

**CHARLES H. WRIGHT
MUSEUM OF AFRICAN AMERICAN HISTORY
DETROIT, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)**

YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS.....	10
Government-wide Financial Statements	
Statement of Net Position.....	11
Statement of Activities.....	12
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	16
Notes to Financial Statements	17-32
REQUIRED SUPPLEMENTARY INFORMATION	33
General Fund Budgetary Comparison Schedule	34



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

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"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise The Wright's basic financial statements as listed in the table of contents.

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, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charles H. Wright Museum of African American History and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Changes in Accounting Principles

As discussed in the Note 14 to the financial statements, during the year ended June 30, 2025, The Wright adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Wright's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Wright's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Wright's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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.

Maney Costerian PC

November 3, 2025

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the Charles H. Wright Museum of African American History's (The Wright's) financial performance and position, providing an overview of the activities for the fiscal year ended June 30, 2025. This analysis should be read in conjunction with the *Independent Auditor's Report* and with The Wright's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide

- Total net position, or the amount assets exceeded liabilities, was \$27,559,559 at the close of 2025.

Fund Level

- At the close of the fiscal year, The Wright's governmental funds reported a combined ending fund balance of \$2,332,847 with \$5,098,150 being nonspendable or restricted.
- The General Fund's fund balance decreased by \$4,137,356 or approximately 76%.

Capital and Long-term Debt Activities

- The total capital assets, net of accumulated depreciation, for The Wright were \$25,441,714.
- The total long-term obligations for The Wright were \$215,002.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of The Wright consists of the following components: 1) *Independent Auditor's Report*; 2) *Management's Discussion and Analysis*; and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), and *Required Supplementary Information*, such as budget to actual comparisons for the General Fund.

Government-wide Financial Statements (Reporting The Wright as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities, which report information about The Wright as a whole and about its activities. Their purpose is to assist in answering the question, is The Wright, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Position (page 11) presents all of The Wright's assets and liabilities, recording the difference between the two as "net position". Over time, increases or decreases in net position measure whether The Wright's financial position is improving or deteriorating.

The Statement of Activities (page 12) presents information showing how The Wright's net position changed during fiscal year 2025. All changes in net position are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave. Both statements report the following activities:

- ***Governmental Activities*** - All of The Wright's basic services are reported under this category. Charges for services, and operating grants and contributions primarily fund these services.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY MANAGEMENT'S DISCUSSION AND ANALYSIS

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide financial statements, pages 14 and 16 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds; however, depreciation expense is reported on the government-wide financial statements.
- Capital outlay spending results in capital assets on the government-wide financial statements but is reported as expenditures on the fund financial statements of the governmental funds.
- Long-term liabilities, such as reserves for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide financial statements; however, they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.

Fund Financial Statements (Reporting The Wright's Major Funds)

The fund financial statements, which begin on page 13, provide information on The Wright's significant (major) funds and aggregated nonmajor funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that The Wright uses to keep track of specific sources of funding and spending for a particular purpose.

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. GASB Statement No. 34 defines a "major fund" as the General Fund, and any governmental fund which has either total assets, total liabilities, total revenues, or total expenditures/expenses that equal at least 10% of those categories for the governmental fund. The major funds for The Wright include the General Fund and Permanent Fund.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 17 of this report.

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes the management's discussion and analysis and budgetary comparison schedules for the General Fund.

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS OF THE WRIGHT AS A WHOLE

As previously stated, The Wright's combined net position was \$27,559,559 at the end of this fiscal year.

The Wright reports its investment in capital assets (e.g., buildings and improvement, exhibits, furniture and equipment, etc.). The Wright uses these capital assets in carrying out its programs and providing cultural and educational services to the public; consequently, these assets are not available for future spending. Also, a certain amount of net position was restricted for specific purposes.

