

**The Newark Museum Association
(d/b/a The Newark Museum of the Art)**

Financial Statements
December 31, 2023 and 2022

Independent Auditors' Report

Board of Trustees

The Newark Museum Association (d/b/a The Newark Museum of the Art)

Opinion

We have audited the accompanying financial statements of The Newark Museum Association, (d/b/a The Newark Museum of the Art) (the "Museum"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of December 31, 2023, and 2022 and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

PKF O'Connor Davies, LLP

March 22, 2024

**The Newark Museum Association
(d/b/a The Newark Museum of the Art)**

Statements of Financial Position

	December 31	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 5,596,197	\$ 5,633,850
Accounts receivable	78,076	35,444
Grants receivable	454,541	1,332,500
Contributions receivable, net (Note 3)	903,838	721,598
Prepaid expenses and other assets	272,587	306,496
Investments (Notes 4 and 9)	44,523,148	41,607,812
Property and equipment, net (Note 5)	13,471,028	13,746,934
Museum collections (Note 2)	-	-
	\$ 65,299,415	\$ 63,384,634
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,319,968	\$ 1,311,727
Loan payable (Note 6)	2,012,000	2,012,000
Refundable advances	61,772	48,050
Total Liabilities	4,393,740	3,371,777
Net Assets		
Without donor restrictions (Note 7)	46,101,973	45,878,483
With Donor Restrictions (Notes 8 and 9)		
Time or purpose restricted	1,074,517	405,189
Held in perpetuity	13,729,185	13,729,185
Total Net Assets	60,905,675	60,012,857
	\$ 65,299,415	\$ 63,384,634

See notes to financial statements

The Newark Museum Association
(d/b/a The Newark Museum of the Art)

Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose Restricted	Held in Perpetuity	
OPERATING ACTIVITIES				
Operating Revenues, Gains, and Other Support				
Governmental grants and appropriations	\$ 11,451,605	\$ -	\$ -	\$ 11,451,605
Contributions and pledges	931,163	1,880,440	-	2,811,603
Membership and tours	362,218	-	-	362,218
Educational	496,842	-	-	496,842
Investment return designated for operations	2,086,990	1,100,000	-	3,186,990
Other revenue	629,451	-	-	629,451
Net assets released from restriction	2,752,304	(2,752,304)	-	-
Total Operating Revenues, Gains, and Other Support	<u>18,710,573</u>	<u>228,136</u>	<u>-</u>	<u>18,938,709</u>
Operating Expenses				
Program services	13,714,748	-	-	13,714,748
General and administrative	2,086,395	-	-	2,086,395
Fundraising and development	3,184,869	-	-	3,184,869
Total Operating Expenses	<u>18,986,012</u>	<u>-</u>	<u>-</u>	<u>18,986,012</u>
Change in Net Assets from Operations	<u>(275,439)</u>	<u>228,136</u>	<u>-</u>	<u>(47,303)</u>
NON-OPERATING ACTIVITIES				
Investment return less amounts designated for current operations	1,399,122	441,192	-	1,840,314
Sale of collection items	22,886	-	-	22,886
Collections purchased	(889,079)	-	-	(889,079)
Direct care of collections	(34,000)	-	-	(34,000)
Total Non-Operating Activities	<u>498,929</u>	<u>441,192</u>	<u>-</u>	<u>940,121</u>
Change in Net Assets	<u>223,490</u>	<u>669,328</u>	<u>-</u>	<u>892,818</u>
NET ASSETS				
Beginning of year	<u>45,878,483</u>	<u>405,189</u>	<u>13,729,185</u>	<u>60,012,857</u>
End of year	<u>\$ 46,101,973</u>	<u>\$ 1,074,517</u>	<u>\$ 13,729,185</u>	<u>\$ 60,905,675</u>

See notes to financial statements

**The Newark Museum Association
(d/b/a The Newark Museum of the Art)**

Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose Restricted	Held in Perpetuity	
OPERATING ACTIVITIES				
Operating Revenues, Gains, and Other Support				
Governmental grants and appropriations	\$ 7,271,005	\$ -	\$ -	\$ 7,271,005
Contributions and pledges	1,576,050	1,640,021	10,000	3,226,071
In-kind contributions	10,000	-	-	10,000
Membership and tours	388,035	-	-	388,035
Educational	229,534	-	-	229,534
Investment return designated for operations	13,678,519	1,386,511	-	15,065,030
Other revenue	479,097	-	-	479,097
Net assets released from restriction	<u>2,651,139</u>	<u>(2,651,139)</u>	<u>-</u>	<u>-</u>
Total Operating Revenues, Gains, and Other Support	<u>26,283,379</u>	<u>375,393</u>	<u>10,000</u>	<u>26,668,772</u>
Operating Expenses				
Program services	11,811,022	-	-	11,811,022
General and administrative	2,099,219	-	-	2,099,219
Fundraising and development	<u>2,755,713</u>	<u>-</u>	<u>-</u>	<u>2,755,713</u>
Total Operating Expenses	<u>16,665,954</u>	<u>-</u>	<u>-</u>	<u>16,665,954</u>
Change in Net Assets from Operations	<u>9,617,425</u>	<u>375,393</u>	<u>10,000</u>	<u>10,002,818</u>
NON-OPERATING ACTIVITIES				
Investment return less amounts designated for current operations	(18,056,160)	(2,901,766)	-	(20,957,926)
Sale of collection items	293	-	-	293
Collections purchased	(783,450)	-	-	(783,450)
Direct care of collections	<u>(8,130,075)</u>	<u>-</u>	<u>-</u>	<u>(8,130,075)</u>
Total Non-Operating Activities	<u>(26,969,392)</u>	<u>(2,901,766)</u>	<u>-</u>	<u>(29,871,158)</u>
Change in Net Assets	<u>(17,351,967)</u>	<u>(2,526,373)</u>	<u>10,000</u>	<u>(19,868,340)</u>
NET ASSETS				
Beginning of year	<u>63,230,450</u>	<u>2,931,562</u>	<u>13,719,185</u>	<u>79,881,197</u>
End of year	<u>\$ 45,878,483</u>	<u>\$ 405,189</u>	<u>\$ 13,729,185</u>	<u>\$ 60,012,857</u>

