

MUSEUM OF AFRICAN AMERICAN HISTORY, INC

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2017



Barrett & Scibelli, LLC
Certified Public Accountants

MUSEUM OF AFRICAN AMERICAN HISTORY, INC

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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Barrett & Scibelli, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Museum of African American History, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of Museum of African American History, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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 auditors' 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 Museum of African American History, Inc., as of December 31, 2017, 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.

Barrett & Scibelli, LLC

Winchester, Massachusetts

November 26, 2018

MUSEUM OF AFRICAN AMERICAN HISTORY, INCORPORATED

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Current Assets				
Cash	\$ 260,049	\$ 963,341	\$ -	\$ 1,223,390
Accounts receivables current	26,012	288,970	-	314,982
Inventory	13,312	-	-	13,312
Prepaid expenses and deposits	14,214	-	-	14,214
Total current assets	313,587	1,252,311	-	1,565,898
Investments	-	73,201	337,580	410,781
Pledges receivable	169,370	323,000	-	492,370
Property and equipment				
Land and improvements	152,485	-	-	152,485
Buildings and improvements	10,232,699	-	-	10,232,699
Exhibits	1,030,565	-	-	1,030,565
Furniture and equipment	171,077	-	-	171,077
Less- accumulated depreciation	(3,112,505)	-	-	(3,112,505)
Net property and equipment	8,474,321	-	-	8,474,321
Construction in progress	1,945,048	-	-	1,945,048
Collections	229,325	-	-	229,325
Total assets	\$ 11,131,651	\$ 1,648,512	\$ 337,580	\$ 13,117,743

LIABILITIES AND NET ASSETS

Current liabilities				
Accounts payable and accrued expenses	\$ 199,417	\$ -	\$ -	\$ 199,417
Total current liabilities	199,417	-	-	199,417
Net assets				
Unrestricted:				
Operating	2,024,829	-	-	2,024,829
Board designated	433,084	-	-	433,084
Property and equipment	8,474,321	-	-	8,474,321
Total unrestricted	10,932,234	-	-	10,932,234
Temporarily restricted	-	1,648,512	-	1,648,512
Permanently restricted	-	-	337,580	337,580
Total net assets	10,932,234	1,648,512	337,580	12,918,326
Total liabilities and net assets	\$ 11,131,651	\$ 1,648,512	\$ 337,580	\$ 13,117,743

The accompanying notes are an integral part of the financial statements.

MUSEUM OF AFRICAN AMERICAN HISTORY, INCORPORATED

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues				
Grants and contributions	\$ 578,786	\$ 225,735	\$ -	\$ 804,521
Contract income	-	-	-	-
Donated rent and services	-	152,250	-	152,250
Special events (net)	157,726	-	-	157,726
Membership dues	12,178	-	-	12,178
Interest and miscellaneous incomes	5,665	-	-	5,665
Investment income	7,687	-	-	7,687
Museum shop sales (net)	21,459	-	-	21,459
Facilities and program income	69,472	218,910	-	288,382
Gain on sale of investments	13,481	-	-	13,481
Net assets released from restrictions:				
Satisfaction of program and time restrictions	1,512,685	(1,512,685)	-	-
Total operating revenues	2,379,139	(915,790)	-	1,463,349
Operating expenses				
Program services	800,953			800,953
Management and general	835,242	-	-	835,242
Nantucket Program	93,341	-	-	93,341
Capital campaign	77,980	-	-	77,980
Total operating expense before closing costs and depreciation	1,807,516	-	-	1,807,516
Changes in net assets before closing costs and depreciation	571,623	(915,790)	-	(344,167)
Depreciation	323,273	-	-	323,273
Total operating expenses	2,130,789	-	-	2,130,789
Changes in net assets from operations	248,350	(915,790)	-	(667,440)
Non-operating revenue				
Realized and unrealized gain on investments	-	31,762	-	31,762
Total non-operating revenue	-	31,762	-	31,762
Change in net assets	248,350	(884,028)	-	(635,678)
Net assets, beginning of year	10,683,884	2,532,540	337,580	13,554,004
Net assets, end of year	\$ 10,932,234	\$ 1,648,512	\$ 337,580	\$ 12,918,326

The accompanying notes are an integral part of the financial statements.