Net Position as of June 30, 2025 and 2024

	Governmental Activities	
	2025	2024
ASSETS		
Current and Other Assets	\$ 6,816,029	\$ 10,015,014
Capital Assets	25,441,714	21,645,287
TOTAL ASSETS	32,257,743	31,660,301
LIABILITIES		
Current Liabilities	4,559,044	3,290,227
Noncurrent Liabilities	139,140	1,795,454
TOTAL LIABILITIES	4,698,184	5,085,681
NET POSITION		
Investment in capital assets	25,441,714	21,645,287
Restricted	3,615,445	5,747,104
Unrestricted	(1,497,600)	977,683
TOTAL NET POSITION	\$ 27,559,559	\$ 28,370,074

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how The Wright's net position changed during the fiscal year:

	Governmental Activities	
	2025	2024
EXPENSES		
Recreation and Culture	\$ 13,907,266	\$ 13,536,177
REVENUES		
Program Revenues		
Charges for Services	2,148,769	2,315,571
Operating Grants and Contributions	5,270,989	9,284,694
Capital Grants and Contributions	5,107,160	9,212,210
General Revenues		
Unrestricted investment income	326,284	766,338
TOTAL REVENUES	12,853,202	20,812,475
Change in Net Position	\$ (1,054,064)	\$ 7,276,298

Governmental Activities

The result of fiscal year 2025 governmental activity was a decrease of \$1,054,064 in net position to \$27,559,559. Of the total governmental activities' net position, \$25,441,714 is invested in capital assets and \$3,615,445 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside The Wright. The balance of \$(1,497,600) is listed as unrestricted, having no legal commitment.

Revenues

The total governmental revenues decreased by 38%, or \$7,959,273, compared to the prior year. This decrease is primarily due to decrease in funding from State of Michigan and City of Detroit. The three largest revenue categories in governmental activities were operating grants and contributions at 41%; capital grants and contributions at 40%; and charges for services at 17%.

Expenses

Total governmental expenses increased by approximately 3%, or \$371,089, compared to the prior year. This increase is due to higher wages and benefits, as well as increased depreciation expense. All expenses are recorded in the Recreation and Culture function.

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS OF THE WRIGHT'S MAJOR FUNDS

General Fund

The General Fund is the chief operating fund of The Wright. Unless otherwise required by statute, contractual agreement, or Board policy. As of June 30, 2025, the General Fund reported a fund balance of \$1,267,789. This amount is a decrease of \$4,137,356 from the restated fund balance of \$5,405,145 reported as of June 30, 2024. Total General Fund revenues increased by 39%, or \$3,810,729, compared to the prior year. This increase is due to the Special Revenue and Capital Project Fund being combined with General Fund. Total General Fund expenditures increased by 53%, or \$6,117,280, compared to the prior year. This increase is due to the Special Revenue and Capital Project Fund being combined with General Fund.

General Fund Budgetary Highlights

The Wright's budget is a dynamic document. Although adopted in June (prior to the start of the fiscal year), the budget is amended during the course of the fiscal year to reflect changing operational demands.

Actual General Fund revenues totaled \$13,540,530, or \$3,587,489 above the final amended budget. The most significant variation was in operating and capital grants, which had a variation of \$3,189,251.

The Wright's actual General Fund expenditures totaled \$17,677,886, or \$3,997,132 below the final amended budget. The final budget planned for a fund balance decrease of \$11,721,977.

Permanent Fund

As of June 30, 2025, the Permanent Fund reported a fund balance of \$1,065,058, which is a decrease of \$85,028 from the prior fiscal year. The decrease is due to investment loss.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of Fiscal Year 2025, The Wright had invested \$25,441,714 (net of accumulated depreciation) for capital assets (including construction in progress). Key additions include GM Theater renovations and mechanical system repairs. Accumulated depreciation was \$19,707,955. Depreciation charges for the fiscal year totaled \$872,264. For more detailed information related to capital assets, refer to Note 3 of the financial statements.

	<u>Governmental Activities</u>
Construction in progress	\$ 4,565,073
Building and improvements	19,237,405
Exhibits	876,838
Furniture and equipment	<u>762,398</u>
Capital assets, net	<u><u>\$ 25,441,714</u></u>

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY MANAGEMENT'S DISCUSSION AND ANALYSIS

Outstanding Obligations

As of June 30, 2025, The Wright had \$215,002 in accumulated sick and personal time outstanding. This level of net obligation is \$25,807 higher than the obligation recorded as of June 30, 2024.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS & EFFECTS

The Wright is grounded in five institutional goals that will guide us over the coming years. We work daily on many moving parts and activities, but keep these priorities centered on our path toward progress and improvement.

