

Farnsworth Art Museum

Consolidated Financial Statements and Supplementary Information

Years Ended September 30, 2020 and 2019



WIPFLI

Independent Auditor's Report

Board of Trustees
The William A. Farnsworth Library and Art Museum, Inc.
Rockland, Maine

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The William A. Farnsworth Library and Art Museum, Inc. and subsidiary (the "Museum") which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of September 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information appearing on pages 27- 28 is presented for the purpose of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Wipfli LLP

Wipfli LLP
South Portland, Maine
March 24, 2021

The William A. Farnsworth Library and Art Museum, Inc. and Subsidiary

Consolidated Statements of Financial Position

September 30,

ASSETS	2020	2019
Current Assets		
Cash & cash equivalents	\$ 404,588	\$ 905
Cash - restricted	230,153	280,000
Total cash and cash equivalents	634,741	280,905
Accounts receivable	53,537	13,937
Contributions receivable, current	530,738	679,691
Inventory	314,396	253,153
Prepaid expenses	78,053	102,630
Total Current Assets	1,611,465	1,330,316
Assets Whose Use is Limited		
Endowment investments	15,249,647	14,155,240
Perpetual trust held by others	6,844,447	6,720,150
Charitable lead interest trust held by others	187,689	244,390
Total Assets Whose Use is Limited	22,281,783	21,119,780
Other Assets		
Contributions receivable	1,371,082	1,492,547
Note receivable	7,428,935	7,428,935
Total Other Assets	8,800,017	8,921,482
Property and Equipment, Net	9,247,650	9,684,522
Total Assets	\$ 41,940,915	\$ 41,056,100
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 154,798	\$ 268,280
Accrued expenses	130,000	92,507
Deferred revenue and other liabilities	1,597	959
Current portion of long term debt	51,415	47,383
Line of credit	381,523	356,730
Total Current Liabilities	719,333	765,859
Long Term Debt - Net of Current Portion	12,328,988	12,475,881
Total Liabilities	13,048,321	13,241,740
Net Assets		
Net assets without donor restrictions		
Designated by the Board of Trustees	1,071,517	992,547
Undesignated	4,126,056	4,361,417
	5,197,573	5,353,964
Net assets with donor restrictions		
Time and purpose restricted	4,171,049	3,554,812
Perpetual in nature	19,523,972	18,905,584
	23,695,021	22,460,396
Total Net Assets	28,892,594	27,814,360
Total Liabilities and Net Assets	\$ 41,940,915	\$ 41,056,100

See accompanying notes to financial statements.

The William A. Farnsworth Library and Art Museum, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended September 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
Operating Revenue			
Admissions	\$ 191,571		\$ 191,571
Contributions	1,052,195	\$ 505,365	1,557,560
Memberships	225,289		225,289
Governmental grants	411,100		411,100
Endowment utilized in operations	588,313		588,313
Income from perpetual trust	335,056		335,056
Building rent	78,488		78,488
Gift shop sales	278,533		278,533
Other sources	118,355		118,355
Net assets released from restrictions	1,100,595	(1,100,595)	
Total Operating Revenue	4,379,495	(595,230)	3,784,265
Operating Expenses:			
Program services:			
Curatorial	1,530,883		1,530,883
Education	563,520		563,520
Museum store	543,596		543,596
Subtotal	2,637,999		2,637,999
Management and administrative	856,136		856,136
Development	855,977		855,977
Depreciation	496,873		496,873
Total operating expenses	4,846,985		4,846,985
Change in Net Assets - Operations	(467,490)	(595,230)	(1,062,720)
<i>Change in Net Assets - Operations before Depreciation</i>	<i>29,383</i>	<i>(595,230)</i>	<i>(565,847)</i>
Non-Operating Revenue (Expense)			
Contributions		787,708	787,708
Contributions - endowment		493,891	493,891
Accessions	(13,075)		(13,075)
Investment income	105,190	1,231,256	1,336,446
Change in value of split interest agreements		124,297	124,297
Net assets released from restrictions	807,297	(807,297)	
Endowment utilized in operations	(588,313)		(588,313)
Change in Net Assets - Non-Operating	311,099	1,829,855	2,140,954
Change in Net Assets	(156,391)	1,234,625	1,078,234
Net Assets - Beginning of Year	5,353,964	22,460,396	27,814,360
Net Assets - End of Year	\$ 5,197,573	\$ 23,695,021	\$ 28,892,594

See accompanying notes to financial statements.

The William A. Farnsworth Library and Art Museum, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended September 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
Operating Revenue			
Admissions	\$ 540,314		\$ 540,314
Contributions	1,014,112	\$ 789,388	1,803,500
Memberships	233,626		233,626
Endowment utilized in operations	558,680		558,680
Income from perpetual trust	351,806		351,806
Building rent	87,995		87,995
Gift shop sales	512,236		512,236
Other sources	147,155		147,155
Net assets released from restrictions	1,544,431	(1,544,431)	
Total Operating Revenue	4,990,355	(755,043)	4,235,312
Operating Expenses:			
Program services:			
Curatorial	1,857,719		1,857,719
Education	549,285		549,285
Museum store	507,404		507,404
Subtotal	2,914,408		2,914,408
Management and administrative	831,214		831,214
Development	1,316,570		1,316,570
Depreciation	489,024		489,024
Total operating expenses	5,551,216		5,551,216
Change in Net Assets - Operations	(560,861)	(755,043)	(1,315,904)
<i>Change in Net Assets - Operations before</i>			
<i>Depreciation</i>	<i>(71,837)</i>	<i>(755,043)</i>	<i>(826,880)</i>
Non-Operating Revenue (Expense)			
Contributions		1,323,699	1,323,699
Accessions	(92,000)		(92,000)
Deaccessions		10,080	10,080
Investment income	44,417	321,888	366,305
Change in value of split interest agreements	(3,212)	(302,067)	(305,279)
Net assets released from restrictions	782,699	(782,699)	
Endowment utilized in operations	(558,680)		(558,680)
Change in Net Assets - Non-Operating	173,224	570,901	744,125
Change in Net Assets	(387,637)	(184,142)	(571,779)
Net Assets - Beginning of Year	5,741,601	22,644,538	28,386,139
Net Assets - End of Year	\$ 5,353,964	\$ 22,460,396	\$ 27,814,360