See notes to financial statements

**The Newark Museum Association
(d/b/a The Newark Museum of the Art)**

Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services				Supporting Services		Total
	Exhibitions	Education and Public Programs	Registrar and Curatorial	Total	General and Administrative	Fundraising and Development	
Salaries and wages	\$ 1,972,959	\$ 1,427,102	\$ 1,516,943	\$ 4,917,004	\$ 919,756	\$ 2,022,661	\$ 7,859,421
Employee benefits and taxes	643,805	713,501	614,031	1,971,337	202,782	495,583	2,669,702
Professional fees and consultants	660,735	613,642	1,041,274	2,315,651	648,916	222,939	3,187,506
Program supplies	427,290	99,029	42,416	568,735	-	-	568,735
Office expenses	48,848	44,246	174,453	267,547	46,979	80,567	395,093
Travel, conference and meetings	41,351	187,663	60,219	289,233	129,791	45,947	464,971
Marketing expenses	86,924	97,554	22,267	206,745	13,554	99,370	319,669
Occupancy and building maintenance	782,793	168,299	454,934	1,406,026	47,971	75,845	1,529,842
Insurance	199,527	30,696	126,346	356,569	6,139	9,209	371,917
Interest expense and loan fees	21,199	21,199	21,199	63,597	12,904	15,669	92,170
Other general and administrative	5,717	5,991	5,266	16,974	29,492	74,911	121,377
Depreciation	913,647	140,561	281,122	1,335,330	28,111	42,168	1,405,609
Total Expenses	\$ 5,804,795	\$ 3,549,483	\$ 4,360,470	\$ 13,714,748	\$ 2,086,395	\$ 3,184,869	\$ 18,986,012

See notes to financial statements

**The Newark Museum Association
(d/b/a The Newark Museum of the Art)**

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services				Supporting Services		Total
	Exhibitions	Education and Public Programs	Registrar and Curatorial	Total	General and Administrative	Fundraising and Development	
Salaries and wages	\$ 1,057,638	\$ 1,658,085	\$ 1,581,912	\$ 4,297,635	\$ 930,740	\$ 1,551,247	\$ 6,779,622
Employee benefits and taxes	553,817	555,331	468,075	1,577,223	145,333	459,997	2,182,553
Professional fees and consultants	504,968	404,153	980,169	1,889,290	733,484	241,393	2,864,167
Program supplies	260,768	119,500	107,912	488,180	30,465	63,763	582,408
Office expenses	74,333	17,999	103,534	195,866	28,480	41,816	266,162
Travel, conference and meetings	72,508	202,494	73,249	348,251	98,727	98,989	545,967
Marketing expenses	63,462	57,952	-	121,414	2,905	146,037	270,356
Occupancy and building maintenance	704,300	162,480	424,982	1,291,762	58,232	80,914	1,430,908
Insurance	187,953	28,916	58,180	275,049	5,783	8,675	289,507
Interest expense and loan fees	8,048	10,060	8,048	26,156	6,036	8,048	40,240
Other general and administrative	8,996	15,126	7,486	31,608	32,327	14,773	78,708
Depreciation	867,981	133,536	267,071	1,268,588	26,707	40,061	1,335,356
Total Expenses	\$ 4,364,772	\$ 3,365,632	\$ 4,080,618	\$ 11,811,022	\$ 2,099,219	\$ 2,755,713	\$ 16,665,954

See notes to financial statements

**The Newark Museum Association
(d/b/a The Newark Museum of the Art)**

Statements of Cash Flows

	Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 892,818	\$ (19,868,340)
Adjustments to reconcile change in net assets to net cash from operating activities		
Endowment funds gifts	-	(10,000)
Depreciation	1,405,609	1,335,356
Present value discount on contributions receivable	(16,740)	45,400
Realized and unrealized (gain) loss on investments	(3,792,371)	7,054,465
Purchase of collections	889,079	783,450
Proceeds from sale of collections	(22,886)	(293)
Changes in operating assets and liabilities		
Accounts receivable	(42,632)	(49,032)
Grants receivable	877,959	(985,953)
Contributions receivable	(165,500)	(433,666)
Prepaid expenses and other assets	33,909	327,871
Accounts payable and accrued expenses	1,008,241	208,336
Refundable advances	13,722	(141,757)
Net Cash from Operating Activities	1,081,208	(11,734,163)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,129,703)	(975,491)
Purchase of investments	(11,298,857)	(13,768,042)
Proceeds from sale of investments	12,175,892	26,185,623
Purchase of collections	(889,079)	(783,450)
Proceeds from sale of collections	22,886	293
Net Cash from Investing Activities	(1,118,861)	10,658,933
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment funds gifts received	-	10,000
Draw down on line of credit	1,000,000	-
Payments on line of credit	(1,000,000)	-
Net Cash from Financing Activities	-	10,000
 Net Change in Cash and Cash Equivalents	(37,653)	(1,065,230)
CASH AND CASH EQUIVALENTS		
Beginning of year	5,633,850	6,699,080
End of year	\$ 5,596,197	\$ 5,633,850