1. Center Detroit: Place Detroit at the forefront of a national (and international) dialogue regarding the profound influence of African American history and culture.
2. Be a Leader in the Field: Lead in the creation, distribution, and exhibition of world-class programs characterized by aesthetic excellence, technological innovation, and relevancy to current events.
3. Mentor Museum Professionals: Train and mentor people of color for careers in the curation, administration, and financial management of first voice institutions around the world.
4. Preserve Institutional Vitality: Ensure the long-term financial sustainability of The Wright.
5. Embrace Sustainable Practices: Embrace environmentally sustainable systems and practices in all aspects of The Wright's institutional programs and culture.

Recent budgets reflect these five priorities and this focus will continue in the FY 2026 budget. One of the biggest challenges The Wright faces will be generating revenue in an ever-changing funding environment. These challenges are not unique to The Wright as many similarly positioned organizations faced a decrease in revenue from grants from both public and private sources this year. The Wright is implementing strategies to optimize its budget, explore new funding sources, and ensure sustainability while continuing to deliver its essential programs and services.

The Wright's multi-year initiative to replace and upgrade mechanical systems continued throughout 2025, and the phases will continue as scheduled. These changes to our heating, cooling, dehumidification, and other essential systems are long overdue and serve a critical purpose in ensuring the sustainability of our facilities. The more modern systems are also more energy efficient, helping lower our operating costs and improve our environmental footprint over time. Our new, major exhibitions scheduled for the upcoming year include the following:

- Luminosity: A Detroit Arts Gathering
- Who Votes?

CONTACTING THE WRIGHT

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.

BASIC FINANCIAL STATEMENTS

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,599,391
Restricted cash	8,053
Investments	1,046,642
Receivables	104,840
Due from other governmental units	639,456
Inventory	81,124
Prepays	336,523
	6,816,029
Noncurrent assets	
Capital assets not being depreciated	4,565,073
Capital assets, net of accumulated depreciation	20,876,641
	25,441,714
TOTAL ASSETS	32,257,743
LIABILITIES	
Current liabilities	
Accounts payable	1,239,169
Accrued liabilities	220,675
Deferred compensation payable	30,874
Fiduciary liabilities	8,053
Unearned revenue	1,263,611
Current portion of compensated absences	75,862
Line of credit	1,720,800
	4,559,044
Noncurrent liabilities	
Noncurrent portion of compensated absences	139,140
	4,698,184
TOTAL LIABILITIES	4,698,184
NET POSITION	
Investment in capital assets	25,441,714
Restricted	3,615,445
Unrestricted	(1,497,600)
	\$ 27,559,559

See accompanying notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	<u>Governmental Activities</u>
Expenses	
Recreation and Culture	
Salaries, wages, and employee benefits	\$ 4,814,046
Contractual and professional services	3,728,045
Facility operations and maintenance	874,884
Office expenses	400,737
Cost of goods sold	203,442
Educational programs and exhibits	1,110,313
Other expenses	113,049
Depreciation	<u>2,662,750</u>
Total Expenses	<u>13,907,266</u>
Program Revenues	
Charges for Services	
Facility rental and catering	451,918
Exhibit admissions	799,334
Museum store	266,276
Memberships	176,129
Special events and other revenue	<u>455,112</u>
Total Charges for Services	<u>2,148,769</u>
Operating Grants and Contributions	<u>5,270,989</u>
Capital Grants and Contributions	<u>5,107,160</u>
Total Program Revenues	<u>12,526,918</u>
Net (Expense) Revenue	<u>(1,380,348)</u>
General Revenues	
Unrestricted investment income	<u>326,284</u>
Change in Net Position	(1,054,064)
Net position, beginning of year, as previously reported	28,370,074
Correction of errors	294,669
Change in accounting principle	<u>(51,120)</u>
Net position, beginning of year, as restated	<u>28,613,623</u>
Net position, end of year	<u><u>\$ 27,559,559</u></u>

See accompanying notes to financial statements.