See accompanying notes to financial statements.

The William A. Farnsworth Library and Art Museum, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended September 30, 2020

	Program Services				Supporting Services				Total Expenses
	Curatorial	Education	Museum Store	Total Program Services	Management and Administrative	Development	Total Supporting Services		
Salaries	\$ 744,708	\$ 368,760	\$ 307,671	\$ 1,421,139	\$ 283,844	\$ 432,287	\$ 716,131	\$ 2,137,270	
Employee benefits and taxes	131,286	45,599	36,855	213,740	75,952	60,874	136,826	350,566	
Total personnel costs	875,994	414,359	344,526	1,634,879	359,796	493,161	852,957	2,487,836	
Expenses									
Cost of sales - inventory			138,751	138,751				138,751	
Utilities	204,151	27,220	5,444	236,815	29,942	5,444	35,386	272,201	
Exhibits	59,011	918		59,929				59,929	
Advertising	22,296	9,327	3,610	35,233	33,396	19,511	52,907	88,140	
Contract labor		11,725		11,725				11,725	
Maintenance	83,782	11,171	2,234	97,187	2,676	2,234	4,910	102,097	
Insurance	77,535	4,671	934	83,140	18,505	934	19,439	102,579	
Other services	75,532	7,463	809	83,804	19,642	1,901	21,543	105,347	
Supplies and materials	17,302	31,630	17,243	66,175	10,655	17,842	28,497	94,672	
Cultivation	5,069	4,097		9,166		2,246	11,029	22,441	
Equipment expenses	27,507	3,668	734	31,909	4,996	734	5,730	37,639	
Travel and entertainment	6,381	3,670	2,798	12,849	122	3,352	3,474	16,323	
Professional and other fees	6,076	1,870	8,507	16,453	86,366	233,718	320,084	336,537	
Printing	6,797	4,484	861	12,142	1,070	18,675	19,745	31,887	
Interest					191,614		191,614	191,614	
Postage and freight	2,076	352	5,707	8,135	1,300	6,917	8,217	16,352	
Lease and rental expense	2,177	2,491	(42)	4,626	31,089	(42)	31,047	35,673	
Telephone and internet	12,571	1,398	280	14,249	1,537	280	1,817	16,066	
Software maintenance	7,024		6,602	13,626		35,390	35,390	49,016	
Security					266		266	266	
Employee development	260	16,112	254	16,626	450	2,290	2,740	19,366	
Dues and subscriptions	13,510	4,227	660	18,397	1,819	2,497	4,316	22,713	
Bad debts			1,845	1,845	66,743		66,743	68,588	
Other	25,832	2,667	1,839	30,338	(8,094)	110	(7,984)	22,354	
Total Expenses Before Depreciation	1,530,883	563,520	543,596	2,637,999	856,136	855,977	1,712,113	4,350,112	
Depreciation	313,127	44,881	29,771	387,779	74,809	34,285	109,094	496,873	
Total Expenses	\$ 1,844,010	\$ 608,401	\$ 573,367	\$ 3,025,778	\$ 930,945	\$ 890,262	\$ 1,821,207	\$ 4,846,985	

See accompanying notes to financial statements.

The William A. Farnsworth Library and Art Museum, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended September 30, 2019

