

**Museum of African American History, Inc**  
*(Formerly, Museum of Afro-American History, Inc.)*

Financial Statements  
and  
Independent Auditor's Report  
December 31, 2016 and 2015

**Museum of African American History, Inc.**  
**Financial Statements**  
**December 31, 2016 and 2015**

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The Board of Directors  
**Museum of African American History, Inc.**  
*(Formerly, Museum of Afro-American History, Incorporated)*  
**Boston, MA**

We have audited the accompanying statements of financial position of **Museum of African American History, Inc.** (Formerly, Museum of Afro-American History, Incorporated) (a nonprofit organization) as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

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

#### **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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Museum of African American History, Inc.** as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

Our audit was conducted for the purpose of forming an opinion of the financial statements as a whole. The supplementary information included in the Statement of Functional Expenses presented on page 5 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Samba O'Loh*  
*R*  
*Company, LLC*

Randolph, Massachusetts  
September 15, 2017

**Museum of Africam American History, Incorporated**  
**(Formerly, Museum of Afro-American History, Incorporated)**  
 Statements of Financial Position  
 December 31, 2016 and 2015

<b>Assets</b>					
				<b>2016</b>	<b>2015</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>	<b>Total</b>
<i>Current Assets:</i>					
Cash	179,957	\$ 1,145,658	\$ -	\$ 1,325,615	\$ 1,597,910
Accounts receivables current (net)	9,951	541,878	-	551,829	550,626
Inventory	17,012	-	-	17,012	20,130
Prepaid expenses and deposits	17,192	-	-	17,192	18,774
Total current assets	<u>224,112</u>	<u>1,687,536</u>	<u>-</u>	<u>1,911,649</u>	<u>2,187,441</u>
Investments	-	20,271	337,580	357,851	339,003
Pledges receivable (net of current)	220,008	824,733	-	1,044,741	1,636,756
<i>Property and Equipment</i>					
Land and improvements	152,485	-	-	152,485	152,485
Buildings and improvements	10,187,470	-	-	10,187,470	10,165,549
Exhibits	1,030,565	-	-	1,030,565	1,030,565
Furniture and equipment	171,078	-	-	171,078	165,693
Less- accumulated depreciation	<u>(2,789,232)</u>	<u>-</u>	<u>-</u>	<u>(2,789,232)</u>	<u>(2,464,299)</u>
Net property and equipment	<u>8,752,366</u>	<u>-</u>	<u>-</u>	<u>8,752,366</u>	<u>9,049,993</u>
Construction in Progress	1,791,616	-	-	1,791,616	1,033,868
Collections	229,325	-	-	229,325	229,325
Total assets	<u>11,217,427</u>	<u>\$ 2,532,540</u>	<u>\$ 337,580</u>	<u>\$ 14,087,547</u>	<u>\$ 14,476,385</u>
<b>Liabilities and Net Assets</b>					
<i>Current Liabilities:</i>					
Accounts payable and accrued expenses	533,542	-	-	533,542	261,198
Total current liabilities	<u>533,542</u>	<u>-</u>	<u>-</u>	<u>533,542</u>	<u>261,198</u>
Total liabilities	<u>533,542</u>	<u>-</u>	<u>-</u>	<u>533,542</u>	<u>261,198</u>
<i>Net Assets</i>					
<i>Unrestricted:</i>					
Operating	626,496	-	-	626,496	626,496
Board designated	1,300,000	-	-	1,300,000	1,300,000
Property and equipment	8,757,388	-	-	8,757,388	9,002,174
Total unrestricted	<u>10,683,884</u>	<u>-</u>	<u>-</u>	<u>10,683,884</u>	<u>10,928,670</u>
Temporarily restricted	-	2,532,540	-	2,532,540	2,948,937
Permanently restricted	-	-	337,580	337,580	337,580
Total net assets	<u>10,683,884</u>	<u>2,532,540</u>	<u>337,580</u>	<u>13,554,004</u>	<u>14,215,187</u>
Total liabilities and net assets	<u>\$ 11,217,427</u>	<u>\$ 2,532,540</u>	<u>\$ 337,580</u>	<u>\$ 14,087,547</u>	<u>\$ 14,476,385</u>