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	<u>General</u>	<u>Permanent</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,514,601	\$ 84,790	\$ 4,599,391
Restricted cash	8,053	-	8,053
Investments	66,374	980,268	1,046,642
Accounts receivable	104,840	-	104,840
Due from other governmental units	639,456	-	639,456
Prepays	336,523	-	336,523
Inventory	81,124	-	81,124
	<u>\$ 5,750,971</u>	<u>\$ 1,065,058</u>	<u>\$ 6,816,029</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Account payable	\$ 1,239,169	\$ -	\$ 1,239,169
Accrued liabilities	220,675	-	220,675
Deferred compensation payable	30,874	-	30,874
Fiduciary liabilities	8,053	-	8,053
Line of credit	1,720,800	-	1,720,800
Unearned revenue	1,263,611	-	1,263,611
	<u>4,483,182</u>	<u>-</u>	<u>4,483,182</u>
TOTAL LIABILITIES			
FUND BALANCES			
Nonspendable	417,647	1,065,058	1,482,705
Restricted	3,615,445	-	3,615,445
Unassigned	(2,765,303)	-	(2,765,303)
	<u>1,267,789</u>	<u>1,065,058</u>	<u>2,332,847</u>
TOTAL FUND BALANCES			
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 5,750,971</u>	<u>\$ 1,065,058</u>	<u>\$ 6,816,029</u>

See accompanying notes to financial statements.

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balances - Governmental Funds \$ 2,332,847

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 45,149,669	
Accumulated depreciation is	<u>(19,707,955)</u>	

Capital assets, net		25,441,714
---------------------	--	------------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Compensated absences		<u>(215,002)</u>
----------------------	--	------------------

Net Position of Governmental Activities		<u><u>\$ 27,559,559</u></u>
--	--	------------------------------------

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	General	Special Revenue	Capital Project	Permanent	Total
REVENUES					
Grants	\$ 8,921,251			\$ -	\$ 8,921,251
Contributions	2,059,198			-	2,059,198
Facility rental and catering	451,918			-	451,918
Exhibit admissions	799,334			-	799,334
Museum store	266,276			-	266,276
Memberships	176,129			-	176,129
Special events and other revenue	455,112			-	455,112
Interest earnings (loss)	411,312			(85,028)	326,284
TOTAL REVENUES	13,540,530			(85,028)	13,455,502
EXPENDITURES					
Current					
Salaries, wages, and employee benefits	4,788,249			-	4,788,249
Contractual and professional services	3,728,045			-	3,728,045
Facility operations and maintenance	874,884			-	874,884
Office expenses	400,737			-	400,737
Cost of goods sold	203,442			-	203,442
Educational programs and exhibits	1,110,313			-	1,110,313
Other	113,049			-	113,049
Capital outlay	6,459,167			-	6,459,167
TOTAL EXPENDITURES	17,677,886			-	17,677,886
NET CHANGE IN FUND BALANCES	(4,137,356)			(85,028)	(4,222,384)
Fund balances, beginning of year, as previously reported	375,383	4,597,018	-	1,150,086	6,122,487
Changes within reporting entity	4,597,018	(4,597,018)	-	-	-
Correction of errors	432,744	-	-	-	432,744
Fund balances, beginning of year, as restated	5,405,145	-	-	1,150,086	6,555,231
Fund balances, end of year	<u>\$ 1,267,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,065,058</u>	<u>\$ 2,332,847</u>

See accompanying notes to financial statements.

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ (4,222,384)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 6,459,177	
Depreciation expense	<u>(2,662,750)</u>	
Excess of capital outlay over depreciation expense		3,796,427

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in long-term receivables reported in the governmental funds is: (602,300)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in accrued compensated absences		<u>(25,807)</u>
--	--	-----------------

Change in Net Position of Governmental Activities \$ (1,054,064)

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF MUSEUM AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charles H. Wright Museum of African American History (The Wright), located in Detroit, Michigan, is a nonprofit cultural institution established to promote and preserve the history, heritage, and contributions of people of African descent. The Wright engages in the research, presentation, publication, and dissemination of knowledge relating to African American history and the human struggle for freedom. In addition, The Wright collects, preserves, and restores artifacts and other historical materials for educational and research purposes.

The financial statements of The Wright have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). In accordance with the *AICPA Audit and Accounting Guide's* definition of a governmental organization, The Wright is considered a governmental entity for the purpose of applying accounting and financial reporting standards; that is, the Governmental Accounting Standards Board (GASB) has jurisdiction over The Wright's accounting standards.

Reporting Entity

The accompanying financial statements are exclusive presentations of the financial condition and results of operations of The Wright. For financial reporting purposes, The Wright is considered a component unit of the City of Detroit, Michigan, and is discretely presented in the City's (the primary government) financial statements.

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for The Wright as a whole.

