

**Bruce Museum, Inc.**

Financial Statements

June 30, 2020 and 2019

## INDEPENDENT AUDITORS' REPORT

**Board of Trustees**  
**Bruce Museum, Inc.**

We have audited the accompanying financial statements of Bruce Museum, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bruce Museum, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 27 through 30 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*PKF O'Connor Davies, LLP*

March 20, 2021

**Bruce Museum, Inc.**

Statements of Financial Position

	June 30,	
	2020	2019
<b>ASSETS</b>		
Cash	\$ 2,017,528	\$ 3,421,299
Investments, unrestricted	4,600,048	1,547,910
Contributions receivable, net	1,203,675	1,210,119
Inventory	54,902	43,272
Prepaid expenses and other current assets	153,274	164,938
Assets held in endowment	24,304,684	25,068,891
Property and equipment, net	3,501,289	1,631,294
Other assets - museum expansion costs	6,192,505	4,978,132
	\$ 42,027,905	\$ 38,065,855
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,027,920	\$ 415,545
Refundable contributions	34,963	34,963
Deferred revenue and refundable grants	132,710	98,072
Paycheck Protection Program loan	537,600	-
Total Liabilities	1,733,193	548,580
Net Assets		
Without donor restrictions		
Operating	224,103	189,942
Board designated for capital account	27,919	27,919
Board designated endowment	961,901	998,784
Investment in property and equipment	3,501,289	1,631,294
Total Without Donor Restrictions	4,715,212	2,847,939
With donor restrictions	35,579,500	34,669,336
Total Net Assets	40,294,712	37,517,275
	\$ 42,027,905	\$ 38,065,855

See Notes to Financial Statements

**Bruce Museum, Inc.**

Statements of Activities

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Contributions	\$ 1,118,896	\$ 146,971	\$ 1,265,867	\$ 1,023,852	\$ 267,743	\$ 1,291,595
Town of Greenwich appropriations	874,459	-	874,459	865,801	-	865,801
Endowment spending appropriation	1,162,464	-	1,162,464	1,115,369	-	1,115,369
Admissions	122,327	-	122,327	229,375	-	229,375
Membership dues	443,925	-	443,925	442,191	-	442,191
Museum store revenue	164,463	-	164,463	242,056	-	242,056
Special events revenue	-	-	-	871,779	-	871,779
Rental and other revenue	30,695	-	30,695	54,608	-	54,608
Net assets released from restrictions	181,688	(181,688)	-	113,087	(113,087)	-
Total Public Support and Revenue	<u>4,098,917</u>	<u>(34,717)</u>	<u>4,064,200</u>	<u>4,958,118</u>	<u>154,656</u>	<u>5,112,774</u>
<b>EXPENSES</b>						
Program Services						
Art	1,262,218	-	1,262,218	1,427,541	-	1,427,541
Science	536,707	-	536,707	586,157	-	586,157
Education	1,129,591	-	1,129,591	1,027,680	-	1,027,680
Museum store operations	344,699	-	344,699	405,950	-	405,950
Other programs	206,546	-	206,546	219,743	-	219,743
Total Program Services	<u>3,479,761</u>	<u>-</u>	<u>3,479,761</u>	<u>3,667,071</u>	<u>-</u>	<u>3,667,071</u>
Supporting Services						
General and administrative	370,165	-	370,165	358,529	-	358,529
Development	1,348,754	-	1,348,754	1,167,849	-	1,167,849
Special events	19,906	-	19,906	328,097	-	328,097
Total Expenses	<u>5,218,586</u>	<u>-</u>	<u>5,218,586</u>	<u>5,521,546</u>	<u>-</u>	<u>5,521,546</u>
Excess (Deficiency) of Support and Revenue Over Expenses from Operations	(1,119,669)	(34,717)	(1,154,386)	(563,428)	154,656	(408,772)
<b>OTHER INCOME AND EXPENSES</b>						
Endowment investment return, net of endowment spending appropriation	(36,883)	(893,924)	(930,807)	(4,850)	(143,108)	(147,958)
Non-endowment investment return	219,772	-	219,772	49,635	-	49,635
Town of Greenwich appropriation for building	824,000	-	824,000	-	-	-
Contributions for museum expansion	-	3,640,356	3,640,356	-	2,721,756	2,721,756
Release from restrictions - building expansion	1,980,053	(1,980,053)	-	1,257,058	(1,257,058)	-
Contributions for endowment	-	66,100	66,100	-	6,325	6,325
Recovery (Loss) on uncollectible contributions receivable	-	112,402	112,402	-	(629,267)	(629,267)
Change in Net Assets	<u>1,867,273</u>	<u>910,164</u>	<u>2,777,437</u>	<u>738,415</u>	<u>853,304</u>	<u>1,591,719</u>
<b>NET ASSETS</b>						
Beginning of year	<u>2,847,939</u>	<u>34,669,336</u>	<u>37,517,275</u>	<u>2,109,524</u>	<u>33,816,032</u>	<u>35,925,556</u>
End of year	<u>\$ 4,715,212</u>	<u>\$ 35,579,500</u>	<u>\$ 40,294,712</u>	<u>\$ 2,847,939</u>	<u>\$ 34,669,336</u>	<u>\$ 37,517,275</u>

See Notes to Financial Statements

**Bruce Museum, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2020

	Program Services					Supporting Services				Total Expenses
	Art	Science	Education	Museum Store Operations	Other Programs	Total Programs	General and Administrative	Development	Special Events	
Salary, wages, and related costs	\$ 793,589	\$ 429,545	\$ 755,227	\$ 194,316	\$ 104,983	\$ 2,277,660	\$ 235,499	\$ 897,248	\$ -	\$ 3,410,407
Event production	-	-	-	-	-	-	-	500	16,685	17,185
Depreciation and amortization	65,537	33,429	77,728	23,674	2,514	202,882	12,672	58,131	-	273,685
Professional fees and independent contractors	14,553	6,311	50,025	5,036	1,138	77,063	27,084	174,449	-	278,596
Office expenses	79,429	4,999	12,250	9,121	79,719	185,518	13,748	40,035	179	239,480
Equipment	8,259	3,744	8,706	2,231	282	23,222	10,820	6,087	-	40,129
Cost of sales	-	-	-	86,424	-	86,424	-	-	-	86,424
Hospitality	10,227	8,760	15,120	489	13,675	48,271	2,067	37,314	2,294	89,946
Advertising and marketing	23,020	5,872	15,592	2,292	472	47,248	1,823	11,862	-	60,933
Printing	26,795	4,221	10,785	1,584	206	43,591	5,687	36,701	600	86,579
Direct exhibit costs	114,243	120	923	-	-	115,286	-	-	-	115,286
Travel	4,705	2,413	69,625	1,374	183	78,300	444	3,731	148	82,623
Utilities	20,189	10,298	23,945	4,247	775	59,454	16,987	8,493	-	84,934
Repairs and maintenance	9,718	5,518	12,060	2,092	1,051	30,439	8,499	4,622	-	43,560
Grants, awards, and appearance fees	4,712	-	14,214	7	-	18,933	-	19	-	18,952
Information technology	33,228	16,907	39,019	7,154	1,260	97,568	25,958	16,136	-	139,662
Continuing education	3,913	2,938	14,944	349	133	22,277	1,221	36,691	-	60,189
Supplies	8,360	1,632	7,529	3,281	41	20,843	878	543	-	22,264
Insurance	6,077	-	1,899	1,008	112	9,096	6,673	15,854	-	31,623
Miscellaneous	13,661	-	-	20	2	13,683	105	338	-	14,126
Collection acquisitions and maintenance	22,003	-	-	-	-	22,003	-	-	-	22,003
	<u>\$ 1,262,218</u>	<u>\$ 536,707</u>	<u>\$ 1,129,591</u>	<u>\$ 344,699</u>	<u>\$ 206,546</u>	<u>\$ 3,479,761</u>	<u>\$ 370,165</u>	<u>\$ 1,348,754</u>	<u>\$ 19,906</u>	<u>\$ 5,218,586</u>

