

**MUSEUM OF ARTS AND DESIGN**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2017 AND 2016**

# MUSEUM OF ARTS AND DESIGN

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Museum of Arts and Design

We have audited the accompanying financial statements of Museum of Arts and Design (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities 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 of 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 Museum of Arts and Design as of December 31, 2017 and 2016, 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.

*Lotz + Carr, LLP*

New York, New York  
June 7, 2018

## MUSEUM OF ARTS AND DESIGN

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

	2017						2016 Total	
	Unrestricted			Total	Temporarily Restricted	Permanently Restricted		Total
	Operating	Property and Equipment/ Capital Campaign	Board Designated Endowment					
<b>Assets</b>								
Cash and cash equivalents (Notes 1b and 3a)	\$2,093,268	\$ 20,268	\$ -	\$ 2,113,536	\$ 6,393	\$ -	\$ 2,119,929	\$ 2,032,225
Unconditional promises to give (Notes 1c and 4)								
Unrestricted, less allowance for uncollectible pledges	150,907	-	-	150,907	-	-	150,907	67,365
Restricted to future programs	-	-	-	-	184,279	-	184,279	494,623
Accounts receivable	155,974	-	-	155,974	18,643	-	174,617	183,883
Museum store inventory (Note 1h)	479,272	-	-	479,272	-	-	479,272	452,091
Prepaid expenses and other current assets	239,749	-	-	239,749	-	-	239,749	205,121
Investments - endowment (Notes 1d, 5 and 6)	-	-	560,011	560,011	3,205,231	10,322,461	14,087,703	12,450,794
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 7)	-	68,903,520	-	68,903,520	-	-	68,903,520	70,950,016
Collection (Note 1g)	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$3,119,170</b>	<b>\$68,923,788</b>	<b>\$ 560,011</b>	<b>\$72,602,969</b>	<b>\$ 3,414,546</b>	<b>\$10,322,461</b>	<b>\$86,339,976</b>	<b>\$86,836,118</b>
<b>Liabilities and Net Assets</b>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 782,767	\$ 5,880	\$ -	\$ 788,647	\$ -	\$ -	\$ 788,647	\$ 847,204
Refundable advances and deferred revenue	7,271	-	-	7,271	-	-	7,271	2,000
Deferred rent liability (Note 1i)	6,469	-	-	6,469	-	-	6,469	83,205
Interfund (receivable) payable	1,761,538	(449,903)	(400,000)	911,635	(911,635)	-	-	-
Total Liabilities	2,558,045	(444,023)	(400,000)	1,714,022	(911,635)	-	802,387	932,409
Commitments and Contingencies (Notes 8, 9 and 12)								
<b>Net Assets</b>								
Unrestricted								
Property and equipment	-	69,367,811	-	69,367,811	-	-	69,367,811	71,447,572
Board Designated Endowment (Note 2a)	-	-	960,011	960,011	-	-	960,011	879,426
Operations	561,125	-	-	561,125	-	-	561,125	124,708
Total Unrestricted	561,125	69,367,811	960,011	70,888,947	-	-	70,888,947	72,451,706
Temporarily restricted (Note 2b)	-	-	-	-	4,326,181	-	4,326,181	3,130,642
Permanently restricted (Note 2c)	-	-	-	-	-	10,322,461	10,322,461	10,321,361
Total Net Assets	561,125	69,367,811	960,011	70,888,947	4,326,181	10,322,461	85,537,589	85,903,709
<b>Total Liabilities and Net Assets</b>	<b>\$3,119,170</b>	<b>\$68,923,788</b>	<b>\$ 560,011</b>	<b>\$72,602,969</b>	<b>\$ 3,414,546</b>	<b>\$10,322,461</b>	<b>\$86,339,976</b>	<b>\$86,836,118</b>

See notes to financial statements.