The statement of activities presents the direct functional expenses of The Wright and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a function. Program revenues are associated with specific functions and include charges to recipients for goods or services that are restricted to meeting the operational requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes interest and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present The Wright's individual major funds. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Wright reports the following *Major Governmental Funds*:

- a. The *General Fund* is The Wright's primary operating fund. It accounts for all financial resources of the museum except for those that are required to be accounted for in another fund.
- b. 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.

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF MUSEUM AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-wide financial statements are accounting for using the accrual basis of accounting. Under this method, revenue is recorded in the period in which it is earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Revenues for grants, entitlements, and donations are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when resources are received before it has legal claim to them, such as when grant monies are received prior to the incurrence of qualified expenses.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). The length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

Budgets and Budgetary Accounting

The General Fund budget shown in the required supplementary information of the financial statements was prepared on a basis not substantially different than the basis used to reflect actual results.

The Wright follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to July 1, the General Fund budget is legally adopted at the activity level by the Board of Trustees. After the budget is adopted, all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Board of Trustees.
- b. Formal budgetary integration is employed as a management control device during the year.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF MUSEUM AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

- c. The Wright does not employ encumbrance accounting as an extension of formal budgetary integration. Appropriations unused at June 30 are not carried forward to the following fiscal year.
- d. Budgeted amounts are reported as originally adopted or amended by the Board of Trustees during the year. Individual amendments were appropriately approved by the Board of Trustees as required.

Cash and Cash Equivalents

The Wright considers deposits and highly liquid investments with a maturity of three months or less to be cash and cash equivalents. Cash consists of checking, savings, and money market accounts, and cash on hand.

Restricted Cash

Restricted cash represents amounts held for others in a fiduciary capacity and is not available to support The Wright's operations. These funds are maintained separately and correspond to fiduciary liabilities recorded for amounts collected or held on behalf of other organizations or individuals.

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 life insurance policy is recorded at its cash surrender value.

Receivables

Receivables consist of amounts due related to charges for services and other amounts owed to the Wright at year-end.

Pledges receivable, if any, will be presented as unavailable revenue on the governmental funds balance sheet if they are not susceptible to accrual (both measurement and available within 60 days of fiscal year end). Such pledges will be reported in the fund financial statements as revenue in future years as payments are received. Pledges receivables are reported on the accrual basis of accounting in government-wide financial statements. Therefore, the statement of activities will present revenue for the net amount of any pledges receivable in the period the unconditional promises to give are obtained. The Wright had no pledges receivable at June 30, 2025.

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan or other governments for various payments and grants.

Inventory

Inventory consists of store supplies and is stated at cost, which represents the purchase price of the items on hand at year-end, on a first-in, first-out basis.

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF MUSEUM AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepays

Prepaid expenditures, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Construction in progress, if any, is not depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Building and improvements	5 - 10 years
Exhibits	5 - 10 years
Furniture and equipment	5 - 10 years

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 year ended June 30, 2025, there were no donated collections and artifacts.

Compensated Absences

The Wright recognizes a liability compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if liability has matured because of employee resignations or retirements.

Paid time off is earned in varying amounts depending on the number of years of service of an employee and is made available on the anniversary date of the employee. The liability for compensated absences included salary-related benefits, where applicable.

Upon termination, an employee receives payment for the balance of unused vacation, which has been credited to an employee.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF MUSEUM AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position and balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Wright does not have any items that qualify for reporting as deferred outflows or deferred inflows of resources.

Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

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 it 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 year ended June 30, 2025, total contributed volunteer time of 2,100 hours, was valued at \$73,059.

Advertising

Advertising costs are expenses as incurred. Advertising expenses totaled \$425,801 for the year ended June 30, 2025.

Restricted Net Position

Restrictions of net position shown in the government-wide financial statements indicate restrictions imposed by the funding source or some other outside source, which precludes their use for unrestricted purposes.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF MUSEUM AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classifications

Fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, The Wright's highest level of decision-making authority is the Board of Trustees. Formal action that is required to be taken to establish a fund balance commitment is a resolution of the Board of Trustees. If a fund balance commitment is made, the commitment remains in effect until a resolution is made to remove it.

For assigned fund balance, it consists of amounts that The Wright intends to use for specific purposes. Such intent may be expressed by the governing body, the Board of Trustees, or by an official or body to which the Board of Trustees has delegated authority, such as the Finance Committee. Assigned fund balances are typically established through the adoption or amendment of the budget.

The Wright has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first.

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 contribution by the Internal Revenue Service.