See Notes to Financial Statements

**Bruce Museum, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2019

	Program Services					Supporting Services			Total Expenses	
	Art	Science	Education	Museum Store Operations	Other Programs	Total Programs	General and Administrative	Development		Special Events
Salary, wages, and related costs	\$ 882,917	\$ 420,740	\$ 728,125	\$ 212,182	\$ 135,335	\$ 2,379,299	\$ 224,874	\$ 774,574	\$ 327	\$ 3,379,074
Event production	-	-	34	-	-	34	-	6,683	268,373	275,090
Depreciation and amortization	80,889	35,439	52,876	22,352	-	191,556	11,964	54,886	-	258,406
Professional fees and independent contractors	31,357	8,209	18,484	3,337	1,000	62,387	19,663	138,510	3,000	223,560
Office expenses	78,096	16,927	10,376	10,890	38,719	155,008	13,974	37,918	10,030	216,930
Equipment	8,048	3,307	5,012	2,056	-	18,423	9,523	5,908	4,135	37,989
Cost of sales	18	8	12	123,160	-	123,198	30	310	6,660	130,198
Hospitality	15,434	9,891	22,797	1,537	22,762	72,421	3,272	32,285	16,761	124,739
Advertising and marketing	53,495	15,847	24,539	5,402	-	99,283	3,516	21,615	-	124,414
Printing	48,138	6,586	12,539	1,294	495	69,052	5,266	20,056	15,575	109,949
Direct exhibit costs	75,854	10,484	295	-	4,665	91,298	-	-	-	91,298
Travel	10,432	6,477	43,717	1,847	16,053	78,526	2,266	8,782	216	89,790
Utilities	27,850	12,202	18,206	4,481	-	62,739	17,926	8,963	-	89,628
Repairs and maintenance	16,594	9,388	12,181	2,626	714	41,503	10,503	6,008	-	58,014
Grants, awards, and appearance fees	9,605	353	29,591	22	-	39,571	328	1,690	2,040	43,629
Information technology	49,238	21,576	32,129	7,924	-	110,867	26,840	18,282	-	155,989
Continuing education	3,912	4,420	8,504	296	-	17,132	864	19,178	-	37,174
Supplies	10,374	3,981	5,634	4,758	-	24,747	1,188	642	-	26,577
Insurance	-	130	2,326	1,039	-	3,495	6,311	11,422	-	21,228
Miscellaneous	14,747	192	303	747	-	15,989	221	137	980	17,327
Collection acquisitions and maintenance	10,543	-	-	-	-	10,543	-	-	-	10,543
	<u>\$ 1,427,541</u>	<u>\$ 586,157</u>	<u>\$ 1,027,680</u>	<u>\$ 405,950</u>	<u>\$ 219,743</u>	<u>\$ 3,667,071</u>	<u>\$ 358,529</u>	<u>\$ 1,167,849</u>	<u>\$ 328,097</u>	<u>\$ 5,521,546</u>

See Notes to Financial Statements

**Bruce Museum, Inc.**

Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,777,437	\$ 1,591,719
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	273,685	258,406
Net realized and unrealized losses (gains) on investments	403,751	(437,426)
Contributions for capital expenditures	(3,640,356)	(2,721,756)
Contributions for endowment	(66,100)	(6,325)
(Recovery) Loss on uncollectible contributions receivable	(112,402)	629,267
Changes in operating assets and liabilities		
Contributions receivable	51,800	(17,580)
Inventory	(11,630)	8,947
Prepaid expenses and other assets	11,664	(68,515)
Accounts payable and accrued expenses	(44,904)	(55,855)
Deferred revenue and refundable grants	34,638	46,992
Net Cash from Operating Activities	(322,417)	(772,126)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(2,143,680)	(807,109)
Acquisition of other assets - museum expansion costs	(557,094)	(550,996)
Proceeds from sale of investments	3,480,219	6,317,768
Purchase of investments	(6,171,901)	(6,195,807)
Net Cash from Investing Activities	(5,392,456)	(1,236,144)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash collected from contributions for endowment	166,600	207,275
Cash collected from contributions for capital expenditures	3,606,902	2,043,178
Proceeds from Paycheck Protection Program loan	537,600	-
Net Cash from Financing Activities	4,311,102	2,250,453
Net Change in Cash	(1,403,771)	242,183
<b>CASH</b>		
Beginning of year	3,421,299	3,179,116
End of year	\$ 2,017,528	\$ 3,421,299
<b>SUPPLEMENTAL CASH FLOWS INFORMATION</b>		
<b>Non-cash Investing and Financing Activity</b>		
Other assets - museum expansion costs financed included with accounts payable	\$ 657,279	\$ -

See Notes to Financial Statements



## **Bruce Museum, Inc.**

### Notes to Financial Statements June 30, 2020 and 2019

#### **1. The Organization**

Bruce Museum, Inc. (“BMI”), a Connecticut nonstock corporation, is a not-for-profit entity that operates a museum of arts and science located in Greenwich, Connecticut.

BMI is exempt from federal income taxes under Sections 501(c)(3) of the Internal Revenue Code.

On January 31, 1992, BMI entered into a management agreement (the “Agreement”) with the Town of Greenwich, Connecticut (the “Town”), whereby the Town appointed BMI, exclusively, to supervise, manage and operate the Bruce Museum (the “Museum”) and administer its affairs subject to certain provisions set forth in the Agreement. On November 2, 2016, BMI and the Town extended the Agreement through January 2042, subject to BMI’s continuing compliance with the contract terms. In addition to the responsibilities assumed by BMI, the Agreement also covers the ownership and use of Museum real property, the ownership of collection objects, the status of Museum employees and certain commitments of the Town to the Museum (see Note 12).

