







Grant Application 2024 : Entry # 1852**SECTION ONE****Are you applying for a \$100,000 Grant or for a \$34,000 Residual Grant?**

\$100,000 Grant

Eligibility Requirements This nonprofit organization is an active 501(c)(3) organization.

By checking each of the following boxes, I acknowledge and attest to Impact100 Owensboro's grant eligibility requirements:

Consent This nonprofit organization is located in and serves residents of the Greater Owensboro Area, and the proposed project will be implemented in and serve residents of the Greater Owensboro Area.**Consent** This nonprofit organization is in good standing and has current registration with the State of Kentucky Secretary of State.**Consent** This nonprofit organization does not discriminate based on religion, race, ethnicity, sexual orientation or gender. Impact100 grants will not be utilized for partisan, legislative, political, or religious activities.**Consent** This grant will not fund general operating expenses or overhead. However, funds can be used for operating expenses if they are relative to new programming, such as a new staff person.**Consent** This grant will not fund payment of projects already completed nor repayment of previously incurred debt.**Consent** This grant project/program will not require participation in activities of a particular faith, denomination or religion in order to benefit from the project or program.**Brief Project Summary**

In 2008, The Owensboro Museum of Fine Art acquired an adjacent blighted property on its south side, formerly used for a gas station, and transformed it into Ryan Sculpture Park, which celebrates the origins of Owensboro with monumental public sculpture. The museum is seeking funds from IMPACT100 to help create a useable, attractive green space and expanded visitor parking on its east side by removing an existing blighted structure and adding new pavement and landscaping.

Organization Information**Applicant Organization (Legal Name)**

Owensboro Musuem of Fine Art, Inc.

Doing Business As

Grant Application 2024 : Entry # 1852

Owensboro Musuem of Fine Art, Inc.

Address

901 Fredrica Street
Owensboro, Kentucky 42301
United States
[Map It](#)

County

Daviess

Website

<https://omfa.us>

Phone

(270) 685-3181

IRS Name, as listed on 501(c)(3) letter

Owensboro Musuem of Fine Art, Inc.

IRS Letter Date

01/24/1977

Employer Identification Number (EIN)

31-0896672

Name of Executive Director

Mary Bryan Hood

Executive Director Email

info@omfa.us

Executive Director Phone

(270) 685-3181

Is the Primary Contact person for this request different than the Executive Director?

Yes

Contact Name

Jason Hayden

Contact Title

Assistant Director and Development Officer

Grant Application 2024 : Entry # 1852**Contact Phone**

(270) 685-3181

Contact Emailinfo@omfa.us**Organization's Budgeted Expenses for Current Year**

\$508,539.00

Endowment Size

\$1,000,000.00

Organization's Major Funding Sources

- Owensboro Museum of Fine Art Foundation
- City of Owensboro
- Daviess County Fiscal Court
- State of Kentucky

Organization's Affiliation and/or Accreditation Body

- None

Have you previously received an Impact100 Grant?

no

Grant Request Information**Program/Project Title**

OMFA Physical Plant Enhancement

Focus Area - rearrange the list below by dragging into a sequence where the first one aligns best with your project and the last one aligns least.

1. Arts and Culture
2. Education
3. Family
4. Health and Wellness
5. Environment & Recreation

Type of Grant Request

- Capital Expenditures

Grant Application 2024 : Entry # 1852**Total Budget for this Program/Project**

\$106,000.00

Community/Counties to be served by this Program/Project

As the second largest fine art museum in Kentucky, the Owensboro Museum of Fine Art serves the community, state region.

Brief demographic description of population served by this Program/Project

Owensboro has small town ambiance enhanced by strong educational, economic and cultural opportunities typically associated with larger metropolitan areas. The local economy includes healthcare, agribusiness, biotechnology, manufacturing and service industries. Owensboro has an urban population of approximately 58,000, and a metropolitan population of 98,000. The community's economic development and tourism leadership recognizes that its many arts and educational institutions play a major role in marketing Owensboro as a premier locale for new industry and a magnet for tourism. The racial ethnic breakdown of Daviess County is 89.8 percent white, 4.9 percent African American, 2. 7 percent Hispanic, 1.8 percent biracial and 0.8 percent Asian.

