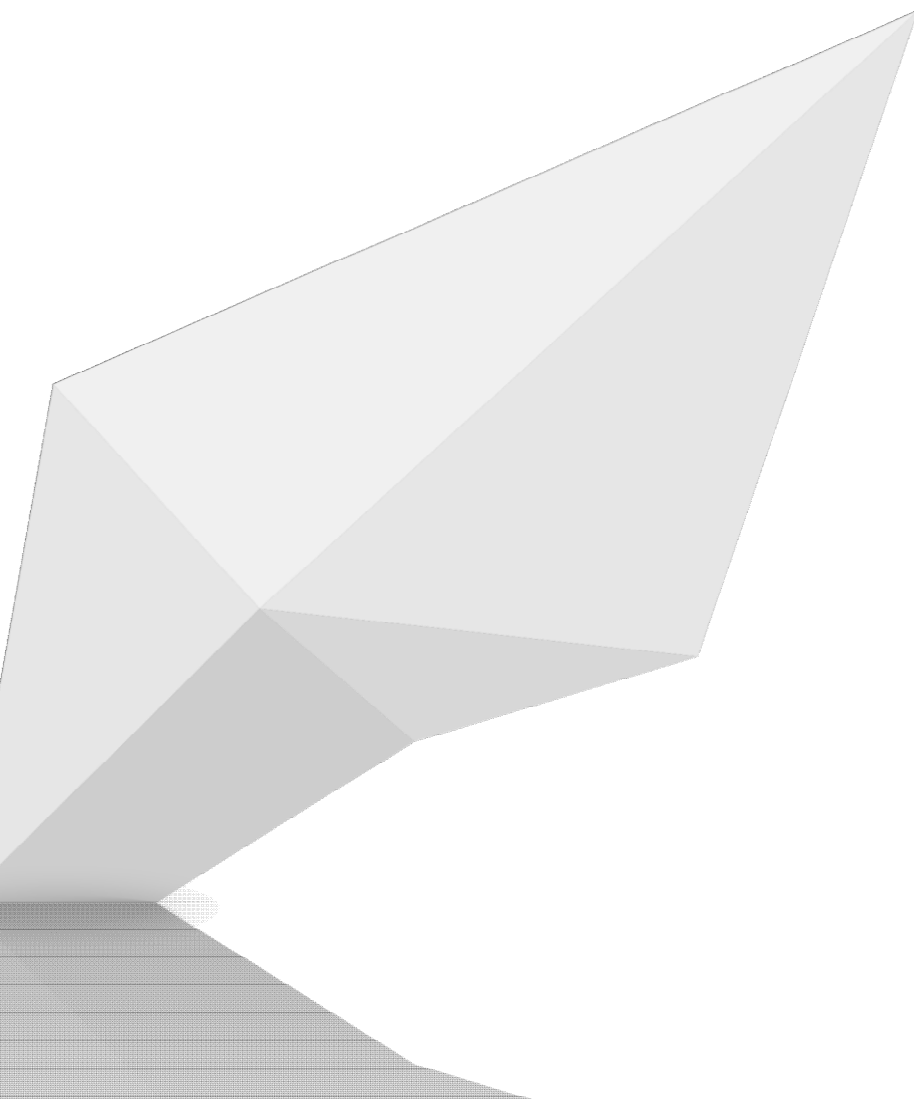


Farnsworth Art Museum

Consolidated Financial Statements and Supplementary Information

September 30, 2021 and 2020



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 (the "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, 2021 and 2020, 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 Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information appearing on pages 27- 29 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP
South Portland, Maine
March 22, 2022

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

Consolidated Statements of Financial Position

<i>September 30,</i>	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 731,252	\$ 404,588
Restricted cash	175,796	230,153
Total cash and cash equivalents	907,048	634,741
Accounts receivable	103,384	53,537
Contributions receivable, current	745,077	530,738
Inventories	287,908	314,396
Prepaid expenses	23,123	78,053
Total current assets	2,066,540	1,611,465
Assets whose use is limited		
Endowment investments	18,745,895	15,249,647
Perpetual trust held by others	7,722,116	6,844,447
Charitable lead interest trust held by others	128,152	187,689
Total assets whose use is limited	26,596,163	22,281,783
Other assets		
Contributions receivable	839,454	1,371,082
Note receivable	7,428,935	7,428,935
Total other assets	8,268,389	8,800,017
Property and equipment	8,801,990	9,247,650
Total assets	\$ 45,733,082	\$ 41,940,915