	Program Services				Supporting Services				Total Expenses
	Curatorial	Education	Museum Store	Total Program Services	Management and Administrative	Development	Total Supporting Services		
Salaries	\$ 860,176	\$ 341,901	\$ 176,206	\$ 1,378,283	\$ 332,938	\$ 327,680	\$ 660,618	\$ 2,038,901	
Employee benefits and taxes	130,903	46,870	26,905	204,678	51,693	47,394	99,087	303,765	
Total personnel costs	991,079	388,771	203,111	1,582,961	384,631	375,074	759,705	2,342,666	
Expenses									
Cost of sales - inventory			241,800	241,800				241,800	
Utilities	215,844	28,779	5,756	250,379	31,658	5,756	37,414	287,793	
Exhibits	129,493	9,421		138,914				138,914	
Advertising	30,799	4,172	931	35,902	29,306	55,109	84,415	120,317	
Contract labor		17,318		17,318				17,318	
Maintenance	87,490	11,665	2,333	101,488	653	2,333	2,986	104,474	
Insurance	82,888	5,389	1,078	89,355	18,936	1,078	20,014	109,369	
Other services	73,710	4,747	383	78,840	(10,384)	203,713	193,329	272,169	
Supplies and materials	30,415	19,172	15,447	65,034	26,835	22,300	49,135	114,169	
Cultivation	2,296	6,318		8,614	6,288	27,733	34,021	42,635	
Equipment expenses	19,668	2,622	524	22,814	2,885	524	3,409	26,223	
Travel and entertainment	24,905	12,236	2,835	39,976	1,622	21,379	23,001	62,977	
Professional and other fees	13,090	2,925	12,854	28,869	83,619	419,671	503,290	532,159	
Printing	35,538	7,651	200	43,389	230	55,346	55,576	98,965	
Interest					196,075		196,075	196,075	
Postage and freight	2,360	3,150	5,979	11,489	1,311	17,779	19,090	30,579	
Lease and rental expense	3,703	3,912		7,615	31,027	69,156	100,183	107,798	
Telephone and internet	12,212	1,366	273	13,851	1,502	273	1,775	15,626	
Software maintenance	9,250		5,784	15,034	90	36,135	36,225	51,259	
Security					2,705		2,705	2,705	
Photography supplies and fees	230	16,630	699	17,559	833	1,069	1,902	19,461	
Employee development	11,725	2,567	258	14,550	1,420	1,962	3,382	17,932	
Dues and subscriptions			4,821	4,821	21,543		21,543	26,364	
Other	81,024	474	2,338	83,836	(1,571)	180	(1,391)	82,445	
Total Expenses Before Depreciation	1,857,719	549,285	507,404	2,914,408	831,214	1,316,570	2,147,784	5,062,192	
Depreciation	307,950	44,205	29,342	381,497	73,683	33,844	107,527	489,024	
Total Expenses	\$ 2,165,669	\$ 593,490	\$ 536,746	\$ 3,295,905	\$ 904,897	\$ 1,350,414	\$ 2,255,311	\$ 5,551,216	

See accompanying notes to financial statements.

The William A. Farnsworth Library and Art Museum, Inc. and Subsidiary

Consolidated Statements of Cash Flows

Years Ended September 30,

	2020	2019
Cash flows From Operating Activities:		
Change in net assets	\$ 1,078,234	\$ (571,779)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net gain on investments	(1,178,372)	(207,601)
Change in value of split interest agreements	(124,297)	305,279
Amortization	69,300	65,600
Contributions for endowment and deaccessions	(493,891)	(1,323,699)
Depreciation	496,872	489,024
Provision for bad debts	60,000	
Purchase of collection items	13,075	92,000
Gain from sale of collection items		(10,080)
(Increase) decrease in:		
Accounts receivable	(39,600)	(2,092)
Contributions receivable	347,918	671,680
Inventory	(61,243)	(39,989)
Prepaid expenses	24,577	(42,900)
Other assets		55,729
Increase (decrease) in:		
Accounts payable	(113,482)	52,507
Accrued expenses	37,493	4,694
Deferred revenue and other liabilities	638	(7,178)
Net Cash Flows From Operating Activities	117,222	(468,805)
Cash Flows From Investing Activities:		
Net deaccessions (accessions) of collection items	(13,075)	(81,920)
Proceeds from sale of investments	2,188,850	2,222,566
Purchase of investments	(2,104,885)	(3,144,883)
Purchase of property and equipment	(60,000)	(67,876)
Net Cash Flows From Investing Activities	10,890	(1,072,113)
Cash Flows From Financing Activities		
Principal payments on long-term debt	(155,460)	(206,347)
Net proceeds (repayments) on line of credit	24,793	(3,295)
Contributions for endowment and deaccessions	356,391	1,328,699
Net Cash Flows From Financing Activities	225,724	1,119,057
Net Change in Cash and Cash Equivalents	\$ 353,836	\$ (421,861)
Cash and Cash Equivalents, Beginning of Year	280,905	702,766
Cash and Cash Equivalents, End of Year	\$ 634,741	\$ 280,905
Supplemental Cash Flow Disclosures:		
Cash paid for interest	\$ 191,614	\$ 196,075

See accompanying notes to financial statements.

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The William A. Farnsworth Library and Art Museum, Inc. (the Museum) is an independent not-for-profit organization dedicated to the collection, preservation, exhibition, research and interpretation of American art, with an emphasis on the art of the State of Maine and New England. Providing context for its art collection, an important focus of the Museum is the preservation and interpretation of two historic homes, the Farnsworth Homestead and the Olson House. The Museum is located in Rockland, Maine.

Farnsworth Real Estate, Inc. (the "FRE") was formed as a public benefit corporation on February 9, 2015, under the laws of the State of Maine. The FRE was organized to operate exclusively for charitable, religious, educational and scientific purposes by conducting and supporting activities which promote the advancement and further the aims of the Museum. The FRE shall carry out its purposes by operating as a supporting organization as described in Section 509(a)(3) of the Internal Revenue Code.

Principles of Consolidation

The consolidated financial statements include the accounts of the Museum and FRE have been consolidated due to common control. All material inter-company accounts and transactions have been eliminated in the consolidation.

Basis of Presentation

The consolidated financial statements of the Museum have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). As a result, revenues and gains are reported when earned and expenses and losses are recorded when incurred. Net assets, support revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported, as follows:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of contribution. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment.
- **Net Assets With Donor Restrictions:** Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released when the assets are placed in service.

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Museum considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Museum considers receivables to be uncollectible after all efforts for collection have been exhausted. Amounts deemed uncollectible are reserved through a charge to bad debt expense and a credit to allowance for doubtful accounts. At September 30, 2020 and 2019, all amounts were considered fully collectible and no allowance was deemed necessary.