Potential Number to be served by this Program/Project

100,000 +

SECTION TWO – Profile of Organization**Give a brief summary of organization's history**

The Owensboro Museum of Fine Art, Kentucky's second largest art museum, opened in 1977 and in its first four decades has grown into a regional center for the Visual Arts. Its physical plant includes three architecturally important structures – a Post-Modern Atrium and Exhibition Wing, Medley Decorative Arts Wing, Carnegie Exhibition Wing and Ryan Sculpture Park – housing an historically important Permanent Collection and temporary exhibitions. The museum's permanent collection contains a diverse range of international art dating from the 16th to 21st centuries. Working collaboratively with other museums, galleries and collectors, the OMFA hosts special exhibitions that bring cultures of the world to the region. A special collection documents the cultural history of Kentucky region through art dating from the mid-1800s through the present.

Share the organization's vision/mission

The Owensboro Museum of Fine Art, Kentucky's second largest art museum established in 1977, is an educational institution whose mission is to connect people with their culture and the culture of others through the collection, preservation, interpretation and exhibition of the visual arts. Through exhibitions and educational programs for all ages and backgrounds, the museum provides lifelong learning experiences that expand awareness and creativity.

Give a brief description of current programs/projects and activities

The museum is a regional leader in providing quality, innovative and culturally diverse programming. Expanded learning opportunities feature historical documentaries and survey exhibitions designed to introduce patrons to various world cultures. Exhibitions are interpreted by public events for all ages including seminars, gallery talks, family festivals, classes and artist demonstrations.

Describe organization's constituency and geographic region of service

The Owensboro Museum of Fine Art serves the city, state and region as a premier visual arts education facility.

SECTION THREE– Proposed Program/Project Description

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Describe the proposed program/project, including at least: (1) Goals or objectives of the proposal - consider using SMART objectives (2) Activities to accomplish the program/project (Note: Indicate whether this is a new or an expanded or modified program/project; if expanded or modified, identify how it increases your organization's outreach.) (3) Timetable for implementation

The goal of this project is to create a useable, attractive green space and expanded visitor parking on the museum's east side by removing an existing structure and adding new pavement and landscaping, enhancing the museum's ability to maintain a significant cultural tourism landmark in the center of the city. The demolition, paving and landscaping will be completed within 6 months of receiving the funding, subject to weather or unforeseeable construction delays.

Provide a Statement of community need with supporting evidence and describe why your organization is especially qualified to meet this need.

For almost five decades, Owensboro Museum of Fine Art has provided its children's educational services FREE to the public. The museum does not require an admission fee and is FREE AND OPEN TO ALL, making the visual arts more accessible to underserved members of the community and region with its wide variety educational offerings to schools and visitors.

Describe the impact of this program/project on the community; include how this program/project is transformational to the Greater Owensboro Area

By creating a useable, attractive green space and expanding visitor parking, the project enhances the museum's ability to maintain a significant cultural tourism landmark in the center of the city.

Share how this proposed program/project could complement or enhance the work/efforts of other organizations to respond to the needs you have identified

The museum has extensive involvement with the local arts and other non-arts organizations. The museum has established a public art collection for the City of Owensboro. The museum initiated a collaborative effort between the City and numerous community partners to implement RIVERARTES: THE ART OF PLACEMAKING, a biennial showcase of works by prominent sculptors, designed to acquire public art for placement in Owensboro's revitalized downtown and throughout the community, resulting in a total acquisition of more than a dozen works of public art. The RIVERARTES: Salon of Selection, the annual exhibition of artists proposals for the RIVERARTES program, has also been sponsored by Owensboro Health since its inception.