**MUSEUM OF ARTS AND DESIGN**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

	2016						
	Unrestricted			Total	Temporarily Restricted	Permanently Restricted	Total
Operating	Property and Equipment/ Capital Campaign	Board Designated Endowment					
<b>Assets</b>							
Cash and cash equivalents (Notes 1b and 3a)	\$1,527,619	\$ 398,220	\$ 100,000	\$ 2,025,839	\$ 6,386	\$ -	\$ 2,032,225
Unconditional promises to give (Notes 1c and 4)							
Unrestricted, less allowance for uncollectible pledges	67,365	-	-	67,365	-	-	67,365
Restricted to future programs	-	-	-	-	494,623	-	494,623
Accounts receivable	169,042	-	-	169,042	14,841	-	183,883
Museum store inventory (Note 1h)	452,091	-	-	452,091	-	-	452,091
Prepaid expenses and other current assets	205,121	-	-	205,121	-	-	205,121
Investments - endowment (Notes 1d, 5 and 6)	-	-	579,426	579,426	1,550,007	10,321,361	12,450,794
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 7)	-	70,950,016	-	70,950,016	-	-	70,950,016
Collection (Note 1g)	-	-	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$2,421,238</u></b>	<b><u>\$ 71,348,236</u></b>	<b><u>\$ 679,426</u></b>	<b><u>\$74,448,900</u></b>	<b><u>\$ 2,065,857</u></b>	<b><u>\$10,321,361</u></b>	<b><u>\$86,836,118</u></b>
<b>Liabilities and Net Assets</b>							
<b>Liabilities</b>							
Accounts payable and accrued expenses	\$ 846,540	\$ 664	\$ -	\$ 847,204	\$ -	\$ -	\$ 847,204
Refundable advances and deferred revenue	2,000	-	-	2,000	-	-	2,000
Deferred rent liability (Note 1i)	83,205	-	-	83,205	-	-	83,205
Interfund (receivable) payable	1,364,785	(100,000)	(200,000)	1,064,785	(1,064,785)	-	-
Total Liabilities	<u>2,296,530</u>	<u>(99,336)</u>	<u>(200,000)</u>	<u>1,997,194</u>	<u>(1,064,785)</u>	<u>-</u>	<u>932,409</u>
Commitments and Contingencies (Notes 8, 9 and 12)							
<b>Net Assets</b>							
<b>Unrestricted</b>							
Property and equipment	-	71,447,572	-	71,447,572	-	-	71,447,572
Board Designated Endowment (Note 2a)	-	-	879,426	879,426	-	-	879,426
Operations	124,708	-	-	124,708	-	-	124,708
Total Unrestricted	<u>124,708</u>	<u>71,447,572</u>	<u>879,426</u>	<u>72,451,706</u>	<u>-</u>	<u>-</u>	<u>72,451,706</u>
Temporarily restricted (Note 2b)	-	-	-	-	3,130,642	-	3,130,642
Permanently restricted (Note 2c)	-	-	-	-	-	10,321,361	10,321,361
Total Net Assets	<u>124,708</u>	<u>71,447,572</u>	<u>879,426</u>	<u>72,451,706</u>	<u>3,130,642</u>	<u>10,321,361</u>	<u>85,903,709</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$2,421,238</u></b>	<b><u>\$ 71,348,236</u></b>	<b><u>\$ 679,426</u></b>	<b><u>\$74,448,900</u></b>	<b><u>\$ 2,065,857</u></b>	<b><u>\$10,321,361</u></b>	<b><u>\$86,836,118</u></b>

See notes to financial statements.

## MUSEUM OF ARTS AND DESIGN

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

	2017						2016 Total
	Unrestricted			Temporarily Restricted	Permanently Restricted	Total	
	Operating	Property and Equipment/ Capital Campaign	Board Designated Endowment				
<b>Revenues, Gains and Other Support (Note 3b)</b>							
Contributions - capital campaign	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,000
Contributions	3,637,745	-	-	3,637,745	490,975	1,100	3,904,218
Donated services (Note 10)	19,648	-	-	19,648	-	-	75,264
	3,657,393	-	-	3,657,393	490,975	1,100	4,429,482
Special events income	2,218,338	-	-	2,218,338	-	-	2,853,129
Less: Direct expenses	(501,179)	-	-	(501,179)	-	-	(427,179)
Merchandise sales	2,857,515	-	-	2,857,515	-	-	2,761,613
Less: Cost of sales, including payments to artists	(1,461,165)	-	-	(1,461,165)	-	-	(1,344,042)
Museum admission fees	724,844	-	-	724,844	-	-	664,872
Membership and support group dues	481,216	-	-	481,216	-	-	567,767
Member trips	14,130	-	-	14,130	-	-	6,875
Travel exhibition fees, net of direct expenses	63,022	-	-	63,022	-	-	129,672
Education lectures, workshops and other income	17,078	-	-	17,078	-	-	22,845
Rental income (Note 9b)	849,678	-	-	849,678	-	-	918,553
Net investment income (loss) (Note 5)	(2,402)	297	107,730	105,625	2,206,884	-	995,026
	8,918,468	297	107,730	9,026,495	2,697,859	1,100	11,725,454
Investment income appropriated to operations (Notes 2a and 2b)	575,000	-	(27,145)	547,855	(547,855)	-	-
Return of prior year grant	-	-	-	-	-	-	(75,000)
Net assets released from restrictions	954,465	-	-	954,465	(954,465)	-	-
<b>Total Revenues, Gains and Other Support</b>	<b>10,447,933</b>	<b>297</b>	<b>80,585</b>	<b>10,528,815</b>	<b>1,195,539</b>	<b>1,100</b>	<b>11,503,613</b>
<b>Expenses</b>							
Program Services							
Exhibitions	3,107,855	1,005,913	-	4,113,768	-	-	5,930,562
Curatorial	1,016,895	249,961	-	1,266,856	-	-	742,710
Education and other	2,646,768	654,470	-	3,301,238	-	-	2,921,797
Total Program Services	6,771,518	1,910,344	-	8,681,862	-	-	9,595,069
Supporting Services							
Administration	624,757	87,037	-	711,794	-	-	1,453,540
Membership and development	2,473,454	113,313	-	2,586,767	-	-	1,846,932
Capital campaign	-	1,562	-	1,562	-	-	131,870
Total Supporting Services	3,098,211	201,912	-	3,300,123	-	-	3,432,342
<b>Total Expenses</b>	<b>9,869,729</b>	<b>2,112,256</b>	<b>-</b>	<b>11,981,985</b>	<b>-</b>	<b>-</b>	<b>13,027,411</b>
Increase (Decrease) in Net Assets from Operations Before Changes Related to Collection Items Not Capitalized	578,204	(2,111,959)	80,585	(1,453,170)	1,195,539	1,100	(256,531)
Changes in net assets related to collection items not capitalized							
Collection items purchased (Note 1g)	(109,589)	-	-	(109,589)	-	-	(19,047)
Increase (Decrease) in Net Assets from Operations	468,615	(2,111,959)	80,585	(1,562,759)	1,195,539	1,100	(366,120)
Interfund appropriation for property and equipment	(32,198)	32,198	-	-	-	-	-
Increase (decrease) in net assets	436,417	(2,079,761)	80,585	(1,562,759)	1,195,539	1,100	(1,542,845)
Net assets, beginning of year	124,708	71,447,572	879,426	72,451,706	3,130,642	10,321,361	87,446,554
<b>Net Assets, End of Year</b>	<b>\$ 561,125</b>	<b>\$ 69,367,811</b>	<b>\$ 960,011</b>	<b>\$70,888,947</b>	<b>\$4,326,181</b>	<b>\$10,322,461</b>	<b>\$85,537,589</b>