Contributions Receivable

The Museum records unconditional promises to give as revenue and contributions receivable in the period received. Promises to give are reported net of an allowance for uncollectible amounts and discounted to the net present value of the future cash flows.

Inventory

Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) method, or net realizable value. Contributed inventory is recorded at fair market value on the date the inventory was received.

Investments

Investments are recorded at fair value. Net investment income is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Endowment Funds

Investment and Endowment Spending Policy

The investment objective for the Museum's endowment funds is to provide average total earnings of 5%, plus the CPI for inflation. Funds will be invested to yield the rate on a "total return" basis (income, capital gains, and unrealized appreciation), commensurate with moderate risk of the total portfolio.

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Endowment Funds (Continued)

The Museum has implemented an endowment spending policy to appropriate investment income equal to 5% of the invested funds for current operations, based on the investments' average fair value for the preceding 16 quarters.

Relevant Law

The Board of Trustees of the Museum has interpreted the Maine 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, the Museum retains in perpetuity (a) the original value of gifts donated and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Museum's Board of Trustees in a manner consistent with the standard of prudence prescribed in UPMIFA. UPMIFA does not include board designated funds in its definition of endowment funds.

Property and Equipment

All acquisitions and improvements of property and equipment of \$2,000 or more are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Depreciation is computed using the straight-line method over the estimated lives of the assets.

Collection

The collection of the Museum consists of approximately 15,000 objects, including paintings, watercolors, sculpture, prints, drawings, photographs, and historical artifacts (primarily related to the Homestead and Olson House). Consistent with the Museum's mission statement, the collection emphasizes works by American artists, especially artists who have worked in Maine. As a whole, the collection presents a survey of Maine's role in the history of American art from the late 18th century to the present. The Museum continues to actively collect American art through purchase and gifts. All works in the permanent collection are assigned a unique "accession" number and placed in secure storage when not on exhibit at the Museum or on loan to other museums. The Museum only lends to galleries and museums that meet prescribed security and climate standards and provide all risk insurance coverage. Records, including object, artist and donor files, are maintained for each work of art. The collection is inventoried and surveyed by staff and qualified conservators on an annual basis. The Museum maintains a blanket insurance policy of \$100 million for the collection and work on loan. Although a private, independent institution, the collection is maintained, added to, exhibited and interpreted for the education and enjoyment of the general public.

The Museum's policy is not to capitalize the collection; therefore, the value of the library and art collection held by the Museum is not included in the accompanying consolidated financial statements. Purchases of collection items are made from proceeds of deaccessions and gifts of cash and income from certain trusts restricted by donors for art acquisitions.

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Contributed property and equipment are recorded at fair value at the date of donation.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Museum.

Fees and Rental Revenue

Fees and rental income received in advance are deferred to the applicable period in which the related services are performed. Store sales are recognized at the time of delivery.

Non-Operating Activities

Non-operating activities consist of contributions for non-operating purposes, such as capital projects, life income funds, trusts and remainder interests, endowment, endowment income, accession and deaccessions and capital campaigns.

Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Indirect costs are allocated based on square footage for facility costs and time and effort for personnel and other costs.

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Advertising

Advertising costs are charged to operations when incurred. Advertising expense was \$88,140 and \$120,317 for the years ended 2020 and 2019, respectively.

Income Taxes

The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Museum's tax-exempt purpose is subject to taxation on unrelated business income. In addition, the Museum qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as an organization that is not private foundation.

The FRE is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the FRE has been classified as a support organization under Section 509(a)(3) of the Code.

Reclassification

Certain amounts, as previously reported in the 2019 financial statements, have been reclassified to conform to the 2020 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets.

Change in Accounting Policies

On June 21, 2018, the FASB issued ASU 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. The contribution guidance requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The Museum has applied the amendments in this ASU on a modified prospective basis. There was no change on opening balances of net assets and no prior period results were restated.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows: Restricted Cash. The guidance requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash. As a result, amounts generally described as restricted cash should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown of the statement of cash flows. The Museum adopted this guidance for the year ended September 30, 2020.

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, approximate the following:

<i>As of September 30,</i>	2020	2019
Cash and cash equivalents	\$ (133,800)	\$ (45,400)
Accounts receivable	53,500	13,900
Contributions receivable	182,300	112,000
Charitable lead interest trust	59,500	56,700
Total financial assets available for general expenditure within one year	\$ 161,500	\$ 137,200

The Museum also has board-designated endowments that are subject to an annual spending rate of 5 percent. Although the Museum does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Museum does not have a formal liquidity policy but it regularly monitors its liquidity required to meet its operating needs and other contractual commitments. The Museum also has a line of credit, as described in Note 10, that can be drawn upon for liquidity. In addition, the Museum draws from its endowment based on a spending rate of 5% and receives an annual distribution from a perpetual trusts as noted in these financial statements.

Note 3: Concentration of Credit Risk

The Museum maintains its cash and restricted cash in multiple financial institutions. At times, these balances may exceed the federal insurance limits; however, the Museum has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances.

Note 4: Restricted Cash

Fee and expense reserve – The reserve is pursuant to the New Market Tax Credit financing for payment of future loan expenses. As of September 30, 2020 and 2019, the balance was \$127,988 and \$166,748, respectively.

Program reserve – The reserve is established from loan proceeds to be used for community program costs. As of September 30, 2020 and 2019, the balance was \$102,165 and \$113,252, respectively.