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF MUSEUM AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Exempt Status (continued)

The FASB Accounting Standards Codification Topic, Accounting for Uncertainty in Income Taxes, addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year 2025. The Wright's tax returns for prior three years remain subject to examination by the Internal Revenue Service.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The cash and investments referred to below have been reported in the financial statements based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2025.

Cash	\$ 4,599,391
Restricted cash	8,053
Investments	<u>1,046,642</u>
	<u><u>\$ 5,654,086</u></u>

As of June 30, 2025, The Wright had cash and investments summarized by the following categorization:

Deposits	
Checking	\$ 1,153,970
Savings	3,446,894
Petty cash	6,580
Investments	<u>1,046,642</u>
	<u><u>\$ 5,654,086</u></u>

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2025, The Wright had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, The Wright's deposits may not be returned to it. As of June 30, 2025, \$3,864,278 of The Wright's bank balance of \$4,984,965 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments

For an investment, this 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 or collateral securities that are in the possession of an outside party.

The Wright will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and investing through preapproved third-party custodians.

Interest Rate Risk

The Wright will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with The Wright's cash requirements.

Concentration of Credit Risk

The Wright will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of The Wright's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign Currency Risk

The Wright's exposure to foreign currency risk arises primarily from investments in international developed and emerging market mutual funds and exchange-traded funds. These funds invest in securities denominated in currencies other than the U.S. dollar, and, therefore, the fair value of such investments may fluctuate due to changes in exchange rates.

The Wright does not have a formal policy limiting its exposure to foreign currency risk; however, management monitors this risk as part of its overall portfolio diversification and asset allocation strategy.

<u>Currency</u>	<u>Fair Value</u>
Foreign equity	\$ 168,454
Foreign bonds	<u>39,510</u>
	<u>\$ 207,964</u>

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value Per Share

At the year ended June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Hedge Funds Specific Strategy	<u>\$ 198,128</u>	<u>\$ -</u>	None	N/A

Fair Value Measurement

The Wright is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect The Wright's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments that are measured at fair value using net asset per value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

Investment Type	Level 1	Level 2	Level 3	Balance at 6/30/2025
Fixed Income				
Investment Grade Taxable	\$ -	\$ 69,145	\$ -	\$ 69,145
International Developed Bonds	-	29,601	-	29,601
Global High Yield Taxable	-	9,909	-	9,909
Total fixed income	-	108,655	-	108,655
Equities				
U.S. Large Cap	268,165	-	-	268,165
U.S. Mid Cap	128,657	-	-	128,657
U.S. Small Cap	68,916	-	-	68,916
International Developed	109,461	-	-	109,461
Emerging Markets	58,993	-	-	58,993
Total equities	634,192	-	-	634,192
Tangible Assets				
Commodities	39,293	-	-	39,293
Total investments by fair value level	\$ 673,485	\$ 108,655	\$ -	782,140
Investment measured at the net asset value (NAV)				
Hedge Funds Specific Strategy				198,128
Other investments				
Money Market Fund ^(a)				30,874
Life insurance - cash surrender value ^(b)				35,500
Total other investments				66,374
Total investments				\$ 1,046,642

(a) Represents investments held within The Wright's accounts related to a deferred compensation plan under Internal Revenue Code Section 457(f) for the Chief Executive Officer. These assets are not held in trust and remain property of The Wright, subject to its general creditors. A corresponding liability, Deferred Compensation Payable, is reported in the accompanying financial statements.

(b) Represents a life insurance policy owned by and payable to The Wright, recorded at its cash-surrender value as of June 30, 2025. The cash-surrender value approximates fair value. Changes in cash-surrender value are recorded as investment income.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Deletions	Reclassifications	Balance June 30, 2025
Capital assets not being depreciated					
Construction in progress	\$ 222,695	\$ 4,668,691	\$ -	\$ (326,313)	\$ 4,565,073
Capital assets being depreciated					
Building and improvements	22,941,793	1,675,698	-	326,313	24,943,804
Exhibits	13,666,029	-	-	-	13,666,029
Furniture and equipment	1,859,975	114,788	-	-	1,974,763
Subtotal	<u>38,467,797</u>	<u>1,790,486</u>	<u>-</u>	<u>326,313</u>	<u>40,584,596</u>
Less accumulated depreciation for:					
Building and improvements	(3,446,661)	(2,259,738)	-	-	(5,706,399)
Exhibits	(12,577,595)	(211,596)	-	-	(12,789,191)
Furniture and equipment	(1,020,949)	(191,416)	-	-	(1,212,365)
Subtotal	<u>(17,045,205)</u>	<u>(2,662,750)</u>	<u>-</u>	<u>-</u>	<u>(19,707,955)</u>
Net capital assets being depreciated	<u>21,422,592</u>	<u>(872,264)</u>	<u>-</u>	<u>326,313</u>	<u>20,876,641</u>
Total net capital assets	<u>\$ 21,645,287</u>	<u>\$ 3,796,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,441,714</u>