See notes to financial statements.

**MUSEUM OF ARTS AND DESIGN**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2016**

2016

	Unrestricted						
	Operating	Property and Equipment/ Capital Campaign	Board Designated Endowment	Total	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains and Other Support (Note 3b)</b>							
Contributions - capital campaign	\$ -	\$ 450,000	\$ -	\$ 450,000	\$ -	\$ -	\$ 450,000
Contributions	2,923,853	-	-	2,923,853	969,365	11,000	3,904,218
Donated services (Note 10)	75,264	-	-	75,264	-	-	75,264
	<u>2,999,117</u>	<u>450,000</u>	<u>-</u>	<u>3,449,117</u>	<u>969,365</u>	<u>11,000</u>	<u>4,429,482</u>
Special events income	2,853,129	-	-	2,853,129	-	-	2,853,129
Less: Direct expenses	(427,179)	-	-	(427,179)	-	-	(427,179)
Merchandise sales	2,761,613	-	-	2,761,613	-	-	2,761,613
Less: Cost of sales, including payments to artists	(1,344,042)	-	-	(1,344,042)	-	-	(1,344,042)
Museum admission fees	664,872	-	-	664,872	-	-	664,872
Membership and support group dues	567,767	-	-	567,767	-	-	567,767
Member trips	6,875	-	-	6,875	-	-	6,875
Travel exhibition fees, net of direct expenses	129,672	-	-	129,672	-	-	129,672
Education lectures, workshops and other income	22,845	-	-	22,845	-	-	22,845
Rental income (Note 9b)	918,553	-	-	918,553	-	-	918,553
Net investment income (loss) (Note 5)	(17,954)	190	39,255	21,491	973,535	-	995,026
	<u>9,135,268</u>	<u>450,190</u>	<u>39,255</u>	<u>9,624,713</u>	<u>1,942,900</u>	<u>11,000</u>	<u>11,578,613</u>
Investment income appropriated to operations (Notes 2a and 2b)	575,000	-	(22,593)	552,407	(552,407)	-	-
Return of prior year grant	-	-	-	-	(75,000)	-	(75,000)
Net assets released from restrictions	994,317	-	-	994,317	(994,317)	-	-
	<u>10,704,585</u>	<u>450,190</u>	<u>16,662</u>	<u>11,171,437</u>	<u>321,176</u>	<u>11,000</u>	<u>11,503,613</u>
<b>Expenses</b>							
Program Services							
Exhibitions	4,240,265	1,690,297	-	5,930,562	-	-	5,930,562
Curatorial	742,710	-	-	742,710	-	-	742,710
Education and other	2,710,510	211,287	-	2,921,797	-	-	2,921,797
Total Program Services	<u>7,693,485</u>	<u>1,901,584</u>	<u>-</u>	<u>9,595,069</u>	<u>-</u>	<u>-</u>	<u>9,595,069</u>
Supporting Services							
Administration	1,242,253	211,287	-	1,453,540	-	-	1,453,540
Membership and development	1,846,932	-	-	1,846,932	-	-	1,846,932
Capital campaign	-	131,870	-	131,870	-	-	131,870
Total Supporting Services	<u>3,089,185</u>	<u>343,157</u>	<u>-</u>	<u>3,432,342</u>	<u>-</u>	<u>-</u>	<u>3,432,342</u>
Total Expenses	<u>10,782,670</u>	<u>2,244,741</u>	<u>-</u>	<u>13,027,411</u>	<u>-</u>	<u>-</u>	<u>13,027,411</u>
Increase (Decrease) in Net Assets Before Changes Related to Collection Items Not Capitalized	(78,085)	(1,794,551)	16,662	(1,855,974)	321,176	11,000	(1,523,798)
Changes in net assets related to collection items not capitalized Collection items purchased (Note 1g)	(19,047)	-	-	(19,047)	-	-	(19,047)
Increase (Decrease) in Net Assets from Operations	(97,132)	(1,794,551)	16,662	(1,875,021)	321,176	11,000	(1,542,845)
Interfund appropriation for property and equipment	(6,579)	6,579	-	-	-	-	-
Increase (decrease) in net assets	(103,711)	(1,787,972)	16,662	(1,875,021)	321,176	11,000	(1,542,845)
Net assets, beginning of year	228,419	73,235,544	862,764	74,326,727	2,809,466	10,310,361	87,446,554
<b>Net Assets, End of Year</b>	<u>\$ 124,708</u>	<u>\$71,447,572</u>	<u>\$ 879,426</u>	<u>\$72,451,706</u>	<u>\$ 3,130,642</u>	<u>\$10,321,361</u>	<u>\$85,903,709</u>