MUSEUM OF AFRICAN AMERICAN HISTORY, INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services			Supporting Services		
	Program Services	Nantucket Program	Total Program	Administrative	Capital Campaign	2017 Total
Salaries and benefits						
Salaries	\$ 311,036	\$ 59,832	\$ 370,868	\$ 346,610	\$ 72,001	\$ 789,479
Payroll taxes and benefits	79,842	8,282	88,124	20,139	5,979	114,242
Total salaries and benefits	390,878	68,114	458,992	366,749	77,980	903,721
Other expenses						
Occupancy	166,020	1,444	167,464	68,977	-	236,441
Bad debt	-	-	-	206,204	-	206,204
Consultants	85,351	307	85,658	96,770	-	182,428
Storage	32,684	5,921	38,605	7,048	-	45,653
Cleaning and maintenance	38,276	465	38,741	1,052	-	39,793
Utilities	29,691	6,118	35,809	-	-	35,809
Telephone	15,120	817	15,937	9,933	-	25,870
Supplies, materials and others	9,412	462	9,874	13,380	-	23,254
Insurance	7,649	8,172	15,821	5,086	-	20,907
Travel and conferences	10,538	275	10,813	5,028	-	15,841
Payroll processing fee	376	24	400	14,090	-	14,490
Legal and accounting	-	-	-	14,250	-	14,250
Bank charges	-	-	-	14,130	-	14,130
Printing and copying	3,423	246	3,669	8,417	-	12,086
Equipment rental	3,136	65	3,201	2,275	-	5,476
Membership fees	3,775	-	3,775	185	-	3,960
Dues and subscription	2,072	265	2,337	100	-	2,437
Postage	371	190	561	968	-	1,529
Advertising and promotion	976	-	976	317	-	1,293
Equipment repairs and maintenance	581	72	653	110	-	763
Exhibits and collections expenses	624	-	624	-	-	624
Miscellaneous	-	384	384	173	-	557
Total expenses before depreciation	800,953	93,341	894,294	835,242	77,980	1,807,516
Depreciation	293,706	29,567	323,273	-	-	323,273
Total expenses	\$ 1,094,659	\$ 122,908	\$ 1,217,567	\$ 835,242	\$ 77,980	\$ 2,130,789

The accompanying notes are an integral part of the financial statements.

MUSEUM OF AFRICAN AMERICAN HISTORY, INCORPORATED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities	
Change in net assets	\$ (635,678)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	323,273
Pledges and accounts receivable	789,218
Inventory	3,700
Prepaid expenses and deposits	2,978
Accounts payable and accrued expenses	<u>(334,125)</u>
Net cash provided by operating activities	<u>149,366</u>
Cash flows from investing activities	
Acquisition of property and equipment	(45,228)
Construction in progress	(153,433)
Decrease in investment balance	<u>(52,930)</u>
Net cash used in investing activities	<u>(251,591)</u>
Net decrease increase in cash	(102,225)
Cash, beginning of year	<u>1,325,615</u>
Cash, end of year	<u>\$ 1,223,390</u>

The accompanying notes are an integral part of the financial statements.

MUSEUM OF AFRICAN AMERICAN HISTORY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

NOTE A - ORGANIZATION

The Museum of African American History, Inc. (“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 of liberty, dignity and justice for all Americans. Incorporated under the laws of Massachusetts in 1967, the Museum of African American History, Inc. 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.

NOTE B - 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 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, INCORPORATED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue and Expenses - 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 was \$157,726 net of expenses for the year ended December 31, 2017.

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, the Museum considers all highly liquid investments with maturity of three months or less to be cash equivalents.

Functional Expense

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.

MUSEUM OF AFRICAN AMERICAN HISTORY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes

The Museum 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.

Generally accepted accounting principles in the United States of America prescribe the threshold a tax position is required to meet before being recognized in the financial statements. A liability for uncertain tax positions is recognized and recorded as a component of current income tax expense for differences between financial and income tax reporting positions which do not meet the threshold. Any interest and penalties related to uncertain tax positions are recorded as a component of income tax expense.

The Museum has reviewed its income tax positions and has not identified any material uncertain tax positions and thus has not recorded any liability at December 31, 2017.

