no allowance considered necessary) (Note D): Available in more than 60 days	20,000				20,000	40,000
Total Assets	\$ (247,603)	\$ 794,544	\$ -0-	\$ 1,402,847	\$ 1,949,788	\$ 2,335,053
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 999,507	\$ -0-	\$ -0-	\$ -0-	\$ 999,507	\$ 712,590
Accrued payroll and related taxes	125,902				125,902	112,373
Short-term loans (Note F)	315,000				315,000	-0-
Deferred pledges (Note D)	20,000				20,000	40,000
Deferred revenue	76,250				76,250	28,100
Total Liabilities	1,536,659	-0-	-0-	-0-	1,536,659	893,063
Fund Balances (Deficits):						
Nonspendable	116,253			1,402,847	1,519,100	1,492,395
Restricted for designated activities		794,544			794,544	688,913
Unassigned	(1,900,515)				(1,900,515)	(739,318)
Total Fund Balances (Deficits)	(1,784,262)	794,544	-0-	1,402,847	413,129	1,441,990
Total Liabilities and Fund Balances	\$ (247,603)	\$ 794,544	\$ -0-	\$ 1,402,847	\$ 1,949,788	\$ 2,335,053

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

BALANCE SHEETS — GOVERNMENTAL FUNDS

June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	<u>Total All Funds</u>
ASSETS					
Cash and cash equivalents (Note B)	\$ (41,805)	\$ 584,314	\$ -0-	\$ -0-	\$ 542,509
Investments (Note B)	50,556	104,599		1,360,324	1,515,479
Accounts receivable (no allowance considered necessary)	104,994				104,994
Prepaid expenditures	81,307				81,307
Museum store inventory (lower of cost or market)	50,764				50,764
Pledges receivable (no allowance considered necessary) (Note D): Available in more than 60 days	40,000				40,000
Total Assets	<u>\$ 285,816</u>	<u>\$ 688,913</u>	<u>\$ -0-</u>	<u>\$ 1,360,324</u>	<u>\$ 2,335,053</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 712,590	\$ -0-	\$ -0-	\$ -0-	\$ 712,590
Accrued payroll and related taxes	112,373				112,373
Deferred pledges (Note D)	40,000				40,000
Deferred revenue	28,100				28,100
Total Liabilities	<u>893,063</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>893,063</u>
Fund Balances (Deficits):					
Nonspendable	132,071			1,360,324	1,492,395
Restricted for designated activities		688,913			688,913
Unassigned	(739,318)				(739,318)
Total Fund Balances (Deficits)	<u>(607,247)</u>	<u>688,913</u>	<u>-0-</u>	<u>1,360,324</u>	<u>1,441,990</u>
Total Liabilities and Fund Balances	<u>\$ 285,816</u>	<u>\$ 688,913</u>	<u>\$ -0-</u>	<u>\$ 1,360,324</u>	<u>\$ 2,335,053</u>

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEETS TO STATEMENTS OF NET POSITION

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total Fund Balances, Governmental Funds	\$ 413,129	\$ 1,441,990
<p>Amounts reported for governmental activities in the statements of net position differ from amounts reported in the governmental funds balance sheets due to the following:</p>		
<p>Pledges receivable due in more than 60 days are not due and collectible in the current period and, therefore, are reported in the funds as deferred pledges</p>		
	20,000	40,000
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:</p>		
Nondepreciable capital assets	372,429	250,252
Depreciable capital assets:		
Cost	17,208,565	17,092,685
Less: Accumulated depreciation	<u>(16,157,088)</u>	<u>(15,948,952)</u>
Total Net Position, Governmental Activities	<u>\$ 1,857,035</u>	<u>\$ 2,875,975</u>