See notes to financial statements.



## MUSEUM OF ARTS AND DESIGN

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$ (366,120)	\$(1,542,845)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Bad debt expense	-	125,364
Depreciation and amortization	2,110,694	2,112,871
Net realized loss on sale of investments	3,899	70,684
Net unrealized gain on sale of investments	(2,029,705)	(796,625)
Endowment contributions	(1,100)	(12,000)
Capital campaign contributions received	-	(450,000)
Deferred rent	(76,736)	12,612
(Increase) decrease in:		
Unconditional promises to give	226,802	129,972
Accounts receivable	9,266	18,717
Museum store inventory	(27,181)	(111,845)
Prepaid expenses and other current assets	(34,628)	(42,148)
Increase (decrease) in:		
Accounts payable and accrued expenses	(63,773)	281,369
Refundable advances and deferred revenue	5,271	-
Net Cash Used By Operating Activities	<u>(243,311)</u>	<u>(203,874)</u>
<b>Cash Flows From Investing Activities</b>		
Payments for purchase of fixed assets	(58,982)	(63,404)
Purchase of investments	(1,691,311)	(2,032,968)
Proceeds from sale of investments	2,080,208	2,207,394
Net Cash Provided By Investing Activities	<u>329,915</u>	<u>111,022</u>
<b>Cash Flows From Financing Activities</b>		
Endowment contributions received	1,100	12,000
Capital campaign contributions received	-	450,000
Net Cash Provided By Financing Activities	<u>1,100</u>	<u>462,000</u>
Net increase in cash and cash equivalents	87,704	369,148
Cash and cash equivalents, beginning of year	<u>2,032,225</u>	<u>1,663,077</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 2,119,929</u></u>	<u><u>\$ 2,032,225</u></u>

See notes to financial statements.

**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 1 - Museum and Summary of Significant Accounting Policies**

a - Museum

The Museum of Arts and Design (the "Museum") collects, displays and interprets objects that document contemporary and historic innovation in craft, art and design. In its exhibitions and educational programs, the Museum celebrates the creative process through which materials and process are brought to bear to create artistic works that enhance contemporary life.

The Museum is ideally situated 2 Columbus Circle at the southwest corner of Central Park where major public transportation services converge and serves over 250,000 visitors annually.

The Museum offers the visiting public four full floors of gallery space, artist studios and a student classroom, a 145 seat theater, a destination store focused on objects created by artists from around the world and a 9<sup>th</sup> floor restaurant, Robert, with a view of Central Park.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Museum considers all unrestricted highly liquid investments, with an initial maturity of three months or less, to be cash equivalents, except for those short-term investments managed by the Museum's investment managers as part of their long-term investment strategies.

c - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Museum, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Museum uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

d - Investments

The Museum reflects investments at fair value in the statement of financial position. Interest, dividends, and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in unrestricted net assets if the restrictions are met in the same fiscal year in which the gains and other investment income are recognized.

**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 1 - Museum and Summary of Significant Accounting Policies (continued)**

d - Investments (continued)

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Museum. Unobservable inputs reflect the Museum's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances. Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Museum has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

e - Property and Equipment

Property and equipment are reported at cost, or if donated, at the fair market value at date of receipt. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

f - Financial Statement Presentation

The Museum reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

g - Art Collection

The Museum maintains a collection of works of contemporary art objects. A description of the contents of the permanent collection is maintained by the registrar. The Museum has insurance coverage for items on its premises, in storage, in transit and on loan at other locations.

