

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, 2020 and 2019**

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

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## **INDEPENDENT AUDITOR'S REPORT**

October 30, 2020

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, 2020 and 2019, 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, 2020 and 2019, 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.

**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 13 and budgetary comparison on pages 41 through 43 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 October 30, 2020, 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, 2020 and 2019**

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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, 2020 and 2019 (“fiscal year 2020” and “fiscal year 2019”, respectively). Please read it in conjunction with The Wright’s financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

With a full year of new leadership in place, The Wright showed some progress toward financial stability, recording a change in net position of \$96,331, a 109 percent turnaround from the previous fiscal year of (\$1,018,940). Despite the onset of the COVID-19 pandemic, revenue for the year ended June 30, 2020 only slightly decreased by \$97,737, or two percent. As a result of the pandemic, The Wright was forced to close its doors in mid-March 2020. On July 10, 2020, approximately 3½ months later, The Wright reopened with reduced staffing (approximately two-thirds) and reduced operating hours from being open six days a week to four days a week. During the closure, administrative operations continued. Staff took the time to develop an online programmatic presence. In addition, The Wright applied for, and received, a Paycheck Protection Program (“PPP”) loan from the U.S. Small Business Administration (the “SBA”) during the second round totaling \$693,000. The loan extended a lifeline to The Wright, as noted by the turnaround in net position.

Overall, net position increased by approximately five percent, compared to a decrease of approximately 35 percent a year ago. The Wright’s unrestricted net position increased by \$19,178 from the previous year to (\$1,645,080). The majority of contributed revenue received during the year was restricted as donor-advised. Total expenses, excluding depreciation, decreased \$1,223,025, or approximately 17 percent, due to the reduction of operating expenses as a result of the forced COVID-19 closure. Facility maintenance and contractual services were reduced in this regard as well. Other savings resulted from a successful 2019 Gala moved in-house and presented by The Wright’s staff, eliminating large production costs.

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 \$275,000 was outstanding as of June 30, 2020. As mentioned above, The Wright also carried a short-term note with the SBA for \$693,000. Deferred revenue consists primarily of facility rental and group tour deposits.

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

**June 30, 2020 and 2019**

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**FINANCIAL HIGHLIGHTS (CONTINUED)**

The Wright's endowment fund decreased approximately 36 percent over the prior year to a total of \$899,780. This decrease was primarily due to a dividend distribution, which The Wright had never received before. In addition, approximately \$2.4 million is currently held in trust by the Community Foundation for Southeast Michigan ("CFSEM"), for a total of approximately \$3.3 million. The Wright received \$108,142 in operating support from the CFSEM fund as dividends during fiscal year 2020.

Key funding for The Wright includes the following:

1. \$333,333 for operating support of programming from the Knight Foundation as the first installment of a three-year conditional commitment
2. A \$200,000 grant for operating support from the Ford Foundation
3. A \$100,000 grant for operating support of programming from the DTE Energy Foundation
4. \$83,000 as the third and final payment of a three-year \$250,000 capacity building grant from the Max & Marjorie Fisher Foundation
5. A \$75,000 grant for general operations from the Kresge Foundation
6. A \$75,000 grant from the Ralph C. Wilson Jr. Foundation for stormwater infrastructure

**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 of Detroit (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 14 and 15) 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 16, 17, 19, and 20) are considered fund financial statements.

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

**June 30, 2020 and 2019**

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**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, 2020 and 2019**

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**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 \$-0- and \$20,000 as of June 30, 2020 and 2019, respectively. These long-term pledges have been recognized as revenue during the years ended June 30, 2020 and 2019 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 18 and 21.

The notes to the financial statements, which begin on page 22, 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 41 and 42.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)****June 30, 2020 and 2019****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, 2020, 2019, and 2018:

**Table 1**  
**Statements of Net Position**  
**June 30, 2020, 2019, and 2018**  
*(in thousands of dollars)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 755.2	\$ 115.3	\$ 542.5
Investments	1,059.9	1,566.5	1,515.5
Accounts receivable	9.8	131.7	105.0
Prepaid expenses	68.7	75.3	81.3
Museum store inventory	35.7	41.0	50.8
Pledges receivable:			
Available in more than 60 days	-0-	20.0	40.0
Capital assets:			
Nondepreciable capital assets	578.7	372.4	250.3
Depreciable capital assets, net	1,311.0	1,051.5	1,143.7
<b>Total Assets</b>	<b><u>3,819.0</u></b>	<b><u>3,373.7</u></b>	<b><u>3,729.1</u></b>
<b>Liabilities:</b>			
Accounts payable	712.3	999.5	712.6
Accrued payroll and related taxes	143.8	125.9	112.4
Short-term loans	975.2	315.0	-0-
Deferred revenue	34.3	76.3	28.1
<b>Total Liabilities</b>	<b><u>1,865.6</u></b>	<b><u>1,516.7</u></b>	<b><u>853.1</u></b>
<b>Net Position:</b>			
Net investment in capital assets	1,889.7	1,423.9	1,394.0
Restricted for endowment	899.8	1,402.8	1,360.3
Restricted for designated activities	809.0	694.5	584.3
Unrestricted	(1,645.1)	(1,664.2)	(462.6)
<b>Total Net Position</b>	<b><u>\$ 1,953.4</u></b>	<b><u>\$ 1,857.0</u></b>	<b><u>\$ 2,876.0</u></b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)****June 30, 2020 and 2019****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