All depreciation expense was charged to the recreation and culture activity.

NOTE 4 - 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 \$2.142 million of collections and artifacts since its inception. These items have been recorded as expenditures in the accompanying financial statements.

NOTE 5 - SHORT-TERM OBLIGATIONS

The Wright has a line of credit agreement with Comerica Bank to provide short-term financing for operational cash flow needs. The authorized amount of the line of credit is \$2,300,000, and the outstanding balance as of June 30, 2025, was \$1,720,800. The interest rate is variable based on the Secured Overnight Financing Rate (SOFR). The interest rate as of June 30, 2025 was 6.17413 percent. The line of credit is secured by deposited funds of The Wright.

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portion) of the for the year ended June 30, 2025:

	Restated Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Compensated absences*	\$ 189,195	\$ 25,807	\$ -	\$ 215,002	\$ 75,862

* The change in compensated absences is presented as a net change.

Compensated Absences

The Wright recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, multiple types of leave qualify for recognition as a compensated absences liability. This liability, including salary related benefits, has been accrued on the government-wide financial statements.

NOTE 7 - DEFERRED COMPENSATION PLAN

The Wright offers a deferred compensation plan to an employee under Internal Revenue Code Section 457(f). The plan permits eligible employees to defer portions of their compensation until future years. Under the terms of the plan, amounts deferred and any earnings thereon are subject to a substantial risk of forfeiture and are not available to participants until the occurrence of specified vesting events, such as the completion of a required service period or termination of employment under qualifying conditions.

Contributions to the plan are made by The Wright in accordance with individual employment agreements. For the year ended June 30, 2025, The Wright contributed approximately \$30,000 to the plan. Per the plan documents, vesting occurs at the time contributions are made. Amounts vested and payable to participants as of June 30, 2025, totaled \$30,874.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - DETAILS OF FUND BALANCE CLASSIFICATIONS

The fund balance constraints as of June 30, 2025 are as follows:

	<u>General</u>	<u>Permanent</u>	<u>Total Governmental Funds</u>
FUND BALANCES			
Nonspendable			
Prepays	\$ 336,523	\$ -	\$ 336,523
Inventory	81,124	-	81,124
Investments	-	1,065,058	1,065,058
Restricted			
Black History Month	28,972	-	28,972
Children's Discovery Room	22,525	-	22,525
Cultural Passport	21,000	-	21,000
Gallery Floor Upgrade	1,751	-	1,751
Stormwater Demonstration	60,062	-	60,062
Grandparents' Day	1,360	-	1,360
30 Days to Lose It	800	-	800
CEO Sabbatical	4,254	-	4,254
Evaluation Capacity Building - IMLS	27,674	-	27,674
Multicultural Leadership Series	1,500	-	1,500
To Whom Much Is Given - Fiduciary	8,053	-	8,053
Camp Africa	152,562	-	152,562
GM Theater Renovation 2022	1,703,491	-	1,703,491
Venue Grant 2021-2022	25,000	-	25,000
Judge Keith Collection Project 2022	38,949	-	38,949
Technical Capacity Building	10,000	-	10,000
Climate Initiative	100,000	-	100,000
Knight Foundation Technology	1,271,549	-	1,271,549
Other Programs	82,722	-	82,722
Surrender Value of Life Insurance Policy	53,221	-	53,221
Unassigned	<u>(2,765,303)</u>	<u>-</u>	<u>(2,765,303)</u>
	<u>\$ 1,267,789</u>	<u>\$ 1,065,058</u>	<u>\$ 2,332,847</u>

NOTE 9 - RISK MANAGEMENT

The Wright is exposed to various risks of loss, including property damage, torts, errors and omissions, employee injuries (workers' compensation), and medical benefits provided to employees. To mitigate these risks, The Wright has purchased commercial insurance for property loss, torts, errors and omissions, workers' compensation, and medical coverage. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - CONTINGENT LIABILITIES

The Wright receives financial assistance through various state and local grant programs, as well as from private and corporate donors. These awards and contributions may be subject to review and audit by the granting or awarding entities to ensure compliance with applicable terms and conditions. Such reviews could result in requests for reimbursement or other adjustments for expenditures determined to be unallowable. The outcome of any such reviews cannot presently be determined; however, management believes that any findings or required reimbursements, if any, would not have a material effect on the Museum's financial statements.