The Museum’s support comes primarily from admissions, memberships, support from the Town, special events, and donor contributions.

BMI is currently conducting a capital campaign to raise funds to expand the Museum’s facilities and to increase the size of the endowment fund.

#### **2. Summary of Significant Accounting Policies**

##### ***Change in Accounting Principle***

Effective July 1, 2019, BMI adopted Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”). The guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as non-exchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way BMI recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

##### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly actual results could differ from those estimates.

## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Contributions Receivable***

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2020 and 2019, the allowance was \$916,865 and \$1,029,267.

#### ***Collections***

Contributions and purchases of art and natural science treasures and other similar assets are not capitalized in the accompanying financial statements. It is the policy of BMI that proceeds from the sale of any collection items are to be used to purchase additional collection items or for the direct care of existing collections. BMI defines direct care of collections as any activity that involves the protection and preservation of the collection.

#### ***Inventory***

Inventory consists of items held for sale in the Museum's store. Inventory is stated at the lower of actual cost (first-in first-out basis) or market (net realizable value).

#### ***Investments***

Investments are reported at their fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

#### ***Fair Value of Financial Instruments***

The Museum follows U.S. GAAP guidance on Fair Value Measurements which define fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient is not categorized within the fair value hierarchy.

The value by input level of BMI's investments is included in Note 3 to the financial statements.

## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Investment expenses are netted against investment returns as allowed by U.S. GAAP. Realized and unrealized gains and losses are included in the determination of change in net assets.

#### ***Property, Equipment and Depreciation***

Property and equipment are recorded at cost, or if received by donation, at estimated fair value at the time such items are received. The cost of property and equipment purchased in excess of \$5,000 is capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 3 to 30 years. Expenditures for maintenance and repairs are expensed as incurred. Expenditures that improve or extend the estimated useful lives are capitalized. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease inclusive of expected renewals.

#### ***Deferred Revenue and Refundable Grants***

Deferred revenue consists of fees and special event revenue received but not earned. Refundable grants consists of conditional grants for which payment was received but the barriers to recognition have not been met or have occurred.

#### ***Net Assets***

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. This category may also include amounts designated by the Board of Directors.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Contributions restricted by donors are reported as an increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Net Assets (continued)***

Expenditures of net assets restricted for the purchase and construction of property, equipment, and leasehold improvements are released from restriction when the related asset is placed into service.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor restricted net assets by the donor or by applicable state law.

#### ***Revenue and Revenue Recognition***

Revenue is recognized when earned. Museum store revenue is recognized when the sale is completed. Admissions are recognized when the attendee is admitted to the Museum. Membership dues have negligible benefits for the members and are therefore, recognized as contribution revenue when received. Rental and other income is recognized when the service is completed. Special event revenue is recognized on the date of the special event.

#### ***Contributions***

The BMI recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses.

#### ***Contributed Services***

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

For the years ended June 30, 2020 and 2019, BMI recognized \$34,326 and \$86,980 of donated services in the financial statements as contributions along with the corresponding expenses. Donated services consisted of docent and store clerk services. In addition, a number of volunteers have contributed their time to BMI, none of which meet the requirements for financial statement recognition.

#### ***Advertising***

Advertising costs are expensed as incurred. Advertising expense totaled \$60,933 and \$124,414 for the years ended June 30, 2020 and 2019.

## Bruce Museum, Inc.

Notes to Financial Statements  
June 30, 2020 and 2019

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Functional Expenses***

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Utilities	Square footage
Repairs and maintenance	Square footage
Salary, wages and related costs	Square footage, time, effort, costs, volunteer hours, and employee count
Advertising and marketing	Estimated use
Equipment related costs	Employee count
Information technology	Square footage
Hospitality	Time, effort, costs, volunteer hours and employee count
Insurance	Square footage, time, effort, costs, volunteer hours, and employee count
Office expenses	Square footage, time, effort, costs, volunteer hours, and employee count

#### ***Accounting for Uncertainty in Income Taxes***

BMI recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that BMI had no uncertain tax positions that would require financial statement recognition or disclosure. For information returns, BMI is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to years ended June 30, 2017.

#### ***Measure of Operations***

BMI includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities and excludes contributions to the endowment fund, contributions for capital construction and art acquisition, allowances for uncollectible contributions receivables for the endowment fund and capital construction, and investment income, including net realized and unrealized gains and losses, earned in excess of the Organization's aggregate authorized spending amount.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 20, 2021.

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

**3. Investments and Fair Value of Financial Instruments**

The following table presents the composition of investments, unrestricted and the fair value hierarchy of those investments that are measured at fair value as of June 30:

Description	2020	2019
Quoted Prices in Active Markets for Identical Assets (Level 1)		
Mutual fund and exchanged traded funds		
Fixed income	\$ 4,119,308	\$ 753,619
Items outside the fair value hierarchy		
Cash	480,740	794,291
	<u>\$ 4,600,048</u>	<u>\$ 1,547,910</u>

The following tables present the composition of assets held in endowment and the fair value hierarchy of those investments that are measured at fair value as of June 30:

Description	2020		Total
	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Investments, endowment			
Mutual funds/exchanged traded funds			
Domestic equity	\$ 13,710,896	\$ -	\$ 13,710,896
International equity	2,791,265	-	2,791,265
Fixed income	486,912	-	486,912
Hedge funds	712,234	-	712,234
Fixed income			
U.S. Corporate bonds	-	688,878	688,878
U.S. Treasury bonds	870,529	-	870,529
International corporate bonds	-	181,720	181,720
Government-sponsored enterprise bonds	-	708,824	708,824
Mortgage backed securities	-	90,597	90,597
	<u>\$ 18,571,836</u>	<u>\$ 1,670,019</u>	20,241,855
Cash (1)			337,575
Private equity investments (2)			445,848
Hedge funds (2)			<u>3,279,406</u>
Total Assets Held in Endowment			<u>\$ 24,304,684</u>

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

**3. Investments and Fair Value of Financial Instruments (continued)**

Description	2019		Total
	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Investments, endowment			
Mutual funds			
Domestic equity	\$ 12,992,573	\$ -	\$ 12,992,573
International equity	3,202,241	-	3,202,241
Commodities	604,344	-	604,344
Fixed income	450,853	-	450,853
Hedge funds	784,837	-	784,837
Fixed income			
U.S. Corporate bonds	-	873,463	873,463
U.S. Treasury bonds	789,166	-	789,166
International corporate bonds	-	328,762	328,762
Government-sponsored enterprise bonds	-	681,272	681,272
Mortgage backed securities	-	94,489	94,489
	<u>\$ 18,824,014</u>	<u>\$ 1,977,986</u>	20,802,000
Cash (1)			537,324
Private equity investments (2)			562,121
Hedge funds (2)			<u>3,167,446</u>
 Total Assets Held in Endowment			<u>\$ 25,068,891</u>

(1) Cash is not part of the fair value hierarchy.

