



CHRYSLER MUSEUM *of* ART

FINANCIAL STATEMENTS

JUNE 30, 2019



ASSURANCE, TAX & ADVISORY SERVICES

THE CHRYSLER MUSEUM, INCORPORATED

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Chrysler Museum, Incorporated

Report on the Financial Statements

We have audited the accompanying financial statements of The Chrysler Museum, Incorporated (the Museum), which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Museum'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 Museum'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 The Chrysler Museum, Incorporated as of June 30, 2019 and 2018, 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.

PBMares, LLP

Norfolk, Virginia
January 24, 2020

FINANCIAL STATEMENTS

THE CHRYSLER MUSEUM, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 2,389,283	\$ 175,556
Inventory	143,083	141,960
Other assets	435,865	684,418
Promises to give, net	2,593,932	2,616,773
Charitable trusts	113,311	113,181
Investments	83,880,846	82,972,343
Property and equipment, net	507,355	586,628
Total assets	\$ 90,063,675	\$ 87,290,859
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 238,625	\$ 357,107
Accrued expenses and other liabilities	598,247	712,623
Deferred revenue	266,263	259,953
Demand note payable	3,521,254	4,371,254
Total liabilities	4,624,389	5,700,937
Net Assets		
Without donor restrictions:		
Board designated	22,659,677	20,525,152
Undesignated	2,823,938	2,809,926
Total net assets without donor restrictions	25,483,615	23,335,078
With donor restrictions	59,955,671	58,254,844
Total net assets	85,439,286	81,589,922
Total liabilities and net assets	\$ 90,063,675	\$ 87,290,859

THE CHRYSLER MUSEUM, INCORPORATED

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Support and Revenue:			
City of Norfolk	\$ 2,921,902	\$ -	\$ 2,921,902
Contributions and other grants	864,975	-	864,975
Investment income	1,510	-	1,510
Memberships	1,019,762	-	1,019,762
Earned income from auxiliary activities	797,236	-	797,236
Earned income from programming activities	413,090	-	413,090
Other income	126,910	-	126,910
Net assets released from restrictions	1,973,066	(1,973,066)	-
Transfer of board designated reserves	796,682	-	796,682
Total support and revenue	8,915,133	(1,973,066)	6,942,067
Operating Expenses:			
Program and auxiliary services:			
Program services - galleries, curatorial, education and exhibitions	6,894,881	-	6,894,881
Auxiliary services	622,652	-	622,652
Total program and auxiliary services	7,517,533	-	7,517,533
Supporting Services:			
Fundraising	705,691	-	705,691
General and administrative	686,084	-	686,084
Total supporting services	1,391,775	-	1,391,775
Total operating expenses	8,909,308	-	8,909,308
Change in net assets from operating activities	5,825	(1,973,066)	(1,967,241)
Non-Operating Activities:			
Change in net assets related to collection items not not capitalized:			
Accessions	(463,225)	-	(463,225)
Investment income	1,821,857	3,651,262	5,473,119
Contributions, non-operating	157,240	2,015,979	2,173,219
Non-operating expenses	(416,944)	-	(416,944)
Interest expense	(152,882)	-	(152,882)
Net assets released from restrictions	1,993,348	(1,993,348)	-
Transfer of board designated reserves	(796,682)	-	(796,682)
Change in net assets from non-operating activities	2,142,712	3,673,893	5,816,605
Change in net assets	2,148,537	1,700,827	3,849,364
Net Assets, beginning of year	23,335,078	58,254,844	81,589,922
Net Assets, end of year	\$ 25,483,615	\$ 59,955,671	\$ 85,439,286

See Notes to Financial Statements.

THE CHRYSLER MUSEUM, INCORPORATED

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Support and Revenue:			
City of Norfolk	\$ 2,917,832	\$ -	\$ 2,917,832
Contributions and other grants	1,032,762	-	1,032,762
Investment income	1,461	-	1,461
Memberships	1,053,895	-	1,053,895
Earned income from auxiliary activities	723,233	-	723,233
Earned income from programming activities	434,505	-	434,505
Other income	182,501	-	182,501
Net assets released from restrictions	1,621,505	(1,621,505)	-
Transfer of board designated reserves	564,860	-	564,860
Total support and revenue	8,532,554	(1,621,505)	6,911,049
Operating Expenses			
Program and auxiliary services:			
Program services - galleries, curatorial, education and exhibitions	6,613,461	-	6,613,461
Auxiliary services	566,681	-	566,681
Total program and auxiliary services	7,180,142	-	7,180,142
Supporting Services:			
Fundraising	683,506	-	683,506
General and administrative	668,506	-	668,506
Total supporting services	1,352,012	-	1,352,012
Total operating expenses	8,532,154	-	8,532,154
Change in net assets from operating activities	400	(1,621,505)	(1,621,105)
Non-Operating Activities			
Change in net assets related to collection items not not capitalized:			
Accessions	(788,381)	-	(788,381)
Investment income	2,578,498	5,307,538	7,886,036
Contributions, non-operating	30,884	1,540,932	1,571,816
Non-operating expenses	(585,885)	-	(585,885)
Interest expense	(237,134)	-	(237,134)
Net assets released from restrictions	3,359,071	(3,359,071)	-
Transfer of board designated reserves	(564,860)	-	(564,860)
Change in net assets from non-operating activities	3,792,193	3,489,399	7,281,592
Change in net assets	3,792,593	1,867,894	5,660,487
Net Assets, beginning of year	19,542,485	56,386,950	75,929,435
Net Assets, end of year	\$ 23,335,078	\$ 58,254,844	\$ 81,589,922