NOTE 11 - 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 \$3,300,000 for the year ended June 30, 2025.

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 12 - 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 year ended June 30, 2025 totaled \$118,899.

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, 2025 was \$2,864,192.

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.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - ADJUSTMENTS TO BEGINNING NET POSITION/FUND BALANCES

During the year ended June 30, 2025, The Wright restated beginning net position/fund balances as follows:

	Governmental Activities	General Fund	Special Revenue Fund
Net position/fund balance as of July 1, 2024, as previously reported	\$ 28,370,074	\$ 375,383	\$ 4,597,018
Change in accounting principle - GASB Standard No. 101	(51,120)	-	-
Change within reporting entity	-	4,597,018	(4,597,018)
Correction of errors			
Understated due from other governmental units	657,148	657,148	-
Overstated inventory	(159,215)	(159,215)	-
Understated accounts payable	(203,264)	(203,264)	-
Overstated accrued wages	-	138,075	-
Net position/fund balance as of July 1, 2024, as restated	<u>\$ 28,613,623</u>	<u>\$ 5,405,145</u>	<u>\$ -</u>

NOTE 14 - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2025, The Wright implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and Statement No. 102, *Certain Risk Disclosures*. The following is a summary of the new pronouncements:

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. See Note 13 to the financial statements for restatement of net position.

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. There was no material impact on The Wright's financial statements after the implementation of GASB Statement No. 102.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The Wright is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The Wright is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
REVENUES				
Grants	\$ 5,732,000	\$ 5,732,000	\$ 8,921,251	\$ 3,189,251
Contributions	1,713,546	1,713,546	2,059,198	345,652
Facility rental and catering	250,000	250,000	451,918	201,918
Exhibit admissions	1,110,236	1,110,236	799,334	(310,902)
Museum store	301,662	301,662	266,276	(35,386)
Memberships	226,320	226,320	176,129	(50,191)
Special events and other revenue	294,277	294,277	455,112	160,835
Interest	325,000	325,000	411,312	86,312
TOTAL REVENUES	<u>9,953,041</u>	<u>9,953,041</u>	<u>13,540,530</u>	<u>3,587,489</u>
EXPENDITURES				
Current				
Recreation and culture				
Salaries, wages, and employee benefits	4,976,917	4,976,917	4,788,249	188,668
Contractual and professional services	-	-	3,728,045	(3,728,045)
Facility operations and maintenance	1,926,186	1,926,186	874,884	1,051,302
Office expenses	1,617,694	1,617,694	400,737	1,216,957
Cost of goods sold	-	-	203,442	(203,442)
Educational programs and exhibits	3,586,343	3,586,343	1,110,313	2,476,030
Other	25,000	25,000	113,049	(88,049)
Capital outlay	9,542,878	9,542,878	6,459,167	3,083,711
TOTAL EXPENDITURES	<u>21,675,018</u>	<u>21,675,018</u>	<u>17,677,886</u>	<u>3,997,132</u>
NET CHANGE IN FUND BALANCE	<u>(11,721,977)</u>	<u>(11,721,977)</u>	<u>(4,137,356)</u>	<u>7,584,621</u>
Fund balances, beginning of year, as previously reported	<u>375,383</u>	<u>375,383</u>	<u>375,383</u>	<u>-</u>
Changes within reporting entity	-	-	4,597,018	4,597,018
Correction of error	-	-	432,744	432,744
Fund balances, beginning of year, as restated	<u>375,383</u>	<u>375,383</u>	<u>5,405,145</u>	<u>5,029,762</u>
Fund balances, end of year	<u><u>\$ (11,346,594)</u></u>	<u><u>\$ (11,346,594)</u></u>	<u><u>\$ 1,267,789</u></u>	<u><u>\$ 12,614,383</u></u>