See notes to financial statements

**The Newark Museum Association
(d/b/a The Newark Museum of the Art)**

Notes to Financial Statements
December 31, 2023 and 2022

1. The Museum

Founded in 1909, The Newark Museum Association (d/b/a The Newark Museum of the Art) (the “Museum”) is one of the most influential museums in the United States and the largest art and education institution in New Jersey. Its extensive collections, which include art from around the globe as well as significant holdings of science, technology and natural history, rank 12th in size nationally. The Museum is dedicated to artistic excellence, education and community engagement with an overarching commitment to broadening and diversifying participation in the arts.

A cultural anchor institution in Newark for over a century, the Museum advances its mission by operating in the public trust as a museum of service, and as a leader in connecting objects and ideas to the needs and wishes of its constituencies. The Museum’s renowned art collections have the power to educate, inspire and transform individuals of all ages, and the local, regional, national and international communities that it serves. In the words of founder John Cotton Dana, “a good museum attracts, entertains, arouses curiosity, leads to questioning and thus promotes learning.” The Museum responds to the evolving needs and interests of the diverse audiences it serves by providing exhibitions, programming, a research library, partnerships and resources designed to enrich people’s lives.

The Museum’s distinguished art collections are international in scope and include an Asian Art collection with the most important collection of Tibetan art in the West; one of the nation’s earliest and most comprehensive collections of African Art; a nationally and internationally recognized collection of 18th- to 21st-century American paintings and sculptures; an acclaimed Decorative Arts collection; and Ancient Mediterranean collections featuring an unparalleled collection of ancient glass. The Museum’s collections reflect Dana’s belief that art can be found everywhere in the world, that the creative impulse can be expressed in any medium, and that art is for everyone.

The Museum’s collections are presented in 91 galleries housed on a seven-acre campus that encompasses the Ballantine House, a Victorian-era mansion which is a National Historic Landmark, the Dreyfuss Memorial Garden, and Horizon Plaza. The Museum also features the Dreyfuss Planetarium as well as the MakerSPACE, a dedicated maker studio and exhibition space that offers interactive, hands-on activities for visitors of all ages that integrate the arts with STEM learning.

Considered the birthplace of museum-based education, the Museum remains one of the leaders in arts education in the country. The Museum offers a wealth of on-site and off-site school programs for New Jersey students from Pre-K through 12th grade, as well as professional development training sessions for teachers, that support state curriculum standards in the arts, sciences and the humanities. In addition, the Museum serves as an educational resource for the entire community by providing varied programming for all ages that increases visitors’ engagement with works in the collections and promotes lifelong learning and creativity. Popular signature programs include: Art After Dark, evening programming for adult audiences; Community Days & Nights, multicultural activities and experiences for all ages; Science Extravaganza and other family drop-in events; and the Newark Black Film Festival.

**The Newark Museum Association
(d/b/a The Newark Museum of the Art)**

Notes to Financial Statements
December 31, 2023 and 2022

1. The Museum (*continued*)

The Museum qualifies as a charitable organization as defined by Internal Revenue Code (IRC) Section 501(c)(3). Accordingly, it is exempt from Federal income tax under IRC Section 501(a). Additionally, since the Museum is publicly supported, the contributions to the Museum qualify for the maximum charitable contribution deduction under the IRC. The Museum is also exempt from state and local taxes.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

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

Accounts Receivable

Accounts receivable includes receivables from mainly earned income, such as school programs and special events. Accounts receivables are stated at the amount expected to be collected from customers. As of January 1, 2023, the Museum adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. As a result of adoption, the Museum changed its methodology of determining the allowance for credit losses which was based on a combination of write-off history, aging analysis and any specific known troubled accounts, with a methodology that reflects expected credit losses and requires the use of a forward-looking expected credit loss rate for its accounts receivable. The adoption had a de-minimis impact on the Museum's financial statements. The Museum writes off uncollectible accounts receivables once collection efforts have been exhausted.

Cash and Cash Equivalents

The Museum considers all liquid investments purchased with a remaining maturity of three months or less to be cash equivalents, with the exception of those money market funds which are included in investments.

Fair Value Measurements

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

**The Newark Museum Association
(d/b/a The Newark Museum of the Art)**

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Investments Valuation and Investment Income

Investments in equity and fixed-income securities are carried at fair value, which is based on published unit values or quoted market prices. Investments in cash equivalents, consisting of money market funds, are carried at cost, which approximates fair value.

Income earned from donor restricted investments, including realized and unrealized gains and losses, is recorded as net assets without donor restriction or net assets with donor restriction based on donor stipulations.

Collections

The value of the Museum's collections has been excluded from the statements of financial position and gifts of art objects are excluded from revenue in the statements of activities. Purchases of art objects by the Museum are recorded as decreases in net assets in the statements of activities. The Museum's policy is to utilize board designated acquisition funds to acquire new objects for its collections as well as direct care of the collections (See Note 7). Proceeds from the sale of collection items are reflected as increases in net assets in the statements of activities.

Inventory

The Museum values its inventories consisting primarily of gift shop and special event inventory at the lower of weighted average cost or net realizable value and is included in prepaid expenses and other assets on the statements of financial position.