*See accompanying notes to the financial statements*

**Museum of Africam American History, Incorporated**  
**(Formerly, Museum of Afro-American History, Incorporated)**

Statements of Activities and Changes in Net Assets  
December 31, 2016 and 2015

				2016	2015
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>	<i>Total</i>
<i>Operating Revenues:</i>					
Grants and contributions	\$ 166,274	\$ 125,961	\$ -	\$ 292,235	\$ 910,036
Contract income	-		-	-	93,200
Donated rent and services	-	152,880	-	152,880	160,434
Special events (net)	147,863		-	147,863	419,166
Membership dues	23,675	-	-	23,675	21,285
Interest and miscellaneous incomes	2,239	-	-	2,239	12,918
Investment income	7,901	-	-	7,901	6,555
Museum shop sales (net)	15,995	-	-	15,995	11,391
Facilities and program income	36,260	15,024	-	51,284	69,653
Gain on sale of investments	2,160		-	2,160	10,818
Net assets released from restrictions:					
Satisfaction of program and time restrictions	1,326,192	(1,326,192)	-	-	-
Total Operating revenues	<u>1,728,559</u>	<u>(1,032,327)</u>	<u>-</u>	<u>696,232</u>	<u>1,715,456</u>
<i>Operating Expenses:</i>					
Program services	903,711		-	903,711	985,361
Management and general	594,966	-	-	594,966	419,516
Nantucket Program	96,049	-	-	96,049	95,835
Capital campaign	53,686	-	-	53,686	66,412
Total operating expense before closing costs and depreciation	<u>1,648,412</u>	<u>-</u>	<u>-</u>	<u>1,648,412</u>	<u>1,567,124</u>
Changes in net assets before closing costs and depreciation	<u>80,147</u>	<u>(1,032,327)</u>	<u>-</u>	<u>(952,180)</u>	<u>148,332</u>
Depreciation	<u>324,933</u>	<u>-</u>	<u>-</u>	<u>324,933</u>	<u>322,727</u>
Total operating expenses	<u>1,973,345</u>	<u>-</u>	<u>-</u>	<u>1,973,345</u>	<u>1,889,851</u>
Changes in net assets from operations	<u>(244,786)</u>	<u>(1,032,327)</u>	<u>-</u>	<u>(1,277,113)</u>	<u>(174,395)</u>
<i>Non-Operating Revenue (Loss)</i>					
Grants and contributions	-	607,246	-	607,246	413,983
Realized and unrealized loss on investments	-	8,684	-	8,684	(23,064)
Total non - operating revenue	<u>-</u>	<u>615,930</u>	<u>-</u>	<u>615,930</u>	<u>390,919</u>
Changes in net assets	<u>(244,786)</u>	<u>(416,397)</u>	<u>-</u>	<u>(661,183)</u>	<u>216,524</u>
Net assets, beginning of year	<u>10,928,670</u>	<u>2,948,937</u>	<u>337,580</u>	<u>14,215,187</u>	<u>13,998,663</u>
Net assets, end of year.	<u>\$ 10,683,884</u>	<u>\$ 2,532,540</u>	<u>\$ 337,580</u>	<u>\$ 13,554,004</u>	<u>\$ 14,215,187</u>