**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 1 - Museum and Summary of Significant Accounting Policies (continued)**

g - Art Collection (continued)

The value of the collection, which was acquired through purchases and contributions since the Museum's inception, is not reflected as an asset on the statement of financial position. Purchases of collection items are expensed in the year of acquisition. Contributions of collection items are not recognized in the statement of activities. Proceeds from deaccessions or insurance recoveries are reflected on the statement of activities based on the absence or existence and nature of donor-imposed restrictions. There were no deaccessions for 2017 or 2016. Numerous works were also donated to the permanent collection in 2017 and 2016.

The collection is held for public service rather than financial gain, protected and preserved, and subject to an organizational policy that requires the proceeds from sales of such items to be used to acquire other items for collections.

h - Museum Store Inventory

The Museum's store inventory consists of objects created by artists from around the world, as well as publications and other objects, and is stated at the lower of cost, as determined by the first-in, first-out method, or market. The Museum's store sales also consist of artists' works held on consignment which are not included in inventory.

i - Deferred Rent

The Museum records rent expense associated with its storage space lease on a straight-line basis over the life of the lease (see Note 9a). The difference between the straight-line amount and amounts paid in accordance with the terms of its lease is recorded as a liability and an expense in the accompanying financial statements.

j - Advertising Costs

Advertising costs are charged to operations when the advertising first takes place. Advertising expense incurred during the years ended December 31, 2017 and 2016 was \$361,813 and \$336,308, respectively.

k - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

l - Prior Year Information

For comparability, certain 2016 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2017.

**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 1 - Museum and Summary of Significant Accounting Policies (continued)**

m - Subsequent Events

The Museum has evaluated subsequent events through June 7, 2018, the date that the financial statements are considered available to be issued.

n - Tax Status

Museum of Arts and Design is a not-for-profit Museum exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

**Note 2 - Restrictions on Assets**

a - Board Designated Endowment

The Museum's Board Designated Endowment was established with a grant from the National Endowment for the Arts, and accumulated investment income earned thereon, which was subsequently released from restriction by the donor. For 2017 and 2016, \$27,145 and \$22,593, respectively, was appropriated to operations pursuant to the Museum's spending policy. Cumulative outstanding borrowings at December 31, 2017 and 2016 totaled \$400,000 and \$200,000, respectively.

b - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following future purposes:

	<u>2017</u>	<u>2016</u>
Accumulated endowment investment earnings (including accrued investment income)	\$3,223,874	\$1,564,848
Future exhibitions, projects and operations	975,191	1,430,600
Permanent collection acquisitions	<u>127,116</u>	<u>135,194</u>
	<u>\$4,326,181</u>	<u>\$3,130,642</u>

For 2017 and 2016, \$547,855 and \$552,407, respectively, was released from restriction in accordance with the Museum's spending policy for use in programs and operations.

**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 2 - Restrictions on Assets (continued)**

c - Permanently Restricted Net Assets

Permanently restricted net assets consist of restricted endowment contributions which require that the principal be retained and only the income be used for programs of the Museum. These endowments as of December 31 are summarized as follows:

	<u>2017</u>	<u>2016</u>
General program activities	\$ 9,147,461	\$ 9,146,361
Education programs	1,050,000	1,050,000
Ceramic works acquisition	75,000	75,000
Curatorial programs	<u>50,000</u>	<u>50,000</u>
	<u>\$10,322,461</u>	<u>\$10,321,361</u>

**Note 3 - Concentrations**

- a - The Museum maintains its cash and cash equivalents at two financial institutions in New York. Certain cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.
- b - In 2017, contributions from five donors totaled approximately 64% of operating contributions and contributions from three donors totaled approximately 29% of temporarily restricted contributions. In 2016, contributions from three donors totaled approximately 39% of operating contributions and contributions from three donors totaled approximately 89% of capital campaign contributions.

**Note 4 - Unconditional Promises to Give**

Unconditional promises to give are due as follows:

	<u>2017</u>	<u>2016</u>
Due within one year	\$ 341,801	\$ 428,157
Due in one to five years	<u>-</u>	<u>148,999</u>
	341,801	577,156
Less: Discount to present value	-	(8,553)
Less: Allowance for uncollectible pledges	<u>(6,615)</u>	<u>(6,615)</u>
	<u>\$ 335,186</u>	<u>\$ 561,988</u>

**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 4 - Unconditional Promises to Give (continued)**

Unconditional promises to give due after one year are reflected at present value of estimated future cash flows using discount rates ranging from 3 to 5%.