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

Consolidated Statements of Financial Position - Continued

<i>September 30,</i>	2021	2020
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 235,982	\$ 154,798
Accrued expenses	136,703	130,000
Deferred revenue and other liabilities	768	1,597
Current portion of long term debt	-	51,415
Line of credit	-	381,523
Total current liabilities	373,453	719,333
Long term debt - net of current portion	11,645,129	12,328,988
Total liabilities	12,018,582	13,048,321
Net assets		
Without donor restriction		
Board designated	1,221,242	1,071,517
Undesignated	5,094,460	4,126,056
Total without donor restriction	6,315,702	5,197,573
With donor restriction		
Time and purpose restricted	5,592,320	4,171,049
Perpetual in nature	21,806,478	19,523,972
Total with donor restrictions	27,398,798	23,695,021
Total net assets	33,714,500	28,892,594
Total liabilities and net assets	\$ 45,733,082	\$ 41,940,915

See accompanying notes to financial statements.

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

Consolidated Statement of Activities

<i>Year ended September 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue			
Admissions	\$ 452,780	\$ -	\$ 452,780
Contributions	1,831,088	229,523	2,060,611
Government grants	611,306	-	611,306
Endowment utilized for operations	628,648	-	628,648
Income from perpetual trust	355,013	-	355,013
Building rent	63,920	-	63,920
Museum store	663,465	-	663,465
Other sources	129,766	-	129,766
Net assets released from restrictions	700,178	(700,178)	-
Total operating revenue	5,436,164	(470,655)	4,965,509
Operating expenses			
Program services			
Curatorial	2,217,020	-	2,217,020
Education	488,703	-	488,703
Museum store	676,188	-	676,188
Total program expenses	3,381,911	-	3,381,911
Management and administrative	844,866	-	844,866
Development	962,821	-	962,821
Total operating expenses	5,189,598	-	5,189,598
Change in net assets from operations	246,566	(470,655)	(224,089)
Non-operating activities			
Contributions for capital campaign	-	812,078	812,078
Contributions - endowment	-	1,404,837	1,404,837
Investment income	190,764	2,389,297	2,580,061
Change in value of split interest agreements	-	877,669	877,669
Net assets released from restrictions	1,309,449	(1,309,449)	-
Endowment utilized for operations	(628,650)	-	(628,650)
Change in net assets - non-operating	871,563	4,174,432	5,045,995
Total change in net assets	1,118,129	3,703,777	4,821,906
Net assets at beginning of year	5,197,573	23,695,021	28,892,594
Net assets at end of year	\$ 6,315,702	\$ 27,398,798	\$ 33,714,500

See accompanying notes to financial statements.

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

Consolidated Statement of Activities

<i>Year ended September 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue			
Admissions	\$ 191,571	\$ -	\$ 191,571
Contributions	1,277,484	505,365	1,782,849
Government grants	411,100	-	411,100
Endowment utilized for operations	588,313	-	588,313
Income from perpetual trust	335,056	-	335,056
Building rent	78,488	-	78,488
Museum store	278,533	-	278,533
Other sources	118,354	-	118,354
Net assets released from restrictions	1,100,595	(1,100,595)	-
Total operating revenue	4,379,494	(595,230)	3,784,264
Operating expenses			
Program services			
Curatorial	1,857,084	-	1,857,084
Education	608,401	-	608,401
Museum store	573,367	-	573,367
Total program expenses	3,038,852	-	3,038,852
Management and administrative	931,007	-	931,007
Development	890,200	-	890,200
Total operating expenses	4,860,059	-	4,860,059
Change in net assets from operations	(480,565)	(595,230)	(1,075,795)
Non-operating activities			
Contributions for capital campaign	-	787,708	787,708
Contributions - endowment	-	493,891	493,891
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 for operations	(588,313)	-	(588,313)
Change in net assets - non-operating	324,174	1,829,855	2,154,029
Total change in net assets	(156,391)	1,234,625	1,078,234
Net assets at beginning of year	5,353,964	22,460,396	27,814,360
Net assets at 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.