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 5: Contributions Receivable

Pledges receivable for each of the future years, are expected to be received, as follow:

	2020	2019
Less than one year	\$ 660,738	\$ 679,691
One to five years	1,318,000	1,467,635
More than five years	67,500	192,858
	2,046,238	2,340,184
Allowance for uncollectible pledges	(750)	(750)
Discount on pledges receivable	(143,668)	(167,196)
	\$ 1,901,820	\$ 2,172,238

Contributions receivable consist of the following as of September 30:

	2020	2019
Capital campaign	\$ 1,490,928	\$ 2,033,109
Annual fund and other	342,810	232,075
Endowment	212,500	75,000
	\$ 2,046,238	\$ 2,340,184

Note 6: Assets Limited as to Use

Investments consisted of the following at September 30:

	2020	2019
Cash and cash equivalents	\$ 584,653	\$ 1,739,622
Mutual funds - fixed income	1,362,305	779,522
Mutual funds - equities	7,349,855	6,739,529
Equities	2,933,952	1,903,357
U.S. Government bonds	1,569,420	2,057,403
Corporate bonds	1,182,895	684,821
International bonds	128,848	67,065
Alternative investments	137,719	183,921
	\$ 15,249,647	\$ 14,155,240

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 6: Assets Limited as to Use (Continued)

Net investment income consisted of the following for the years ended September 30:

	2020	2019
Net gain	\$ 1,178,372	\$ 207,601
Interest and dividend income	199,713	189,459
Investment fees	(41,639)	(30,755)
Total	\$ 1,336,446	\$ 366,305

Commitments to Invest

Certain alternative investments have commitments to invest additional amounts in private equity funds of \$131,000 which, if requested, are expected to be satisfied through December 31, 2020. The limitations and restrictions on the Museum's ability to redeem or sell the private equity funds vary by investment.

Perpetual Trust and Split Interest Agreement

Beneficial Interest in Perpetual Trusts – The Museum is the beneficiary of several trusts created by donors, the assets of which are not in the possession of the Museum. The Museum has legally enforceable rights or claims to such assets, including the right to related income. The Museum's interest in these trusts is included in the consolidated financial statements at the fair value of the underlying investments. As a result of court rulings effective January 2000, the Trustee is permitted to appropriate for distribution to the Museum the net realized, and unrealized appreciation of all trusts as determined to be prudent by the Trustee.

The Museum received a distribution of \$335,056 and \$351,806 for the years ended 2020 and 2019, respectively, related to the Museum's beneficial interest in perpetual trusts.

Charitable Lead Annuity Trust – The Museum is also the beneficiary of a charitable lead annuity trust created by a donor in 2006, the assets of which are not in the possession of the Museum. The Museum has the right to receive annual installments of \$68,920 over 16 years. The present value of the annuity payments, using a 5% discount rate, was \$187,689 and \$244,390 at September 30, 2020 and 2019, respectively.

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 7: Endowment Funds

The endowment consists of donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees, are classified and reported based on the existence or absence of donor-imposed restrictions.

Composition of endowment net assets by type of fund are as follows as of September 30:

September 30, 2020	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 14,183,128	\$ 14,183,128
Board-designated endowment funds	1,066,519	-	1,066,519
	<u>\$ 1,066,519</u>	<u>\$ 14,183,128</u>	<u>\$ 15,249,647</u>

September 30, 2019	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 13,162,808	\$ 13,162,808
Board-designated endowment funds	992,432	-	992,432
	<u>\$ 992,432</u>	<u>\$ 13,162,808</u>	<u>\$ 14,155,240</u>

Changes in endowment net assets are, as follows:

September 30, 2020	Without Donor Restriction	With Donor Restriction	Total
Beginning of year	\$ 992,432	\$ 13,162,808	\$ 14,155,240
Contributions	-	346,361	346,361
Investment income	105,103	1,231,256	1,336,359
Amount appropriated	(31,016)	(557,297)	(588,313)
End of year	<u>\$ 1,066,519</u>	<u>\$ 14,183,128</u>	<u>\$ 15,249,647</u>

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 7: Endowment Funds (Continued)

September 30, 2019	Without Donor Restriction	With Donor Restriction	Total
Beginning of year	\$ 990,767	\$ 12,015,011	\$ 13,005,778
Contributions	-	1,332,100	1,332,100
Investment income	44,417	317,674	362,091
Amount appropriated	(42,752)	(501,977)	(544,729)
End of year	\$ 992,432	\$ 13,162,808	\$ 14,155,240

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historic dollar value of the fund. Deficiencies of this nature are reported in net assets with donor restrictions and amounted to \$117,474 and \$184,287 as of September 30, 2020 and 2019, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new donor-restricted endowment contributions and continued appropriation that was deemed prudent by the Board of Trustees.

Note 8: Note Receivable

Note receivable consists of a note receivable from USBDC Investment Fund 119, LLC, interest due monthly at 1% for seven years, then amortizing payments of \$35,507 a month beginning December 2022. The note matures in February 2042. The note is secured by substantially all the assets of the investment LLC.