Cash and cash equivalents increased by \$639,875, or approximately 555 percent, while investments decreased approximately 32 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 decreased during fiscal year 2020 by approximately 93 percent. They are reviewed for collectability and are written off as necessary. For fiscal year 2020, there were no accounts receivable 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, 2020, 2019, and 2018:

**Table 2**  
**Statements of Activities**  
**For the Years Ended June 30, 2020, 2019, and 2018**  
*(in thousands of dollars)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Expenses:</b>			
Exhibits and educational program:			
Salaries, wages, and employee benefits	\$ 3,217.3	\$ 3,020.5	\$ 3,274.8
Contractual and professional services	1,200.6	1,914.3	1,489.6
Facility operations and maintenance	792.3	1,019.3	943.6
Educational programs and exhibits	377.0	579.9	628.2
Depreciation	218.2	208.1	244.9
Other expenses	461.8	738.1	629.8
	<u>6,267.2</u>	<u>7,480.2</u>	<u>7,210.9</u>
<b>Program Revenue:</b>			
Exhibits and educational program:			
Grants	2,820.1	2,641.6	2,507.6
Other program revenue	2,197.6	2,239.5	2,483.2
	<u>5,017.7</u>	<u>4,881.1</u>	<u>4,990.8</u>
<b>Net Program Expense</b>	<u>\$ 1,249.5</u>	<u>\$ 2,599.1</u>	<u>\$ 2,220.1</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)****June 30, 2020 and 2019****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)****Table 2****Statements of Activities (continued)****For the Years Ended June 30, 2020, 2019, and 2018***(in thousands of dollars)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>General Revenue:</b>			
Contributions	\$ 1,439.9	\$ 1,556.3	\$ 2,218.6
Other gains (losses)	(94.0)	23.8	42.7
<b>Total General Revenue</b>	<u><b>1,345.9</b></u>	<u><b>1,580.1</b></u>	<u><b>2,261.3</b></u>
<b>Change in Net Position</b>	<b>96.4</b>	<b>(1,019.0)</b>	<b>41.2</b>
Net Position, Beginning of Year	<u>1,857.0</u>	<u>2,876.0</u>	<u>2,834.8</u>
<b>Net Position, End of Year</b>	<u><b>\$ 1,953.4</b></u>	<u><b>\$ 1,857.0</b></u>	<u><b>\$ 2,876.0</b></u>

The Wright received \$1,900,000 in unrestricted operating support from the City during fiscal year 2020, an amount equal to the prior year. The State of Michigan (the "State") contributed more than \$48,000 in support this year, primarily for technology upgrades, and more than \$543,000 in support the prior year. While City and overall contributions remained relatively constant, State revenue fell sharply by approximately 92 percent. In the previous fiscal year, the State awarded The Wright a \$500,000 grant that was not available during fiscal year 2020.

Earned revenue from admissions, the museum store, facility rental, memberships, fundraising, and other revenue decreased slightly by \$41,927, or approximately two percent. This is amazing, given a 3½-month closure due to COVID-19. It is directly related to The Wright's successful 2019 Gala, which raised a net figure of approximately \$300,000. Contrarily, grants and contributions from corporations, individuals, and foundations increased by \$178,493, or approximately seven percent.

Expenses (including depreciation) decreased by \$1,213,008, or approximately 16 percent, during fiscal year 2020. This was primarily due to a decrease in 2019 Gala expenses, as well as reduced building expenses as a result of the 3½-month closure. All other expenses were well below the previous fiscal year.

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

**June 30, 2020 and 2019**

**FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

Table 3 summarizes exhibit admissions and museum store sales for the years ended June 30, 2020 and 2019:

**Table 3**  
**Schedules of Exhibit Admissions and Museum Store Sales**  
**For the Years Ended June 30, 2020 and 2019**  
*(in thousands of dollars)*

	<u>2020</u>	<u>2019</u>
Exhibit admissions	\$ 256.0	\$ 439.1
Museum store sales (gross)	115.1	212.7

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.

The Wright partnered with the globally acclaimed British artist Marcus Lyon, who has created artistic, researched-based profiles of 100 people who are driving change in Detroit. The project, called “iDetroit”, created a book 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.

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 Freddie Jackson, 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 165 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.

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

**June 30, 2020 and 2019**

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**FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

In continuing the tradition of The Wright's premiere fundraising activity, the tenth annual 2019 Wright Gala, a Masquerade Ball, was held at The Wright. The evening began with a reception for VIP's and patrons of The Wright, followed shortly thereafter by a presentation and award ceremony in the General Motors Theater. The honorees were recognized for their longstanding dedication to advancing The Wright's mission through their volunteer efforts, financial support, and passion for African-American history and culture. From there, Gala attendees enjoyed a delectable strolling dinner, with food provided by over 20 of Detroit's best restaurants, live musical entertainment, and other enjoyments that followed.