The museum regularly partners with local arts organizations such as the Owensboro Art Guild as the host and sponsor of its annual juried exhibition. In addition, the museum partners with Owensboro Health and the Owensboro Farmers Market for its annual ART, FOOD AND HEALTH celebrations of the arts.

SECTION FOUR – Evaluation/Assessment

How will you define and measure the success/impact of your program/project and how will the results be shared?

The results of this capital project will be shared with the community and region through the museum's website and social media.

SECTION FIVE – Program/Project Funding Plans

List other funders to which this current proposal has been or will be submitted. For each, indicate the amount requested and the status of the request. For example, Submitted, Pending, Funded, Declined. If funded, specify the amount of funding granted

N/A

What other income, if any, do you anticipate for this project? If any, describe. For example: (1) Earned revenue (2) In-kind support (3) Special events (4) Fundraisers (5) Other

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N/A

Describe plans and specific sources for future/long-term funding and sources of sustainability.

The museum is in the last five years of its 50-year Development Plan and the OMFA Foundation has recently established a \$1M Operations Restricted Endowment designed to provide long term financial stability.

SECTION SIX – Required Financial Attachments

(1) Submit Statement of Revenue/Support and Expenses for your organization's most recently completed fiscal/calendar year, which includes Net Income/(Loss) (see example Form A).

- [2024-Impact100-Form-A.pdf](#)

(2) Submit Balance Sheet for most recently completed fiscal year.

- [OMFA-Statement-of-Financial-Position-06.30.23.pdf](#)

(3) Provide your most recent, complete audit, review or compilation including notes. If the organization does not have a third-party report done, then send the most recent IRS Form 990.

- [OMFA-Financials-06.30.23-PDF.pdf](#)

(4) Send the organization's budget for the current fiscal/calendar year including a column showing the organization's year-to-date status (see example Form B).

- [2024-Impact100-Form-B.pdf](#)

(5) Submit the Proposed Program/Project Budget for your entire project (see example Form C, or Form D for Capital Requests). If your project's budget is greater than the grant amount, clearly indicate which portions will be funded by the Impact100 Grant. Also specifically indicate how you will fund the balance of the project.

- [2024-OMFA-Project-Budget.pdf](#)

(6) Copy of cost estimates or quotes

- [OMFA-Project-Estimates.pdf](#)

SECTION SEVEN – Required Non-Financial Attachments

IRS letter of determination of 501(c)3

- [OMFA-IRS-Determination-Letter.pdf](#)

List of Current Board Members

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- [OMFA-Board-Members.pdf](#)

Proof of good standing with the Secretary of State

- [2024-OMFA-Secretary-of-State.pdf](#)

Permission to Record and Grant Agreement

Permission to Video Site Visits to Share with the Entire Membership

☒ Yes, Impact100 may video record our site visit

By clicking the box below, I grant Impact100 permission to record the site visit at my organization and to share the recording with all Impact100 members.

Terms of Grant Agreement for Impact100 Owensboro

☒ I have read and understand the Terms of Grant Agreement, and, should a grant be received, agree to follow its terms and conditions.

(1) Applicant agrees that any grant received from Impact100 will be expended for the explicit purposes described in the grant proposal. In the event grant monies are to be allocated for any other purpose, agreement must be obtained from Impact100.

(2) If a grant is received, applicant agrees to credit Impact100 in the manner identified by Impact100 in any publications (including annual reports, newsletters) press releases, brochures, videotapes, and other publicity or public relations materials and presentations.

(3) Applicant agrees to put Yard Signs where visible during times designated by Impact100 throughout the year.

(4) Impact100 requires invoices for all money spent as indicated in the grant request. No funds are dispersed in advance.

Notes



Impact100 Notification (ID: 602c23e8acf10)

added 22 hours ago

WordPress successfully passed the notification email to the sending server.



Proposal Contact Notification (ID: 60301c4aabcd9)

added 22 hours ago

WordPress successfully passed the notification email to the sending server.