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

**STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES —
GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	2019				Total All Funds	
	General Fund	Special Revenue Fund	Capital Projects Fund	Permanent Fund	2019	2018
Revenue:						
Grants (Notes G and L)	\$ 2,641,615	\$ -0-	\$ -0-	\$ -0-	\$ 2,641,615	\$ 2,507,611
Contributions	231,071	1,345,298			1,576,369	2,268,627
Facility rental and catering	614,167				614,167	641,613
Exhibit admissions	439,110				439,110	372,658
Museum store	212,726				212,726	229,016
Memberships	188,732				188,732	126,385
Special events and other revenue	758,506			26,232	784,738	1,113,571
Net realized and unrealized gain (loss) on investments	12,089	(4,595)		16,291	23,785	42,647
Total Revenue	5,098,016	1,340,703	-0-	42,523	6,481,242	7,302,128
Expenditures:						
Current:						
Salaries, wages, and employee benefits	2,664,035	356,441			3,020,476	3,274,774
Contractual and professional services	1,676,717	237,620			1,914,337	1,489,570
Facility operations and maintenance	1,008,613	10,673			1,019,286	943,628
Office expenses	341,966				341,966	299,224
Cost of goods sold	163,309				163,309	161,734
Educational programs and exhibits	2,032	577,861			579,893	628,223
Purchases of artifacts	5,050				5,050	315
Other current expenditures	175,252	52,477			227,729	168,543
Capital outlay (Note E)			238,057		238,057	295,346
Total Expenditures	6,036,974	1,235,072	238,057	-0-	7,510,103	7,261,357
Excess (Deficiency) of Revenue over Expenditures	(938,958)	105,631	(238,057)	42,523	(1,028,861)	40,771
Other Financing Sources (Uses):						
Interfund transfers	(238,057)		238,057		-0-	-0-
Change in Fund Balances	(1,177,015)	105,631	-0-	42,523	(1,028,861)	40,771
Fund Balances (Deficits), Beginning of Year	(607,247)	688,913		1,360,324	1,441,990	1,401,219
Fund Balances (Deficits), End of Year	\$ (1,784,262)	\$ 794,544	\$ -0-	\$ 1,402,847	\$ 413,129	\$ 1,441,990

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

**STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES —
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Permanent Fund	Total All Funds
Revenue:					
Grants (Notes G and L)	\$ 2,507,611	\$ -0-	\$ -0-	\$ -0-	\$ 2,507,611
Contributions	869,595	1,399,032			2,268,627
Facility rental and catering	641,613				641,613
Exhibit admissions	372,658				372,658
Museum store	229,016				229,016
Memberships	126,385				126,385
Special events and other revenue	1,087,894			25,677	1,113,571
Net realized and unrealized gain (loss) on investments	7,289	(1,725)		37,083	42,647
Total Revenue	5,842,061	1,397,307	-0-	62,760	7,302,128
Expenditures:					
Current:					
Salaries, wages, and employee benefits	2,515,417	759,357			3,274,774
Contractual and professional services	1,418,220	71,350			1,489,570
Facility operations and maintenance	943,628				943,628
Office expenses	299,224				299,224
Cost of goods sold	161,734				161,734
Educational programs and exhibits	170,468	457,755			628,223
Purchases of artifacts	315				315
Other current expenditures	25,955	142,588			168,543
Capital outlay (Note E)			295,346		295,346
Total Expenditures	5,534,961	1,431,050	295,346	-0-	7,261,357
Excess (Deficiency) of Revenue over Expenditures	307,100	(33,743)	(295,346)	62,760	40,771
Other Financing Sources (Uses):					
Interfund transfers	(332,846)		295,346	37,500	-0-
Change in Fund Balances	(25,746)	(33,743)	-0-	100,260	40,771
Fund Balances (Deficits), Beginning of Year	(581,501)	722,656		1,260,064	1,401,219
Fund Balances (Deficits), End of Year	\$ (607,247)	\$ 688,913	\$ -0-	\$ 1,360,324	\$ 1,441,990

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Change in Fund Balances, Governmental Funds	\$ (1,028,861)	\$ 40,771
<p>Amounts reported for governmental activities in the statements of activities differ from amounts reported in the governmental funds statements of revenue, expenditures, and changes in fund balances due to the following:</p>		
<p>Pledges due in more than 60 days are not available for current use and, therefore, are reported in the funds as deferred pledges. However, in the statements of activities, pledges are reported as revenue in the period the unconditional promises to give are obtained from the donors. During the years presented, these amounts are as follows:</p>		
<p>Pledges receivable that are available in more than 60 days as of:</p>		
June 30, 2019	20,000	-0-
June 30, 2018	(40,000)	40,000
June 30, 2017	-0-	(90,000)
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statements of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. During the years presented, these amounts are as follows:</p>		
Capital outlay	238,057	295,346
Less: Depreciation expense	<u>(208,136)</u>	<u>(244,923)</u>
Change in Net Position, Governmental Activities	<u><u>\$ (1,018,940)</u></u>	<u><u>\$ 41,194</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Purpose

The Charles H. Wright Museum of African American History (“The Wright”), located in Detroit, Michigan, provides research, compilation, presentation, publication, and dissemination of knowledge relating to the history, growth, development, heritage, and culture of people of African descent and the human struggle for freedom. Additionally, The Wright provides a means of collecting and restoring artifacts and other source material to be used in research on the history of the people of African descent.

For financial reporting purposes, The Wright is a component unit of the City of Detroit, Michigan (the “City”) because the members of The Wright’s Board of Trustees are appointed by the City’s mayor and the City provides financial support to The Wright. There are no fiduciary funds or component units included in the accompanying financial statements.