Consolidated Statement of Functional Expense

<i>September 30, 2021</i>	Curatorial	Education	Museum Store	Management and General	Development	Total
Salaries	\$ 790,359	\$ 264,121	\$ 211,369	\$ 308,407	\$ 618,309	\$ 2,192,565
Benefits and payroll taxes	138,405	37,603	34,263	68,180	72,614	351,065
Cost of sales - inventory	-	-	348,168	-	-	348,168
Utilities	225,386	30,052	6,010	33,057	6,010	300,515
Exhibits	30,418	-	-	-	-	30,418
Advertising	17,896	4,968	379	19,508	25,312	68,063
Contract labor	-	17,365	-	-	-	17,365
Maintenance	83,303	11,107	2,221	3,055	2,221	101,907
Insurance	83,070	5,261	1,052	18,971	1,052	109,406
Other services	238,858	9,807	1,831	(2,490)	84,357	332,363
Supplies and materials	43,351	24,975	24,386	21,239	6,678	120,629
Cultivation	2,093	727	-	755	10,266	13,841
Equipment	21,565	2,875	575	6,191	575	31,781
Travel	3,181	1,966	15	78	320	5,560
Professional and other fees	12,923	3,720	17,043	100,785	34,181	168,652
Printing	8,622	1,619	-	1,124	31,237	42,602
Interest	-	-	-	164,709	-	164,709
Postage and shipping	2,269	406	7,701	2,220	6,547	19,143
Lease and rental expense	1,620	2,160	-	28,569	2,379	34,728
Telephone and technology	12,321	1,342	268	1,479	268	15,678
Software maintenance	6,432	-	7,292	1,133	40,824	55,681
Accessions	25,000	-	-	-	-	25,000
Employee development	-	16,078	78	5,726	2,832	24,714
Dues and subscription	14,473	2,229	635	1,952	2,630	21,919
Bad debts	-	-	-	8,470	-	8,470
Other	95,654	1,632	(22)	(5,877)	977	92,364
Depreciation	359,821	48,690	12,924	57,625	13,232	492,292
Total	\$ 2,217,020	\$ 488,703	\$ 676,188	\$ 844,866	\$ 962,821	\$ 5,189,598

See accompanying notes to financial statements.

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

Consolidated Statement of Functional Expense

<i>September 30, 2020</i>	Curatorial	Education	Museum Store	Management and General	Development	Total
Salaries	\$ 744,708	\$ 368,760	\$ 307,671	\$ 283,844	\$ 432,287	\$ 2,137,270
Benefits and payroll taxes	131,286	45,599	36,855	75,952	60,874	350,566
Cost of sales - inventory	-	-	138,751	-	-	138,751
Utilities	204,151	27,220	5,444	29,942	5,444	272,201
Exhibits	59,011	918	-	-	-	59,929
Advertising	22,296	9,327	3,610	23,403	19,511	78,147
Contract labor	-	11,725	-	-	-	11,725
Maintenance	84,822	11,171	2,234	2,942	2,234	103,403
Insurance	77,535	4,671	934	18,505	934	102,579
Other services	75,532	7,463	809	29,635	1,901	115,340
Supplies and materials	17,302	31,630	17,243	10,655	17,842	94,672
Cultivation	4,029	4,097	-	2,246	11,029	21,401
Equipment	27,507	3,668	734	4,996	734	37,639
Travel	6,381	3,670	2,798	122	3,352	16,323
Professional and other fees	6,076	1,870	8,507	86,186	233,718	336,357
Printing	6,797	4,484	861	1,070	18,675	31,887
Interest	-	-	-	191,614	-	191,614
Postage and shipping	2,076	352	5,707	1,300	6,917	16,352
Lease and rental expense	2,177	2,491	(42)	31,089	(42)	35,673
Telephone and technology	12,571	1,398	280	1,537	280	16,066
Software maintenance	7,024	-	6,602	-	35,390	49,016
Accessions	13,075	-	-	-	-	13,075
Employee development	260	16,112	254	512	2,228	19,366
Dues and subscription	13,510	4,227	660	1,819	2,497	22,713
Bad debts	-	-	1,845	66,743	-	68,588
Other	25,832	2,667	1,839	(7,914)	110	22,534
Depreciation	313,126	44,881	29,771	74,809	34,285	496,872
Total	\$ 1,857,084	\$ 608,401	\$ 573,367	\$ 931,007	\$ 890,200	\$ 4,860,059

See accompanying notes to financial statements.