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

- *Aboriginal Totems*
- *Personal to Political: Celebrating the African American Artists of Paulson Fountaine Press*
- *Queen: From the Collection of CCH Pounder*

Once again, The Wright, in partnership with the Arab American National Museum, took part in the 28th anniversary of the city-wide Concert of Colors, featuring the following performances, among others:

- Kamal Amen Ra
- Toby Foyeh
- Orchestra Africa
- A ticketed late-night birthday tribute to Martha Reeves, who turned 78

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, 2020 and 2019**

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**FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

Two days after what would have been John Coltrane’s 93rd birthday, one of the most gifted bassists who ever shared a stage with the jazz legend led a tribute concert hosted by The Wright, entitled the “John Coltrane Celebration Concert”. It featured National Endowment for the Arts Jazz Master Reggie Workman as band leader and double bass player, Rafael Statin on saxophones and flute, Ian Finkelstein on piano and keyboards, and Alex White on drums.

In January 2020, The Wright opened the doors to a new exhibit, *Queen: From the Collection of CCH Pounder*. It featured sculptures, paintings, and mixed media works by such luminaries as Harmonia Rosales, Betye and Alison Saar, and Kehinde Wiley. Pounder selected pieces from her collection that focused on black women through the lenses of feminine beauty, identity, and power.

**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 2021, The Wright will continue to focus on the four goals while navigating the effects of COVID-19. Staff will most likely remain at reduced levels as attendance, group tours, and event rentals have declined. The Wright will submit to the SBA for full forgiveness of the PPP loan in the second quarter of its fiscal year. Because The Wright is unable to return to full staffing levels, the safe harbor rules will be used to apply for full forgiveness.

The Wright’s current fiscal year 2021 budget was reduced by approximately \$2.9 million as a result of the current COVID-19 climate. However, recent developments from the Ford Foundation’s efforts, through its America’s Cultural Treasures initiative, has named the Charles H Wright Museum of African American History as one of its treasures. Through this initiative, a four-year sustainability grant will be provided to The Wright, giving it the ability to become financially solvent through strategic moves.

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

**June 30, 2020 and 2019**

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**ECONOMIC FACTORS (CONTINUED)**

At the beginning of the 2021 fiscal year, The Wright opened the blockbuster exhibit *Voting Matters*, which is an interactive multimedia exhibition that illustrates the work of African Americans from Pre-Reconstruction through the present day in the development of the basic principles and values surrounding our current understanding of what it means to have the “right to vote” in democratic societies around the world. The exhibit chronicles the journey in American history from Pre-Reconstruction, through Reconstruction, the Women’s Suffrage Movement, the Electoral College, and Gerrymandering. The Wright plans to launch a series of programs and exhibitions, some of which will be virtual, 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.

Other new exhibitions scheduled for the upcoming year include the following:

- *Tuskegee Airmen*
- *Mario Moore*
- *To Whom Much is Given*

**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, 2020 and 2019

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
<b>Assets:</b>		
Cash and cash equivalents (Note B)	\$ 755,191	\$ 115,316
Investments (Note B)	1,059,897	1,566,518
Accounts receivable (no allowance considered necessary)	9,787	131,701
Prepaid expenses	68,654	75,318
Museum store inventory (lower of cost or market)	35,698	40,935
Pledges receivable (no allowance considered necessary) (Note D):		
Available in more than 60 days	-0-	20,000
Capital assets (Note E):		
Nondepreciable capital assets	578,660	372,429
Depreciable capital assets, net	1,311,051	1,051,477
Collections and artifacts (Notes A and C)	—	—
<b>Total Assets</b>	<b>3,818,938</b>	<b>3,373,694</b>
<b>Liabilities:</b>		
Accounts payable	712,278	999,507
Accrued payroll and related taxes	143,826	125,902
Short-term loans (Note F)	975,168	315,000
Deferred revenue	34,300	76,250
<b>Total Liabilities</b>	<b>1,865,572</b>	<b>1,516,659</b>
<b>Net Position:</b>		
Net investment in capital assets	1,889,711	1,423,906
Restricted for endowment	899,780	1,402,847
Restricted for designated activities	808,955	694,540
Unrestricted	(1,645,080)	(1,664,258)
<b>Total Net Position</b>	<b>\$ 1,953,366</b>	<b>\$ 1,857,035</b>