See accompanying notes to the financial statements

**Museum of African American History, Incorporated**  
**(Formerly, Museum of Afro-American History, Incorporated)**

Statement of Functional Expenses

For the Years Ended December 31, 2016 and 2015

*Supporting Services*

	<i>Program Services</i>	<i>Nantucket Program</i>	<i>Total Program</i>	<i>Administrative</i>	<i>Capital Campaign</i>	<i>2016 Total</i>	<i>2015 Total</i>
<i>Salaries and benefits</i>							
Salaries	\$ 321,952	\$ 40,030	\$ 361,982	\$ 384,492	42,591	\$ 789,065	\$ 698,424
Payroll taxes and benefits	61,857	5,808	67,665	39,381	3,515	110,561	114,554
Total salaries and benefits	383,809	45,838	429,647	423,873	46,106	899,626	812,978
<i>Other expenses</i>							
Consultants	70,402	1,286	71,688	10,982	-	82,670	160,141
Supplies, materials and others	16,762	4,156	20,918	6,845	-	27,763	39,884
Postages	1,801	228	2,029	2,711	70	4,810	3,405
Printing and copying	5,829	366	6,195	215	10	6,420	4,672
Equipment rental	3,255	215	3,470	680	-	4,150	5,490
Storage	22,402	5,959	28,361	13,224	7,500	49,085	48,808
Membership fees	3,385	320	3,705	910	-	4,615	7,193
Advertising and promotion	1,061	-	1,061	17	-	1,078	7,798
Cleaning and maintenance	59,011	4,585	63,596	108	-	63,704	65,721
Travel and conferences	6,325	3,403	9,728	8,859	-	18,587	16,868
Exhibits and collections expenses	71,838	-	71,838	-	-	71,838	2,156
Insurance	22,200	15,568	37,768	13,061	-	50,829	43,526
Legal and accounting	-	6,631	6,631	13,750	-	20,381	13,750
Payroll processing fee	3,618	226	3,844	680	-	4,524	4,189
Telephone	14,931	1,625	16,556	8,316	-	24,872	21,624
Occupancy	174,996	-	174,996	73,336	-	248,332	254,043
Equipment repairs and maintenance	543	70	613	5,748	-	6,361	2,792
Dues and subscription	-	479	479	1,605	-	2,084	2,964
Bank charges	-	-	-	9,968	-	9,968	8,217
Miscellaneous	55	-	55	78	-	133	-
Utilities	41,488	5,094	46,582	-	-	46,582	40,905
Total expenses before depreciation	903,711	96,049	999,760	594,966	53,686	1,648,412	1,567,124
Depreciation	295,368	29,565	324,933	-	-	324,933	322,727
Total expenses	\$ 1,199,079	\$ 125,614	\$ 1,324,693	\$ 594,966	\$ 53,686	\$ 1,973,345	\$ 1,889,851

See accompanying notes to the financial statements

**Museum of African American History, Incorporated**  
**(Formerly, Museum of Afro-American History, Incorporated)**

Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

	2016	2015
<i>Cash flows from operating activities:</i>		
Change in net assets	(1,277,213)	(174,395)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	324,933	322,727
<i>Changes in assets and liabilities:</i>		
Pledges and accounts receivable	590,812	(742,906)
Inventory	3,119	1,995
Prepaid expenses and deposits	1,582	(1,197)
Accounts payable and accrued expenses	272,344	6,915
Net cash provided in operating activities	<u>(84,423)</u>	<u>(586,861)</u>
<i>Cash flows from investing activities:</i>		
Acquisition of property and equipment	(27,306)	(293,391)
Construction in progress	(757,748)	(322,727)
(Increase)/Decrease in investment balance	(18,848)	-
Sale of investment	56,946	56,808
Purchase of investment	(56,946)	(83,938)
Net cash used in investing activities	<u>(803,903)</u>	<u>(643,248)</u>
<i>Cash flows from financing activities:</i>		
Grants and contributions for property acquisitions	<u>616,031</u>	<u>390,919</u>
Net cash provided by financing activities	<u>616,031</u>	<u>390,919</u>
Net (decrease) increase in cash and cash equivalents	(272,295)	(839,190)
Cash and cash equivalents at beginning of year	<u>1,597,910</u>	<u>2,437,100</u>
Cash and cash equivalents at end of year	<u>\$ 1,325,615</u>	<u>\$ 1,597,910</u>
<i>Supplemental disclosures:</i>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

*See accompanying notes to financial statements*



**Museum of African American History, Inc.**  
Notes to Financial Statements  
December 31, 2016 and 2015

**1. *Type of Organization:***

The Museum of African American History, Inc. (formerly, Museum of Afro-American History, Incorporated) (MAAH or the Museum) is a nonprofit organization dedicated to the preservation and interpretation of the contributions of people of African descent and those who have found common cause with them in the struggle for liberty, dignity and justice for all Americans. Incorporated under the laws of Massachusetts in 1967, MAAH is New England's largest museum that tells and echoes the powerful stories of the survival and liberation struggles of black communities, families and their children. To this end, the museum collects and exhibits artifacts; educates the public of the relevance and importance of the artifacts and in so doing, celebrates the enduring vitality of African American culture.

Among the activities and programs organized by the museum are the following:

*Exhibits Programs and Education:* - These activities are aimed at showcasing the powerful stories of black families who worshipped, educated their children, debated current issues, produced great art, organized politically and advanced the cause of freedom.