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

Consolidated Statements of Cash Flows

Year Ended December 31,	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 4,821,906	\$ 1,078,234
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net gain on investments	(2,441,762)	(1,178,371)
Change in value of split interest agreements	(877,669)	(124,297)
Amortization	72,113	69,277
Contributions for endowment and deaccessions	(1,404,837)	(493,891)
Depreciation	492,292	496,872
Provision for bad debts	8,470	68,588
Purchase of collection items	25,000	13,075
(Increase) decrease in:		
Accounts receivable	(49,847)	(39,600)
Contributions receivable	168,819	339,330
Inventory	26,488	(61,243)
Prepaid expenses	54,930	24,577
Increase (decrease) in:		
Accounts payable and accrued expenses	87,887	(75,989)
Deferred revenue and other liabilities	(829)	638
Net cash flows from operating activities	982,961	117,200
Cash flows from investing activities:		
Net deaccessions (accessions) of collection items	(25,000)	(13,075)
Proceeds from sale of investments	4,716,566	2,188,850
Purchase of investments	(5,771,052)	(2,104,886)
Purchase of property and equipment	(46,632)	(60,000)
Net cash flows from investing activities	(1,126,118)	10,889
Cash flows from financing activities:		
Principal payments on long-term debt	(747,850)	(155,437)
Net proceeds (repayments) on line of credit	(381,523)	24,793
Contributions for endowment	1,544,837	356,391
Net cash flows from financing activities	415,464	225,747
Net change in cash and cash equivalents	272,307	353,836
Cash and cash equivalents, beginning of year	634,741	280,905
Cash and cash equivalents, end of year	907,048	634,741
Supplemental disclosures of cash flow information:		
Cash and cash equivalents consist of:		
Cash and cash equivalents	731,252	404,588
Restricted cash	175,796	230,153
Total	\$ 907,048	\$ 634,741

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. ("FRE") was formed as a public benefit corporation on February 9, 2015, under the laws of the State of Maine. 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. 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 (the "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 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, 2021 and 2020, 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 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

Revenue is recognized from ticket sales at the time of admission and from gift shop sales at the time of purchase.

Education and public program revenue are typically paid prior to the program and are recognized over the period the related services are provided to customer. The performance obligation of delivering educational and public programs is simultaneously received and consumed by the customer; therefore, the revenue is recognized ratably over the course of the program period.

Rental income received in advance are deferred to the applicable period in which the related services are performed.

The Museum recognizes special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

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

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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 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 statements 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.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense was \$68,063 and \$78,147 for the years ended 2021 and 2020, 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.

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, FRE has been classified as a support organization under Section 509(a)(3) of the Code.

Reclassification

Certain amounts, as previously reported in the 2020 financial statements, have been reclassified to conform to the 2021 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets.

Change in Accounting Policies

In 2014, the FASB issued ASU 2014-09 *Revenue From Contracts with Customers*. The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. 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.

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>Years Ended September 30,</i>	2021	2020
Cash and cash equivalents	\$ 192,000	\$ (133,800)
Accounts receivable	103,400	53,500
Contributions receivable	18,600	182,300
Charitable lead interest trust	69,000	59,500
Total financial assets available for general expenditure within one year	\$ 383,000	\$ 161,500

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, 2021 and 2020, the balance was \$89,336 and \$127,988, respectively.

Program reserve – The reserve is established from loan proceeds to be used for community program costs. As of September 30, 2021 and 2020, the balance was \$86,460 and \$102,165, respectively.