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

**STATEMENTS OF ACTIVITIES**

**For the Years Ended June 30, 2020 and 2019**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
<b>Expenses:</b>		
Exhibits and educational program:		
Salaries, wages, and employee benefits	\$ 3,217,323	\$ 3,020,476
Contractual and professional services	1,200,590	1,914,337
Facility operations and maintenance	792,280	1,019,286
Office expenses	205,548	341,966
Cost of goods sold	93,970	163,309
Educational programs and exhibits	376,968	579,893
Purchases of artifacts	280	5,050
Other expenses	162,062	227,729
Depreciation (Note E)	218,153	208,136
	<b>6,267,174</b>	<b>7,480,182</b>
<b>Program Revenue:</b>		
Exhibits and educational program:		
Grants (Notes G and L)	2,820,108	2,641,615
Facility rental and catering	504,636	614,167
Exhibit admissions	256,012	439,110
Museum store	115,124	212,726
Memberships	153,201	188,732
Special events and other revenue	1,168,573	784,738
	<b>5,017,654</b>	<b>4,881,088</b>
<b>Net Program Expense</b>	<b>1,249,520</b>	<b>2,599,094</b>
<b>General Revenue:</b>		
Contributions	1,439,915	1,556,369
Net realized and unrealized gain (loss) on investments	(83,334)	23,785
Loss on disposition of capital assets	(10,730)	-0-
	<b>1,345,851</b>	<b>1,580,154</b>
<b>Change in Net Position</b>	<b>96,331</b>	<b>(1,018,940)</b>
Net Position, Beginning of Year	1,857,035	2,875,975
<b>Net Position, End of Year</b>	<b>\$ 1,953,366</b>	<b>\$ 1,857,035</b>

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

**BALANCE SHEETS — GOVERNMENTAL FUNDS**

**June 30, 2020**  
**(With Comparative Totals as of June 30, 2019)**

	2020				Total All Funds	
	General Fund	Special Revenue Fund	Capital Projects Fund	Permanent Fund	2020	2019
<b>ASSETS</b>						
Cash and cash equivalents (Note B)	\$ (53,764)	\$ 808,955	\$ -0-	\$ -0-	\$ 755,191	\$ 115,316
Investments (Note B)	66,136	93,981		899,780	1,059,897	1,566,518
Accounts receivable (no allowance considered necessary)	9,787				9,787	131,701
Prepaid expenditures	68,654				68,654	75,318
Museum store inventory (lower of cost or market)	35,698				35,698	40,935
Pledges receivable (no allowance considered necessary) (Note D): Available in more than 60 days					-0-	20,000
<b>Total Assets</b>	<b>\$ 126,511</b>	<b>\$ 902,936</b>	<b>\$ -0-</b>	<b>\$ 899,780</b>	<b>\$ 1,929,227</b>	<b>\$ 1,949,788</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 712,278	\$ -0-	\$ -0-	\$ -0-	\$ 712,278	\$ 999,507
Accrued payroll and related taxes	143,826				143,826	125,902
Short-term loans (Note F)	975,168				975,168	315,000
Deferred pledges (Note D)					-0-	20,000
Deferred revenue	34,300				34,300	76,250
<b>Total Liabilities</b>	<b>1,865,572</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>1,865,572</b>	<b>1,536,659</b>
<b>Fund Balances (Deficits):</b>						
Nonspendable	104,352			899,780	1,004,132	1,519,100
Restricted for designated activities		902,936			902,936	794,544
Unassigned	(1,843,413)				(1,843,413)	(1,900,515)
<b>Total Fund Balances (Deficits)</b>	<b>(1,739,061)</b>	<b>902,936</b>	<b>-0-</b>	<b>899,780</b>	<b>63,655</b>	<b>413,129</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 126,511</b>	<b>\$ 902,936</b>	<b>\$ -0-</b>	<b>\$ 899,780</b>	<b>\$ 1,929,227</b>	<b>\$ 1,949,788</b>

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

**BALANCE SHEETS — GOVERNMENTAL FUNDS**

June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	<u>Total All Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents (Note B)	\$ (579,224)	\$ 694,540	\$ -0-	\$ -0-	\$ 115,316
Investments (Note B)	63,667	100,004		1,402,847	1,566,518
Accounts receivable (no allowance considered necessary)	131,701				131,701
Prepaid expenditures	75,318				75,318
Museum store inventory (lower of cost or market)	40,935				40,935
Pledges receivable (no allowance considered necessary) (Note D): Available in more than 60 days	20,000				20,000
<b>Total Assets</b>	<b><u>\$ (247,603)</u></b>	<b><u>\$ 794,544</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 1,402,847</u></b>	<b><u>\$ 1,949,788</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 999,507	\$ -0-	\$ -0-	\$ -0-	\$ 999,507
Accrued payroll and related taxes	125,902				125,902
Short-term loans (Note F)	315,000				315,000
Deferred pledges (Note D)	20,000				20,000
Deferred revenue	76,250				76,250
<b>Total Liabilities</b>	<b><u>1,536,659</u></b>	<b><u>-0-</u></b>	<b><u>-0-</u></b>	<b><u>-0-</u></b>	<b><u>1,536,659</u></b>
<b>Fund Balances (Deficits):</b>					
Nonspendable	116,253			1,402,847	1,519,100
Restricted for designated activities		794,544			794,544
Unassigned	(1,900,515)				(1,900,515)
<b>Total Fund Balances (Deficits)</b>	<b><u>(1,784,262)</u></b>	<b><u>794,544</u></b>	<b><u>-0-</u></b>	<b><u>1,402,847</u></b>	<b><u>413,129</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ (247,603)</u></b>	<b><u>\$ 794,544</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 1,402,847</u></b>	<b><u>\$ 1,949,788</u></b>