**OWENSBORO MUSEUM OF FINE ART, INC.
AND
OWENSBORO MUSEUM OF FINE
ART FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(With Independent Auditor's Report Thereon)

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Riney Hancock CPAs
PSC

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Owensboro Museum of Fine Art, Inc. and
Owensboro Museum of Fine Art Foundation, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Owensboro Museum of Fine Art, Inc. and Owensboro Museum of Fine Art Foundation, Inc. (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Owensboro Museum of Fine Art, Inc. and Owensboro Museum of Fine Art Foundation, Inc. as of June 30, 2023, and the change in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated 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 of America; 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.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

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

Riney Hancock CPAs PSC

Owensboro, Kentucky
February 13, 2024

**OWENSBORO MUSEUM OF FINE ART, INC. AND
OWENSBORO MUSEUM OF FINE ART FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 844,754
Contributions receivable, current	44,250
Other current assets	<u>18,154</u>
Total current assets	<u>907,158</u>
Other assets:	
Contributions receivable, noncurrent	1,000
Investments restricted for endowment	1,135,908
Property and equipment, net	1,343,912
Collections	<u>3,837,956</u>
Total other assets	<u>6,318,776</u>
Total assets	\$ <u><u>7,225,934</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ 115,061
Accrued expenses	3,052
Current maturities of long-term debt	<u>13,312</u>
Total current liabilities	<u>131,425</u>
Other liabilities:	
Long-term debt	206,802
Deferred interest and lease	134,183
Deferred revenue	<u>4,376</u>
Total other liabilities	<u>345,361</u>
Total liabilities	<u>476,786</u>
Net assets:	
Without donor restrictions	4,806,790
With donor restrictions	<u>1,942,358</u>
Total net assets	<u>6,749,148</u>
Total liabilities and net assets	\$ <u><u>7,225,934</u></u>

See Notes to Consolidated Financial Statements.

**OWENSBORO MUSEUM OF FINE ART, INC. AND
OWENSBORO MUSEUM OF FINE ART FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Changes in net assets without donor restrictions:

Revenues and other support:

Contributions and grants	\$ 636,103
Grants from American Rescue Plan	120,000
Donated facilities	47,125
Special events	18,541
Insurance reimbursements	19,482
Other income	14,033
Net assets released from restrictions	<u>156,638</u>

Total revenues and other support	<u>1,011,922</u>
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Expenses:

Program services	591,558
Supporting services:	
General and administrative	113,854
Fundraising	<u>95,987</u>

Total supporting services	<u>209,841</u>
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Total expenses	<u>801,399</u>
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Changes in net assets without donor restrictions	<u>210,523</u>
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Changes in net assets with donor restrictions:

Noncash contributions for endowment	1,002,546
Endowment investment income	133,362
Net assets released from restrictions	<u>(156,638)</u>

Changes in net assets with donor restrictions	<u>979,270</u>
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Change in net assets	<u>1,189,793</u>
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Net assets, beginning of year	<u>5,559,355</u>
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Net assets, end of year	<u><u>\$ 6,749,148</u></u>
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See Notes to Consolidated Financial Statements.

**OWENSBORO MUSEUM OF FINE ART, INC. AND
OWENSBORO MUSEUM OF FINE ART FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

Cash flows from operating activities:

Change in net assets	\$ 1,189,793
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	101,208
Noncash contributions for endowment	(1,002,546)
Unrealized gain on endowment investments	(126,690)
Decrease (increase) in assets:	
Contributions receivable	181,638
Increase (decrease) in liabilities:	
Accounts payable	60,441
Deferred lease revenue	(2,500)
Net cash provided by operating activities	<u>401,344</u>

Cash flows from investing activities:

Purchases of investments	(6,672)
Purchases of property and equipment	(117,754)
Net cash used in investing activities	<u>(124,426)</u>

Cash flows from financing activities:

Payments on long-term borrowings	(11,924)
Net cash used in financing activities	<u>(11,924)</u>

Net increase in cash and cash equivalents	264,994
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Cash and cash equivalents, beginning of year	<u>579,760</u>
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Cash and cash equivalents, end of year	<u>\$ 844,754</u>
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Supplemental disclosure of cash flow information:

Interest paid	<u>\$ 12,655</u>
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See Notes to Consolidated Financial Statements.