Property and Equipment

The land occupied by the Museum's building was appropriated and reserved by the City of Newark for the Museum's collections, which are maintained for public exhibition, education, and research in the furtherance of public service. The land had a de minimus value and the original buildings were fully depreciated at that time. Accordingly, no value has been assigned for such land and buildings in the accompanying financial statements.

The Museum capitalizes all building improvements and other property and equipment expenditures or additions in excess of \$2,000, which are recorded at cost or, if donated, at fair value as of the date of receipt. Major renewals and betterments are capitalized. Maintenance and repairs, which do not extend the lives of the respective assets, are expensed. Depreciation is computed on a straight-line basis over the estimated useful life of the asset ranging from 3 to 25 years.

When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected as an increase or decrease in net assets without donor restrictions.

**The Newark Museum Association
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Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Asset Recoverability

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset less costs to sell. No impairment charge has been recognized for the years ended December 31, 2023 and 2022.

Net Asset Classifications

The Museum reports information regarding financial position and activities according to two classes of net assets: without and with donor restrictions.

Without donor restrictions - Resources that are fully available at the discretion of management and the Board of Trustees (the Board), for use in activities within the Museum's charter and mission. The Board has designated a portion of the Museum's net assets for various purposes. Board-designated net assets consist of endowments within the Museum's institutional funds that donors do not require to be held in perpetuity, proceeds from the sale of de-accessioned collections and related investment income, or asset appreciation, that have been designated by the Board for the purchase of collections and other purposes. (See Note 7)

With donor restrictions - Represent amounts restricted by donors to be used for specific activities or at some future date, or which require the Museum to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Income and gains earned on endowment fund investments are available to be used in the "without donor restrictions" or "with donor restrictions" net asset classes based upon stipulations by the donors.

Governmental Grants and Appropriations

Other government grants that the Museum deems have no commensurate value being exchanged, are recognized as without or with donor restricted contributions based on the terms of the grant.

No allowance for non-collectability was required on grants receivable as of December 31, 2023 and 2022.

**The Newark Museum Association
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Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Measure of Operations

Operations include all revenues and expenses that are an integral part of the Museum's programs and supporting activities. The measure of operations includes investment income equal to a Board approved spending rate and excludes investment return in excess of, or less than, the spending rate (see Note 9), purchase and sale of Museum collection items, and direct care of collections.

Contributions

All unconditional contributions are recorded as revenue when received at their net realizable value. The value of contributions expected to be received in more than one year are measured based on the present value of future cash flows, with consideration given to possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. The measurement also considers donors' credit risk. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. All contributions are considered available for general use, unless specifically restricted by the donor. The Museum records contributions within its endowment fund if the donor stipulates that the resources be held in perpetuity or, as time or purpose restricted if they are received with donor stipulations that limit their use either by purpose or by the passage of time. When donor restrictions expire (i.e., when a purpose or time restriction is fulfilled), net assets with donor restrictions are reclassified to net assets without donor restricted and reported in the statements of activities as net assets released from restrictions.

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in receivables.

Legacies and bequests are recognized when the right to the gift has been established by the probate court and the proceeds are measurable.

In-Kind Contributions

In-kind contributions are recorded as support at their fair values at the date of donation. In-kind contributions that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased, are recorded as contributions and expenses at their fair values in the period received. There were no in-kind contributions for the year ended December 31, 2023. In-kind contributions for the year ended December 31, 2022 amounted to \$10,000 for consulting services which were provided by the donor without donor restrictions. In-kind contributions were estimated based on current rates of consulting services by consulting firms and were used in program and administration activities.

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Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Membership, Tours, Education and Other Programmatic Revenue

Membership dues are assessed and recognized as revenue on a calendar year basis. Tours, education and other programmatic revenue are recognized in the period in which the service is provided.

The beginning and ending program related revenue contract balances were as follows:

	December 31,		
	2023	2022	2021
Contract assets	\$78,076	\$35,444	\$ 3,412
Contract liabilities	61,772	48,050	189,807

Refundable Advances

Advances received for which goods or services have yet to be provided are reported as refundable advances.

Advertising Expense

Advertising is recorded as expense in the period incurred. Advertising expense for the years ended December 31, 2023 and 2022 was \$192,135 and \$131,853.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Program expenses include Exhibitions, Registrar and Curatorial, and Education and Public Programs. Supporting services include General and Administrative and Fundraising and Development. Expenses are allocated to the above mentioned activities based on three metrics, projects worked during the applicable fiscal year, square footage, and personnel head count. Expenses allocated using these measures include salaries and wages, depreciation and professional fees and consultants.

Accounting for Uncertainty in Income Taxes

The Museum recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Museum has no uncertain tax positions that would require financial statement recognition or disclosure. The Museum is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2020.

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Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 22, 2024.