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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Total Fund Balances, Governmental Funds	\$ 63,655	\$ 413,129
<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>		
	-0-	20,000
<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	578,660	372,429
Depreciable capital assets:		
Cost	17,619,259	17,208,565
Less: Accumulated depreciation	<u>(16,308,208)</u>	<u>(16,157,088)</u>
<b>Total Net Position, Governmental Activities</b>	<b><u>\$ 1,953,366</u></b>	<b><u>\$ 1,857,035</u></b>

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, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

	2020				Total All Funds	
	General Fund	Special Revenue Fund	Capital Projects Fund	Permanent Fund	2020	2019
<b>Revenue:</b>						
Grants (Notes G and L)	\$ 1,443,211	\$ 1,376,897	\$ -0-	\$ -0-	\$ 2,820,108	\$ 2,641,615
Contributions	1,342,773	107,142		10,000	1,459,915	1,576,369
Facility rental and catering	504,636				504,636	614,167
Exhibit admissions	256,012				256,012	439,110
Museum store	115,124				115,124	212,726
Memberships	153,201				153,201	188,732
Special events and other revenue	1,143,021			25,552	1,168,573	784,738
Net realized and unrealized gain (loss) on investments	1,308	(6,023)		(78,619)	(83,334)	23,785
<b>Total Revenue</b>	<b>4,959,286</b>	<b>1,478,016</b>	<b>-0-</b>	<b>(43,067)</b>	<b>6,394,235</b>	<b>6,481,242</b>
<b>Expenditures:</b>						
Current:						
Salaries, wages, and employee benefits	3,014,023	203,300			3,217,323	3,020,476
Contractual and professional services	861,296	339,294			1,200,590	1,914,337
Facility operations and maintenance	775,645	16,635			792,280	1,019,286
Office expenses	204,066	1,482			205,548	341,966
Cost of goods sold	93,970				93,970	163,309
Educational programs and exhibits	124,540	252,428			376,968	579,893
Purchases of artifacts	280				280	5,050
Other current expenditures	135,645	26,417			162,062	227,729
Capital outlay (Note E)			698,652		698,652	238,057
<b>Total Expenditures</b>	<b>5,209,465</b>	<b>839,556</b>	<b>698,652</b>	<b>-0-</b>	<b>6,747,673</b>	<b>7,510,103</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(250,179)</b>	<b>638,460</b>	<b>(698,652)</b>	<b>(43,067)</b>	<b>(353,438)</b>	<b>(1,028,861)</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from disposition of capital assets	3,964				3,964	-0-
Interfund transfers	291,416	(530,068)	698,652	(460,000)	-0-	-0-
<b>Change in Fund Balances</b>	<b>45,201</b>	<b>108,392</b>	<b>-0-</b>	<b>(503,067)</b>	<b>(349,474)</b>	<b>(1,028,861)</b>
Fund Balances (Deficits), Beginning of Year	(1,784,262)	794,544		1,402,847	413,129	1,441,990
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ (1,739,061)</b>	<b>\$ 902,936</b>	<b>\$ -0-</b>	<b>\$ 899,780</b>	<b>\$ 63,655</b>	<b>\$ 413,129</b>

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

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

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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Change in Fund Balances, Governmental Funds	\$ (349,474)	\$ (1,028,861)
<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)	20,000
June 30, 2018	-0-	(40,000)
<p>Capital outlays are reported as expenditures, and proceeds received on the disposition of capital assets are reported as a financing source, in governmental funds. However, in the statements of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense, and gains and losses on the disposition of capital assets are recognized. During the years presented, these amounts are as follows:</p>		
Capital outlay	698,652	238,057
Less:		
Depreciation expense	(218,153)	(208,136)
Proceeds from disposition of capital assets	(3,964)	-0-
Loss on disposition of capital assets	(10,730)	-0-
	<u>          </u>	<u>          </u>
<b>Change in Net Position, Governmental Activities</b>	<b><u>          \$ 96,331</u></b>	<b><u>          \$ (1,018,940)</u></b>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**

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**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.

**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.

**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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2020 and 2019

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

**Basis of Presentation (continued)**

**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.

**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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

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

**Basis of Presentation (continued)**

**Fund Financial Statements (continued)**

**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.

**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, gains, and losses not directly associated with services provided or use of the facility are classified as general revenue.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

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

**Basis of Accounting (continued)**

**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. 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, 2020 and 2019, total contributed volunteer time of 8,274 and 11,031 hours, respectively, was valued at \$213,386 and \$274,120, respectively.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

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

**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.

**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, 2020 and 2019**

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**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, 2020 and 2019

**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, 2020 and 2019, donated collections and artifacts totaled \$32,851 and \$349,810, respectively.

**Advertising**

The Wright’s advertising costs are expensed as incurred. Advertising expenses totaled \$116,775 and \$14,047 for the years ended June 30, 2020 and 2019, respectively.