(2) As discussed in Note 2, investments that are measured at NAV using the practical expedient are not classified within the fair value hierarchy. The fair value amounts presented in the total column of this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Fair values for assets in Level 2 are calculated using quoted market prices for similar assets in markets that are not active.

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

**3. Investments and Fair Value of Financial Instruments (continued)**

The following is a reconciliation of the beginning and ending balances for assets measured at NAV during the period ended June 30:

	2020		2019	
	Private Equity Investments	Hedge Funds	Private Equity Investments	Hedge Funds
Beginning balance	\$ 562,121	\$ 3,167,446	\$ 681,659	\$ 3,350,841
Purchases	8,250	-	5,500	-
Redemptions	(108,622)	-	(201,978)	-
Reported in endowment investment return				
Unrealized gains (losses) on investments held at year end	(61,083)	111,960	(51,365)	(183,395)
Realized gain on redemptions	45,182	-	128,305	-
Ending Balance	<u>\$ 445,848</u>	<u>\$ 3,279,406</u>	<u>\$ 562,121</u>	<u>\$ 3,167,446</u>

Information regarding investments measured at NAV using the practical expedient at June 30, 2020 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private equity investments (see "a" below)	\$ 445,848	\$ 68,741	N/A	N/A
Equity market neutral hedge fund (see "b" below)	164,478	-	Quarterly	15-30 days
Multi-strategy hedge fund (see "c" below)	776,749	-	Quarterly	30 days
Managed futures hedge fund (see "d" below)	121,578	-	Monthly	15 days
Long/Short hedge fund (see "e" below)	2,216,601	-	Quarterly	60 days
	<u>\$ 3,725,254</u>	<u>\$ 68,741</u>		

- (a) This category includes several private equity funds that invest in private investment companies and managed advisory accounts. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the funds. There is no estimate as to when the underlying investments will be liquidated by the funds.
- (b) This category includes a hedge fund that pursues equity market neutral strategies. The hedge fund's composite portfolio for this category includes investments in approximately 82% United States equity securities and 18% foreign equity securities.



## Bruce Museum, Inc.

Notes to Financial Statements  
June 30, 2020 and 2019

### 3. Investments and Fair Value of Financial Instruments *(continued)*

- (c) This category includes a hedge fund that pursues multiple strategies to diversify risks and reduce volatility. The hedge fund's composite portfolio consists of approximately 14% in an exchange traded fund and mutual funds, 13% in private investment companies that invest in distressed assets, 62% in private investment companies that pursue an equity hedge strategy, 6% in private investment companies that pursue a global macro strategy, and 5% in private investment companies that pursue other investment strategies. The hedge fund's investments are subject to various redemption restrictions. 8% of the hedge fund's investments are subject to gate provisions, 6% of the hedge fund's investments are subject to redemptions from liquidations, 3% of the hedge fund's investments are subject to lock-up provisions through December 2020. The remaining redemption period for the investments held by the hedge fund ranged from monthly to annually at June 30, 2020.
- (d) This category includes a hedge fund that pursues a strategy of managed futures. It has leveraged fully-diversified futures portfolio with positions in currency, global interest rates, equities, energy, precious and industrial metals and agricultural future markets.
- (e) This category includes a hedge fund that pursues a long/short strategy. By employing a discipline investment process which utilizes various research techniques and evaluates fundamental factors, the partnership seeks to earn above market returns and long-term appreciation by investing principally in U.S. and foreign marketable securities. The hedge funds' composite portfolio for this category includes investments in approximately 101% United States equity securities, 14% foreign equity securities, 2% in warrants, and -17% in securities sold short. Redemptions from the fund are subject to a one year lockup period and a 1.25% withdrawal fee if withdrawn prior to the end of the lockup period.

Investment return in excess or less than the spending policy amount is reflected in the statements of activities as non-operating revenue or loss. Components of investment return for the years ended June 30 are as follows:

	2020	2019
Endowment Investment Return		
Interest and dividends, net of fees	\$ 767,101	\$ 536,595
Realized gains (losses)	(80,867)	622,405
Unrealized gains (losses)	(454,577)	(191,589)
Endowment spending appropriation	<u>(1,162,464)</u>	<u>(1,115,369)</u>
Total Endowment Investment Return	<u>(930,807)</u>	<u>(147,958)</u>
Non-endowment Investment Return		
Interest and dividends, net of fees	88,079	43,025
Realized gains	-	2,812
Unrealized gains	<u>131,693</u>	<u>3,798</u>
Total Non-Endowment Investment Return	<u>219,772</u>	<u>49,635</u>
Total Investment Return	<u>\$ (711,035)</u>	<u>\$ (98,323)</u>

## Bruce Museum, Inc.

### Notes to Financial Statements June 30, 2020 and 2019

#### 4. Contributions Receivable

Contributions receivable as of June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Contributions receivable due in less than one year	\$ 1,739,131	\$ 1,847,534
Contributions receivable due in one to five years	<u>404,210</u>	<u>424,460</u>
	2,143,341	2,271,994
Allowance for uncollectible contributions receivable	(916,865)	(1,029,267)
Discount on pledges	<u>(22,801)</u>	<u>(32,608)</u>
Contributions Receivable, Net	<u>\$ 1,203,675</u>	<u>\$ 1,210,119</u>

The aforementioned contributions receivable have been included in the following net asset categories at June 30:

	<u>2020</u>	<u>2019</u>
Without donor restrictions	\$ -	\$ 51,800
With donor restrictions	<u>1,203,675</u>	<u>1,158,319</u>
	<u>\$ 1,203,675</u>	<u>\$ 1,210,119</u>

Contributions receivable without donor restrictions represent promises to give to fund current operations of BMI for which payment was due as of June 30, 2020 and 2019.

Donor restricted contributions receivable outstanding as of June 30, 2020 are receivable as follows:

2021	\$ 1,739,131
2022	<u>404,210</u>
	2,143,341
Allowance for uncollectible contributions receivable	(916,865)
Discount on contributions receivable	<u>(22,801)</u>
	<u>\$ 1,203,675</u>

BMI has received indications of support totaling approximately \$6,400,000 for the endowment fund and for the expansion of its facility. These indications of support do not meet the criteria to be recognized as either an asset or revenue on the accompanying financial statements. In addition to the contributions receivable recorded above, as of June 30, 2020, there are approximately \$21,667,000 of promises to give contingent upon milestones related to the expansion of the Museum.