**OWENSBORO MUSEUM OF FINE ART, INC. AND
OWENSBORO MUSEUM OF FINE ART FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 232,777	\$ 66,508	\$ 33,254	\$ 332,539
Advertising and printing	6,253	-	11,733	17,986
Depreciation	86,027	10,121	5,060	101,208
Donated facilities	47,125	-	-	47,125
Insurance	63,870	205	103	64,178
Interest	10,757	1,265	633	12,655
Office	12,702	3,629	2,562	18,893
Other	1,131	162	1,182	2,475
Professional fees	-	18,905	21,272	40,177
Program supplies	19,920	-	-	19,920
Repairs and maintenance	30,685	3,610	1,805	36,100
Special events	-	-	13,659	13,659
Utilities	80,311	9,449	4,724	94,484
	<u>\$ 591,558</u>	<u>\$ 113,854</u>	<u>\$ 95,987</u>	<u>\$ 801,399</u>

See Notes to Consolidated Financial Statements.

**OWENSBORO MUSEUM OF FINE ART, INC. AND
OWENSBORO MUSEUM OF FINE ART FOUNDATION, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

1. Organization and Summary of Significant Accounting Policies

Nature of Organization

Owensboro Museum of Fine Art, Inc. is a nonprofit corporation whose mission and principal activities are to operate and maintain an art museum located in Owensboro, Kentucky, to undertake services and programs to enlarge and enhance the cultural environment of the Owensboro area, to offer exhibits encompassing the entire field of the visual arts for the enjoyment and education of the community, to offer educational seminars, classes, and workshops for the community, and to actively assist and support the visual arts in the Owensboro area.

Owensboro Museum of Fine Art Foundation, Inc. (Foundation) is a nonprofit corporation organized exclusively for the purpose of perpetuating growth and development of the art museum, preserving and enhancing the art museum's collections, and providing for the art museum's operating needs. The Foundation owns the property, equipment, and collections.

Consolidated Financial Statements

The consolidated financial statements include the accounts of Owensboro Museum of Fine Art, Inc. and Owensboro Museum of Fine Art Foundation, Inc. Such entities are collectively referred to as the Museum in the consolidated financial statements. The Foundation is consolidated because Owensboro Museum of Fine Art, Inc. has both an economic interest in and control of the Foundation through appointment of its governing board. All material inter-organization transactions have been eliminated.

Cash, Cash Equivalents, and Restricted Cash

The Museum considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents. Restricted cash includes cash restricted by donors for long-term purposes. The Museum had no restricted cash at June 30, 2023.

Contributions Receivable

Contributions receivable are recognized as revenues in the period received, net of an allowance for uncollectible amounts. The allowance is generally based on a review of existing outstanding amounts. No allowance for doubtful accounts is considered necessary due to the nature of the relationship with the granting and contributing agencies. It is the Museum's policy to charge-off uncollectible contribution receivables when management determines the receivable will not be collected. Contributions receivable are recorded at net realizable value. Contributions receivable expected to be collected in more than one year are discounted to the present value of future cash flows using appropriate rates commensurate with the risks involved.

**OWENSBORO MUSEUM OF FINE ART, INC. AND
OWENSBORO MUSEUM OF FINE ART FOUNDATION, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

1. Organization and Summary of Significant Accounting Policies, Continued

Property and Equipment

Property and equipment are carried at cost, or at estimated fair market value, at the date acquired, if donated. Assets donated with explicit restrictions regarding their use are reported as restricted support until such restrictions expire. Acquisitions of property and equipment in excess of \$500 are capitalized. Depreciation expense is computed by accelerated and straight-line methods over estimated useful lives.