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

Notes to Financial Statements

Note 5: Contributions Receivable

Contributions receivable consist of the following as of September 30:

	2021	2020
Capital campaign	\$ 1,398,969	\$ 1,490,928
Annual fund and other	188,894	342,810
Endowment	72,500	212,500
	\$ 1,660,363	\$ 2,046,238

Contributions receivable, are expected to be received, as follows:

	2021	2020
Less than one year	\$ 745,077	\$ 660,738
One to five years	857,786	1,318,000
More than five years	57,500	67,500
	1,660,363	2,046,238
Allowance for uncollectible pledges	(750)	(750)
Discount on pledges receivable	(75,082)	(143,668)
	\$ 1,584,531	\$ 1,901,820

Note 6: Assets Limited as to Use

Investments consisted of the following at September 30:

	2021	2020
Cash and cash equivalents	\$ 538,912	\$ 584,653
Mutual funds - fixed income	9,602,993	1,362,305
Mutual funds - equities	1,382,917	7,349,855
Equities	4,355,619	2,933,952
U.S. Government bonds	1,288,242	1,569,420
Corporate bonds	1,284,011	1,182,895
International bonds	101,229	128,848
Alternative investments	191,972	137,719
Total	\$ 18,745,895	\$ 15,249,647

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:

	2021	2020
Net gain	\$ 2,441,762	\$ 1,178,371
Interest and dividend income, net of fees	138,299	158,075
Total	\$ 2,580,061	\$ 1,336,446

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, 2022. 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 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 \$355,013 and \$335,056 for the years ended 2021 and 2020, 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 \$128,152 and \$187,689 at September 30, 2021 and 2020, respectively.

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.

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

Notes to Financial Statements

Note 7: Endowment Funds (Continued)

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

As of September 30, 2021	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 17,523,613	\$ 17,523,613
Board-designated endowment funds	1,222,282	-	1,222,282
	<u>\$ 1,222,282</u>	<u>\$ 17,523,613</u>	<u>\$ 18,745,895</u>

As of 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>

Changes in endowment net assets are, as follows:

Year ended September 30, 2021	Without Donor Restriction	With Donor Restriction	Total
Beginning of year	\$ 1,066,519	\$ 14,183,128	\$ 15,249,647
Contributions	-	1,544,837	1,544,837
Investment income	190,764	2,389,297	2,580,061
Amount appropriated	(35,001)	(593,649)	(628,650)
End of year	<u>\$ 1,222,282</u>	<u>\$ 17,523,613</u>	<u>\$ 18,745,895</u>

Year ended 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)

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 \$0 and \$117,474 as of September 30, 2021 and 2020, 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:

	2021	2020
Land	\$ 244,958	\$ 244,958
Buildings and improvements	16,421,855	16,396,916
Equipment, furniture and fixtures	692,118	670,426
Subtotal	17,358,931	17,312,300
Accumulated depreciation	(8,556,941)	(8,064,650)
Total	\$ 8,801,990	\$ 9,247,650

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, 2021 and 2020, was 3.25%. The agreement is subject to renewal on May 20, 2022. Advances on the line of credit are secured by all business assets. There was \$0 and \$381,523 outstanding advances under this line of credit as of September 30, 2021 and 2020, respectively.

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

Notes to Financial Statements

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 Museum assumed this obligation for the outstanding principal balance of \$1,310,405. The loan was paid off during 2021. The outstanding principal balance was \$0 and \$747,850 as of September 30, 2021 and 2020, respectively.

New Market Tax Credit (NMTTC) 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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:

	CCM (Note A)	CCM (Note B)	MHIC (Note A)	MHIC (Note B)	Totals
September 30,					
2022	\$ -	\$ -	\$ -	\$ -	-
2023	51,630	52,989	127,284	56,159	288,062
2024	69,622	71,454	171,152	75,541	387,769
2025	70,526	72,382	172,813	76,247	391,968
2026	71,442	73,382	174,490	76,987	396,301
Thereafter	1,949,615	2,000,858	4,570,361	2,016,466	10,537,300
Total	\$ 2,212,835	\$ 2,271,065	\$ 5,216,100	\$ 2,301,400	\$ 12,001,400

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 \$356,271 and \$368,847 as of September 30, 2021 and 2020, 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:

	2021	2020
Olson House	\$ 302,084	\$ 263,745
Collections	919,158	807,772
Total board-designated net assets	\$ 1,221,242	\$ 1,071,517