## Bruce Museum, Inc.

Notes to Financial Statements  
June 30, 2020 and 2019

### 5. Property and Equipment

Property and equipment at June 30 consists of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 9,999,934	\$ 7,867,163
Furniture and equipment	487,887	476,978
Vehicles	<u>59,386</u>	<u>59,386</u>
	10,547,207	8,403,527
Accumulated depreciation and amortization	<u>(7,045,918)</u>	<u>(6,772,233)</u>
	<u>\$ 3,501,289</u>	<u>\$ 1,631,294</u>

### 6. Other Assets – Museum Expansion Costs

Other assets represents pre-construction costs related to designing, developing and preparing for construction of a new extension and renovations to the existing building and grounds that house the Museum and BMI. BMI will begin to depreciate the property costs over its estimated useful life when the improvements are placed into service.

### 7. Refundable Contributions

The Museum received cash for contributions which are conditional upon BMI meeting various milestones related to the expansion of the building. Accordingly, the contributions will not be recognized as revenue until the conditions for recognition have occurred.

### 8. Paycheck Protection Program Loan

On April 22, 2020, BMI received loan proceeds in the amount of \$537,600 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act as amended, for a period between eight or twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries above a certain threshold during the Covered Period and does not qualify for certain safe harbors.

## Bruce Museum, Inc.

### Notes to Financial Statements June 30, 2020 and 2019

#### 8. Paycheck Protection Program Loan (*continued*)

Although, BMI believes this loan will be substantially or fully forgiven, there can be no guarantee that the United States Small Business Administration (“SBA”) will approve the loan forgiveness. The unforgiven portion of the PPP Loan, if any, is payable within two years from the date of the PPP loan with a deferral of payments of principal or interest until the amount of loan forgiveness is determined by the SBA. If BMI does not apply for forgiveness, payments begin approximately 16 months after the loan date. As of June 30, 2020, the PPP loan is recognized as debt on the statement of financial position. BMI will recognize the income from the forgiveness of the PPP loan when it receives the notification of forgiveness from SBA in accordance with Accounting Standards Codification 470, *Debt*. If the PPP loan is not forgiven, scheduled repayment of all principal and interest would occur during the year ended June 30, 2022.

#### 9. Employee Benefits

BMI sponsors a 401(k) plan. This plan is for the benefit of substantially all full-time professional and support staff of BMI. For the years ended June 30, 2020 and 2019, BMI's contribution to the 401(k) plan was \$115,702 and \$118,761.

#### 10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2020	2019
Programs	\$ 670,667	\$ 732,626
Collection acquisitions and maintenance	292,226	304,984
Time restricted	40,000	-
Unappropriated endowment returns	3,134,585	4,028,509
Capital campaign	11,143,036	9,370,331
Endowment	<u>20,298,986</u>	<u>20,232,886</u>
	<u>\$ 35,579,500</u>	<u>\$ 34,669,336</u>

Net assets released from restrictions during the years ended June 30 by incurring expenses that satisfy the restricted purposes or by the occurrence of other events specified by donors were as follows:

	2020	2019
Programs	\$ 169,110	\$ 113,087
Collection acquisitions	12,578	-
Capital campaign	<u>1,980,053</u>	<u>1,257,058</u>
	<u>\$ 2,161,741</u>	<u>\$ 1,370,145</u>

## Bruce Museum, Inc.

### Notes to Financial Statements June 30, 2020 and 2019

#### 11. Liquidity and Availability

The following reflects BMI's available financial assets, reduced by amounts not available for general use within one year. Amounts not available for use within one year include financial assets received with donor restrictions that are designated for a specific purpose, timeline or contractual obligation, and have been earmarked as resources available for future years. Total financial assets available to meet cash needs for general expenditure within one year at June 30, 2020, are as follows:

	2020	2019
Cash	\$ 2,017,528	\$ 3,421,299
Investments, unrestricted	4,600,048	1,547,910
Contributions receivable, net	1,203,675	1,210,119
Unrestricted portion of endowment fund	<u>35,295</u>	<u>35,295</u>
Total Financial Assets Available Within One Year	<u>7,856,546</u>	<u>6,214,623</u>
Less amounts unavailable for general expenditures within one year due to:		
Donor restrictions for programs, time, and collection acquisitions and maintenance	1,002,893	1,037,610
Unspent portion of assets donor restricted for capital campaign	4,950,531	4,392,199
Contribution receivable for endowment	126,083	226,583
Board designations	<u>27,919</u>	<u>27,919</u>
	<u>6,107,426</u>	<u>5,684,311</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,749,120</u>	<u>\$ 530,312</u>

The principal source of liquidity is cash flow generated from contributions, membership dues, proceeds from special events, appropriations from the Town of Greenwich, and appropriation from the endowment fund. As part of BMI's liquidity strategy, management structures its financial assets, consisting of cash, investments, and receivables to be available as its general expenditures, liabilities and obligations come due within one year. Excess cash is designated by the board to be invested in the endowment fund, which could be drawn upon in the event of an unanticipated liquidity need.

#### 12. Transactions with the Town of Greenwich

The Agreement between BMI and the Town (see Note 1) provides that the Town will:

- Give an annual budget appropriation to BMI to assist it in meeting its operating requirements,
- Maintain insurance coverage on Museum premises and collection objects, including items on temporary loan, and
- Provide maintenance and repairs, as defined in the Agreement.

## Bruce Museum, Inc.

Notes to Financial Statements  
June 30, 2020 and 2019

### 12. Transactions with the Town of Greenwich (continued)

During the years ended June 30, 2020 and 2019, budget appropriations made by the Town on behalf of and paid to BMI amounted to \$874,459 and \$865,801, representing 10% and 11% of BMI's total public support and revenue.

The extension to the Agreement includes a grant to BMI for \$750,000 to renovate the Museum's permanent science gallery. The estimated project cost is \$810,000. Cost above the grant will be BMI's responsibility.

The Town awarded a grant of \$824,000 to BMI for the replacement of the heating, ventilation, and air conditioning system in the Museum. Replacement of the system was completed during the year ended June 30, 2020.

### 13. Endowment Fund

BMI maintains various donor-restricted and board-designated funds whose purpose is to provide long term support for its charitable programs. In classifying such funds for financial statement purposes as either net assets with donor restrictions or without donor restrictions, the Board looks to the explicit direction of the donor where applicable and the provisions of the laws of the State of Connecticut. Absent donor stipulations to the contrary, Connecticut State law suggests a permanent restriction on the portion of the total return of the endowment required to maintain its purchasing power over time. Connecticut State law suggests a temporary (time) restriction on the balance of the total return over such amount until appropriated by the Board for expenditure. For the years ended June 30, 2020 and 2019, the Board utilized a spending rate of five percent (5%) of its endowment to be calculated based upon the average value of such endowment on each of the twelve previous calendar quarters ending on March 31.