Adoption of New Accounting Pronouncements

In March 2018, the Governmental Accounting Standards Board (“GASB”) issued Statement of Governmental Accounting Standards (“SGAS”) No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. Under SGAS No. 88, in addition to previously-existing disclosure requirements related to debt, disclosures are now required regarding the amount of unused lines of credit and assets pledged as collateral for debt. Also, the disclosure requirements for certain terms in debt agreements are expanded, and debt disclosures regarding direct borrowings and direct placements of debt are required to be reported separately from debt disclosures regarding other debt. The Wright adopted the provisions of SGAS No. 88, effective July 1, 2018. The implementation of SGAS No. 88 did not impact The Wright’s net position, changes in net position, fund balances, or changes in fund balances.

Basis of Presentation

The financial statements of The Wright consist of government-wide financial statements, which include the statements of net position and statements of activities, and fund financial statements, which include the balance sheets and statements of revenue, expenditures, and fund balances for governmental funds.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Government-Wide Financial Statements

The government-wide financial statements report information about all of The Wright's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses. Deferred outflows of resources represent the consumption of net assets by The Wright that is applicable to a future reporting period, while deferred inflows of resources represent the acquisition of net assets by The Wright that is applicable to a future reporting period, and net position is the residual of all other elements presented in the statements of net position.

Fund Financial Statements

For purposes of the fund financial statements, the accounts of The Wright are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The various funds are summarized by type in the fund financial statements. The following funds, all of which are considered major funds, are used by The Wright:

General Fund

The general fund is the general operating fund of The Wright. It is used to account for all financial resources other than those required to be accounted for in another fund.

Special Revenue Fund

The special revenue fund is used to account for donor-funded programs (including exhibitions) that overlap fiscal years.

Capital Projects Fund

The capital projects fund is used to account for financial resources restricted to use for acquisition and construction of major capital facilities.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements (continued)

Permanent Fund

The permanent fund is used to account for the long-term investment of funds permanently restricted by donor stipulation or by action of the Board of Trustees.

The Wright's fund balances are classified as follows, based on the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable

These fund balances consist of amounts that are not in a spendable form (such as inventory or prepaid expenditures) or that are required to be maintained intact.

Restricted

These fund balances consist of amounts that are constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed

These fund balances consist of amounts that are constrained to specific purposes by The Wright itself, using its highest level of decision-making authority, which is the Board of Trustees. To be reported as committed, such amounts cannot be used for any other purpose unless the Board of Trustees takes action to remove or change the constraint. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution, typically through adoption and amendment of the budget.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements (continued)

Assigned

These fund balances consist of amounts that The Wright intends to use for a specific purpose. Such intent can be expressed by the governing body, which is the Board of Trustees, or by an official or body to which the Board of Trustees delegates the authority, such as the Finance Committee. Assigned fund balances are typically established through adoption or amendment of the budget.

Unassigned

These fund balances consist of amounts that are available for any purpose. Only the general fund has a positive unassigned fund balance.

Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Accordingly, revenue is recorded when earned and expenses are recorded when incurred. Grants provided to support program activities and revenue directly associated with services provided or use of the facility are classified as program revenue. Contributions, investment income, and other support not directly associated with services provided or use of the facility are classified as general revenue.

Fund Financial Statements

The fund financial statements are prepared on the modified accrual basis of accounting using the flow of current financial resources as a measurement focus. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, which is when it is both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Fund Financial Statements (continued)

In applying the susceptible-to-accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Monies virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with prescribed compliance requirements are reflected as revenue at the time of receipt, or earlier if the susceptible-to-accrual criteria are met.

Expenditures that are incurred for purposes for which both restricted and unrestricted fund balances are available are applied first to available restricted fund balances, then to unrestricted fund balances. Expenditures that are incurred for purposes for which committed, assigned, and unassigned fund balances are available are applied first to available committed fund balances, then to available assigned fund balances, and finally to unassigned fund balances.

City of Detroit Donated Facilities

The Wright has an arrangement with the City under which the City provides The Wright with facilities at no charge. This arrangement has not been reflected in the financial statements since the arrangement is not susceptible to objective measurement or valuation.

Contributed Services

A substantial number of volunteers have made significant contributions of their time to develop The Wright's programs, principally in membership development. No amounts have been reflected in these financial statements for volunteer services contributed; however, for the years ended June 30, 2019 and 2018, total contributed volunteer time of 11,031 and 12,221 hours, respectively, was valued at \$274,120 and \$292,204, respectively.