THE CHRYSLER MUSEUM, INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program and Auxiliary Services			Supporting Services			Total Operating Expenses
	Program Services	Auxiliary Services	Total Program and Auxiliary Services	Fundraising	General and Administrative	Total Supporting Services	
Advertising and printing	\$ 288,009	\$ 29,419	\$ 317,428	\$ 75,145	\$ 10,310	\$ 85,455	\$ 402,883
Compensation and benefits	3,666,559	298,289	3,964,848	359,188	485,834	845,022	4,809,870
Computer services and equipment	206,929	32,303	239,232	31,845	11,655	43,500	282,732
Consulting and outside services	299,857	17,780	317,637	84,323	71,361	155,684	473,321
Cost of sales	-	166,535	166,535	-	-	-	166,535
Depreciation	103,956	10,564	114,520	13,349	17,113	30,462	144,982
Research and programming travel, food and beverage	256,124	2,958	259,082	58,911	10,936	69,847	328,929
Exhibition fees and installation	476,831	-	476,831	-	-	-	476,831
Insurance	167,334	2,430	169,764	2,128	2,466	4,594	174,358
Miscellaneous	293,763	39,116	332,879	63,716	50,346	114,062	446,941
Repairs and maintenance	278,135	3,481	281,616	2,825	5,272	8,097	289,713
Supplies	252,581	8,926	261,507	4,160	8,416	12,576	274,083
Utilities	604,803	10,851	615,654	10,101	12,375	22,476	638,130
Total	\$ 6,894,881	\$ 622,652	\$ 7,517,533	\$ 705,691	\$ 686,084	\$ 1,391,775	\$ 8,909,308

THE CHRYSLER MUSEUM, INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Program and Auxiliary Services			Supporting Services			Total Operating Expenses
	Program Services	Auxiliary Services	Total Program and Auxiliary Services	Fundraising	General and Administrative	Total Supporting Services	
Advertising and printing	\$ 237,398	\$ 27,482	\$ 264,880	\$ 63,082	\$ 3,928	\$ 67,010	\$ 331,890
Compensation and benefits	3,596,410	274,391	3,870,801	382,334	460,566	842,900	4,713,701
Computer services and equipment	157,228	14,860	172,088	41,069	10,863	51,932	224,020
Consulting and outside services	221,842	18,520	240,362	18,274	67,672	85,946	326,308
Cost of sales	-	152,738	152,738	-	-	-	152,738
Depreciation	120,589	11,944	132,533	16,978	19,287	36,265	168,798
Research and programming travel, food and beverage	260,856	11,317	272,173	73,634	23,115	96,749	368,922
Exhibition fees and installation	369,841	-	369,841	-	-	-	369,841
Insurance	171,947	2,497	174,444	2,187	2,534	4,721	179,165
Miscellaneous	278,581	30,076	308,657	69,413	56,180	125,593	434,250
Repairs and maintenance	350,225	4,500	354,725	3,525	4,084	7,609	362,334
Supplies	274,189	8,541	282,730	3,616	9,278	12,894	295,624
Utilities	574,355	9,815	584,170	9,394	10,999	20,393	604,563
Total	\$ 6,613,461	\$ 566,681	\$ 7,180,142	\$ 683,506	\$ 668,506	\$ 1,352,012	\$ 8,532,154

THE CHRYSLER MUSEUM, INCORPORATED

STATEMENTS OF CASH FLOWS Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Change in net assets	\$ 3,849,364	\$ 5,660,487
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Investment income	(5,474,629)	(7,887,497)
Depreciation	144,982	168,798
Contributions restricted for long-term use	(66,225)	(68,329)
Accessions	463,225	788,381
Changes in certain assets and liabilities:		
Inventory and other assets	247,430	(203,963)
Promises to give	(105,158)	58,785
Charitable trusts	(130)	3,509
Accounts payable, accrued expenses and deferred revenue	(226,548)	(151,198)
Net cash used in operating activities	(1,167,689)	(1,631,027)
Cash Flows from Investing Activities:		
Purchases of investments	(8,863,882)	(313,540)
Proceeds from sales of investments	13,430,008	1,928,170
Payments for accessions	(463,225)	(788,381)
Purchases of property and equipment	(65,709)	(63,581)
Net cash provided by investing activities	4,037,192	762,668
Cash Flows from Financing Activities:		
Collection of contributions restricted for long-term use	194,224	1,704,123
Repayment of notes payable	(850,000)	(2,934,293)
Net cash used in financing activities	(655,776)	(1,230,170)
Increase (decrease) in cash and cash equivalents	2,213,727	(2,098,529)
Cash and cash equivalents, beginning of year	175,556	2,274,085
Cash and cash equivalents, end of year	\$ 2,389,283	\$ 175,556
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 152,882	\$ 237,134

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization

The Chrysler Museum, Incorporated (the Museum) is one of America's most distinguished art museums. Located in Hampton Roads, a community of 1.7 million in southeastern Virginia, the Museum welcomes approximately 200,000 annual visitors from around the world.

The Museum is home to a world-class collection of over 30,000 paintings, sculptures, photographs, and decorative arts primarily assembled by industrialist Walter P. Chrysler, Jr. The Museum is particularly well known for its glass collection, one of the finest and most comprehensive anywhere.