The following is a reconciliation of the activity in the endowment funds:

	Without Donor Restriction	With Donor Restriction	Total Endowment
Balance, July 1, 2018	\$ 1,038,929	\$ 23,970,645	\$ 25,009,574
Cash contributions received and receivable collections	-	207,275	207,275
Investment return, net	39,973	927,438	967,411
Appropriation for expenditure	(44,823)	(1,070,546)	(1,115,369)
Balance, June 30, 2019	1,034,079	24,034,812	25,068,891
Cash contributions received and receivable collections	-	166,600	166,600
Investment return, net	9,491	222,166	231,657
Appropriation for expenditure	(46,374)	(1,116,090)	(1,162,464)
Balance, June 30, 2020	<u>\$ 997,196</u>	<u>\$ 23,307,488</u>	<u>\$ 24,304,684</u>

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

**13. Endowment Fund (continued)**

As of June 30, 2020 and 2019, BMI had the following endowment net asset composition by type of fund:

	<u>2020</u>	<u>2019</u>
Without Donor Restrictions		
Undesignated	\$ 35,295	\$ 35,295
Board Designated	<u>961,901</u>	<u>998,784</u>
Total Without Donor Restrictions	<u>997,196</u>	<u>1,034,079</u>
With Donor Restrictions		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	20,172,903	20,006,303
Accumulated investment gains	<u>3,134,585</u>	<u>4,028,509</u>
Total With Donor Restrictions	<u>23,307,488</u>	<u>24,034,812</u>
Total Endowment Composition	<u>\$ 24,304,684</u>	<u>\$ 25,068,891</u>

Net assets donor restricted for the endowment was comprised of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Endowment fund	\$ 20,172,903	\$ 20,006,303
Contributions receivable, net	<u>126,083</u>	<u>226,583</u>
	<u>\$ 20,298,986</u>	<u>\$ 20,232,886</u>

The investment objectives for BMI are 1) to provide BMI with a dependable source of income to be applied towards the spending policy; 2) to increase the size of the endowment fund by achieving positive returns on a net basis after expenses and withdrawals; and 3) to maintain required amounts in the endowment funds pursuant to the Board's interpretation of Connecticut State law. BMI seeks to achieve these objectives through the use of broad diversification in order to control the risks of loss and volatility and through the use of an asset allocation policy appropriate to the needs of BMI, designed to maximize risk-adjusted long-term returns. This diversification means that in addition to the traditional investment classes of equity and fixed-income securities, the fund's assets may be allocated to non-traditional investment classes including foreign securities, real estate, commodities, private equity, derivatives and "alternative investments" such as hedge funds. These non-traditional investment classes may have higher risk characteristics than traditional investment classes.

## **Bruce Museum, Inc.**

### Notes to Financial Statements June 30, 2020 and 2019

#### **14. Museum Facility**

As described in Note 1, BMI manages and operates the Museum in a facility that is owned by the Town. The use of the facility by BMI is provided by the Town free of charge. In exchange for the use of the facility and in lieu of paying rent, BMI agreed in 1992 to incur the cost to improve, expand, and operate the facility pursuant to the Agreement. Additionally, BMI has agreed to oversee the renovation of the permanent science exhibit and to incur the costs of the renovation in excess of a \$750,000 grant awarded by the State of Connecticut to the Town which will be passed through to BMI. At the end of the Agreement between BMI and the Town, all improvements to the facility become the Town's property. Since the cost of the improvements, expansion, and operations exceed the fair rental value of the property over the extended term of the Agreement, BMI has not recorded any contribution income in connection with the use of the facility.

#### **15. Collections**

The Museum's collections comprise artwork consisting of fine examples of 19th and 20th century American and European painting, sculpture, and graphics, as well as world-class minerals and exceptional wildlife specimens depicted in their native environments. The Museum's collections of pre-Columbian, Native American, and Asian art enable the Museum to mount exhibits of rich cultural diversity.

In addition to the permanent display of natural history objects, the Museum rotates art objects onto display from the permanent collection, often featuring them in temporary exhibitions. When off view, the objects are kept in secure, climate controlled storage. The Museum maintains policies and procedures addressing the collection's maintenance and upkeep, as well as aspects of its management, including accessioning and de-accessioning. These procedures are in accordance with guidelines from the American Association of Museums, which reaccredited the Bruce Museum in December 2007. The permanent collections are insured by the Town for \$30 million; additional insurance is purchased to cover the value of works loaned to the Museum for temporary exhibitions.

Various collection items were donated to the Museum, which is owned by the Town, during the years ended June 30, 2020 and 2019. Title to all objects in the collections of the Museum, and all additions thereto, is vested exclusively in the Town and is held in public trust. Accordingly, BMI did not recognize income from the donations of objects to the Museum's collection on the statements of activities.

BMI purchased \$8,900 and \$0 collection items during the years ended June 30, 2020 and 2019. During the year ended June 30, 2019, one item was de-accessed and sold for \$40,000. There were no items de-accessed during the year ended June 30, 2020.



## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

### **16. Concentration of Credit Risk, Risks and Uncertainties, and Related Party Transactions**

#### ***Concentrations of Credit Risks***

##### *Cash and Investments Held at Financial Institutions*

Financial instruments that potentially subject BMI to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. BMI does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2020 and 2019, \$1,820,000 and \$2,850,000 of cash was maintained with institutions in excess of FDIC limits.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment, investment advisor, investment manager or group of investments represents a significant concentration of credit risk.

##### *Contributions*

For the year ended June 30, 2019, one donor represented 16% of total contributions, membership dues, and special event revenues. For the year ended June 30, 2020, no donor represented more than 10% of total contributions, membership dues, and special event revenues. Three donors represent 47% of gross contributions receivable as of June 30, 2020. Four donors represent 59% of gross contributions receivables as of June 30, 2019.

##### *Geographic Concentration*

BMI's market is concentrated in Greenwich, Connecticut and the surrounding area.

#### ***Risks and Uncertainties***

##### *Covid-19*

BMI's operations and financial performance has been affected by the coronavirus outbreak, which has spread globally and is expected to adversely affect economic conditions throughout the world. BMI was required to close to visitors as of March 13, 2020. BMI was reopened to visitors as of June 28, 2020 on a reduced basis. Continued operation of the Museum to visitors is contingent on Connecticut or the Town of Greenwich not requiring BMI to close due to the spread of Covid-19. If the outbreak continues and conditions worsen, BMI may experience a disruption in operations as well as a decline in grants, contributions and other revenue streams. The outbreak is likely to adversely affect BMI's business, financial conditions and results of operations on an interim basis.

## **Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

### **16. Concentration of Credit Risk, Risks and Uncertainties, and Related Party Transactions (continued)**

#### ***Risks and Uncertainties (continued)***

##### ***Alternative Investments***

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

##### ***Related Party Transactions***

For the years ended June 30, 2020 and 2019, BMI received contributions, membership dues, and special events revenues from trustees totaling approximately \$857,000 and \$1,642,000 representing 16% and 31% of total contributions, membership dues, and special event revenues. As of June 30, 2020 and 2019, 12% and 12% of gross contributions receivable were due from trustees.