Compensated Absences

Vacation time is accrued as earned. Employees are allowed to carry over a maximum of 80 hours. Any hours not used within a year of being carried over are forfeited.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Wright's investments, except for the life insurance policy, are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

The Wright's investments are valued as follows:

- Common stocks are stated at quoted market prices.
- Money market funds and registered investment companies are valued at quoted market prices, which represent the net asset values thereof on the last business day of the fiscal year.
- The life insurance policy is measured at its cash surrender value.

Purchases and sales of securities are recorded on a trade-date basis. Gains and losses on sales of securities are based on average costs. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation and depreciation include gains and losses on investments bought and sold, as well as held, during the year.

Fair Value Measurements

The Wright uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Wright utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, The Wright applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

The various levels of the fair value hierarchy are described as follows:

- Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that The Wright has the ability to access
- Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability
- Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Tax-Exempt Status

The Wright is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation by the Internal Revenue Service.

Capital Assets

Capital assets are recorded at historical cost. The Wright capitalizes all expenditures for long-term and permanent exhibits, furniture, and equipment in excess of \$2,500 and for building improvements in excess of \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from five to 10 years. The depreciation for long-term and permanent exhibits is computed using the declining balance over the useful life of five years. Expenditures for maintenance and repairs are charged to expense. Renewals or betterments which extend the life or increase the value of the properties are capitalized and depreciated over the remaining useful lives of the related assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collections and Artifacts

The Wright does not capitalize donated collections and artifacts or recognize them as revenue. Such donations need not be recognized if they are added to collections that: (a) are held for public exhibition, education, or research in furtherance of public service rather than financial gain, (b) are protected, kept unencumbered, cared for, and preserved, and (c) are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. For the years ended June 30, 2019 and 2018, donated collections and artifacts totaled \$349,810 and \$34,998, respectively.

Advertising

The Wright's advertising costs are expensed as incurred. Advertising expenses totaled \$14,047 and \$50,764 for the years ended June 30, 2019 and 2018, respectively.

Reclassifications

Certain reclassifications have been made to the accompanying financial statements as of, and for the year ended, June 30, 2018 to conform to classifications used as of, and for the year ended, June 30, 2019.

NOTE B — CASH DEPOSITS AND INVESTMENTS

Cash Deposits

State of Michigan (the "State") statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business and having a place of business in the State that are also members of a federal or national insurance corporation.

Custodial credit risk is the risk that, in event of a bank failure, The Wright's deposits may not be returned to The Wright. The Wright's policy is to hold checking accounts, savings accounts, and certificates of deposit with insured banks or savings institutions, with a maximum deposit in each separate institution not to exceed the current Federal Deposit Insurance Corporation insurable limit.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE B — CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Cash Deposits (continued)

As of June 30, 2019 and 2018, The Wright's carrying amounts of deposits and bank balances, and the bank balances that are not covered by federal depository insurance, are as follows:

	<u>2019</u>	<u>2018</u>
Carrying amount of deposits	\$ 115,316	\$ 542,509
Total bank balances	<u>\$ 134,848</u>	<u>\$ 632,901</u>
Uninsured and uncollateralized bank balances	<u>\$ -0-</u>	<u>\$ 208,256</u>

Investments

The Wright's fair value hierarchy for those assets measured on a recurring basis as of June 30, 2019 and 2018 is summarized as follows:

	<u>Fair Value Measurements</u>			
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
2019				
Assets:				
Investments at fair value:				
Money market funds	\$ 32,617	\$ -0-	\$ -0-	\$ 32,617
Registered investment companies	1,372,691			1,372,691
Common stocks	61,206			61,206
	<u>\$ 1,466,514</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>1,466,514</u>
Investments at cash surrender value:				
Life insurance policy				<u>100,004</u>
				<u>\$ 1,566,518</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE B — CASH DEPOSITS AND INVESTMENTS (CONTINUED)**Investments (continued)**

	Fair Value Measurements			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
2018				
Assets:				
Investments at fair value:				
Money market funds	\$ 48,730	\$ -0-	\$ -0-	\$ 48,730
Registered investment companies	1,313,108			1,313,108
Common stocks	49,042			49,042
Total Investments at Fair Value	<u>\$ 1,410,880</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	1,410,880
Investments at cash surrender value:				
Life insurance policy				104,599
				<u>\$ 1,515,479</u>

Credit risk is the risk that The Wright will not recover its investments due to the inability of the counterparty to fulfill its obligations. State statutes authorize The Wright to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase, bankers acceptances and certificates of deposit issued or created by any state or national bank insured with the applicable federal agency, investment pools authorized by the Surplus Funds Investment Act, and registered investment companies composed entirely of the above investments.