3. Contributions Receivable

Contributions receivable consisted of the following at December 31:

	2023	2022
Due less than one year	\$ 632,498	\$ 366,998
Due between one year and five years	300,000	400,000
Total	932,498	766,998
Less: Discount for present value at 5%	(28,660)	(45,400)
	\$ 903,838	\$ 721,598

4. Fair Value Measurements

The following table provides the fair value hierarchy of the Museum's investments as of December 31:

	2023		Total
	Level 1	Level 2	
Equities			
US Large Cap	\$ 7,287,233	\$ -	\$ 7,287,233
US Mid Cap	3,774,998	-	3,774,998
US Small Cap	3,903,853	-	3,903,853
International Developed	3,913,696	-	3,913,696
Emerging Markets	1,602,450	-	1,602,450
Hedge Funds Specific Strategy	3,318,324	-	3,318,324
Commodities	1,263,307	-	1,263,307
Fixed income securities	-	18,631,701	18,631,701
Total Investments Measured at Fair Value	\$ 25,063,861	\$ 18,631,701	43,695,562
Money market funds, at cost			827,586
Total Investments			\$ 44,523,148

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4. Fair Value Measurements (continued)

	2022		
	Level 1	Level 2	Total
Equities			
US Large Cap	\$ 7,635,653	\$ -	\$ 7,635,653
US Mid Cap	3,752,699	-	3,752,699
US Small Cap	3,702,815	-	3,702,815
International Developed	4,372,806	-	4,372,806
Emerging Markets	1,884,384	-	1,884,384
Hedge Funds Specific Strategy	5,030,889	-	5,030,889
Commodities	1,223,229	-	1,223,229
Fixed income securities	-	10,911,836	10,911,836
Total Investments Measured at Fair Value	<u>\$ 27,602,475</u>	<u>\$ 10,911,836</u>	38,514,311
Money market funds, at cost			3,093,501
Total Investments			<u>\$ 41,607,812</u>

5. Property and Equipment

Property and equipment consisted of the following at December 31:

	2023	2022
Building improvements	\$ 61,990,252	\$ 60,664,952
Furniture, fixtures and equipment	4,384,179	4,365,285
Information technology	1,045,087	864,272
	<u>67,419,518</u>	<u>65,894,509</u>
Less: Accumulated depreciation	<u>(53,948,490)</u>	<u>(52,542,881)</u>
	13,471,028	13,351,628
Construction in progress	-	395,306
	<u>\$ 13,471,028</u>	<u>\$ 13,746,934</u>

6. Loan Payable and Line of Credit

On October 18, 2021, the Museum entered into a financing agreement through The Prudential Foundation for a mortgage loan in the amount of \$2,012,000. The mortgage loan was provided to supplement the working capital, until the sale of property of the Museum Parc Project (See Note 14) is consummated. The loan is expected to be repaid upon consummation of the sale of the property in 2024.

The loan is secured by a certain parcel of property that is included in the Purchase and Sale Agreement of the Museum Parc Project (See Note 14). The term of the loan is interest only for a period of 5 years with an October 18, 2026 maturity date. Interest on the loan is compounded daily at a rate of 2%.

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Notes to Financial Statements
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6. Loan Payable and Line of Credit (continued)

The Museum has a line of credit available in the amount of \$2,000,000, through June 2024. In August of 2021, the Museum provided \$1,000,000 cash collateral to secure the \$2,000,000 line of credit. Borrowings under the line of credit are available in the form of advances and will bear interest at a per annum rate using the BSBY (Bloomberg Short-Term Bank Yield Index) rate plus 1.75%.

As of December 31, 2023 and 2022 there was no outstanding balance from the line of credit.

Interest expense for the years ended December 31, 2023 and 2022 was \$92,170 and \$40,240. Accrued interest expense is included within accounts payable and accrued expenses on the statements of financial position and amounts to \$20,880 and \$48,623 as of December 31, 2023 and 2022.

7. Net Assets without Donor Restrictions

As of December 31, 2023 and 2022, net assets without donor restrictions consisted of the following:

	2023	2022
Undesignated - operations	\$ 14,852,796	\$ 17,095,141
Board Designated:		
Endowment funds	3,846,765	4,267,150
Deaccession funds	26,059,500	23,239,586
Purpose restricted	1,342,912	1,276,606
	\$ 46,101,973	\$ 45,878,483

Included in board-designated net assets is art acquisition funds, which include proceeds from the sale of de-accessioned collections and related investment income, or asset appreciation (collectively "Deaccession Funds"). For the years ended December 31, 2023 and 2022, the proceeds from the sale of de-accessioned collections were \$22,886 and \$293. The amounts of Deaccession Fund included in the Board-designated net assets were \$26,059,500 and \$23,239,586, as of December 31, 2023 and 2022.

Under the guideline by Association of Art Museum Directors ("AAMD"), the Deaccession Funds can only be used for the purchase of collections as allowed by the AAMD. In April 2020, AAMD approved a resolution to provide additional financial flexibility to art museums during the pandemic. During this period, AAMD allowed the deaccession funds to pay for expenses associated with the direct care of collections ("collections care"). Additionally, AAMD allowed investment income generated from deaccession funds, using the board approved allowable draw percentage, to cover operating expenses. The resolution expired in September 2022.

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Notes to Financial Statements
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7. Net Assets without Donor Restrictions (continued)

In response to the previous two-year resolution allowing the use of the Deaccession Funds, in September 2022, the Museum adopted the new rule to allow Deaccession Funds to pay for the collections care. For the years ended December 31, 2023 and 2022, \$34,000 and \$8,130,075 of deaccession funds were used for collections care and operating expenses.

Additionally, some Board designated net assets have specific internally-imposed purpose restrictions which were \$1,342,912 and \$1,276,606 as of December 31, 2023 and 2022.