### **17. Recent Accounting Pronouncements**

#### ***Revenue Recognition on Contracts with Customers***

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU provides a single principles-based revenue recognition model with a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a BMI should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires that reporting companies disclose the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2019, with early application permitted and allows either the full retrospective or the modified retrospective method of adoption. BMI is in the process of evaluating both the impact of ASU 2014-09 on its financial statements and the available methods of adoption.

**Bruce Museum, Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

**17. Recent Accounting Pronouncements (*continued*)**

***Leases***

In February 2016, the FASB issued ASU 2016-02, *Leases*. The core principle of this standard is that a lessee should recognize the assets and liabilities that arise from leases on their statement of financial position. Consequently, all leases that were classified as operating leases under prior lease guidance will now be recognized as assets and liabilities, initially measured at the present value of the lease payments. The lessee will recognize a single lease cost in its statement of activities calculated so that the cost of the lease is allocated over the lease term, typically on a straight-line basis. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election to not recognize such leases as assets and liabilities in their statement of financial position. The accounting applied by a lessor entity is largely unchanged from prior lease guidance. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2021, with early application permitted and allows either the full retrospective or the modified retrospective method of adoption. BMI is evaluating the impact the pronouncement may have on the financial statements.

\*\*\*\*\*

**Bruce Museum, Inc.**

Supplementary Information

June 30, 2020 and 2019

**Bruce Museum, Inc.**

Statement of Financial Position - Supplemental Schedule  
June 30, 2020

	Operating Fund	Property and Equipment Fund	Temporarily Restricted Fund	Capital Campaign Fund	Endowment Fund	Eliminations	Total
<b>ASSETS</b>							
Cash	\$ 1,946,813	\$ -	\$ -	\$ -	\$ -	\$ 70,715	\$ 2,017,528
Investments, unrestricted	-	-	1,661,482	2,938,566	-	-	4,600,048
Contributions receivable, net	-	-	-	1,077,592	126,083	-	1,203,675
Inventory	54,902	-	-	-	-	-	54,902
Prepaid expenses and other current assets	153,274	-	-	-	-	-	153,274
Interfund receivables	756,270	-	-	1,221,371	-	(1,977,641)	-
Assets held in endowment	-	-	-	-	24,375,399	(70,715)	24,304,684
Property and equipment, net	-	3,501,289	-	-	-	-	3,501,289
Other assets - museum expansion costs	-	-	-	6,192,505	-	-	6,192,505
	<u>\$ 2,911,259</u>	<u>\$ 3,501,289</u>	<u>\$ 1,661,482</u>	<u>\$ 11,430,034</u>	<u>\$ 24,501,482</u>	<u>\$ (1,977,641)</u>	<u>\$ 42,027,905</u>
<b>LIABILITIES AND NET ASSETS</b>							
Liabilities							
Accounts payable and accrued expenses	\$ 946,120	\$ -	\$ -	\$ 81,800	\$ -	\$ -	\$ 1,027,920
Refundable contributions	-	-	-	34,963	-	-	34,963
Deferred revenue	132,710	-	-	-	-	-	132,710
Paycheck Protection Program loan	537,600	-	-	-	-	-	537,600
Interfund payables	1,150,656	-	756,270	-	70,715	(1,977,641)	-
Total Liabilities	<u>2,767,086</u>	<u>-</u>	<u>756,270</u>	<u>116,763</u>	<u>70,715</u>	<u>(1,977,641)</u>	<u>1,733,193</u>
Net Assets							
Without Donor Restrictions							
Operating	116,254	-	(97,681)	170,235	35,295	-	224,103
Board designated for capital account	27,919	-	-	-	-	-	27,919
Board designated endowment	-	-	-	-	961,901	-	961,901
Investment in property and equipment	-	3,501,289	-	-	-	-	3,501,289
Total Without Donor Restrictions	<u>144,173</u>	<u>3,501,289</u>	<u>(97,681)</u>	<u>170,235</u>	<u>997,196</u>	<u>-</u>	<u>4,715,212</u>
With donor restrictions	<u>-</u>	<u>-</u>	<u>1,002,893</u>	<u>11,143,036</u>	<u>23,433,571</u>	<u>-</u>	<u>35,579,500</u>
Total Net Assets	<u>144,173</u>	<u>3,501,289</u>	<u>905,212</u>	<u>11,313,271</u>	<u>24,430,767</u>	<u>-</u>	<u>40,294,712</u>
	<u>\$ 2,911,259</u>	<u>\$ 3,501,289</u>	<u>\$ 1,661,482</u>	<u>\$ 11,430,034</u>	<u>\$ 24,501,482</u>	<u>\$ (1,977,641)</u>	<u>\$ 42,027,905</u>

See Independent Auditors' Report

**Bruce Museum, Inc.**

Statement of Financial Position - Supplemental Schedule  
June 30, 2019

	Operating Fund	Property and Equipment Fund	Temporarily Restricted Fund	Capital Campaign Fund	Endowment Fund	Eliminations	Total
<b>ASSETS</b>							
Cash	\$ 770,981	\$ -	\$ -	\$ 2,804,769	\$ -	\$ (154,451)	\$ 3,421,299
Investments, unrestricted	-	-	1,547,910	-	-	-	1,547,910
Contributions receivable, net	51,800	-	-	931,736	226,583	-	1,210,119
Inventory	43,272	-	-	-	-	-	43,272
Prepaid expenses and other current assets	164,938	-	-	-	-	-	164,938
Interfund receivables	596,021	-	-	722,813	154,451	(1,473,285)	-
Assets held in endowment	-	-	-	-	24,914,440	154,451	25,068,891
Property and equipment, net	-	1,631,294	-	-	-	-	1,631,294
Other assets - museum expansion costs	-	-	-	4,978,132	-	-	4,978,132
	<u>\$ 1,627,012</u>	<u>\$ 1,631,294</u>	<u>\$ 1,547,910</u>	<u>\$ 9,437,450</u>	<u>\$ 25,295,474</u>	<u>\$ (1,473,285)</u>	<u>\$ 38,065,855</u>
<b>LIABILITIES AND NET ASSETS</b>							
Liabilities							
Accounts payable and accrued expenses	\$ 415,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415,545
Refundable contributions	-	-	-	34,963	-	-	34,963
Deferred revenue	98,072	-	-	-	-	-	98,072
Interfund payables	877,264	-	596,021	-	-	(1,473,285)	-
Total Liabilities	<u>1,390,881</u>	<u>-</u>	<u>596,021</u>	<u>34,963</u>	<u>-</u>	<u>(1,473,285)</u>	<u>548,580</u>
Net Assets							
Without donor restrictions							
Operating	208,212	-	(85,721)	32,156	35,295	-	189,942
Board designated for capital account	27,919	-	-	-	-	-	27,919
Board designated endowment	-	-	-	-	998,784	-	998,784
Investment in property and equipment	-	1,631,294	-	-	-	-	1,631,294
Total Without Donor Restrictions	<u>236,131</u>	<u>1,631,294</u>	<u>(85,721)</u>	<u>32,156</u>	<u>1,034,079</u>	<u>-</u>	<u>2,847,939</u>
With donor restrictions	<u>-</u>	<u>-</u>	<u>1,037,610</u>	<u>9,370,331</u>	<u>24,261,395</u>	<u>-</u>	<u>34,669,336</u>
Total Net Assets	<u>236,131</u>	<u>1,631,294</u>	<u>951,889</u>	<u>9,402,487</u>	<u>25,295,474</u>	<u>-</u>	<u>37,517,275</u>
	<u>\$ 1,627,012</u>	<u>\$ 1,631,294</u>	<u>\$ 1,547,910</u>	<u>\$ 9,437,450</u>	<u>\$ 25,295,474</u>	<u>\$ (1,473,285)</u>	<u>\$ 38,065,855</u>