The Wright's investment policy does not further limit its investment options. The Wright's investment policy does not limit its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, The Wright will not be able to recover the value of its investments that are in the possession of an outside party. The Wright has a limit on the amount that may be invested in any one investment.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**June 30, 2019 and 2018****NOTE B — CASH DEPOSITS AND INVESTMENTS (CONTINUED)****Investments (continued)**

Individual investments, other than registered investment companies, that represent five percent or more of The Wright's total investments either as of June 30, 2019 or as of June 30, 2018, or investments for which credit risk or interest rate risk disclosures are required, are as follows:

	<u>2019</u>	<u>2018</u>
Investments held by The Wright or its agent in The Wright's name:		
Money market funds:		
AAAm rating from Standard & Poor's:		
Federated Government Obligations Fund, Premier Class	\$ 30,115	\$ 47,151
Unrated	2,380	1,449
Registered investment companies:		
Bond funds:		
AAA rating from Standard & Poor's:		
Weighted average maturity of 7.78 years and 8.21 years for 2019 and 2018, respectively	108,900	109,084
Weighted average maturity of 5.13 years and 7.19 years for 2019 and 2018, respectively	35,293	34,171
Weighted average maturity of 8.49 years and 8.32 years for 2019 and 2018, respectively	14,743	13,736
Weighted average maturity of 4.84 years and 4.79 years for 2019 and 2018, respectively	14,337	13,680
Aa rating from Moody's:		
Weighted average maturity of 9.70 years and 9.30 years for 2019 and 2018, respectively	27,962	20,680
BBB rating from Standard & Poor's:		
Weighted average maturity of 1.10 years and 1.99 years for 2019 and 2018, respectively	71,960	94,935
Unrated:		
Weighted average maturity of 11.30 years and 10.90 years for 2019 and 2018, respectively	51,125	47,272
Weighted average maturity of 10.09 years and 7.47 years for 2019 and 2018, respectively	27,510	20,659
Life insurance policy:		
Lincoln National Life Insurance Company	100,004	104,599

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE C — COLLECTIONS AND ARTIFACTS

The Wright has collections and artifacts that were donated to The Wright by various parties. These items are on display and are used by researchers, historians, and others who are interested in studying the history of the people of African descent. The Wright employs a curator to ensure that the collections and artifacts are protected and preserved. It is the policy of The Wright, in accordance with standards established by the American Association of Museums' Board of Ethics, that proceeds from the sale of any such items are to be used to purchase additional such items.

The Wright has purchased approximately \$2.104 million of collections and artifacts since its inception. These items have been recorded as expenditures in the accompanying financial statements.

NOTE D — PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Available in more than 60 days	<u>\$ 20,000</u>	<u>\$ 40,000</u>

For purposes of the fund financial statements, pledges receivable are recorded on the modified accrual basis of accounting. Therefore, the governmental funds balance sheets present a deferred pledges balance for the net amount of any pledges receivable that are not susceptible to accrual (both measurable and available within 60 days). Such pledges will be recorded in the fund financial statements as revenue in future years as payments are received.

For purposes of the government-wide financial statements, pledges receivable are recorded on the accrual basis of accounting. Therefore, the statements of activities present revenue for the net amount of any pledges receivable in the period the unconditional promises to give are obtained.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE E — CAPITAL ASSETS

Nondepreciable capital asset activity for the years ended June 30, 2019 and 2018 is as follows:

	<u>Construction in Progress</u>
Balance, July 1, 2017	\$ 510,640
Acquisitions	220,440
Less: Transfers to depreciable capital assets	<u>(480,828)</u>
Balance, June 30, 2018	250,252
Acquisitions	238,057
Less: Transfers to depreciable capital assets	<u>(115,880)</u>
Balance, June 30, 2019	<u>\$ 372,429</u>

Depreciable capital asset activity for the years ended June 30, 2019 and 2018 is as follows:

	<u>Building Improvements</u>	<u>Exhibits</u>	<u>Furniture and Equipment</u>	<u>Total</u>
Cost:				
Balance, July 1, 2017	\$ 1,597,967	\$ 13,389,625	\$ 1,549,359	\$ 16,536,951
Acquisitions		68,435	6,471	74,906
Transfers from construction in progress	<u>263,964</u>	<u>90,655</u>	<u>126,209</u>	<u>480,828</u>
Balance, June 30, 2018	1,861,931	13,548,715	1,682,039	17,092,685
Transfers from construction in progress	<u>54,506</u>	<u>61,374</u>		<u>115,880</u>
Balance, June 30, 2019	<u>\$ 1,916,437</u>	<u>\$ 13,610,089</u>	<u>\$ 1,682,039</u>	<u>\$ 17,208,565</u>