**Note 5 - Investments**

Investments are reflected at fair value and are summarized as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds and invested cash	\$ 578,405	\$ 578,405	\$ 1,057,567	\$ 1,057,567
Exchange traded funds	9,829,548	11,842,898	9,829,548	9,823,562
Corporate obligations	1,557,058	1,556,836	1,496,742	1,486,751
Preferred stock	26,050	26,650	-	-
Restricted preferred stock	<u>59,756</u>	<u>82,914</u>	<u>59,756</u>	<u>82,914</u>
	<u>\$12,050,817</u>	<u>\$14,087,703</u>	<u>\$12,443,613</u>	<u>\$12,450,794</u>

Marketable securities are reported on the basis of quoted market values. The value of the restricted preferred stock is estimated by the Museum based on information about the company and its financial performance.

The following schedule summarizes the net investment return for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 292,768	\$ 277,959
Net realized loss on sale of investments	<u>(3,899)</u>	<u>(70,684)</u>
	288,869	207,275
Net unrealized gain	<u>2,029,705</u>	<u>796,625</u>
	2,318,574	1,003,900
Investment management and custody fees	<u>(6,065)</u>	<u>(8,874)</u>
Net Investment Income	<u>\$2,312,509</u>	<u>\$ 995,026</u>

**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 5 - Investments (continued)**

The following summarizes investments at December 31, 2017 and 2016 by the levels within the fair value hierarchy used to measure their respective fair values:

	<b>2017</b>			
	<b>Fair Value</b>	<b>Level 1 (Quoted Prices in Active Markets in Identical Assets)</b>	<b>Level 2 (Quoted Prices in Active Markets in Similar Assets)</b>	<b>Level 3 Significant Unobservable Inputs</b>
Money market funds and invested cash	\$ 578,405	\$ 578,405	\$ -	\$ -
Exchange traded funds	11,842,898	11,842,898	-	-
Corporate obligations	1,556,836	-	1,556,836	-
Preferred stock	26,650	-	26,650	-
Restricted preferred stock	<u>82,914</u>	<u>-</u>	<u>-</u>	<u>82,914</u>
	<u>\$14,087,703</u>	<u>\$12,421,303</u>	<u>\$1,583,486</u>	<u>\$82,914</u>
	<b>2016</b>			
	<b>Fair Value</b>	<b>Level 1 (Quoted Prices in Active Markets in Identical Assets)</b>	<b>Level 2 (Quoted Prices in Active Markets in Similar Assets)</b>	<b>Level 3 Significant Unobservable Inputs</b>
Money market funds and invested cash	\$ 1,057,567	\$ 1,057,567	\$ -	\$ -
Exchange traded funds	9,823,562	9,823,562	-	-
Corporate obligations	1,486,751	-	1,486,751	-
Restricted preferred stock	<u>82,914</u>	<u>-</u>	<u>-</u>	<u>82,914</u>
	<u>\$12,450,794</u>	<u>\$10,881,129</u>	<u>\$1,486,751</u>	<u>\$82,914</u>

There were no changes in fair value in 2017 and 2016 for the Museum's investment in restricted preferred stock.



**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 6 - Endowment Funds**

The Museum's endowment consists of the Museum's Board Designated Endowment and four donor-restricted funds established for the purposes described in Note 2c. Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the Museum classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

In accordance with NYPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of the Museum and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of the Museum;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Museum; and
- (viii) the investment policy of the Museum

As of December 31, 2017 and 2016, the Museum's invested endowment funds composition, by type of fund and net asset classification, are summarized as follows:

	<b>2017</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ -	\$3,205,231	\$10,322,461	\$13,527,692
Board Designated Endowment funds	<u>560,011</u>	-	-	<u>560,011</u>
Total Endowment Funds	<u>\$560,011</u>	<u>\$3,205,231</u>	<u>\$10,322,461</u>	<u>\$14,087,703</u>

  

	<b>2016</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ -	\$1,550,007	\$10,321,361	\$11,871,368
Board Designated Endowment funds	<u>579,426</u>	-	-	<u>579,426</u>
Total Endowment Funds	<u>\$579,426</u>	<u>\$1,550,007</u>	<u>\$10,321,361</u>	<u>\$12,450,794</u>

**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 6 - Endowment Funds (continued)**

Changes in endowment funds for the years ended December 31, 2017 and 2016 are summarized as follows:

	<b>2017</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Endowment funds, beginning of year	<u>\$579,426</u>	<u>\$1,550,007</u>	<u>\$10,321,361</u>	<u>\$12,450,794</u>
Investment Return:				
Investment income, net of fees	13,329	269,244	-	282,573
Net appreciation (realized and unrealized)	<u>94,401</u>	<u>1,933,835</u>	<u>-</u>	<u>2,028,236</u>
Total Investment Return	<u>107,730</u>	<u>2,203,079</u>	<u>-</u>	<u>2,310,809</u>
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Contributions	<u>-</u>	<u>-</u>	<u>1,100</u>	<u>1,100</u>
Appropriation of endowment assets to operations	<u>(27,145)</u>	<u>(547,855)</u>	<u>-</u>	<u>(575,000)</u>
Endowment Funds, End of Year	<u>\$560,011</u>	<u>\$3,205,231</u>	<u>\$10,322,461</u>	<u>\$14,087,703</u>
	<b>2016</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment funds, beginning of year	<u>\$462,764</u>	<u>\$1,127,154</u>	<u>\$10,309,361</u>	<u>\$11,899,279</u>
Investment Return:				
Investment income, net of fees	10,355	258,535	-	268,890
Net depreciation (realized and unrealized)	<u>28,900</u>	<u>716,725</u>	<u>-</u>	<u>745,625</u>
Total Investment Return	<u>39,255</u>	<u>975,260</u>	<u>-</u>	<u>1,014,515</u>
Transfers in	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Contributions	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>
Appropriation of endowment assets to operations	<u>(22,593)</u>	<u>(552,407)</u>	<u>-</u>	<u>(575,000)</u>
Endowment Funds, End of Year	<u>\$579,426</u>	<u>\$1,550,007</u>	<u>\$10,321,361</u>	<u>\$12,450,794</u>