**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.

As of June 30, 2020 and 2019, 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>2020</u>	<u>2019</u>
Carrying amount of deposits	\$ 755,191	\$ 115,316
Total bank balances	<u>\$ 804,125</u>	<u>\$ 134,848</u>
Uninsured and uncollateralized bank balances	<u>\$ 399,930</u>	<u>\$ -0-</u>

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2020 and 2019

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

**Investments**

The Wright's fair value hierarchy for those assets measured on a recurring basis as of June 30, 2020 and 2019 is summarized as follows:

	<u>Fair Value Measurements</u>			<u>Total</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>	
<b>2020</b>				
<b>Assets:</b>				
Investments at fair value:				
Money market funds	\$ 40,422	\$ -0-	\$ -0-	\$ 40,422
Registered investment companies	862,905			862,905
Common stocks	62,589			62,589
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Investments at Fair Value</b>	<b><u>\$ 965,916</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>965,916</u></b>
Investments at cash surrender value:				
Life insurance policy				93,981
				<u>          </u>
				<b><u>\$ 1,059,897</u></b>
<b>2019</b>				
<b>Assets:</b>				
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>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Investments at Fair Value</b>	<b><u>\$ 1,466,514</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>1,466,514</u></b>
Investments at cash surrender value:				
Life insurance policy				100,004
				<u>          </u>
				<b><u>\$ 1,566,518</u></b>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2020 and 2019

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

**Investments (continued)**

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.

Individual investments, other than registered investment companies, that represent five percent or more of The Wright's total investments either as of June 30, 2020 or as of June 30, 2019, or investments for which credit risk or interest rate risk disclosures are required, are as follows:

	<u>2020</u>	<u>2019</u>
<b>Investments held by The Wright or its agent in The Wright's name:</b>		
Money market funds:		
AAA rating from Standard & Poor's:		
Federated Government Obligations Fund, Premier Class	\$ 36,873	\$ 30,115
Unrated	3,547	2,380
Registered investment companies:		
Bond funds:		
AAA rating from Standard & Poor's:		
Weighted average maturity of 7.95 years and 7.78 years for 2020 and 2019, respectively	73,999	108,900
Weighted average maturity of 11.90 years	92,301	-0-
Weighted average maturity of 5.13 years	-0-	35,293
Weighted average maturity of 8.49 years	-0-	14,743
Weighted average maturity of 4.84 years	-0-	14,337

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>
<b>Investments held by The Wright or its agent in The Wright's name (continued):</b>		
Registered investment companies (continued):		
Bond funds (continued):		
Aaa rating from Moody's:		
Weighted average maturity of 0.14 years	\$ 36,612	\$ -0-
Baa rating and Aa rating from Moody's for 2020 and 2019, respectively:		
Weighted average maturity of 10.00 years and 9.70 years for 2020 and 2019, respectively	23,150	27,962
BBB rating from Standard & Poor's:		
Weighted average maturity of 1.10 years	-0-	71,960
BB rating from Standard & Poor's:		
Weighted average maturity of 5.70 years	8,906	-0-
Unrated:		
Weighted average maturity of 10.25 years and 10.09 years for 2020 and 2019, respectively	23,083	27,510
Weighted average maturity of 11.30 years	-0-	51,125
Life insurance policy:		
Lincoln National Life Insurance Company	93,981	100,004

**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 \$2.137 million of collections and artifacts since its inception. These items have been recorded as expenditures in the accompanying financial statements.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

**NOTE D — PLEDGES RECEIVABLE**

Included in pledges receivable are the following unconditional promises to give as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Available in more than 60 days	<u>\$ -0-</u>	<u>\$ 20,000</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.

**NOTE E — CAPITAL ASSETS**

Nondepreciable capital asset activity for the years ended June 30, 2020 and 2019 is as follows:

	<u>Construction in Progress</u>
Balance, July 1, 2018	\$ 250,252
Acquisitions	238,057
Less: Transfers to depreciable capital assets	<u>(115,880)</u>
<b>Balance, June 30, 2019</b>	<b>372,429</b>
Acquisitions	690,752
Less: Transfers to depreciable capital assets	<u>(484,521)</u>
<b>Balance, June 30, 2020</b>	<b><u>\$ 578,660</u></b>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2020 and 2019

**NOTE E — CAPITAL ASSETS (CONTINUED)**

Depreciable capital asset activity for the years ended June 30, 2020 and 2019 is as follows:

	<u>Building Improvements</u>	<u>Exhibits</u>	<u>Furniture and Equipment</u>	<u>Total</u>
<b>Cost:</b>				
Balance, July 1, 2018	\$ 1,901,189	\$ 12,908,800	\$ 2,282,696	\$ 17,092,685
Transfers from construction in progress	54,506	61,374		115,880
<b>Balance, June 30, 2019</b>	<b>1,955,695</b>	<b>12,970,174</b>	<b>2,282,696</b>	<b>17,208,565</b>
Acquisitions			7,900	7,900
Transfers from construction in progress	253,886	41,000	189,635	484,521
Less: Dispositions		(66,727)	(15,000)	(81,727)
<b>Balance, June 30, 2020</b>	<b>\$ 2,209,581</b>	<b>\$ 12,944,447</b>	<b>\$ 2,465,231</b>	<b>\$ 17,619,259</b>
<b>Accumulated Depreciation:</b>				
Balance, July 1, 2018	\$ 1,499,146	\$ 12,702,123	\$ 1,747,683	\$ 15,948,952
Depreciation expense	89,266	79,190	39,680	208,136
<b>Balance, June 30, 2019</b>	<b>1,588,412</b>	<b>12,781,313</b>	<b>1,787,363</b>	<b>16,157,088</b>
Depreciation expense	81,204	73,504	63,445	218,153
Less: Dispositions		(52,033)	(15,000)	(67,033)
<b>Balance, June 30, 2020</b>	<b>\$ 1,669,616</b>	<b>\$ 12,802,784</b>	<b>\$ 1,835,808</b>	<b>\$ 16,308,208</b>
<b>Net Depreciable Capital Assets:</b>				
Balance, June 30, 2019	\$ 367,283	\$ 188,861	\$ 495,333	\$ 1,051,477
Balance, June 30, 2020	\$ 539,965	\$ 141,663	\$ 629,423	\$ 1,311,051