The Museum is no longer subject to examinations by the Internal Revenue Service for years prior to 2014, and currently, there are no income tax audits in process.

Concentration of Credit

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

The Museum 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 expense 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.

MUSEUM OF AFRICAN AMERICAN HISTORY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE C – 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.

The Museum 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 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 include 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 \$911,180 as of December 31, 2017 were incurred in conjunction with the rehabilitation and are included as construction in progress in the accompanying financial statements.

NOTE D – FAIR VALUE MEASUREMENTS

The Museum 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, the Museum 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, INCORPORATED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE D – FAIR VALUE MEASUREMENTS - CONTINUED

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. The Museum has marketable securities classified as Level I, which has a fair value of \$410,781 as of December 31, 2017.

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

Fair Value Measurements at Reporting Date Using

			<u>Fair Value</u>	<i>Quoted Prices In Active Markets For Identical Assets (Level 1)</i>
Account #	<u>8515318</u>	<u>8515353</u>	<u>Total</u>	
Cash/Cash Equivalent	\$ 21,405	\$ 10,770	\$ 32,175	\$ 32,175
Equities	224,980	38,236	263,216	263,216
Fixed Income	92,750	15,762	108,512	108,512
Tangible Assets	<u>6,201</u>	<u>677</u>	<u>6,878</u>	<u>6,878</u>
Total	\$ <u>345,336</u>	\$ <u>65,445</u>	\$ <u>410,781</u>	\$ <u>410,781</u>

MUSEUM OF AFRICAN AMERICAN HISTORY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE E – CONSTRUCTION IN PROGRESS

Construction in progress remains on-going for the Museum's restoration and renovation projects. Construction and interest expense and donated legal services related to the project have all been capitalized as construction in progress. At December 31, 2017 the balances on this account was \$1,945,048. These amounts have been reflected in the accompanying financial statements.

NOTE F – COLLECTIONS

The Museum 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.

NOTE G – 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.

NOTE H – RELATED PARTY TRANSACTIONS

The Museum has pledges outstanding from Board Members amounting to about \$13,684 at December 31, 2017.

During the year ended, December 31, 2017, the Museum received contributions of \$273,550, or 18% of total support and revenue from members of the Board of Directors.

NOTE I – RENTALS

The Museum has various rental commitments on tenant-at-will agreements for office and administrative space and storage facilities. The office space occupied by the Museum has a monthly rental expense of about \$6,321. Rental expense for the storage facilities in Boston and Nantucket Massachusetts were \$45,653 for the year end December 31, 2017.

MUSEUM OF AFRICAN AMERICAN HISTORY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE J – IN-KIND CONTRIBUTIONS

In-Kind revenue and expenses represent donated goods and services to the Museum. 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 the Museum. During the year ended December 31, 2017 In-kind contributed revenue and related expense 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, the Museum will be responsible for the insurance, maintenance and utility expense for the School. Management's estimate of the contribution arising, from this transaction in addition to other in-kind contributions received are as follows:

	<u>2017</u>
Rent	\$ 152,250
Professional services	-
Others	-
Total	<u>\$ 152,250</u>

NOTE K – PLEDGES RECEIVABLE

The Museum 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 \$206,204 has been made for possible default in payments and resultant bad debt. Net Pledges Receivable at December 31, 2017 were as follows:

	<u>2017</u>
Pledges and accounts receivable	\$ 777,731
Less: discount allowance for doubtful accounts	<u>(285,361)</u>
Total	<u>\$ 492,370</u>

NOTE L – NET ASSETS

Temporarily restricted net assets of \$1,648,512 as of December 31, 2017, consist of donor-restricted contributions to be used in fiscal year 2018 for the following:

	<u>2017</u>
Capital Campaign	\$ 1,553,512
Other designated projects	<u>95,000</u>
Total	<u>\$ 1,648,512</u>

MUSEUM OF AFRICAN AMERICAN HISTORY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE L – NET ASSETS – CONTINUED

The board has designated \$433,084 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 accompany 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.

NOTE M – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 26, 2018, the date the financial statements were approved and authorized for issuance by management, and determined that, other than as disclosed herein, there are no additional subsequent events that would require recognition or disclosure in the notes to the financial statements.