The Museum also administers two Historic Houses, the Moses Myers House and the Norfolk History Museum, each of which is located in downtown Norfolk. The Moses Myers House, which was the residence of Norfolk's first Jewish citizens, includes more than 70% of its original late eighteenth century furnishings.

In addition to its fine permanent collection, the Museum presents each year a dynamic schedule of changing exhibitions and a wide variety of interpretive programs. Each is designed to make the works on view in the Museum galleries accessible and meaningful to a diverse audience.

Through an active program of loans from its collection and through the professional involvement of its staff, the Museum maintains an active presence in the international museum community.

The Museum is particularly proud of its record of community citizenship and good management. The Museum is a regular partner and collaborator with regional governments, businesses, educational organizations, and cultural groups, seeking to leverage resources to provide the highest quality service at the lowest cost.

The Museum's mission is to act as a catalyst. We bring art and people together to enrich and transform lives. A free admission policy along with interpretive programming ensures the Museum is truly accessible to the community we exist to serve.

The Museum also operates the Chrysler Museum Glass Studio (the Glass Studio), which is an educational facility that offers the public an experimental approach to the exciting properties of glass. The Glass Studio complements our comprehensive glass collection with an engaging approach that demonstrates the many glass processes used to create these extraordinary objects.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The financial statements of the Museum are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Museum to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Museum. These net assets may be used at the discretion of the Museum's management and the Board of Trustees (the Board). The Board has designated a portion of the net assets without donor restrictions as disclosed in Note 12.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Museum or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the resources be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Estimates: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Art collection: In conformity with the practice followed by most museums, the collection is not presented in the accompanying statements of financial position. The value of accessions (collection items purchased by the Museum) and the deaccession proceeds are reported as non-operating activities in the accompanying statements of activities. Contributed collection items are not reflected in the financial statements.

The Museum is committed to applying the highest professional standards to the care and preservation of its unique collection. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. Accessions and deaccessions are approved by the Museum's Board and the proceeds from deaccession are used solely for the acquisition of collection items. Additionally, in an effort to maintain the purchasing power of such proceeds, the Board has similarly designated the investment income earned on these funds. At June 30, 2019 and 2018, the Museum's collection was insured at a level deemed appropriate by management.

Cash and cash equivalents: For purposes of the statements of financial position and cash flows, cash and cash equivalents are defined as demand deposits, certificates of deposits and all highly liquid debt instruments purchased with an original maturity of three months or less, other than those maintained as a part of investment portfolios.

Inventory: Inventory is valued at lower of cost (using the first-in, first-out method) or net realizable value. The Museum's inventory consists of items to be sold in the gift shop. Some examples of the types of inventory reflected in the statements of financial position are jewelry, books, games, household items, decorative items, clothing, stationary, and souvenirs.

Promises to give: Promises to give represent unconditional promises to give and are recorded at fair value initially and net realizable value thereafter. Promises to give expected to be settled after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible promises to give is provided based upon management's judgment. Conditional promises to give are not included as support until the conditions are substantially met. At June 30, 2019 and 2018, the Museum had \$4,100,000 and \$4,950,000, respectively, in conditional promises to give related to expanding the Museum and Glass Studio.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Investments: The Museum's investments are carried at their fair values in the statements of financial position. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Changes in fair value are included in the change in net assets in the accompanying statements of activities. See Note 7 for further discussion of fair value measurements.

Property and equipment: Property and equipment are recorded at cost if purchased and at estimated fair value if donated. Asset purchases of \$5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation is calculated using the straight-line method based on useful lives of 3-30 years.

The Museum's buildings are owned by the City of Norfolk (the City). By mutual agreement, the Museum occupies these facilities without charge. The Museum does not recognize contribution income and the offsetting rental expense for the use of the facilities. Most improvements and additions to the buildings have been funded jointly by the City and by Museum contributions restricted for such purposes. These improvements and additions to the Museum's buildings have been considered property of the City. The Museum transfers its property improvements to the City upon completion of each project. There were no such transfers to the City during the years ending June 30, 2019 and 2018.

On October 28, 2011, the City awarded the Museum \$10,000,000 to support its capital campaign project. Payments are subject to City appropriation annually and as such the Museum recognizes revenue under this arrangement when invoiced. Support from this arrangement totaled \$850,000 during the years ended June 30, 2019 and 2018, and has been recognized in the accompanying financial statements. As of June 30, 2019, cumulative support from this award totaled \$9,150,000, with a remaining balance of \$850,000.

Deferred revenue: Deferred revenue results primarily from rental of the Museum for special events and summer camps received in advance, which will be recognized as revenue when the event occurs in the following fiscal year.

Advertising: Advertising costs are charged to operations when incurred and totaled \$264,816 and \$210,420 for the years ended June 30, 2019 and 2018, respectively.

Functional allocation of expenses: The Museum's program services include preserving, collecting, displaying and interpreting original works of art for the enjoyment and education of a diverse constituency. Auxiliary services include the gift shop and facility rentals. The cost of providing the various program and supporting services has been summarized on a functional basis in the statements of activities and statements of functional expenses. The Museum incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity; these direct expenses are aggregated by function. The Museum also incurs expenses that benefit both its program objectives as well as supporting services. These indirect costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited. Facilities management, utilities and depreciation expenses are allocated on the basis of space allocation by square footage and computer expense is allocated based on headcount. The communication's departmental expenses and the Director's compensation are both allocated based on their estimates of time and effort incurred.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Volunteers: A substantial number of unpaid volunteers have made significant contributions of their time and talent to further the mission of the Museum. The value of these contributed services is not reported in these financial statements since it is not susceptible to objective measurement or valuation, and because the criteria for recognition of such volunteer efforts have not been satisfied.