Investments

Investments are stated at fair value. Investment return is reflected in the statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions. Investment income that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Unrealized gains and losses are included in the change in net assets. Investment income is reported net of investment expenses.

Collections

The Museum has capitalized its collections since inception. Collections consist of works of art, historical treasures and similar assets donated to, and purchased by, the Museum. Items added to collections are capitalized at cost, if purchased, or at estimated fair value on the acquisition date, if donated. Gains and losses on the deaccession of donated collection items are classified in the statement of activities based on the absence or existence and nature of donor restrictions placed on the items at the time of donation. The collections are subject to the Museum's policy that requires proceeds from their sales be used for acquiring other items for the collections or for the direct care of existing collections. Direct care expenses include costs associated with the conservation, preservation, registration, storage, and safeguarding of the collection.

Net Assets

Net assets, revenues, gains, and losses are reported based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor.

**OWENSBORO MUSEUM OF FINE ART, INC. AND
OWENSBORO MUSEUM OF FINE ART FOUNDATION, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

1. Organization and Summary of Significant Accounting Policies, Continued

Net Assets, Continued

Net Assets With Donor Restrictions – Net assets subject to donor-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 those resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Revenue Recognition

Program service revenues, which include admission and event fees, are recognized on the date of the visit based on set prices, and payment is due at that time. The Museum also operates a gift shop. Revenue from these sales is recognized at the point of sale. Sales taxes collected from customers are excluded from revenue. The Museum recognizes special event revenue equal to the fair value of the direct benefits to donors and contribution revenue for the difference when the event takes place.

Contributions

The Museum recognizes contributions when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts received prior to incurring qualifying expenditures or conditions are reported as deferred revenue.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-Kind Contributions

The Museum received donated facilities in the amount of \$47,125 and donated investments restricted for endowment in the amount of \$1,002,546 for the year ended June 30, 2023. Absent specific donor restrictions, all in-kind contributions are considered to be without donor restrictions.

**OWENSBORO MUSEUM OF FINE ART, INC. AND
OWENSBORO MUSEUM OF FINE ART FOUNDATION, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

1. Organization and Summary of Significant Accounting Policies, Continued

In-Kind Contributions, Continued

In addition, a substantial number of volunteers contribute significant amounts of time to the Museum's program and supporting services. However, the financial statements do not reflect the value of these contributed services because they do not require a specialized skill.

The Museum's policy related to in-kind contributions is to utilize the assets given to carry out its mission. If an asset is provided that does not allow the Museum to utilize it in its normal course of business, the asset may be sold.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that are allocated on the basis of square footage include occupancy, depreciation, and interest. Expenses that are allocated on the basis of estimates of time and effort include salaries and wages, benefits, payroll taxes, professional services, office expenses, and information technology.

Income Taxes

The Museum and Foundation are exempt from income taxes as nonprofit corporations under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities, and each entity files its own income tax return. The Museum and the Foundation believe that they have support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements.

Advertising

The Museum expenses the costs of advertising as incurred. Total advertising expense was \$6,253 for the year ended June 30, 2023.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

**OWENSBORO MUSEUM OF FINE ART, INC. AND
OWENSBORO MUSEUM OF FINE ART FOUNDATION, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

2. Liquidity and Availability

The following represents the Museum's financial assets available within one year of the statement of financial position date for general expenditure as of June 30, 2023:

Cash and cash equivalents	\$ 844,754
Contributions receivable	<u>44,250</u>
	<u>\$ 889,004</u>

As part of the Museum's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Museum invests cash in excess of daily requirements in short-term investments.