*Historical Landmarks:* - These landmarks consisting of the African Meeting House and the Abiel Smith School in Boston and the African Meeting House and Seneca Boston - Florence Higginbotham House in Nantucket provide visitors with stories of black Americans courageous struggles and aspirations.

*Black Heritage Trails (a registered trademark):* - The trails on Boston's Beacon Hill and the Island of Nantucket highlight black heritage and community conducted on a guided walking tour.

*Summary of Significant Accounting Policies*

*Basis of Presentation* - Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards.

*Financial Statements of Not-for-Profit Organizations.* Under these standards, the Museum is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Museum is required to account for contributions received and contributions made as follows: Contributions received or pledged are to be recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

*Revenue and Expenses* - Contributions received or receivable are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Expenses are recorded when incurred.

**Museum of African American History, Inc.**

Notes to Financial Statements - *Continued*

December 31, 2016 and 2015

**1. *Type of Organization - Continued***

Contract income is recognized over the contract period as costs are incurred. Revenues from facilities, programs, Museum shop sales and membership dues are recognized as revenue when earned. Special events income is recognized when earned. Special events income were \$147,863 and \$419,166 net of expenses for the years ended December 31, 2016 and 2015 respectively.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

*Fixed Assets and Depreciation* - Fixed assets are stated at cost when purchased. Donations of fixed assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Museum reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is calculated by straight-line method over their estimated useful lives. Maintenance and repairs are charged to operations when incurred. Significant betterments and renewals are capitalized. It is the Museum's policy to capitalize all furniture and equipment purchases, property betterments and property renewals valued over \$1,000.

Fixed assets depreciation is based on estimated useful lives as follows:

Land and improvement	20 years
Building improvements	15 - 40 years
Exhibits; Furniture and Equipment	5 - 10 years

*Cash and Cash Equivalents* - For the purposes of financial statement presentation, MAAH considers all highly liquid investments with maturity of three months or less to be cash equivalents.

*Functional Expenses* - Expenses by function have been allocated among program and supporting services based on direct charge, analysis of personnel time and space utilized for the related activities.

*Income Taxes* - MAAH is exempt from income taxes under Section 501(c) (3) of the United States Internal Revenue Code; the Organization has been determined to be an organization which is not a private foundation.

**Museum of African American History, Inc.**  
Notes to Financial Statements - *Continued*  
December 31, 2016 and 2015

**1. *Type of Organization - Continued***

*Concentration of Credit* - A significant proportion of MAAH's income is earned as support from Federal, State and Local Government entities, corporate and foundation donors. Financial instruments which potentially subject MAAH to concentration of credit risk consist principally of receivables from these donors.

MAAH maintains cash balances in several commercial banks. The balances are insured up to a maximum of \$250,000 by the Federal Deposit Insurance Corporation. At various times during the year, the cash balance at one of the banks exceeded the insured balance. Management monitors the financial condition of the banks periodically to keep the credit risk to a minimum.

*Advertising Costs* - Advertising costs are expensed as they are incurred.

*Estimates and Assumptions* - The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Bad and Doubtful Debt Expenses* - Accounts and pledges receivables are assessed by management for bad and doubtful debt allowances. Pledges scheduled for collections over one year are assigned a discount amount as estimated by management.

**2. *Cooperative Agreement & Historical Sites Development:***

The Museum maintains a cooperative agreement with the National Park Service (NPS) arising from a Congressional Act pursuant of Title 1 of the Act of October 10, 1980 (Public Law 96-430). The Act provides funding for National Historical Structures located in Boston, specifically, the African Meeting House and the Abiel Smith School.

Under this agreement, the Museum provides certain continuing services as defined in the agreement relating to the preservation, protection, programming, operation and maintenance of the African Meeting House and the Abiel Smith School. The agreement which is renewable at expiration is for a five-year period at each instance.

**Museum of African American History, Inc.**  
Notes to Financial Statements - *Continued*  
December 31, 2016 and 2015

**2. *Cooperative Agreement & Historical Sites Development- Continued***

MAAH entered into a revised agreement with NPS which expires in 2016. This agreement is governed by the United States National Park Service General Provisions for Cooperative Agreements. Additional funding promised by NPS under this agreement has progressively decreased over the years.