**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 6 - Endowment Funds (continued)**

The Museum has adopted investment and spending policies for endowment assets that attempt to provide a 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 as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that will first and foremost preserve capital, then ultimately seek to provide an average total return of 5.0% above the current inflation rate (CPI), net of fees and other expenses. The target allocation is 65% equities and 35% fixed income, the performance of which is to be measured against the appropriate benchmarks. Actual returns in any given year may vary from the target returns.

To satisfy its long-term rate-of-return objectives, the Museum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Museum has a policy of appropriating for distribution each year, 5% of the average fair value of endowment funds over the prior twelve calendar quarters, through the calendar year-end preceding the year, in which the distribution is planned. In establishing this policy, the Museum considered the long-term expected return on its endowment. Accordingly, over the long term, the Museum expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with the Museum's objective to at a minimum maintain the purchasing power of the endowment assets.

**Note 7 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2017</u>	<u>2016</u>
Building	40 years	\$ 9,229,600	\$ 9,229,600
Building improvements	15-40 years	70,365,213	70,342,563
Furniture and equipment	5-20 years	4,651,281	4,623,095
Computers	3 years	<u>398,264</u>	<u>384,902</u>
		84,644,358	84,580,160
Less: Accumulated depreciation		<u>(24,251,238)</u>	<u>(22,140,544)</u>
		60,393,120	62,439,616
Land		<u>8,510,400</u>	<u>8,510,400</u>
Net Property and Equipment		<u>\$68,903,520</u>	<u>\$70,950,016</u>

**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 7 - Property and Equipment (continued)**

Total depreciation expense was \$2,110,694 and \$2,112,871 for the years ended December 31, 2017 and 2016, respectively.

Historically, The City of New York has funded capital improvements and purchases of property and equipment. The City's investment of capital funding obligates the Museum to operate the facility as a non-profit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational, artistic uses and/or related purposes approved by the City.

**Note 8 - Line of Credit**

The Museum has an unsecured line of credit with a financial institution in the amount of \$800,000, with an adjustable interest rate tied to the Prime Rate. There were no borrowings outstanding at December 31, 2017 and 2016, respectively.

**Note 9 - Commitments and Contingencies**

a - The Museum leases storage space for its permanent collection under a lease with a term which expires September 30, 2027.

Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 199,338
2019	204,723
2020	210,246
2021	215,922
2022	221,748
2023 and thereafter	1,137,267

The Museum also pays for other related services under this agreement, and leases other space on a month-to-month as needed basis. Rent expense for the years ended December 31, 2017 and 2016 was \$139,126 and \$223,480, respectively.

**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 9 - Commitments and Contingencies (continued)**

b - The Museum leases certain portions of its facility to a tenant under a lease agreement with a term which expires December 31, 2024, and which includes two 5 year renewal options. The lease provides for annual rent for the primary portion of the premises covered under the lease based on a percentage of the tenant's gross receipts, subject to a fixed dollar minimum of \$180,000. Another portion of the premises covered under this lease provides for a percentage rent with a \$150,000 fixed dollar minimum and includes an annual cancellation provision in the event that the tenant's actual gross receipts are not greater than the minimum rent.

Total rental income recognized under this lease totaled \$662,498 (2017) and \$702,601 (2016).

c - Government supported projects are subject to audit by the respective government agencies.

**Note 10 - Donated Services**

Donated services are recorded at fair value and consist of legal services (Note 11) in 2017 and 2016.

**Note 11 - Related Party Transaction**

The law firm in which a trustee of the Museum is a partner provided legal services on a pro bono basis valued at \$19,648 and \$75,264 for the years ended December 31, 2017 and 2016, respectively.

**Note 12 - Defined Contribution Plan**

The Museum maintains a 403(b) defined contribution plan for qualifying eligible employees. A matching contribution is made to match 50% of the employee's contribution up to 3% of the employee's compensation. Total expense under this plan for 2017 and 2016 was \$53,055 and \$55,917, respectively.