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE E — CAPITAL ASSETS (CONTINUED)

	<u>Building Improvements</u>	<u>Exhibits</u>	<u>Furniture and Equipment</u>	<u>Total</u>
Accumulated Depreciation:				
Balance, July 1, 2017	\$ 1,447,106	\$ 12,819,424	\$ 1,437,499	\$ 15,704,029
Depreciation expense	<u>111,237</u>	<u>102,796</u>	<u>30,890</u>	<u>244,923</u>
Balance, June 30, 2018	1,558,343	12,922,220	1,468,389	15,948,952
Depreciation expense	<u>97,686</u>	<u>79,190</u>	<u>31,260</u>	<u>208,136</u>
Balance, June 30, 2019	<u>\$ 1,656,029</u>	<u>\$ 13,001,410</u>	<u>\$ 1,499,649</u>	<u>\$ 16,157,088</u>
Net Depreciable Capital Assets:				
Balance, June 30, 2018	\$ 303,588	\$ 626,495	\$ 213,650	\$ 1,143,733
Balance, June 30, 2019	<u>\$ 260,408</u>	<u>\$ 608,679</u>	<u>\$ 182,390</u>	<u>\$ 1,051,477</u>

NOTE F — SHORT-TERM LOANS

The Wright has a line of credit arrangement with a bank for \$200,000, requiring interest at 1.5 percent over the prime rate per annum. The line of credit is secured by substantially all assets of The Wright.

On May 29, 2019, The Wright executed a loan agreement with the Quicken Loans Community Fund to borrow \$115,000 in order to support general operations. The principal is payable in two equal installments of \$57,500, payable on July 31, 2019 and October 31, 2019. Under the loan agreement, the note bears no interest.

Activity related to short-term loans for the year ended June 30, 2019 is as follows:

	<u>Line of Credit</u>	<u>Note Payable</u>	<u>Total</u>
Balance, July 1, 2018	\$ -0-	\$ -0-	\$ -0-
Additions	<u>200,000</u>	<u>115,000</u>	<u>315,000</u>
Balance, June 30, 2019	<u>\$ 200,000</u>	<u>\$ 115,000</u>	<u>\$ 315,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE G — CONTRACT WITH THE CITY OF DETROIT

The Wright entered into its most recent contract with the City effective November 1, 1999, under which the City is to provide The Wright with operating funds. This contract was for 10 years, with an automatic 10-year renewal unless a notice to terminate is requested by either party. The contract was extended effective November 1, 2009 and expires on October 31, 2019. Under the terms of the contract, all personal property acquired before and/or during the life of the contract becomes the property of the City. Funding under the contract totaled \$1,900,000 per year for the years ended June 30, 2019 and 2018. The amount of funding for future years under the contract will be negotiated annually.

NOTE H — PERMANENT CHARITABLE ENDOWMENT FUND

The Wright established the Museum of African American History Endowment Fund (the “Endowment Fund”) as a component fund of the Community Foundation for Southeast Michigan (the “Foundation”). The Endowment Fund is an asset of the Foundation. The Foundation transfers earnings on the Endowment Fund to The Wright periodically in the form of grants so long as The Wright continues to meet its tax-exempt purpose. Grants paid to The Wright from the Foundation for the years ended June 30, 2019 and 2018 totaled \$105,850 and \$105,490, respectively.

Since the Endowment Fund has been funded entirely by contributions from outside donors, these funds are not recorded on the financial statements of The Wright. The fair value of the Endowment Fund as of June 30, 2019 and 2018 is \$2,464,902 and \$2,441,544, respectively.

The Wright’s policy is to spend assets from the Endowment Fund as they are distributed by the Foundation. The Foundation invests the assets of the Endowment Fund as part of a pooled endowment with similar funds held on behalf of other tax-exempt organizations. The assets of the Foundation’s pooled endowment are invested in a manner intended to maximize investment returns over a diversified portfolio in order to achieve a moderate level of investment risk.

NOTE I — LEASES

The Wright leases various types of office equipment under operating lease agreements that expire through 2021. Future minimum payments due under these leases are as follows:

For the Years Ending June 30:	
2020	\$ 15,469
2021	<u>15,469</u>
Total Minimum Lease Payments	<u>\$ 30,938</u>

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE I — LEASES (CONTINUED)

Total rental expense under these lease agreements for the years ended June 30, 2019 and 2018 was \$15,469 and \$20,365, respectively.

NOTE J — RECONCILIATIONS OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET POSITION

On the fund financial statements, the special revenue fund balance includes amounts that have been restricted for use in specific activities, as well as unrestricted funds that have been designated by the Board of Trustees for specific activities. For purposes of the government-wide financial statements, unrestricted funds that have been designated by the Board of Trustees are included in unrestricted net position rather than net position restricted for designated activities.