Measure of operations: The Museum includes in its measure of operations all revenue and expenses that are integral to its programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from Board designated and other non-operating funds to support current operating activities. The measure of operations includes support for operating activities from net assets with and without donor restrictions designated for long-term investment (the donor-restricted and quasi-endowment) according to the Museum's spending policy, which is detailed in Note 14. The measure of operations excludes investment return on quasi-endowment funds, changes in net assets pertaining to acquisition and deaccession of collection items, gains (losses) on disposal or sale of property and equipment, non-capitalized expenditures, interest expense related to borrowings, and certain miscellaneous charges and revenue unrelated to operating activities.

Income taxes: The Museum is an organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Exempt organizations are subject to tax on income from regularly conducted trade or business activities that are not substantially related to the organization's exempt purpose. The Museum has net operating loss carryforwards at June 30, 2019 of approximately \$636,000 related to its unrelated business income. Due to the uncertainty related to the potential use of this net operating loss carryforward, management has applied a full valuation allowance against the related deferred tax asset. Tax returns are generally subject to examinations for three years from the date filed. Management continually evaluates tax positions reflected in the Museum's tax filings and does not believe that any material uncertain tax positions exist. The Museum's policy is to classify income tax related interest and penalties, if any, as miscellaneous expenses.

New accounting pronouncements: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Museum has adopted this guidance during the year ended June 30, 2019 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

In May 2014, the FASB issued ASU (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Museum has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

New accounting pronouncements (continued): In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous U.S. GAAP. This ASU should be applied on a modified prospective basis. Retrospective application is permitted. The ASU is effective for years beginning after December 31, 2018. The Museum is currently evaluating the impact of the adoption of this guidance on its financial statements.

Reclassifications: Certain items in the 2018 financial statements were reclassified to conform to the 2019 presentation. These reclassifications had no effect on the previously reported change in net assets.

Subsequent events: Management has evaluated subsequent events through January 24, 2020, the date which the financial statements were available to be issued.

Note 3. Liquidity and Availability of Financial Assets

The following represents the Museum's financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the statement of financial position date:

Financial assets at year-end:	
Cash and cash equivalents	\$ 2,389,283
Charitable trusts	113,311
Investments	83,880,846
Promises to give	2,593,932
Total financial assets at year-end	<u>88,977,372</u>
Less amounts not available to be used within one year:	
Financial assets included above with donor restrictions	59,995,671
Quasi endowment established by the Board for capital improvements	3,812,427
Quasi endowment established by the Board for art purchases	5,212,274
Total not available to be used within one year	<u>69,020,372</u>
Add other amounts available within on year:	
Promises to give, time restrictions expire within one year	691,710
Spending rate appropriations on donor restricted endowment funds	1,806,555
Total other amounts available within one year	<u>2,498,265</u>
Financial assets available for general expenditure within one year	<u><u>\$ 22,455,265</u></u>

The Museum has a goal to maintain cash on hand to meet at least four months of ordinary business expenses to maintain an adequate liquidity for working capital purposes.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 4. Promises to Give

Promises to give at June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Amounts due within one year	\$ 691,710	\$ 587,057
Amounts due in more than one year but less than five years	595,879	761,981
Amounts due in more than five years	<u>3,250,702</u>	<u>3,331,695</u>
Total promises to give	4,538,291	4,680,733
Less allowance for doubtful accounts		
Less present value discount (ranging from 0.95% - 7.00%)	(222,365)	(233,563)
	<u>(1,721,994)</u>	<u>(1,830,397)</u>
Total promises to give, net	\$ 2,593,932	\$ 2,616,773

Note 5. Split-Interest Agreements

Split-interest agreements with donors consist of irrevocable charitable gift annuities, charitable remainder trusts and a perpetual trust. Split-interest agreements are reported at fair value in the statements of financial position.

Charitable gift annuities are recognized as an asset at fair value at the date of the annuity agreement. An annuity liability is recognized for the present value of future cash flows expected to be paid to the donor, and contribution revenues are recognized equal to the difference between the asset and the annuity liability. Liabilities are adjusted during the terms of the annuities for payments to donors, accretion of discounts and changes in the life expectancies of the donors.

Charitable remainder trusts provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are to be available for the Museum's use, subject to donor-imposed restrictions. The Museum is also the beneficiary of a perpetual trust which was recognized as an asset and contribution revenue at the date the trust was established. Distributions from the trust are recorded as investment income and the assets are adjusted for changes in the fair value of the trust assets. These trusts are administered and held by others.