In 1991, NPS, with assistance from the Museum obtained \$1.2 million in funding for the restoration of the African Meeting House and Abiel Smith School. Of this amount, \$800,000 was earmarked for the restoration of the Abiel Smith School and the rest for design and engineering work for both historic buildings; the permanent exhibitions and the courtyard. NPS also in collaboration with the Museum secured an additional \$1.4 million in 1999 for the restoration of the African Meeting House and the Smith Courtyard. The unused portion of this fund, \$916,762 was re-awarded to the Museum to be used for the African Meeting House's capital improvement.

Rehabilitation of the Abiel Smith School was completed in 1999 while the new construction and restoration of the African Meeting House, the walkway and the AMH Courtyard were completed in November, 2012. The construction costs have been capitalized and included in the accompanying statement of financial position.

The Museum acquired the Seneca Boston Florence Higginbotham House, the cottage and the garage in August, 2001. The purchase price for the House which is adjacent to the African Meeting House and a shed in Nantucket, Massachusetts was about \$654,000. Rehabilitation of the Boston Higginbotham House and Outbuildings are in progress and expenses to date totaling \$757,748 and \$347,550 at December 31, 2016 and 2015 year end respectively were incurred in conjunction with the rehabilitation and are included as construction in progress in the accompanying financial statements.

**3. *Fair Value Measurements***

MAAH measures the fair value of its financial instruments in accordance with accounting standards relative to fair value measurements, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs to determine the fair value of financial instruments. Also in accordance with these standards, MAAH categorizes its financial instruments, based on the priority of inputs to the valuation technique, into a three-level hierarchy, as discussed below.

**Museum of African American History, Inc.**  
Notes to Financial Statements - *Continued*  
December 31, 2016 and 2015

**3. Fair Value Measurements - Cont'd**

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

Level I - are quoted prices in active markets for identical investments that the Museum has the ability to access at the measurement or reporting date. The type of investments generally included in this category includes listed equities and mutual funds.

Level II - are inputs (other than quoted prices in active markets included within Level I), which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds, less liquid and restricted equity securities, and certain over-the-counter derivatives.

Level III - are unobservable inputs for the investment and includes situations where there is little, if any, market activity for the investment. Unobserved inputs are those that reflect the Company's own assumptions about the determination of fair value and require significant management judgment or estimation. Investments which are generally included in this category may include private equity funds, hedge funds, partnerships and limited liability companies.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the investment. MAAH has marketable securities classified as Level I, which has a fair value of \$357,851 and \$339,003 as of December 31, 2016 and 2015, respectively.

**Museum of African American History, Inc.**  
Notes to Financial Statements - *Continued*  
December 31, 2016 and 2015

3. *Fair Value Measurements -Continued*

The following table presents MAAH's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

<i>Account #</i>	<u><i>Fair Value Measurements at Reporting Date Using</i></u>			<i>Quoted Prices In Active Markets For Identical Assets (Level 1)</i>
	<u><i>Fair Value</i></u>			
	<b>2016</b>			
	<b>8515318</b>	<b>8515353</b>	<b>Total</b>	
Cash/Cash equivalent	18,230	9,293	\$ 27,523	\$ 27,523.00
Equities	184,592	31,855	216,447	216,447.00
Fixed income	78,415	13,519	91,934	91,934.00
Real Estate	14,028	2,396	16,424	16,424.00
Tangible assets	6,415	1,108	7,523	7,523.00
	<u>\$ 301,680</u>	<u>\$ 58,171</u>	<u>\$ 359,851</u>	<u>\$ 359,851</u>
	<b>2015</b>			
	<b>8515318</b>	<b>8515353</b>	<b>Total</b>	
Cash/Cash equivalent	\$ 34,886	\$ 9,884	\$ 44,770	\$ 44,770.00
Equities	149,708	26,847	176,555	176,555.00
Fixed income	81,826	13,579	95,405	95,405.00
Real Estate	6,881	2,475	9,356	9,356.00
Commodities	10,955	1,962	12,917	12,917.00
	<u>\$ 284,256</u>	<u>\$ 54,747</u>	<u>\$ 339,003</u>	<u>\$ 339,003</u>

**Museum of African American History, Inc.**  
Notes to Financial Statements - *Continued*  
December 31, 2016 and 2015

**4. *Construction in Progress:***

Construction in progress remains on-going for the Museum's restoration and renovation projects. Construction and interest expenses and donated legal services related to the project have all been capitalized as construction in progress. At December 31, 2016 and 2015, the balances on this account were \$1,791,616 and \$1,033,868 respectively. These amounts have been reflected in the accompanying financial statements.