8. Net Assets with Donor Restrictions

Net assets with time or purpose restrictions at December 31 are restricted for the following purposes:

	2023	2022
Capital projects	\$ 83,449	\$ 240,328
Exhibitions	454,646	557,143
Education and other program services	991,636	504,124
Accumulated loss on endowment investments	<u>(455,214)</u>	<u>(896,406)</u>
	<u>\$ 1,074,517</u>	<u>\$ 405,189</u>

Net assets were released from donor restrictions (by incurring expenses satisfying the restrictions) as follows for the years ended December 31:

	2023	2022
Capital projects	\$ 156,879	\$ 463,050
Exhibitions	280,937	41,057
Education and other program services	1,214,488	760,521
Operating, trustees' room and gallery maintenance	<u>1,100,000</u>	<u>1,386,511</u>
	<u>\$ 2,752,304</u>	<u>\$ 2,651,139</u>

Endowment fund net assets, classified by purpose for which the income thereon is available for use, are as follows at December 31:

	2023	2022
Education and other program services	\$ 8,870,338	\$ 8,870,338
Operating, trustees' room and gallery maintenance	4,758,847	4,758,847
Art acquisition	<u>100,000</u>	<u>100,000</u>
	<u>\$ 13,729,185</u>	<u>\$ 13,729,185</u>

Accumulated income and appreciation of assets underlying investments held in perpetuity that have not yet been appropriated by the Board for expenditure amounted to \$(455,214) and \$(896,406) as of December 31, 2023 and 2022, and are included within time and purpose restricted net assets.

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Notes to Financial Statements
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8. Net Assets with Donor Restrictions (*continued*)

Endowment fund net assets include cumulative matching contributions from the New Jersey Cultural Trust that totaled \$1,014,622 at December 31, 2023 and 2022. A cumulative total of as of December 31, 2023 and 2022 of \$5,138,115 of the Museum's contributions represents donations which have been certified by the New Jersey Cultural Trust. Endowment fund net assets also include cumulative contributions from the National Endowment for the Humanities that totaled \$125,000 as of December 31, 2023 and 2022.

9. Endowments

The Museum's endowment consists of approximately 100 individual funds established for various purposes. The endowment includes both donor-restricted endowment funds as well as funds designated by the Board to function as endowments. As required by US GAAP, 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.

Interpretation of Relevant Law

The Board of the Museum has interpreted the State of New Jersey Uniform Prudent Management of Institutional Funds Act (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. As a result of this interpretation, the Museum classifies as endowment fund net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the 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 endowment fund net assets is classified as time or purpose restricted net assets until those amounts are appropriated for expenditure by the Museum's Board in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Museum, and (7) the Museum's investment policies.

Return Objectives and Risk Parameters

The primary objective of the Museum's investment and spending strategies is to provide a stable stream of funds to support its operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of the donor-restricted funds that the Museum must hold in perpetuity or for donor-specific periods as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested and diversified with a goal of producing an annual real return of approximately 6%, net of inflation, and investment management costs. Actual returns in any given year may vary from this amount.

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Notes to Financial Statements
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9. Endowments (continued)

Return Objectives and Risk Parameters (continued)

The Museum designated its spending policy for Endowment Funds as up to 4% annually. The Board of Trustees increased the spending rate to 8% in 2021 in response to the COVID-19 pandemic financial uncertainty. The Museum is gradually reducing the rate down to 4% with the economic recovery. The rate in 2023 and 2022 was 7% and 8%, respectively. The rate will be reduced to 6% in 2024. The high spending policy rate, paired with the Deaccession Fund allowances (Note 7), significantly increased the draw from the endowment for operating purposes in 2023 and 2022.

The spending policy was calculated using the market value as of September 30 and used a 4-point smoothing policy covering the preceding 36-months.

The following table summarizes the changes in the endowment funds in 2023 and 2022:

	2023			
	Board Designated	Time or Purpose Restricted	Held in Perpetuity	Total
Endowment net assets, beginning of year	\$ 28,783,342	\$ (896,406)	\$ 13,729,185	\$ 41,616,121
Contributions received	4,066	-	-	4,066
Investment return	3,457,068	1,541,192	-	4,998,260
Release from restrictions	1,100,000	(1,100,000)	-	-
Transfer of board-designated assets to operating fund	(34,000)	-	-	(34,000)
Appropriation for operating activities	(2,052,990)	-	-	(2,052,990)
Other adjustments	(8,309)	-	-	(8,309)
Endowment net assets, end of year	<u>\$ 31,249,177</u>	<u>\$ (455,214)</u>	<u>\$ 13,729,185</u>	<u>\$ 44,523,148</u>
	2022			
	Board Designated	Time or Purpose Restricted	Held in Perpetuity	Total
Endowment net assets, beginning of year	\$ 45,449,773	\$ 2,005,360	\$ 13,719,185	\$ 61,174,318
Contributions received	293	-	10,000	10,293
Investment return	(4,378,272)	(1,515,255)	-	(5,893,527)
Release from restrictions	1,386,511	(1,386,511)	-	-
Transfer of Board-designated assets to operating fund	(8,375,248)	-	-	(8,375,248)
Appropriation for operating activities	(5,303,271)	-	-	(5,303,271)
Other adjustments	3,556	-	-	3,556
Endowment net assets, end of year	<u>\$ 28,783,342</u>	<u>\$ (896,406)</u>	<u>\$ 13,729,185</u>	<u>\$ 41,616,121</u>

In 2017, the Museum's Board of Trustees voted and approved an internal loan of \$3,656,853 to finance the Washington Street Entry and Accessibly Project (the "Project"). The project consists of Americans with Disabilities Act ("ADA") compliance for the front doors of the main building of the Museum, and major improvements to additional galleries. These funds were removed from the endowment. The Project was completed in 2018. As of December 31, 2023 and 2022, the outstanding principal to the endowment is \$1,659,736. The Museum is paying interest on the unpaid balance at the federal mid-term rate of 1.58% (the rate as of April 2017) to be compounded annually for the 9 years of the loan. This amount can be paid over time or as a single balloon payment by the maturity date of April 1, 2026.