3. Contributions Receivable

Contributions receivable consisted of the following at June 30, 2023:

Receivable in less than one year	\$ 44,250
Receivable in one to five years	<u>1,000</u>
	<u>\$ 45,250</u>

4. Property and Equipment

Property and equipment consisted of the following as of June 30, 2023:

Land	\$ 460,293
Buildings and improvements	3,181,840
Furniture and equipment	52,546
Vehicles	<u>18,793</u>
	3,713,472
Less accumulated depreciation	<u>(2,369,560)</u>
	<u>\$ 1,343,912</u>

**OWENSBORO MUSEUM OF FINE ART, INC. AND
OWENSBORO MUSEUM OF FINE ART FOUNDATION, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

7. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30, 2023:

Time-restricted contributions receivable	\$ 45,250
Investments restricted for endowment	1,135,908
Collection items that were donated with stipulations that they be preserved and never be sold	<u>761,200</u>
	<u>\$ 1,942,358</u>

During the year ended June 30, 2023, net assets in the amount of \$156,638 were released from restrictions due to the passage of time.

Donor-designated Endowment

The Foundation's endowment consists of donor-restricted funds, which are included in investments restricted for endowment on the accompanying statement of financial position. The principal balance of the donor-restricted endowments is reported as net assets with donor restrictions based on the existence of such restrictions. Any earnings not expended at year-end are reported as net assets with donor restrictions.

The Foundation has interpreted the State of Kentucky's Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

**OWENSBORO MUSEUM OF FINE ART, INC. AND
OWENSBORO MUSEUM OF FINE ART FOUNDATION, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

7. Net Assets with Donor Restrictions, Continued

Donor-designated Endowment, Continued

The Foundation has a spending policy of appropriating 4% or more of its endowment fund's average annual fair value for distribution each year. In establishing this policy, the Foundation considered the long-term expected return on its investment assets. The Foundation's objective is to maintain the purchasing power of the endowment assets as well as to provide additional growth through investment return. To achieve that objective, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which may include equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions in accordance with the spending policy, while growing the fund. The Foundation expects its endowment assets, over time, to produce an average rate of return exceeding 4% annually. Actual returns in any given year may vary from this amount. Investments are managed to not expose the fund to unacceptable levels of risk.

Changes in endowment net assets were as follows for the years ended June 30, 2023:

Beginning of year	\$ -
Contributions	1,002,546
Interest and dividends	6,672
Unrealized gains	<u>126,690</u>
End of year	\$ <u>1,135,908</u>

8. Risk and Uncertainties

Financial instruments that potentially subject the Museum to credit risk consist principally of cash on deposit at financial institutions. Cash in banks may, at times, exceed federal deposit insurance (FDIC) limits. The Museum attempts to minimize credit risk by using only high-quality financial institutions.

Approximately 69% of the Museum's revenue, excluding donated facilities, was received from two contributors for the year ended June 30, 2023.

9. Subsequent Events

The Museum has evaluated subsequent events through February 13, 2024, the date the financial statements were available to be issued.

**OWENSBORO MUSEUM OF FINE ART, INC. AND
OWENSBORO MUSEUM OF FINE ART FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 844,754
Contributions receivable, current	44,250
Other current assets	<u>18,154</u>
Total current assets	<u>907,158</u>

Other assets:

Contributions receivable, noncurrent	1,000
Investments restricted for endowment	1,135,908
Property and equipment, net	1,343,912
Collections	<u>3,837,956</u>
Total other assets	<u>6,318,776</u>

Total assets	\$ <u>7,225,934</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 115,061
Accrued expenses	3,052
Current maturities of long-term debt	<u>13,312</u>
Total current liabilities	<u>131,425</u>

Other liabilities:

Long-term debt	206,802
Deferred interest and lease	134,183
Deferred revenue	<u>4,376</u>
Total other liabilities	<u>345,361</u>

Total liabilities	<u>476,786</u>
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Net assets:

Without donor restrictions	4,806,790
With donor restrictions	<u>1,942,358</u>
Total net assets	<u>6,749,148</u>

Total liabilities and net assets	\$ <u>7,225,934</u>
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See Notes to Consolidated Financial Statements.