Certain fully depreciated fixed assets worth about \$150,361 were still in use by the Museum at December 31, 2016.

**5. *Collections:***

MAAH owns various valuable collections of exhibits, artifacts and other historical art materials. The determinations of the values of some of these collections are not feasible and therefore have not been reflected in the accompanying financial statements. Collections with measurable basis are recorded at cost at the date of purchase or at their fair market value at the date of donation and are included as collections in the accompanying financial statements.

**6. *Capital Campaign:***

The Museum has enlisted the assistance of a committee of prominent fund raisers in the community for its capital campaign for property acquisitions, site improvements and restorations. Management has requested that a portion of the proceeds from the fund drive be made available for supporting operations services expenses.

**7. *Related Party Transactions:***

The Museum has pledges outstanding from Board Members amounting to about \$117,850 and \$313,250 at December 31, 2016 and 2015 respectively.

**8. *Rentals:***

The Museum has various rental commitments on tenant-at-will agreements for office and administrative space for the "Welcome Center" and storage facilities. The office space occupied by the Museum has a monthly rental expense of about \$6,378. Rental expense for the storage facilities in Boston and Nantucket Massachusetts was \$49,183 and \$48,808 for the years ended December 31, 2016 and 2015 respectively.

**Museum of African American History, Inc.**  
Notes to Financial Statements - *Continued*  
December 31, 2016 and 2015

**9. In-kind Contributions:**

In-kind revenue and expenses represent donated goods and services to MAAH. Donated services are recognized as contributions in accordance with Accounting Standard, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by MAAH. During the year ended December 31, 2016 and 2015 In-kind contributed revenue and related expenses consisted of the following:

The City of Boston granted the Museum a ninety-nine year lease on July 1, 1994, for the use of the Abiel Smith School for a consideration of \$1. Under the terms of the agreement, MAAH will be responsible for the insurance, maintenance and utility expenses for the School. Management's estimate of the contribution arising from this transaction in addition to other in-kind contributions received are as follows:

	2016	2015
Rent	152,250	152,250
Professional Services	-	3,640
Others	-	4,544
	152,250	160,434

**10. Pledges Receivable:**

MAAH received unconditional pledges from various donors for supporting services and program purposes as well as capital campaign. Some of these pledges date back to past years and management believes that due to the nature of the pledges they will be honored by the makers. However, a provision of \$79,157 has been made for possible default in payments and resultant bad debt. Net Pledges Receivable at December 31, 2016 and 2015 were as follows:

	2,016	2015
Pledges and Accounts Receivable	\$ 1,123,898	\$ 1,715,913
Less: discount allowance for doubtful accounts	(79,157)	(79,157)
	1,044,741	\$ 1,636,756



**Museum of African American History, Inc.**  
Notes to Financial Statements - *Continued*  
December 31, 2016 and 2015

**11. Net Assets:**

Temporarily restricted net assets of \$2,532,540 and \$2,554,062 as of December 31, 2016 and 2015 respectively, consist of donor-restricted contributions to be used in fiscal years 2016 and 2015 for the following:

	2016	2015
Capital Campaign	\$ 2,437,540	\$ 2,414,562
Other designated projects	95,000	139,500
Total	2,532,540	2,554,062

The Board has designated \$1,300,000 of the proceeds from the sale of 38 South Russel Street property for revolving operating and capital reserve funds. The designated amount is reflected in the accompanying financial statements.

Permanently restricted net assets of \$337,580 represents donors' contributions for the establishment of a permanent endowment. Income from investments represented by the assets may be used for general operations.

**12. Uncertain Tax Positions**

MAAH accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable tax authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. MAAH has identified its tax status as a tax exempt entity regarding its tax position; however, it has determined that such a tax position does not result in an uncertainty requiring recognition. MAAH is not currently under examination by any taxing jurisdiction. Its Federal and State tax returns are generally open for examination for three years following the date filed.

**13. Subsequent Events**

M.A.A.H. has evaluated the financial statement impact of subsequent events occurring through September 15, 2017 the date that the financial statements were authorized to be issued.