At June 30, 2019 and 2018, the Museum recorded liabilities to beneficiaries of the charitable gift annuities totaling \$84,990 and \$89,921, respectively, which are included in accrued expenses and other liabilities in the accompanying statements of financial position. The assets related to these arrangements, amounting to \$391,460 and \$368,404 at June 30, 2019 and 2018, respectively, are included in investments.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 6. Investments

Investments are stated at fair value (see Note 7 for more details) and consist of the following at June 30, 2019 and 2018:

	2019	2018
	Fair Value	Fair Value
Certificates of deposit	\$ 157,932	\$ 313,540
Money market funds	736,886	350,760
Equities	24,016,923	17,922,475
U.S. Treasuries	5,919,739	5,389,074
Publicly traded fixed income securities	597,784	204,106
Securitized fixed income investments	1,114,279	1,216,165
Multi-strategy fund - The Richmond Fund L.P.	50,945,843	57,207,819
	83,489,386	82,603,939
Gift annuity investments	391,460	368,404
	\$ 83,880,846	\$ 82,972,343

Investment income for the years ended June 30, 2019 and 2018, consists of the following:

	2019	2018
Interest and dividends	\$ 1,430,991	\$ 971,658
Realized gains	3,938,067	3,226,605
Increase in fair value of investments	727,819	4,468,873
Investment management fees	(622,248)	(779,639)
	\$ 5,474,629	\$ 7,887,497

Unrestricted non-operating investment income includes amounts from Board designated funds.

The Richmond Fund, L.P.

Through the Museum's investment in the Richmond Fund, L.P., (the Fund) the Museum has a beneficial ownership of an investment fund that represents 2.32% and 2.62% of the Fund's total partners' capital at June 30, 2019 and 2018, respectively.

In order to diversify investment risk and avoid undue concentration in any one asset class or group of assets, Museum management invests in investment partnerships and funds, including a substantial investment in the Fund, a Virginia limited partnership affiliated with the University of Richmond's (the University) endowment manager, organized to provide an asset management vehicle for certain non-profit organizations. The General Partner of the Fund is Spider Management Company, LLC, a controlled affiliate of the University. One of the goals of the Fund is to achieve gross investment returns for its investors that mirror the returns achieved by the University's endowment. The fair value of this investment at June 30, 2019 and 2018 was \$50,945,843 and \$57,207,819, respectively.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 6. Investments (Continued)

The Fund's investments are diversified globally and by sector, and at June 30, 2019 and 2018 the Fund's assets consisted of the following:

	2019	2018
Investments in investment funds:		
Hedge funds	54.62 %	51.90 %
Private equity	13.45 %	15.27 %
Real assets	5.39 %	5.58 %
Real estate	3.85 %	3.70 %
	77.31 %	76.45 %
Investments in securities:		
Common and preferred stocks	8.26 %	14.82 %
Comingled funds	1.79 %	1.83 %
	10.05 %	16.65 %
Cash and cash equivalents and other assets	12.64 %	6.90 %
	100.00 %	100.00 %

Liquidity

As part of the Museum's investment in the Fund, limitations exist on the Museum's ability to redeem certain investments. The limitations on redemptions are governed by partnership agreements and generally exist for five years. Redemptions can be further delayed based on investee liquidity. At June 30, 2019 and 2018, approximately 40% of the Museum's investment partnership portfolio was available for redemption within the next 12 months.

Note 7. Fair Value Measurements

The Museum has certain assets and liabilities that are valued using a fair value hierarchy. The three levels of fair value hierarchy for recurring fair value measurements are prioritized based on the inputs to valuation techniques used to measure fair value and are as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – observable inputs that include quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable and can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 7. Fair Value Measurements (Continued)

The following tables present the Museum's assets and liabilities that are measured at fair value on a recurring basis for each hierarchy level at June 30, 2019 and 2018:

	2019				
	Level 1	Level 2	Level 3	NAV	Total
Assets					
Investments:					
Certificates of deposit	\$ 157,932	\$ -	\$ -	\$ -	\$ 157,932
Money market funds	736,886	-	-	-	736,886
Equities	24,016,923	-	-	-	24,016,923
U.S. Treasuries	5,919,739	-	-	-	5,919,739
Publicly traded fixed income securities	-	597,784	-	-	597,784
Securitized fixed income investments	1,114,279	-	-	-	1,114,279
Multi-strategy fund - The Richmond Fund L.P.	-	-	-	50,945,843	50,945,843
Gift annuity investments:					
Bank deposits	79,022	-	-	-	79,022
Equity mutual funds	223,481	-	-	-	223,481
Fixed income mutual funds	88,957	-	-	-	88,957
Charitable trusts	-	-	113,311	-	113,311
Total assets at fair value	\$ 32,337,219	\$ 597,784	\$ 113,311	\$ 50,945,843	\$ 83,994,157
Liabilities					
Gift annuity liabilities	\$ -	\$ -	\$ 84,990	\$ -	\$ 84,990
Total liabilities at fair value	\$ -	\$ -	\$ 84,990	\$ -	\$ 84,990

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 7. Fair Value Measurements (Continued)

	2018				
	Level 1	Level 2	Level 3	NAV	Total
Assets					
Investments:					
Certificates of deposit	\$ 313,540	\$ -	\$ -	\$ -	\$ 313,540
Money market funds	350,760	-	-	-	350,760
Equities	17,922,475	-	-	-	17,922,475
U.S. Treasuries	5,389,074	-	-	-	5,389,074
Publicly traded fixed income securities	-	204,106	-	-	204,106
Securitized fixed income investments	1,216,165	-	-	-	1,216,165
Multi-strategy fund - The Richmond Fund L.P.	-	-	-	57,207,819	57,207,819
Gift annuity investments:					
Bank deposits	77,647	-	-	-	77,647
Equity mutual funds	207,503	-	-	-	207,503
Fixed income mutual funds	83,254	-	-	-	83,254
Charitable trusts	-	-	113,181	-	113,181
Total assets at fair value	\$ 25,560,418	\$ 204,106	\$ 113,181	\$ 57,207,819	\$ 83,085,524
Liabilities					
Gift annuity liabilities	\$ -	\$ -	\$ 89,821	\$ -	\$ 89,821
Total liabilities at fair value	\$ -	\$ -	\$ 89,821	\$ -	\$ 89,821