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Notes to Financial Statements
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9. Endowments (continued)

Funds with Deficiencies

Due to unfavorable market fluctuations, from time to time the fair value of assets associated with individual donor-restricted endowment funds may decline below historic dollar value of the donor's original contribution to be held in perpetuity. When this occurs, US GAAP requires that such excess losses be absorbed by the net assets with donor restrictions of the Museum. The Museum has endowment funds, comprised of 36 individual funds, which are considered to be underwater. The fair value of the underwater endowment funds aggregate to \$13,273,971 and \$12,832,779 as of December 31, 2023 and 2022, with an original endowment gift value of \$13,729,185. This caused a deficiency of \$455,214 and \$896,406 as of December 31, 2023 and 2022. The Museum has interpreted UPMIFA to permit spending from endowments with a deficit in accordance with prudent measures required under law. Continued future appropriations from underwater endowment funds will be considered based on current facts and circumstances on the next appropriation decision date.

10. Liquidity and Available Resources

The following reflect the Museum's financial assets and available resources as of December 31, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations. Amounts available include the Board-approved appropriations from the endowment fund for the following year. Amounts not available include amounts set aside for operating and other revenues that could be drawn upon with Board approval.

	2023	2022
Financial Assets:		
Cash and cash equivalents	\$ 5,596,197	\$ 5,633,850
Accounts receivable	78,076	35,444
Grants receivable	454,541	1,332,500
Contributions receivable, net	903,838	721,598
Investments	44,523,148	41,607,812
Total Financial Assets	51,555,800	49,331,204
Less: Contractual, donor or internally restricted amounts		
Restricted by donor with time or purpose restrictions	1,074,517	405,189
Line of credit collateral	1,000,000	1,000,000
Endowment funds:		
Board designated reserve fund	31,249,177	28,783,342
Donor restricted endowment funds	13,729,185	13,729,185
	47,052,879	43,917,716
Financial assets available within one year including endowment fund appropriation	4,502,921	5,413,488
Liquidity Resources		
Line of credit available	2,000,000	2,000,000
Total financial assets and liquidity resources	\$ 6,502,921	\$ 7,413,488

**The Newark Museum Association
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Notes to Financial Statements
December 31, 2023 and 2022

10. Liquidity and Available Resources (*continued*)

The Museum's endowment funds consist of funds designated by the Board as endowments and donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. As part of the Museum's liquidity management, the Museum strives to maintain funds in accessible accounts to cover operating expenses.

The Museum believes it will meet all obligations as they become due as a result of key initiatives implemented to grow revenues and contain cost growth. In the event of an unanticipated liquidity need, the Museum could draw upon its line of credit (as further discussed in Note 6).

11. Retirement Plans

The Museum is a participant in the multi-employer benefit plans (collectively, the Plans) administered by The Cultural Institutions Retirement System ("CIRS"). Due to negotiations in 2016 that included the approval of the Cultural Institution and Day Care Council Management Group, the three unions involved in the Bargaining (District Council 37, District Council 1707 and the Council of Supervisors and Administrators), and the City of New York, a new Collective Bargaining Agreement ("CBA") was reached. The five-year CBA covers the period from July 1, 2015 to June 30, 2020. Changes to the Pension and 401(k) Savings Plans were deemed effective July 1, 2015 and affected all CIRS Members (whether or not covered by a collective bargaining agreement) as described below in each section.

The risk of participating in a multi-employer plan is different from a single-employer plan in the following aspects:

- a. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If an employer chooses to stop participating in some of its multi-employer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Pension Plan

The Museum participates in The Cultural Institutions Pension Plan ("Pension Plan"), a multi-employer defined benefit plan funded by the participating employers with a fiscal year end of June 30. To be eligible under the Pension Plan, employees must be over 21 years of age and be employed for a period of one year. Participants become 100% vested after five years of service. There are no partial vesting provisions.

CIRS is responsible for administering all aspects of the Pension Plan, including investments of the Pension Plan assets.

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Notes to Financial Statements
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11. Retirement Plans (continued)

The Museum's participation for the Pension Plan's fiscal years ended June 30, 2023 and 2022 is outlined in the table below:

Pension Fund	EIN/Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	The Museum Contributions		Surcharge Imposed	Collective Bargaining Agreement Exp. Date
		2023	2022		2023	2022		
The Cultural Institutions Pension Plan	11-2001170 001	Green	Green	N/A	\$ 656,436	\$ 545,021	No	6/30/2025

The zone status is based on information that the Museum received from the plan and is certified by the Pension Plan's actuary. Green zone status are for plans that are at least 80% funded. The Museum's contributions to the Pension Plan did not exceed 5% of the plan's total contributions for the years ended June 30, 2023 and 2022.

Savings Plan

The Museum also participates in The Cultural Institutions Savings Plan (Savings Plan), a CIRS administered Section 401(k) defined contribution plan. Under the Savings Plan, employees make contributions and direct the investment of their funds based on the investment options offered.

CIRS is responsible for administering all aspects of the Savings Plan, including the selection of investment providers.