The following table displays reconciliations of the general and special revenue fund balances on the fund financial statements to unrestricted net position and net position restricted for designated activities on the government-wide financial statements as of June 30, 2019 and 2018:

	<u>2019</u>		<u>2018</u>	
	<u>General Fund Balance/ Unrestricted Net Position</u>	<u>Special Revenue Fund Balance/ Net Position Restricted for Designated Activities</u>	<u>General Fund Balance/ Unrestricted Net Position</u>	<u>Special Revenue Fund Balance/ Net Position Restricted for Designated Activities</u>
Fund balances (deficits), governmental funds:				
Nonspendable	\$ 116,253	\$ -0-	\$ 132,071	\$ -0-
Restricted for designated activities	-0-	794,544	-0-	688,913
Unassigned	<u>(1,900,515)</u>	<u>-0-</u>	<u>(739,318)</u>	<u>-0-</u>
	(1,784,262)	794,544	(607,247)	688,913
Fund balances designated by the Board of Trustees for specific activities which are not restricted by donors	100,004	(100,004)	104,599	(104,599)
Pledges receivable due in more than 60 days that are reported as deferred (see Note D)	<u>20,000</u>	<u>-0-</u>	<u>40,000</u>	<u>-0-</u>
Net Position, Governmental Activities	<u>\$ (1,664,258)</u>	<u>\$ 694,540</u>	<u>\$ (462,648)</u>	<u>\$ 584,314</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE K — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the general fund. All annual appropriations lapse at the end of the fiscal year.

Under the State’s Uniform Budgeting and Accounting Act, actual expenditures for any budgeted expenditure category are not to exceed the amounts budgeted for that category. The Uniform Budgeting and Accounting Act permits governmental entities to amend their budgets during the year, and requires amended budgets to be approved by the governing body prior to expending funds in excess of the amount budgeted for that category.

During the year ended June 30, 2019, The Wright incurred expenditures in excess of the amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Contractual and professional services	\$ 435,728	\$ 1,676,717	\$ (1,240,989)
Facility operations and maintenance	978,779	1,008,613	(29,834)
Office expenses	74,670	341,966	(267,296)
Cost of goods sold	161,465	163,309	(1,844)
Purchases of artifacts	-0-	5,050	(5,050)

The original budgeted amounts are as presented to The Wright’s Finance Committee and approved by The Wright’s Board of Trustees. On a quarterly basis, management prepares forecasts of revenue and expenditures to reflect changes to the schedule of programs and exhibitions, as well as trends in earnings and contributions. These forecasts are the basis of pro forma financial reports and are presented regularly to the Finance Committee for review as a part of its operating oversight. Proposed modifications to the budget are approved by the full Board of Trustees. Line item appropriations are authorized by The Wright’s management. Unexpended appropriations lapse at the end of the fiscal year.

NOTE L — CAPITAL EXPANSION BOND ISSUES

On November 8, 2001, the general electorate approved a Capital Expansion Bond Issue for \$20 million, of which \$4 million was designated to The Wright. In May 2003, the general electorate approved another Capital Expansion Bond Issue for \$6 million. These funds are to be used primarily for capital purchases, including exhibit construction, equipment, and other major building maintenance expenses. During May 2011, the general electorate approved another \$34 million for capital improvements from the general obligation bond sale during December 2010, of which approximately \$297,000 was designated for The Wright.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

NOTE L — CAPITAL EXPANSION BOND ISSUES (CONTINUED)

As of June 30, 2019, approximately \$143,000 in bonds remains available for The Wright's use. The dollars will be authorized by the City over time. The Wright received approximately \$29,000 from this authorization during the year ended June 30, 2019. Because no schedule of payments has been established and the payments are at the discretion of the City, revenue will be recognized when received.

NOTE M — RISK MANAGEMENT

Given the normal activities of The Wright and the relatively low rate of claims and lawsuits experienced in The Wright's past history, the risk involved in The Wright operations is minimal and, in management's opinion, is sufficiently covered by its insurance policies.

NOTE N— NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued SGAS No. 87, *Leases*, in June 2017. SGAS No. 87 requires the recognition by lessees of assets and liabilities that arise from all lease transactions, except for leases with a lease term of 12 months or less. The lessee accounting model under SGAS No. 87 will result in all leases with a lease term of more than 12 months being accounted for in substantially the same manner as the existing accounting for capital leases. SGAS No. 87 also requires expanded qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. SGAS No. 87 applies to The Wright's financial statements for the year ending June 30, 2021, with earlier implementation permitted. The Wright's management has not determined the impact on its financial statements as a result of implementing SGAS No. 87.