Note 9: Property and Equipment

A summary of property and equipment is as follows as of September 30,

<i>Years Ended September 30,</i>	2020	2019
Land	\$ 244,958	\$ 244,958
Buildings and improvements	16,396,916	16,368,730
Equipment, furniture and fixtures	670,426	638,611
Subtotal	17,312,300	17,252,299
Accumulated Depreciation	(8,064,650)	(7,567,777)
Total	\$ 9,247,650	\$ 9,684,522

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 10: Line of Credit

The Museum has an \$850,000 revolving line of credit with a local bank. Terms of the line of credit agreement provide for advances with interest at the Wall Street Journal's prime rate. The interest rate, as of September 30, 2020 and 2019, was 3.25%. The agreement is subject to renewal on May 20, 2021. Advances on the line of credit are secured by all business assets. There was \$381,523 and \$356,730 outstanding advances under this line of credit as of September 30, 2020 and 2019, respectively.

Note 11: Long Term Debt

Long-term debt consists of the following:

First mortgage

The Museum had a mortgage with The First N.A. (the "Lender") in the original amount of \$2,000,000. In conjunction with the transfer of property under common control, the Corporation assumed this obligation for the outstanding principal balance of \$1,310,405. The loan bears interest at 3.875% through February 15, 2019 and prime less .25% (not to exceed 7.625%) thereafter. The loan matures in December 15, 2032. The outstanding principal balance was \$747,850 and \$903,287 as of September 30, 2020 and 2019, respectively.

New Market Tax Credit (NMT) financing

Note payable with CCM Community Development LI, LLC ("CCM") in the amount of \$2,212,835 ("CCM Note A"). The note bears interest at 1.291%. Commencing in May 2015, monthly payments of interest only are due through December 2022. Commencing in January 2023, monthly payments of principal and interest in an amount sufficient to amortize the outstanding balance will become due through maturity in December 2049. As of September 30, 2020 and 2019, the outstanding balance is \$2,212,835.

Note payable with CCM in the amount of \$2,271,065 ("CCM Note B"). The note bears interest at 1.291%. Commencing in May 2015, monthly payments of interest only are due through December 2022. Commencing in January 2023, monthly payments of principal and interest in an amount sufficient to amortize the outstanding balance will become due through maturity in December 2049. As of September 30, 2020 and 2019, the outstanding balance is \$2,271,065.

Note payable with MHIC NE CDE II Subsidiary 32 LLC ("MHIC") in the amount of \$5,216,100 ("MHIC Note A"). The note bears interest at 0.966%. Commencing in May 2015, monthly payments of interest only are due through December 2022. Commencing in January 2023, monthly payments of principal and interest in an amount sufficient to amortize the outstanding balance will become due through maturity in December 2049. As of September 30, 2020 and 2019, the outstanding balance is \$5,216,100.

Note payable with MHIC NE CDE II Subsidiary 32 LLC ("MHIC") in the amount of \$2,301,400 ("MHIC Note B"). The note bears interest at 0.966%. Commencing in May 2015, monthly payments of interest only are due through December 2022. Commencing in January 2023, monthly payments of principal and interest in an amount sufficient to amortize the outstanding balance will become due through maturity in December 2049. As of September 30, 2020 and 2019, the outstanding balance is \$2,301,400.

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 11: Long Term Debt (Continued)

The following is a summary of principal maturities of long-term debt:

	First Mortgage	CCM (Note A)	CCM (Note B)	MHIC (Note A)	MHIC (Note B)	Total
September 30,						
2021	\$ 63,201	\$ -	\$ -	\$ -	\$ -	63,201
2022	66,352	-	-	-	-	66,352
2023	69,660	51,630	52,989	127,284	56,159	357,722
2024	73,133	69,622	71,454	171,152	75,541	460,902
2025	76,779	70,526	72,382	172,813	76,247	468,747
Thereafter	398,725	2,021,057	2,074,240	4,744,851	2,093,453	11,332,326
Total	\$ 747,850	\$ 2,212,835	\$ 2,271,065	\$ 5,216,100	\$ 2,301,400	\$ 12,749,250

The First N.A. mortgage is collateralized by a portion of the real estate. The CCM and MHIC loans are collateralized by all the real estate.

Debt issuance costs, net of accumulated amortization, totaled \$368,847 and \$381,423 as of September 30, 2020 and 2019, respectively, and is related to the MHIC Note A. Debt issuance costs on the above note are being amortized using an imputed rate of 1.653%.

Note 12: Net Assets

Net assets without donor restrictions that are board-designated are for the following purposes at September 30:

	2020	2019
Olson House	\$ 263,745	\$ 245,509
Collections	807,772	747,038
	\$ 1,071,517	\$ 992,547

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 12: Net Assets (Continued)

Net assets with donor restrictions are available for the following purposes at September 30:

	2020	2019
Time and purpose restricted		
Beneficial interest in charitable lead trust	\$ 187,689	\$ 244,390
Facilities	1,382,193	1,072,319
Education and operations	807,301	296,387
Exhibitions and collections	54,964	49,442
Capital Campaign	1,738,902	1,892,274
Total time and purpose restricted	4,171,049	3,554,812
Perpetual in nature		
Perpetual trusts	6,844,447	6,720,150
Education and operations	4,549,888	4,055,797
Maintenance	8,129,637	8,129,637
Total perpetual in nature	19,523,972	18,905,584
Total net assets with donor restrictions	\$ 23,695,021	\$ 22,460,396

Net assets released from restrictions consist of the following for the years ended:

	2020	2019
Debt reduction	\$ 350,000	\$ 150,000
Facilities	495,059	406,120
Education and operations	353,264	613,955
Exhibitions and collections	43,323	226,182
Capital projects	-	38,721
Capital campaign expenses and initiatives	666,246	892,152
Total net assets released from restrictions	1,907,892	2,327,130
Operating net assets released from restrictions	1,100,595	1,544,431
Non-operating net assets released from restrictions	807,297	782,699
	\$ 1,907,892	\$ 2,327,130

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 13: Leases

The Museum has entered into two operating leases for office equipment.