The Museum used quoted prices in principal active markets for identical assets as of the valuation date (Level 1) to value certain money market funds, registered mutual funds, U.S. Treasuries, securitized fixed income investments, and equities at June 30, 2019 and 2018. Certificates of deposit are valued at their carrying value which approximates both fair value and redemption value.

For the valuation of certain fixed income investments at June 30, 2019 and 2018, the Museum used significant other observable inputs, particularly quoted prices for the identical instruments on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

The valuation of the multi-strategy fund at June 30, 2019 and 2018, is reported at estimated fair value utilizing the net asset values (NAV) provided by the fund manager as a practical expedient.

Fair value for the charitable trusts and gift annuity liabilities are determined by calculating the present value of the future distributions expected to be received or paid, using published Internal Revenue Service life expectancy tables and rates of 2.38% and 2.86%, respectively, for the years ended June 30, 2019 and 2018. There have been no changes in the valuation techniques and related inputs.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 7. Fair Value Measurements (Continued)

The following tables present a reconciliation of assets and liabilities in which significant unobservable inputs (Level 3) were used to determine fair value as of June 30, 2019 and 2018.

	2019				
	Fair Value July 1, 2018	Net Realized and Unrealized Gains	Purchases	Sales	Fair Value June 30, 2019
Charitable trusts assets	\$ 113,181	\$ 130	\$ -	\$ -	\$ 113,311
Gift annuity liabilities	\$ 89,921	\$ 12,068	\$ -	\$ (16,999)	\$ 84,990

	2018				
	Fair Value July 1, 2018	Net Realized and Unrealized Gains	Purchases	Sales	Fair Value June 30, 2019
Charitable trusts assets	\$ 116,689	\$ (3,508)	\$ -	\$ -	\$ 113,181
Gift annuity liabilities	\$ 95,041	\$ 11,079	\$ -	\$ (16,999)	\$ 89,121

The following summarizes investments in entities that calculate fair value based on NAV per share as of June 30, 2019 and 2018:

	2019				
Description	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible Quarterly (with limitations)	Redemption Notice Period	
The Richmond Fund, L.P.	\$ 50,945,843	\$ -		60 Days	
	\$ 50,945,843	\$ -			

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 7. Fair Value Measurements (Continued)

Description	2018		Redemption Frequency (if Currently Eligible	Redemption Notice Period
	Fair Value	Unfunded Commitments	Quarterly (with limitations)	60 Days
The Richmond Fund, L.P.	\$ 57,207,819	\$ -		
	<u>\$ 57,207,819</u>	<u>\$ -</u>		

Investments in the Fund include investments in hedge funds, private equity funds and other funds (real assets and real estate), common and preferred stocks and comingled funds and are reported at fair value as determined by Richmond Fund Management Company, LLC (the General Partner). The General Partner has estimated the fair value of the Fund's investments in investment funds on the basis of the NAV per share of the investment (or its equivalent), as a practical expedient, wherever a) the underlying investment manager's calculation of NAV is fair value based, and b) the NAV has been calculated as of the Fund's fiscal year-end date. For investments in funds where the reported NAV is not as of the Fund's fiscal year-end date or is not fair value based, the General Partner has adjusted the NAV, if deemed necessary, to estimate the NAV. Examples of factors that might necessitate an adjustment to the investment manager's reported NAV when it is not as of the Fund's fiscal year-end dates, are capital contributions that have been made or distributions that have been received since the calculation date of the reported NAV changes to market or economic conditions, which could affect the value of the investment fund's portfolio after the calculation date of the reported NAV or changes that have occurred in the composition of the underlying investment portfolio of the investment fund after the NAV calculation date. When the General Partner has concluded that an adjustment is necessary because the reported NAV is not calculated consistently with fair value measurement principles, the General Partner will evaluate the reasons why the NAV has not been based upon fair value and, when possible, obtain sufficient information to estimate a fair value based NAV.

When the General Partner determines it is not practicable to calculate an adjusted NAV, the practical expedient will not be utilized and other valuation methodologies will be used as described below. As of June 30, 2019 and 2018, the General Partner utilized the practical expedient for practically all investments in investment funds.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 7. Fair Value Measurements (Continued)

Hedge funds for which the practical expedient cannot be utilized are valued based upon valuations determined in good faith by the underlying investment managers and reviewed by the General Partner. Based on the specific investment, the General Partner may consider, among other factors, the volume of redemptions occurring at the reporting date at NAV, restrictions on redemptions at the reporting dates and the portion of the fund designated as a "side pocket" not available for redemption. Private equity funds, real assets and real estate funds, for which the practical expedient cannot be utilized, are valued at their estimated fair value as determined in good faith by the underlying investment managers and reviewed by the General Partner. Based on the specific investment and its underlying assets, the General Partner may consider, among other factors, quotes from market participants, pricing models, valuations or implied market inputs of comparable securities, recent sales or purchase multiples of comparable companies or securities, forecasted cash flows of the company, operating results or other financial data against set benchmarks, the book value of the company, market conditions, or other factors it deems relevant. The approved methodology will often depend on the availability of information, the type of investment, the stage of the company, and the business of the company. The General Partner attempts to maximize the use of observable inputs when available, and maintains documentation to support the rationale and method used to estimate fair value.