**MUSEUM OF ARTS AND DESIGN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 13 - Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Depreciation, Telephone and Utilities, Postage, Security, Building and Equipment Maintenance, Insurance, and Property Taxes are allocated on the basis of square footage.

Salaries, payroll taxes, employee benefits, and professional fees are allocated on the basis of time and effort for administration and management, and timesheet records for remaining staff.

Other expenses are based on actual costs directly related to the program services and support services categories.

**SUPPLEMENTARY INFORMATION**



**LUTZ AND CARR**

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**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

To the Board of Trustees of  
Museum of Arts and Design

We have audited the financial statements of Museum of Arts and Design as of and for the years ended December 31, 2017 and 2016, and our report thereon dated June 7, 2018, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended December 31, 2017 with comparative totals for 2016 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 audits 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.

*Lutz + Carr, LLP*

New York, New York  
June 7, 2018



## MUSEUM OF ARTS AND DESIGN

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

	Program Services				Supporting Services				2017	2016
	Exhibitions	Curatorial	Education and Other	Total	Administration	Membership and Development	Capital Campaign	Total	Total Expenses	Total Expenses
Salaries and fringe benefits	\$1,272,786	\$ 657,764	\$1,358,425	\$3,288,975	\$ 168,568	\$ 1,022,911	\$ -	\$ 1,191,479	\$ 4,480,454	\$ 4,935,565
Speakers and instructors	43,141	141	61,971	105,253	-	681	-	681	105,934	47,772
Professional fees	81,243	34,446	372,765	488,454	281,379	540,608	-	821,987	1,310,441	1,247,441
Legal services	-	-	-	-	19,648	-	-	19,648	19,648	77,891
Installation and design	485,113	-	-	485,113	-	-	-	-	485,113	381,722
Video documentation and photos	18,875	-	1,708	20,583	-	270	-	270	20,853	38,694
Security services	249,528	62,006	162,349	473,883	21,591	28,109	-	49,700	523,583	512,475
Storage and warehouse	44,479	77,622	10,403	132,504	12,801	-	-	12,801	145,305	234,870
Building service contracts	110,230	27,391	71,718	209,339	9,538	12,417	-	21,955	231,294	295,808
Electricity	374,389	93,032	243,586	711,007	32,396	42,174	-	74,570	785,577	712,291
Telephone	8,648	2,149	5,627	16,424	749	974	-	1,723	18,147	18,668
Insurance	71,632	17,800	46,605	136,037	6,198	8,069	-	14,267	150,304	165,529
Supplies	15,239	2,808	73,090	91,137	27,367	135,247	97	162,711	253,848	271,442
Printing	51,957	186	5,264	57,407	5,801	81,273	-	87,074	144,481	201,244
Postage	8,614	2,360	5,961	16,935	1,045	45,415	-	46,460	63,395	73,302
Shipping and crating	103,045	6,727	74,456	184,228	267	9,041	-	9,308	193,536	607,048
Equipment and maintenance	48,737	12,111	31,709	92,557	4,218	5,490	-	9,708	102,265	106,763
Travel and meals	75,837	9,872	5,911	91,620	9,999	77,184	-	87,183	178,803	230,959
Catering	-	-	6,154	6,154	-	60,101	-	60,101	66,255	45,972
Advertising and promotion	78	340	9,174	9,592	1,227	350,994	-	352,221	361,813	336,308
Line of credit maintenance fee	-	-	800	800	2,400	-	-	2,400	3,200	3,200
Conservation	13,430	2,600	-	16,030	-	-	-	-	16,030	30,862
Bank and credit card fees	1,090	108	78,131	79,329	14,696	34,737	-	49,433	128,762	119,246
Property taxes	29,580	7,350	19,246	56,176	2,560	3,332	-	5,892	62,068	59,768
Bad debt expenses	-	-	-	-	-	-	-	-	-	125,364
Miscellaneous	184	82	1,715	1,981	2,309	14,427	1,465	18,201	20,182	34,336
Total expenses before depreciation and amortization	3,107,855	1,016,895	2,646,768	6,771,518	624,757	2,473,454	1,562	3,099,773	9,871,291	10,914,540
Depreciation and amortization	1,005,913	249,961	654,470	1,910,344	87,037	113,313	-	200,350	2,110,694	2,112,871
Total Expenses, 2017	<u>\$4,113,768</u>	<u>\$1,266,856</u>	<u>\$3,301,238</u>	<u>\$8,681,862</u>	<u>\$ 711,794</u>	<u>\$ 2,586,767</u>	<u>\$ 1,562</u>	<u>\$3,300,123</u>	<u>\$11,981,985</u>	
Total Expenses, 2016	<u>\$5,930,562</u>	<u>\$ 742,710</u>	<u>\$2,921,797</u>	<u>\$9,595,069</u>	<u>\$ 1,453,540</u>	<u>\$ 1,846,932</u>	<u>\$131,870</u>	<u>\$3,432,342</u>		<u>\$13,027,411</u>

See independent auditors' report on supplementary information.