Certain amounts as of June 30, 2019 and July 1, 2018, and for the year ended June 30, 2019, in the above schedule have been reclassified to conform to classifications used as of, and for the year ended, June 30, 2020.

**NOTE F — SHORT-TERM LOANS**

Short-term loans as of June 30, 2020 and 2019 consist of the following:

**Line of Credit**

The Wright has a line of credit arrangement with a bank for \$300,000, 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****June 30, 2020 and 2019****NOTE F — SHORT-TERM LOANS (CONTINUED)****Notes Payable**

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 was payable in two equal installments of \$57,500, payable on July 31, 2019 and October 31, 2019. Under the loan agreement, the note did not bear any interest.

On April 28, 2020, The Wright received a loan of \$693,000 from a bank under the U.S. Small Business Administration's Paycheck Protection Program, pursuant to Sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The loan is repayable in 18 equal monthly installments of principal and interest at one percent per annum, beginning on November 28, 2020, with the balance due on April 28, 2022. However, under Section 1106 of the CARES Act, some or all of the loan may be forgiven for payroll costs, interest, rent, and utilities incurred or paid during the eight-week period beginning on the date the loan was made, subject to certain conditions.

Activity related to short-term loans for the years ended June 30, 2020 and 2019 is as follows:

	<b><u>Line of Credit</u></b>	<b><u>Notes Payable</u></b>	<b><u>Total</u></b>
Balance, July 1, 2018	\$ -0-	\$ -0-	\$ -0-
Additions	<u>200,000</u>	<u>115,000</u>	<u>315,000</u>
<b>Balance, June 30, 2019</b>	<b>200,000</b>	<b>115,000</b>	<b>315,000</b>
Additions	100,000	700,900	800,900
Less: Repayments	<u>(25,000)</u>	<u>(115,732)</u>	<u>(140,732)</u>
<b>Balance, June 30, 2020</b>	<b><u>\$ 275,000</u></b>	<b><u>\$ 700,168</u></b>	<b><u>\$ 975,168</u></b>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

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**NOTE G — CONTRACT WITH THE CITY OF DETROIT**

The Wright entered into a contract with the City effective November 1, 1999, under which the City was to provide The Wright with operating funds. This contract was for 10 years, with an automatic 10-year renewal unless a notice to terminate was requested by either party. The contract was extended effective November 1, 2009, with an expiration date of October 31, 2019. Under the terms of the contract, all personal property acquired before and/or during the life of the contract became the property of the City. Funding under the contract totaled \$1,900,000 per year for the years ended June 30, 2020 and 2019.

The Wright entered into a new contract, dated September 18, 2020, with the City, effective upon ratification by the City Council. This contract is for 10 years, with two automatic 10-year renewals unless a notice to terminate is requested by either party. The amount of funding for future years under this 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, 2020 and 2019 totaled \$108,142 and \$105,850, 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, 2020 and 2019 is \$2,375,448 and \$2,464,902, 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

**NOTE I — LEASES**

The Wright leases various types of office equipment under operating lease agreements that expire through 2025. Future minimum payments due under these leases are as follows:

<b>For the Years Ending June 30:</b>	
2021	\$ 33,337
2022	17,868
2023	17,868
2024	17,868
2025	<u>16,379</u>
<b>Total Minimum Lease Payments</b>	<b><u><u>\$ 103,320</u></u></b>

Total rental expense under these lease agreements for the years ended June 30, 2020 and 2019 was \$16,958 and \$15,469, 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2020 and 2019

**NOTE J — RECONCILIATIONS OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET POSITION (CONTINUED)**

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, 2020 and 2019:

	<u>2020</u>		<u>2019</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	\$ 104,352	\$ -0-	\$ 116,253	\$ -0-
Restricted for designated activities	-0-	902,936	-0-	794,544
Unassigned	<u>(1,843,413)</u>	<u>-0-</u>	<u>(1,900,515)</u>	<u>-0-</u>
	(1,739,061)	902,936	(1,784,262)	794,544
Fund balances designated by the Board of Trustees for specific activities which are not restricted by donors	93,981	(93,981)	100,004	(100,004)
Pledges receivable due in more than 60 days that are reported as deferred (see Note D)	<u>-0-</u>	<u>-0-</u>	<u>20,000</u>	<u>-0-</u>
<b>Net Position, Governmental Activities</b>	<u><b>\$ (1,645,080)</b></u>	<u><b>\$ 808,955</b></u>	<u><b>\$ (1,664,258)</b></u>	<u><b>\$ 694,540</b></u>

**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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

**NOTE K — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

During the year ended June 30, 2020, 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	\$ 504,487	\$ 861,296	\$ (356,809)
Office expenses	48,076	204,066	(155,990)
Purchases of artifacts	-0-	280	(280)

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.