Future minimum lease obligations consisted of the following at September 30, 2020

2021	\$	17,355
2022		3,561
2023		2,868
2024		478
Total	\$	24,262

Note 14: Pension Benefit Plan

The Museum maintains a 403(b) plan that covers substantially all employees who work at least 1,000 hours annually. Contributions to the plan are discretionary. There were no contributions to the plan for the years ended 2020 and 2019.

Note 15: Fair Value Measurements

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical assets and liabilities that an entity has the ability to access at a measurement date.

Level 2 – Pricing inputs other than exchange quoted prices in active markets that are observable for the specific asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs that are unobservable inputs for the asset or liability in which little or no market activity is available for the asset or liability at the measurement date. The inputs into the determination of fair value require significant management judgment or estimation.

For the years ended 2020 and 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Mutual Funds

The fair value of mutual funds is based on quoted market prices which represent the net asset value of shares held by the Museum at year-end.

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 15: Fair Value Measurements (Continued)

Equities

The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Bonds

Government, corporate, and international bonds are valued at fair value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Private Equity Funds

The fair value of the private equity funds is estimated using the reported net asset value of the Museum's ownership interest.

Beneficial Interest in Perpetual Trusts

The fair value of the beneficial interest in perpetual trusts is valued using an income approach and is based on the fair value of the underlying assets in the trust, which approximates the future estimated cash flows from the trusts.

Beneficial Interest in Charitable Lead Annuity Trust

The fair value of the beneficial interest in the charitable lead annuity trust is valued using an income approach and is based on the present value of future cash flows discounted at 5%.

The Museum reviews and evaluates the valuations provided by investment managers and believes that these valuations are a reasonable estimate of fair value. At each reporting period, if applicable, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 15: Fair Value Measurements (Continued)

Assets measured at fair value on a recurring basis are categorized, as follows:

<i>September 30, 2020</i>	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 584,653	\$ -	\$ -	\$ 584,653
Mutual funds - fixed income	1,100,079	262,226	-	1,362,305
Mutual funds - equities	7,349,855	-	-	7,349,855
Equities	2,933,952	-	-	2,933,952
U.S. Government bonds	-	1,569,420	-	1,569,420
Corporate bonds	-	1,182,895	-	1,182,895
International bonds	-	128,848	-	128,848
Perpetual trusts	-	-	6,844,447	6,844,447
Charitable lead interest trust	-	187,689	-	187,689
Total assets in fair value hierarchy	\$ 11,968,539	\$ 3,331,078	\$ 6,844,447	22,144,064
Investments measured at net asset value				137,719
Totals				\$ 22,281,783

<i>September 30, 2019</i>	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,739,622	\$ -	\$ -	\$ 1,739,622
Mutual funds - fixed income	547,238	232,284	-	779,522
Mutual funds - equities	6,739,529	-	-	6,739,529
Equities	1,903,357	-	-	1,903,357
U.S. Government bonds	-	2,057,403	-	2,057,403
Corporate bonds	-	684,821	-	684,821
International bonds	-	67,065	-	67,065
Perpetual trusts	-	-	6,720,150	6,720,150
Charitable lead interest trust	-	244,390	-	244,390
Total assets in fair value hierarchy	\$ 10,929,746	\$ 3,285,963	\$ 6,720,150	20,935,859
Investments measured at net asset value				183,921
Totals				\$ 21,119,780

The summary of changes in fair value associated with the Museum's Level 3 assets for the years ended 2020 and 2019 is, as follows:

	Perpetual Trusts
September 30, 2018	\$ 7,022,217
Change in value of perpetual trust	(302,067)
September 30, 2019	6,720,150
Change in value of perpetual trust	124,297
September 30, 2020	\$ 6,844,447

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 16: Asset Retirement Obligation

Certain Museum buildings contain asbestos that upon major renovation or demolition would be required to be properly disposed of. The Museum has no expectations of plans for renovations or demolition that would trigger this obligation; therefore, its fair value cannot be reasonably estimated and no liability has been recognized as of September 30, 2020.

Note 17: Business Risk and Contingencies

Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in value in the near-term would materially affect the amounts reported in the consolidated statements of financial position and activities.

Beginning in March 2020, the World Health Organization declared the outbreak of COVID 19 as a pandemic, followed by multiple jurisdictions in the United States declaring a state of emergency. As a result of the stay at home order by the Governor, the Museum's facilities were closed from March 15, 2020 through June 30, 2020. The continuing effects of the pandemic and its impact, if any, to the Museum cannot be reasonably estimated.

The NMTC financing received by the Museum requires the Museum to comply with applicable sections of Section 45D of the Internal Revenue Code and applicable sections of 36 Me. Rev. Stat. Ann. Subsection 5219-HH. Failure to maintain compliance with those statutes may result in the recapture of tax credits claimed by U.S. Bancorp Community Development Corporation. The Museum has entered into indemnification agreements pursuant to which the Museum is obligated to indemnify U.S. Bancorp Community Development Corporation for any tax credits recaptured due to the acts or omissions of the Museum.