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:

	2021	2020
Time and purpose restricted		
Beneficial interest in charitable lead trust	\$ 128,152	\$ 187,689
Facilities	2,457,577	1,382,193
Education and operations	1,418,390	807,301
Exhibitions and collections	69,682	54,964
Capital Campaign	1,518,519	1,738,902
Total time and purpose restricted	5,592,320	4,171,049
Perpetual in nature		
Perpetual trusts	7,722,116	6,844,447
Education and operations	5,954,725	4,549,888
Maintenance	8,129,637	8,129,637
Total perpetual in nature	21,806,478	19,523,972
Total net assets with donor restrictions	\$ 27,398,798	\$ 23,695,021

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

	2021	2020
Debt reduction	\$ 694,000	\$ 350,000
Facilities	440,026	495,059
Education and operations	495,240	353,264
Exhibitions and collections	41,900	43,323
Capital campaign expenses and initiatives	338,461	666,246
Total net assets released from restrictions	2,009,627	1,907,892

As presented in the statement of activities:

Operating net assets released from restrictions	700,178	1,100,595
Non-operating net assets released from restrictions	1,309,449	807,297
Total	\$ 2,009,627	\$ 1,907,892

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.

At September 30, 2021, the future minimum lease obligations consisted of the following for the years ending:

2022	\$	23,360
2023		23,360
2024		20,970
2025		20,492
2026		15,133
Total	\$	103,315

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 2021 and 2020.

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 2021 and 2020, 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, 2021</i>	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 538,912	\$ -	\$ -	\$ 538,912
Mutual funds - fixed income	9,602,993	-	-	9,602,993
Mutual funds - equities	1,382,917	-	-	1,382,917
Equities	4,355,619	-	-	4,355,619
U.S. Government bonds	-	1,288,242	-	1,288,242
Corporate bonds	-	1,284,011	-	1,284,011
International bonds	-	101,229	-	101,229
Perpetual trusts	-	-	7,722,116	7,722,116
Charitable lead interest trust	-	128,152	-	128,152
Total assets in fair value hierarchy	\$ 15,880,441	\$ 2,801,634	\$ 7,722,116	26,404,191
Investments measured at net asset value				191,972
Totals				\$ 26,596,163

<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

The summary of changes in fair value associated with the Museum's Level 3 assets for the years ended 2021 and 2020 is, as follows:

	Perpetual Trusts
September 30, 2019	\$ 6,720,150
Change in value of perpetual trust	124,297
September 30, 2020	6,844,447
Change in value of perpetual trust	877,669
September 30, 2021	\$ 7,722,116

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

Notes to Financial Statements

Note 16: 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 17: Paycheck Protection Program

The Museum recognized government grant revenue of \$417,800 and \$411,000, from the Small Business Administration's (SBA) Paycheck Protection Program (PPP), for the years ended 2021 and 2020, respectively. The Museum has determined the awards are conditional grants and has applied the policy as described in Note 1. Accordingly, the awards are 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.

Note 18: Evaluation of Subsequent Events

The Museum has evaluated subsequent events through March 22, 2022, which is the date of the opinion on these financial statements, which represents the date on which the financial statements were available to be issued.

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

Consolidating Schedule of Financial Position

September 30, 2021

ASSETS	Museum	Real Estate	Eliminations	Total
Current assets				
Cash and cash equivalents	\$ 690,511	\$ 40,741	\$ -	\$ 731,252
Restricted cash	86,460	89,336	-	175,796
Accounts receivable	103,384	-	-	103,384
Contributions receivable, current	745,077	-	-	745,077
Deferred rent receivable	-	1,829,596	(1,829,596)	-
Inventories	287,908	-	-	287,908
Prepaid expenses and other	23,123	-	-	23,123
Total current assets	1,936,463	1,959,673	(1,829,596)	2,066,540
Assets whose use is limited				
Endowment Investments	18,745,895	-	-	18,745,895
Perpetual trust held by others	7,722,116	-	-	7,722,116
Charitable lead interest trust held by others	128,152	-	-	128,152
Total assets whose use is limited	26,596,163	-	-	26,596,163
Other assets				
Contributions receivable	839,454	-	-	839,454
Notes receivable	7,428,935	-	-	7,428,935
Total other assets	8,268,389	-	-	8,268,389
Property and equipment	314,545	8,487,445	-	8,801,990
Total assets	\$ 37,115,560	\$10,447,118	\$ (1,829,596)	\$ 45,733,082
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 214,976	\$ 21,006	\$ -	\$ 235,982
Accrued liabilities	1,966,299	-	(1,829,596)	136,703
Deferred revenue and other liabilities	768	-	-	768
Total current liabilities	2,182,043	21,006	(1,829,596)	373,453
Long term debt - net of current portion	-	11,645,129	-	11,645,129
Total liabilities	2,182,043	11,666,135	(1,829,596)	12,018,582
Net assets	34,933,517	(1,219,017)	-	33,714,500
Total liabilities and net assets	\$ 37,115,560	\$10,447,118	\$ (1,829,596)	\$ 45,733,082