See Independent Auditors' Report

**Bruce Museum, Inc.**

Statement of Activities - Supplemental Schedule  
Year Ended June 30, 2020

	Operating Fund	Property and Equipment Fund	Temporarily Restricted Fund	Capital Campaign Fund	Endowment Fund	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Contributions	\$ 1,175,125	\$ -	\$ 90,742	\$ -	\$ -	\$ 1,265,867
Town of Greenwich appropriations	874,459	-	-	-	-	874,459
Endowment spending appropriation	1,162,464	-	-	-	-	1,162,464
Admissions	122,327	-	-	-	-	122,327
Membership dues	443,925	-	-	-	-	443,925
Museum store revenue	164,463	-	-	-	-	164,463
Special events revenue	-	-	-	-	-	-
Rental and other revenue	30,695	-	-	-	-	30,695
Total Public Support and Revenue	<u>3,973,458</u>	<u>-</u>	<u>90,742</u>	<u>-</u>	<u>-</u>	<u>4,064,200</u>
<b>EXPENSES</b>						
Program	2,898,953	202,882	214,822	163,104	-	3,479,761
General and administrative	357,493	12,672	-	-	-	370,165
Development	782,445	58,131	-	508,178	-	1,348,754
Special events	19,906	-	-	-	-	19,906
Total Expenses	<u>4,058,797</u>	<u>273,685</u>	<u>214,822</u>	<u>671,282</u>	<u>-</u>	<u>5,218,586</u>
Excess (Deficiency) of Support and Revenue Over Expenses from Operations	(85,339)	(273,685)	(124,080)	(671,282)	-	(1,154,386)
<b>OTHER INCOME, OTHER EXPENSES, AND TRANSFERS</b>						
Endowment investment return, net of endowment spending appropriation	-	-	-	-	(930,807)	(930,807)
Non-endowment investment return	4,290	-	77,403	138,079	-	219,772
Purchase of property and equipment	(10,909)	2,143,680	-	(2,132,771)	-	-
Town of Greenwich appropriation for building	-	-	-	824,000	-	824,000
Contributions for museum expansion	-	-	-	3,640,356	-	3,640,356
Contributions for endowment	-	-	-	-	66,100	66,100
Loss on uncollectible pledges receivable	-	-	-	112,402	-	112,402
Change in Net Assets	<u>(91,958)</u>	<u>1,869,995</u>	<u>(46,677)</u>	<u>1,910,784</u>	<u>(864,707)</u>	<u>2,777,437</u>
<b>NET ASSETS</b>						
Beginning of year	<u>236,131</u>	<u>1,631,294</u>	<u>951,889</u>	<u>9,402,487</u>	<u>25,295,474</u>	<u>37,517,275</u>
End of year	<u>\$ 144,173</u>	<u>\$ 3,501,289</u>	<u>\$ 905,212</u>	<u>\$ 11,313,271</u>	<u>\$ 24,430,767</u>	<u>\$ 40,294,712</u>

See Independent Auditors' Report

**Bruce Museum, Inc.**

Statement of Activities - Supplemental Schedule  
Year Ended June 30, 2019

	Operating Fund	Property and Equipment Fund	Temporarily Restricted Fund	Capital Campaign Fund	Endowment Fund	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Contributions	\$ 980,737	\$ -	\$ 310,858	\$ -	\$ -	\$ 1,291,595
Town of Greenwich appropriations	865,801	-	-	-	-	865,801
Endowment spending appropriation	1,115,369	-	-	-	-	1,115,369
Admissions	229,375	-	-	-	-	229,375
Membership dues	442,191	-	-	-	-	442,191
Museum store revenue	242,056	-	-	-	-	242,056
Special events revenue	871,779	-	-	-	-	871,779
Rental and other revenue	54,608	-	-	-	-	54,608
Total Public Support and Revenue	<u>4,801,916</u>	<u>-</u>	<u>310,858</u>	<u>-</u>	<u>-</u>	<u>5,112,774</u>
<b>EXPENSES</b>						
Program	3,196,657	191,556	169,806	109,052	-	3,667,071
General and administrative	346,565	11,964	-	-	-	358,529
Development	745,526	54,886	-	367,437	-	1,167,849
Special events	328,097	-	-	-	-	328,097
Total Expenses	<u>4,616,845</u>	<u>258,406</u>	<u>169,806</u>	<u>476,489</u>	<u>-</u>	<u>5,521,546</u>
Excess (Deficiency) of Support and Revenue Over Expenses from Operations	185,071	(258,406)	141,052	(476,489)	-	(408,772)
<b>OTHER INCOME, OTHER EXPENSES, AND TRANSFERS</b>						
Endowment investment return, net of endowment spending appropriation	-	-	-	-	(147,958)	(147,958)
Non-endowment investment return	4,615	-	38,042	6,978	-	49,635
Purchase of property and equipment	(26,541)	807,109	-	(780,568)	-	-
Contributions for museum expansion	-	-	-	2,721,756	-	2,721,756
Contributions for endowment	-	-	-	-	6,325	6,325
Loss on uncollectible pledges receivable	-	-	-	(629,267)	-	(629,267)
Change in Net Assets	163,145	548,703	179,094	842,410	(141,633)	1,591,719
<b>NET ASSETS</b>						
Beginning of year	<u>72,986</u>	<u>1,082,591</u>	<u>772,795</u>	<u>8,560,077</u>	<u>25,437,107</u>	<u>35,925,556</u>
End of year	<u>\$ 236,131</u>	<u>\$ 1,631,294</u>	<u>\$ 951,889</u>	<u>\$ 9,402,487</u>	<u>\$ 25,295,474</u>	<u>\$ 37,517,275</u>

See Independent Auditors' Report