As of June 30, 2020, approximately \$485,799 in bonds remains available for The Wright’s use. The dollars will be authorized by the City over time. The Wright received approximately \$845,000 from this authorization during the year ended June 30, 2020. 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

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**NOTE N— CONTINGENCIES**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date that the accompanying financial statements were available to be issued. As such, it is uncertain as to the full magnitude that the pandemic will have on The Wright’s net position, liquidity, and future operations. The Wright’s operations are heavily dependent on private and public donations from individuals, foundations, and corporations. Additionally, prolonged closure of facilities to the public during the COVID-19 outbreak has impacted The Wright’s revenue from facility rentals, catering, exhibit admissions, special events, and the museum store. Furthermore, access to grants and contracts from federal, state, and local governments may decrease or may not be available, depending on appropriations. The COVID-19 outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of regional economic shutdown. This situation is expected to depress contributions during the year ending June 30, 2021. As such, this may hinder The Wright’s ability to advance its mission.

Although The Wright cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on The Wright’s future operations, net position, and liquidity during the year ending June 30, 2021.

**NOTE O — NEW ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board issued Statement of Governmental Accounting Standards (“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, 2022, 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, 2020 and 2019

	2020				2019			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenue:</b>								
Grants	\$ 3,317,453	\$ 3,317,453	\$ 1,443,211	\$ (1,874,242)	\$ 2,830,000	\$ 2,830,000	\$ 2,641,615	\$ (188,385)
Contributions	1,446,715	1,446,715	1,342,773	(103,942)	1,435,000	1,435,000	231,071	(1,203,929)
Facility rental and catering	726,685	726,685	504,636	(222,049)	650,130	650,130	614,167	(35,963)
Exhibit admissions	512,840	512,840	256,012	(256,828)	450,000	450,000	439,110	(10,890)
Museum store	300,000	300,000	115,124	(184,876)	300,000	300,000	212,726	(87,274)
Memberships	200,000	200,000	153,201	(46,799)	160,000	160,000	188,732	28,732
Special events and other revenue	504,718	504,718	1,143,021	638,303	415,145	415,145	758,506	343,361
Net realized and unrealized gain on investments	28,400	28,400	1,308	(27,092)	25,000	25,000	12,089	(12,911)
<b>Total Revenue</b>	<b>7,036,811</b>	<b>7,036,811</b>	<b>4,959,286</b>	<b>(2,077,525)</b>	<b>6,265,275</b>	<b>6,265,275</b>	<b>5,098,016</b>	<b>(1,167,259)</b>
<b>Expenditures:</b>								
Current:								
Salaries, wages, and employee benefits	3,510,065	3,510,065	3,014,023	496,042	3,599,160	3,599,160	2,664,035	935,125
Contractual and professional services	504,487	504,487	861,296	(356,809)	435,728	435,728	1,676,717	(1,240,989)
Facility operations and maintenance	1,186,639	1,186,639	775,645	410,994	978,779	978,779	1,008,613	(29,834)
Office expenses	48,076	48,076	204,066	(155,990)	74,670	74,670	341,966	(267,296)
Cost of goods sold	174,295	174,295	93,970	80,325	161,465	161,465	163,309	(1,844)
Educational programs and exhibits	1,147,771	1,147,771	124,540	1,023,231	1,274,196	1,274,196	2,032	1,272,164
Purchases of artifacts			280	(280)			5,050	(5,050)
Other current expenditures	421,665	421,665	135,645	286,020	272,783	272,783	175,252	97,531
<b>Total Expenditures</b>	<b>\$ 6,992,998</b>	<b>\$ 6,992,998</b>	<b>\$ 5,209,465</b>	<b>\$ 1,783,533</b>	<b>\$ 6,796,781</b>	<b>\$ 6,796,781</b>	<b>\$ 6,036,974</b>	<b>\$ 759,807</b>

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, 2020 and 2019

	2020				2019			
	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	\$ 43,813	\$ 43,813	\$ (250,179)	\$ (293,992)	\$ (531,506)	\$ (531,506)	\$ (938,958)	\$ (407,452)
<b>Other Financing Sources (Uses):</b>								
Proceeds from disposition of capital assets			3,964	3,964				-0-
Interfund transfers			291,416	291,416			(238,057)	(238,057)
<b>Change in Fund Balance</b>	<b>\$ 43,813</b>	<b>\$ 43,813</b>	<b>\$ 45,201</b>	<b>\$ 1,388</b>	<b>\$ (531,506)</b>	<b>\$ (531,506)</b>	<b>\$ (1,177,015)</b>	<b>\$ (645,509)</b>

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, 2020 and 2019**

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**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.