REQUIRED SUPPLEMENTARY INFORMATION

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

SCHEDULES OF REVENUE AND EXPENDITURES — BUDGET AND ACTUAL — GENERAL FUND (UNAUDITED)

For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
Revenue:								
Grants	\$ 2,830,000	\$ 2,830,000	\$ 2,641,615	\$ (188,385)	\$ 2,860,000	\$ 2,860,000	\$ 2,507,611	\$ (352,389)
Contributions	1,435,000	1,435,000	231,071	(1,203,929)	1,740,271	1,740,271	869,595	(870,676)
Facility rental and catering	650,130	650,130	614,167	(35,963)	623,190	623,190	641,613	18,423
Exhibit admissions	450,000	450,000	439,110	(10,890)	500,000	500,000	372,658	(127,342)
Museum store	300,000	300,000	212,726	(87,274)	250,000	250,000	229,016	(20,984)
Memberships	160,000	160,000	188,732	28,732	200,000	200,000	126,385	(73,615)
Special events and other revenue	415,145	415,145	758,506	343,361	281,000	281,000	1,087,894	806,894
Net realized and unrealized gain on investments	25,000	25,000	12,089	(12,911)	12,500	12,500	7,289	(5,211)
Total Revenue	6,265,275	6,265,275	5,098,016	(1,167,259)	6,466,961	6,466,961	5,842,061	(624,900)
Expenditures:								
Current:								
Salaries, wages, and employee benefits	3,599,160	3,599,160	2,664,035	935,125	3,627,906	3,627,906	2,515,417	1,112,489
Contractual and professional services	435,728	435,728	1,676,717	(1,240,989)	273,070	273,070	1,418,220	(1,145,150)
Facility operations and maintenance	978,779	978,779	1,008,613	(29,834)	1,445,650	1,445,650	943,628	502,022
Office expenses	74,670	74,670	341,966	(267,296)	69,193	69,193	299,224	(230,031)
Cost of goods sold	161,465	161,465	163,309	(1,844)	161,050	161,050	161,734	(684)
Educational programs and exhibits	1,274,196	1,274,196	2,032	1,272,164	1,458,345	1,458,345	170,468	1,287,877
Purchases of artifacts			5,050	(5,050)	3,000	3,000	315	2,685
Other current expenditures	272,783	272,783	175,252	97,531	278,677	278,677	25,955	252,722
Total Expenditures	\$ 6,796,781	\$ 6,796,781	\$ 6,036,974	\$ 759,807	\$ 7,316,891	\$ 7,316,891	\$ 5,534,961	\$ 1,781,930

See note to schedules of revenue and expenditures — budget and actual (general fund).

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

SCHEDULES OF REVENUE AND EXPENDITURES — BUDGET AND ACTUAL — GENERAL FUND (UNAUDITED) (CONTINUED)

For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
Excess (Deficiency) of Revenue over Expenditures	\$ (531,506)	\$ (531,506)	\$ (938,958)	\$ (407,452)	\$ (849,930)	\$ (849,930)	\$ 307,100	\$ 1,157,030
Other Financing Sources (Uses):								
Interfund transfers			(238,057)	(238,057)			(332,846)	(332,846)
Change in Fund Balance	<u>\$ (531,506)</u>	<u>\$ (531,506)</u>	<u>\$ (1,177,015)</u>	<u>\$ (645,509)</u>	<u>\$ (849,930)</u>	<u>\$ (849,930)</u>	<u>\$ (25,746)</u>	<u>\$ 824,184</u>

See note to schedules of revenue and expenditures — budget and actual (general fund).

**NOTE TO SCHEDULE OF REVENUE AND EXPENDITURES —
BUDGET AND ACTUAL — GENERAL FUND (UNAUDITED)**

For the Years Ended June 30, 2019 and 2018

NOTE A — BUDGETS AND BUDGETARY ACCOUNTING

The Charles H. Wright Museum of African American History (“The Wright”) establishes a budget that is reflected in the financial statements for the general fund. The budget is presented on the modified accrual basis of accounting.

The original budgeted amounts are as presented to The Wright’s Finance Committee and approved by The Wright’s Board of Trustees. On a quarterly basis, management prepares forecasts of revenue and expenditures to reflect changes to the schedule of programs and exhibitions, as well as trends in earnings and contributions. These forecasts are the basis of pro forma financial reports and are presented regularly to the Finance Committee for review as a part of its operating oversight. Proposed modifications to the budget are approved by the full Board of Trustees. Line item appropriations are authorized by The Wright’s management. Unexpended appropriations lapse at the end of the fiscal year.