Note 18: Paycheck Protection Program

For the year ended 2020, the Museum had government grant revenue of \$411,000. This amount represents the receipt of an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The Museum has determined the award is a conditional grant and has applied the policy as described in Note 1. Accordingly, the award is reported as a refundable advance liability until the conditions are substantially met or explicitly waived. The Museum has interpreted the condition of the award to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations, recognized in stages over the covered period of either 8 or 24 weeks. The Museum met the conditions of the award during the year ended 2020 and recognized the grant as revenue.

Subsequent to September 30, 2020 the Museum received approval of the forgiveness application by the lender and SBA.

The William A. Farnsworth Library and Art Museum, Inc.

Notes to Financial Statements

Note 19: Evaluation of Subsequent Events

The Museum has evaluated subsequent events through March 24, 2021, which is the date of the opinion on these consolidated financial statements, which represents the date on which the consolidated financial statements were available to be issued.

The William A. Farnsworth Library and Art Museum, Inc. and Subsidiary

Consolidating Schedule of Financial Position

September 30, 2020

ASSETS	Museum	Real Estate	Eliminations	Total
Current Assets				
Cash & cash equivalents	\$ 394,031	\$ 10,557		\$ 404,588
Cash - restricted	102,165	127,988		230,153
Accounts receivable	53,537			53,537
Contributions receivable, current	530,738			530,738
Deferred rent receivable		1,542,309	\$ (1,542,309)	
Inventory	314,396			314,396
Prepaid expenses	78,053			78,053
Total Current Assets	1,472,920	1,680,854	(1,542,309)	1,611,465
Assets Whose Use is Limited				
Endowment investments	15,249,647			15,249,647
Perpetual trust held by others	6,844,447			6,844,447
Charitable lead interest trust held by others	187,689			187,689
Total Assets Whose Use is Limited	22,281,783	-	-	22,281,783
Other Assets				
Contributions receivable	1,371,082			1,371,082
Note receivable	7,428,935			7,428,935
Total Other Assets	8,800,017	-	-	8,800,017
Property and Equipment				
	344,882	8,902,768		9,247,650
Total Assets	\$ 32,899,602	\$ 10,583,622	\$ (1,542,309)	\$ 41,940,915
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 137,771	\$ 17,027		\$ 154,798
Accrued expenses	1,672,309		\$ (1,542,309)	130,000
Deferred revenue and other liabilities	1,597			1,597
Current portion of long term debt		51,415		51,415
Line of credit	381,523			381,523
Total Current Liabilities	2,193,200	68,442	(1,542,309)	719,333
Long Term Debt - Net of Current Portion				
		12,328,988		12,328,988
Total Liabilities	2,193,200	12,397,430	(1,542,309)	13,048,321
Net Assets				
Net assets without donor restrictions				
Designated by the Board of Trustees	1,071,517			1,071,517
Undesignated	5,889,687	(1,813,808)	50,177	4,126,056
	6,961,204	(1,813,808)	50,177	5,197,573
Net assets with donor restrictions				
Time and purpose restricted	4,221,226		(50,177)	4,171,049
Perpetual in nature	19,523,972			19,523,972
	23,745,198	-	(50,177)	23,695,021
Total Net Assets	30,706,402	(1,813,808)	-	28,892,594
Total Liabilities and Net Assets	\$ 32,899,602	\$ 10,583,622	\$ (1,542,309)	\$ 41,940,915

See independent auditor's report.

The William A. Farnsworth Library and Art Museum, Inc. and Subsidiary

Consolidating Schedule of Activities

Year Ended September 30, 2020

	Museum	Real Estate	Elimination	Total
Operating Revenue and Support				
Admissions	\$ 191,571			\$ 191,571
Contributions	1,557,560	\$ 100,000	\$ (100,000)	1,557,560
Memberships	225,289			225,289
Governmental grants	411,100			411,100
Endowment utilized in operations	588,313			588,313
Income from perpetual trust	335,056			335,056
Building rent		560,465	(481,977)	78,488
Gift shop sales	278,533			278,533
Other sources	142,844	511	(25,000)	118,355
Net assets released from restrictions				
Total Operating Revenue and Support	3,730,266	660,976	(606,977)	3,784,265
Operating Expenses:				
Program services:				
Curatorial	1,913,630		(382,747)	1,530,883
Education	614,553		(51,033)	563,520
Museum store	553,803		(10,207)	543,596
Subtotal	3,081,986		(443,987)	2,637,999
Management and administrative	745,132	263,787	(152,783)	856,136
Development	866,184		(10,207)	855,977
Depreciation expense	75,366	421,507		496,873
Total operating expenses	4,768,668	685,294	(606,977)	4,846,985
Change in Net Assets From Operations	(1,038,402)	(24,318)		(1,062,720)
Non-Operating Revenue (Expense)				
Contributions	787,708			787,708
Contributions - Endowment	493,891			493,891
Accessions	(13,075)			(13,075)
Investment income	1,336,446			1,336,446
Change in value of split interest agreements	124,297			124,297
Net assets released from restrictions				
Endowment utilized in operations	(588,313)			(588,313)
Net Change in Net Assets - Non-Operating	2,140,954			2,140,954
Change in Net Assets	1,102,552	(24,318)		1,078,234
Net Assets - Beginning of Year	29,603,850	(1,789,490)		27,814,360
Net Assets - End of Year	\$ 30,706,402	\$ (1,813,808)	\$ -	\$ 28,892,594

See independent auditor's report.