See Independent Auditor's Report on Supplementary Information.

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

Consolidating Schedule of Activities

<i>Year ended September 30, 2021</i>	Museum	Real Estate	Eliminations	Total
Operating revenue				
Admissions	\$ 452,780	\$ -	\$ -	\$ 452,780
Contributions	2,060,611	-	-	2,060,611
Contributions - related party	-	694,000	(694,000)	-
Governmental grants	611,306	-	-	611,306
Endowment utilized in operations	628,648	-	-	628,648
Income from Perpetual Trust	355,013	-	-	355,013
Building rent	-	545,897	(481,977)	63,920
Gift shop sales	663,465	-	-	663,465
Other sources	136,668	98	(7,000)	129,766
Total operating revenue	4,908,491	1,239,995	(1,182,977)	4,965,509
Operating expenses				
	5,727,371	645,204	(1,182,977)	5,189,598
Change in net assets from operations	(818,880)	594,791	-	(224,089)
Non-operating activities				
Contributions	812,078	-	-	812,078
Contributions - endowment	1,404,837	-	-	1,404,837
Investment income	2,580,061	-	-	2,580,061
Change in value of split interest agreements	877,669	-	-	877,669
Endowment utilized in operations	(628,650)	-	-	(628,650)
Net change in net assets - non-operating	5,045,995	-	-	5,045,995
Change in net assets	4,227,115	594,791	-	4,821,906
Net assets - beginning of year	30,706,402	(1,813,808)	-	28,892,594
Net assets - end of year	\$ 34,933,517	\$ (1,219,017)	\$ -	\$ 33,714,500

See Independent Auditor's Report on Supplementary Information.

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

Consolidating Schedule of Expenses

<i>Year ended September 30, 2021</i>	Museum	Real Estate	Eliminations	Total
Salaries	\$ 2,192,565	\$ -	\$ -	\$ 2,192,565
Benefits and payroll taxes	351,065	-	-	351,065
Cost of sales - inventory	348,168	-	-	348,168
Utilities	300,515	-	-	300,515
Exhibits	30,418	-	-	30,418
Advertising	68,063	-	-	68,063
Contract labor	17,365	-	-	17,365
Maintenance	101,907	-	-	101,907
Insurance	109,406	-	-	109,406
Other services	332,363	-	-	332,363
Supplies and materials	120,629	-	-	120,629
Cultivation	13,841	-	-	13,841
Equipment	31,781	-	-	31,781
Travel	5,560	-	-	5,560
Professional and other fees	110,518	58,134	-	168,652
Printing	42,602	-	-	42,602
Interest	142	164,567	-	164,709
Postage and shipping	19,143	-	-	19,143
Lease and rental expense	516,705	-	(481,977)	34,728
Telephone and technology	15,678	-	-	15,678
Software maintenance	55,681	-	-	55,681
Accessions	25,000	-	-	25,000
Employee development	24,714	-	-	24,714
Dues and subscription	21,919	-	-	21,919
Bad debts	8,470	-	-	8,470
Other	786,184	7,180	(701,000)	92,364
Depreciation	76,969	415,323	-	492,292
Total	\$ 5,727,371	\$ 645,204	\$(1,182,977)	\$ 5,189,598

See Independent Auditor's Report on Supplementary Information.