Group Life and Welfare Plan

The Museum also participates in The Cultural Institutions Group Life and Welfare Plan ("Group Life and Welfare Plan"), a plan administered by CIRS. Participating employers pay the premiums and costs for administration of the Group Life and Welfare Plan. To be eligible under the Group Life and Welfare Plan, full time employees are eligible for life insurance following three months of employment. The premiums provide a death benefit payable by the insurance carrier to designated beneficiaries upon the death of a member. Coverage is determined by the member's basic annual salary and years of service. The benefit is 200% of salary for members with 10 or more years of service and 100% of salary for members with less than 10 years of service. Coverage is subject to a maximum of \$500,000. At ages 70, 75, and 79, a member's amount of insurance is reduced.

The Museum's total contributions to the Plans for the years ended December 31, 2023 and 2022 totaled \$788,024 and \$668,407, which consisted of \$689,289 and \$580,031 for the Pension Plan, \$13,662 and \$11,496 for Group Life and Welfare Plan, and \$85,074 and \$76,880 for plan administration.

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Notes to Financial Statements
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12. Concentrations of Credit and Market Risks

Financial instruments, which potentially subject the Museum to concentrations of credit and market risk, primarily include cash and cash equivalents and investments, which are carried at fair value. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”) are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation (“SIPC”) are insured up to \$500,000 (\$250,000 for cash holdings). At times during the year cash and investment balances may exceed the FDIC and the SIPC limit. As of December 31, 2023 and 2022, the Museum’s uninsured cash and cash equivalents on deposit totaled approximately \$5,459,000 and \$5,281,000. As of December 31, 2023 and 2022, the Museum’s uninsured investment holdings totaled approximately \$44,273,000 and \$41,358,000. The Museum also places its investments in equity and debt securities at the direction of its Board, while it monitors the credit risks associated with these institutions on an ongoing basis. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment, investment advisor, investment manager or group of investments represents a significant concentration of credit risk.

Grants receivable are due from governmental funding agencies and contributions receivable are primarily with foundations, corporations and individuals.

A concentration of credit risk existed with respect to contributions receivable as 95% of amounts receivable are from three donors as of December 31, 2023 and 100% from three donors as of December 31, 2022. With respect to grants receivable, 100% of amounts receivable are from two donors as of December 31, 2023 and 94% of amounts receivable are from two donors as of December 31, 2022. Approximately 52% and 55% of the Museum’s governmental grants and appropriation revenue was received from one governmental agency in 2023 and 2022.

13. Deaccession

Museums routinely evaluate and revise their collections. The deaccession of the collection is strictly managed and controlled by the Museum’s policy and procedures, which are adhering to professional standards, including policies set forth by AAMD.

For the years ended December 31, 2023 and 2022, the total proceeds from the sale of collection items totaled, \$22,886 and \$293, which is included in the statements of activities. The proceeds were used to increase the endowment for future art acquisitions.

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14. Museum Parc

In 2019, the Museum embarked on a bold organization-wide recommitment to inclusivity and representation with a focus on its immediate community in Newark. The Museum will open its 4.5-acre campus to create Museum Parc. The Museum Parc will be a multi-use cultural anchor in the heart of Newark. Museum Parc is comprised of various capital projects, including Ballantine House, Residence at Museum Parc, and Learning and Engagement Arts Center. These projects are managed in phases:

The Ballantine House

In June 2021, the Museum began the Ballantine House Restoration Project (the “Restoration Project”). The Ballantine House is a National Historic Landmark, the highest national designation, and it is designated as a part of the Museum’s collection. The scope of the Restoration Project includes full restoration of the exterior of the house, including replacing the Wyoming Grey with cast stone, rebuilding the portico, refinishing all the wood windows and doors, and replacing the rubber roofs.

As described in Note 7, AAMD released a memorandum permitting member museums to use deaccession funds for collections care for the two-year period from April 10, 2020 to April 10, 2022. The Restoration Project was funded through utilization of the deaccession funds.

A new ruling issued by AAMD, which was released in September 2022, allowed the Museum to further expand its scope to fully restore the interior of the Ballantine House, including restoration of plaster, light fixtures and hardware, and period woodwork.

The Ballantine House was re-opened in November 2023. The total project cost was approximately \$10,300,000. For the years ended December 31, 2023 and 2022, \$34,000 and \$8,130,075 were spent for the project and were included the statements of activities. Because the Museum’s collections have been excluded from the statements of financial position the restoration expenses are not capitalized.

The Residence in Museum Parc

In collaboration with L&M Development Partners, Inc. (“L&M”), the Museum and L&M will modernize the campus with the Residence at Museum Parc (“Residence”). The Residence is 250 market rate and income-limited residential units building, along with Glass House Gallery, retail, office components, together with parks and open space.

In 2020, the Museum and L&M, through its wholly owned subsidiary, signed a Purchase and Sale Agreement that will allow L&M to purchase a certain parcel of property, subject to certain conditions and restrictions, for a value no less than \$7 million. The sale is expected to take place in summer of 2024. The construction of the building is expected to take 2 years to complete.

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14. Museum Parc (continued)

Learning and Engagement Art Center

In 2023, the Museum was granted \$5,000,000 from New Jersey Department of Cultural Affairs for rejuvenation of the Learning and Engagement Art Center (“LEAC”) located in the South Wing of the Museum. As a critical component of the Museum Parc, the Museum is undertaking the LEAC project with the needs of the community at the forefront. The LEAC project renovation is expected to begin in second quarter of 2024 and to be completed by 2025.

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