Note 8. Property and Equipment

Property and equipment at June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Furniture, fixtures and equipment	\$ 2,445,435	\$ 2,379,727
Less accumulated depreciation	<u>(1,938,080)</u>	<u>(1,793,099)</u>
Property and equipment, net	<u><u>\$ 507,355</u></u>	<u><u>\$ 586,628</u></u>

Note 9. Note Payable

The Museum has a note payable with an original balance of \$15,000,000 for the Museum expansion project. As of June 30, 2019 and 2018, the note payable outstanding was \$3,521,254 and \$4,371,254, respectively. The Museum will pay 79 monthly interest payments at 3.75% beginning June 2016 calculated on the outstanding balance along with annual principal payments of \$1,500,000 beginning in January 2017. As of June 30, 2019, the Museum has made prepayments on the loan totaling \$1,553,630. The Museum paid less than the required annual principal payment during the year ended June 30, 2019 based on the lender's approval and the loan remains in good standing with the lender. The original agreement provides that any outstanding principal and interest is due January 2023. This loan is secured by certain Museum investment securities.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 9. Note Payable (Continued)

Future maturities of the long-term note payable are as follows:

Year	Amount
2020	\$ 1,500,000
2021	1,500,000
2022	521,254
	<u>\$ 3,521,254</u>

Note 10. Lease Payable

The Museum entered into a five year lease for printers to be used for operations in March 2019. The lease included a maintenance component to care for the printers while under lease. The lease is recorded as a capital lease in accordance with U.S. GAAP requirements.

Future minimum lease payments for the capital lease are as follows:

Year	Amount
2020	\$ 14,880
2021	14,880
2022	14,880
2023	14,880
2024	11,160
Total future minimum capital lease payments	<u>70,680</u>
Less: Amounts representing interest	<u>(8,661)</u>
Present value of future minimum lease payments	<u>\$ 62,019</u>

The cost and related accumulated depreciation of the leased printers at June 30, 2019 was \$65,708 and \$2,738 respectively. The present value of the future minimum lease payments is included in accrued expenses and other liabilities.

Note 11. Employee Benefit Plan

The Museum offers a 403(b) retirement plan covering substantially all employees who have attained age 21, have been employed for at least one year, and who work a minimum of 1,000 hours annually. Contributions to the plan are at the discretion of the Board and approved annually. The Museum's policy is to fund the contributions as accrued. Employer contributions to the plan were \$126,059 and \$113,806 in 2019 and 2018, respectively, exclusive of plan administrative costs.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 12. Net Assets

Net Assets Without Donor Restrictions

The Museum's net assets without donor restrictions is comprised of undesignated and Board designated amounts at June 30, 2019 and 2018, classified as to purpose, as follows:

	2019	2018
Undesignated	\$ 2,823,938	\$ 2,809,926
Board designated:		
Accessions	5,212,274	4,936,280
Capital improvements	3,812,427	3,565,766
Program and supporting services	13,634,976	12,023,106
 Total Board designated	22,659,677	20,525,152
 Total net assets without donor restrictions	\$ 25,483,615	\$ 23,335,078

Quasi-Endowment Funds: Board designated net assets include quasi-endowment funds which consist of deaccession proceeds and other unrestricted funds which the Board has designated for accession, capital, and program use. These quasi-endowment funds follow the spending policy of Museum endowments as discussed in Note 14.

Net Assets With Donor Restrictions

Net assets included in the net assets with donor restrictions classification have been received from donors that have restricted the use of the funds for specific purposes and/or a future period. The restrictions expire when obligations are incurred to fulfill the specified purpose or when time restrictions are satisfied.

The Museum's net assets with donor restrictions at June 30, 2019 and 2018, classified as to purpose, are as follows:

Subject to expenditure for specific purpose and/or passage of time:

	2019	2018
Accessions	\$ 331,314	\$ 338,908
Capital improvements	3,455,263	3,290,016
Program and supporting services	8,489,131	7,852,718
Time-restricted pledges	1,594,035	1,674,346
	13,869,743	13,155,988

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 12. Net Assets (Continued)

	<u>2019</u>	<u>2018</u>
Endowments:		
Unappropriated endowment investment earnings	\$ 12,400,373	\$ 11,479,525
Original donor restricted gift amounts to be maintained in perpetuity	<u>33,685,555</u>	<u>33,619,331</u>
Total endowment	<u>46,085,928</u>	<u>45,098,856</u>
Total net assets without donor restrictions	<u>\$ 59,955,671</u>	<u>\$ 58,254,844</u>

The above designated and restricted net assets aggregated by purpose at June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Accessions	\$ 11,688,702	\$ 11,383,180
Capital improvements	7,267,690	6,855,782
Program and supporting services	62,064,922	58,866,688
Time-restricted pledges	<u>1,594,035</u>	<u>1,674,346</u>
Total net assets without donor restrictions	<u>\$ 82,615,349</u>	<u>\$ 78,779,996</u>

Note 13. Net Assets Released From Restrictions

Net assets released from restrictions during the years ended June 30, 2019 and 2018 by incurring expenses satisfying the restricted purposes, or by time or the occurrence of other events specified by donors are summarized as follows:

	<u>2019</u>	<u>2018</u>
Operational support		
Program and supporting services	<u>\$ 1,973,066</u>	<u>\$ 1,621,505</u>
Non-operating support		
Accessions	407,342	478,988
Capital improvements	<u>1,586,006</u>	<u>2,880,083</u>
Total non-operating support	<u>1,993,348</u>	<u>3,359,071</u>
Total net assets released from restrictions	<u>\$ 3,966,414</u>	<u>\$ 4,980,576</u>

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 14. Endowments

The Museum's endowment consists of approximately 50 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Governing Board's Interpretation of Law: The Board has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Museum classifies net assets with donor restrictions as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) unappropriated investment earnings on donor-restricted endowment funds.

Investment Return Objectives and Risk Parameters: The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity or for a donor-specified period, as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to (a) provide for a spending rate that keeps pace with inflation while protecting and growing the real value of the funds corpus, (b) attain an average annual real return, net of fees, of at least 5.0% over the long term, as measured over rolling five-year periods, and (c) control risks that may hinder achievement of these goals.

Spending Policy: The Museum utilizes a total return, spending-rate policy in order to provide portfolio management flexibility, preserve the purchasing power (real value) of the funds, and aid the Museum's budgetary process. To meet these objectives, the Museum focuses on the overall return on investments, including interest, dividends, and net investment appreciation. For the Museum's budgeting requirements, the Museum is limited to using up to its spending rate, currently 4.75% (5.0% for the year ended June 30, 2018), applied to a five-year moving average of the applicable Board designated and donor-restricted funds' fair value, to determine how much of the total return will be used for each year's budget. If in any one year the full spending rate is not expended, the unspent portion carries forward and is added to the subsequent year's spending rate. Income in excess of the spending-rate formula is thus available, subject to original gift instruments, to maintain or increase the real value of the funds.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds could fall below the level that the donor or UPMIFA requires the Museum to retain as a fund of perpetual duration. In accordance with U.S. GAAP, a deficiency of this nature is reported in net assets with donor restrictions. As of June 30, 2019 and 2018 no such deficiency existed.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 14. Endowments (Continued)

Endowment funds by net asset class at June 30, 2019 and 2018 are as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor-restricted	\$ -	\$ 46,085,928	\$ 46,085,928
Board designated	22,510,649	-	22,510,649
Total endowment funds	<u>\$ 22,510,649</u>	<u>\$ 46,085,928</u>	<u>\$ 68,596,577</u>

	2018		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor restricted	\$ -	\$ 45,098,856	\$ 45,098,856
Board designated	20,388,098	-	20,388,098
Total endowment funds	<u>\$ 20,388,098</u>	<u>\$ 45,098,856</u>	<u>\$ 65,486,954</u>

Changes in endowment funds by net asset class at June 30, 2019 and 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Totals
Balance, June 30, 2017	\$ 16,605,811	\$ 42,581,387	\$ 59,187,198
Additions	2,334,044	68,329	2,402,373
Investment income	2,564,723	4,170,108	6,734,831
Expenditures	(1,116,480)	(1,720,968)	(2,837,448)
Balance, June 30, 2018	20,388,098	45,098,856	65,486,954
Additions	1,399,085	66,225	1,465,310
Investment income	1,812,051	2,875,346	4,687,397
Expenditures	(1,088,585)	(1,954,499)	(3,043,084)
Balance, June 30, 2019	<u>\$ 22,510,649</u>	<u>\$ 46,085,928</u>	<u>\$ 68,596,577</u>

Included in endowment funds with donor restrictions were \$908,956 and \$842,962 of net promises to give at June 30, 2019 and 2018, respectively.

THE CHRYSLER MUSEUM, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 15. Concentration of Credit Risk

At various times during the years presented, the Museum may have on deposit with a single financial institution more than \$250,000, which is the basic limit currently insured by the Federal Deposit Insurance Corporation (FDIC).

Credit risks related to pledges receivable are concentrated as most of the receivables are due from individuals and businesses located in the same geographic region.

The Museum received 32.8% and 34.5% of its total support and revenue from the City of Norfolk for the years ended June 30, 2019 and 2018.

Note 16. Related Party Transactions

The City of Norfolk appoints 15 out of 28 of the Museum's board of trustees and is considered a related party. Transactions with the City of Norfolk are disclosed in Notes 2 and 15.

The Museum's note payable is held by a financial institution that employs a senior vice president that serves as a trustee of the Museum.

Trustee contributions to the Museum totaled approximately \$379,600 and \$674,300 for the years ended June 30, 2019 and 2018, respectively.

Note 17. Commitments

Effective June 1, 2019, the Museum renewed a lease agreement with Old Dominion University for library storage on Monarch Way in Norfolk, Virginia. The lease is for five years terminating on May 31, 2024 with as base rent of \$1 for the term of the lease. Additional occupancy costs will be billed for maintenance, repairs, utilities and other costs estimated annually at \$20,767, with a two percent increase each year and is due monthly. Future minimum payments pursuant to this agreement for years ending June 30 are as follows:

Year	Amount
2020	\$ 20,802
2021	21,218
2022	21,642
2023	22,075
2024	20,606
	<hr/>
	\$ 106,343