

CHARLES H. WRIGHT
MUSEUM OF AFRICAN
AMERICAN HISTORY
(A Component Unit of the
City of Detroit, Michigan)

FINANCIAL STATEMENTS

June 30, 2009 and 2008

**George Johnson
& Company**

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	2
FINANCIAL STATEMENTS:	
Statements of Net Assets	15
Statements of Activities	16
Balance Sheets - Governmental Funds	17
Reconciliations of Governmental Funds Balance Sheets to Statements of Net Assets	19
Statements of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliations of Governmental Funds Statements of Revenue, Expenditures, and Changes in Fund Balances to Statements of Activities	22
NOTES TO FINANCIAL STATEMENTS	23
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedules of Revenue and Expenditures - Budget and Actual - Operating Fund (Unaudited)	38
Note to Schedules of Revenue and Expenditures - Budget and Actual - Operating Fund (Unaudited)	40

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INDEPENDENT AUDITORS' REPORT

November 24, 2009

To the Board of Trustees
Charles H. Wright Museum of African American History
Detroit, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Charles H. Wright Museum of African American History (the "Museum"), a component unit of the City of Detroit, Michigan, as of, and for the years ended, June 30, 2009 and 2008, which collectively comprise the Museum's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Museum's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Museum as of June 30, 2009 and 2008, and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis and schedules of revenue and expenditures - budget and actual (operating fund) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2009 and 2008

This section of the annual report of the Charles H. Wright Museum of African American History (the “Museum”) presents management’s discussion and analysis of the Museum’s financial performance during the fiscal years that ended on June 30, 2009 and 2008 (“fiscal year 2009” and “fiscal year 2008,” respectively). Please read it in conjunction with the Museum’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The economic downturn affecting the entire nation has also impacted the Museum. Like many non-profit organizations and cultural institutions, revenue has continued to decline. During fiscal year 2009, the Museum was able to maintain its level of quality public programming and service despite a decline in total revenue of approximately \$260,000 (4.1 percent). After learning of the Museum’s financial challenge midway through the fiscal year, the City of Detroit increased its operating support by \$500,000 to partially offset the reduction or elimination of support from several long-time corporate sources. Even with this supplemental support, total unrestricted net assets decreased nearly \$460,000 (61.2 percent) from the prior year, due primarily to a significant decline in corporate donations and pledges receivable.

A summary of financial activity for the year includes the following:

- Contributions to the Museum fell approximately \$1.18 million, or 43.4 percent, since 2008. Revenue from facility rentals and admissions fees improved by approximately \$37,000 during the fiscal year. However, revenue from special events, the Museum store, and memberships declined by approximately \$86,000, for a combined reduction in revenue from earned sources of approximately \$49,000. In response, the Museum implemented many cost-cutting strategies, including staff reorganization and consolidation, mandatory unpaid furloughs, and the increased use of internally developed programs and exhibitions, which resulted in over \$378,000 in savings during the year.
- Grant revenue increased by approximately \$985,000 from the prior year due to the supplemental operating support of \$500,000 received from the City of Detroit, and due to a one-time final payment of \$500,000 received from the State of Michigan (the “State”) on a grant awarded to the Museum in the year 2000. These funds are restricted for building renovation use only, and did not offset any of the Museum’s operational needs during the year.
- The Museum invested approximately \$500,000 in building improvements (including furniture and equipment) to remodel and upgrade three lower-level classrooms. This project was funded by a 2007 grant from the Ford Foundation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2009 and 2008

FINANCIAL HIGHLIGHTS (CONTINUED)

- During the year, cash and investments decreased by approximately \$560,000, or 20.3 percent, over the prior year. Cash restricted for various projects was expended either for programming or capital improvements in accordance with grant obligations. In addition, overall Museum liabilities were reduced by approximately \$235,000 (36.4 percent) from the prior year.
- The Museum's endowment fund decreased 7.6 percent over the prior year to a total of approximately \$773,000. In addition, approximately \$1.9 million is currently held in trust by the Community Foundation for Southeast Michigan, for a total of approximately \$2.7 million. Poor financial market performance during the year resulted in a decrease of 18.2 percent in market value from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains two types of financial statements that the Museum is required to issue by the Governmental Accounting Standards Board ("GASB"). The GASB issues accounting and financial reporting guidelines for governmental agencies and units. This annual report contains the financial statements that the Museum is required to issue. The Museum's financial reports are shown as a "component unit" in the financial statements of the City of Detroit (the "City") because the members of the Museum's Board of Trustees are appointed by the City's mayor and the City provides financial support to the Museum. Therefore, the Museum is considered a governmental unit.

The statements of net assets and statements of activities (which are presented on pages 15 and 16) are considered government-wide financial statements. The balance sheets and statements of revenue, expenditures, and fund balances for governmental funds (which are presented on pages 17, 18, 20, and 21) are considered fund financial statements. A further discussion of each type of statement, and the major differences between the two types of statements, follows.

Government-Wide Financial Statements

The government-wide financial statements report information about the Museum as a whole using accounting methods similar to those used by private-sector companies and non-profit organizations. The statements of net assets include all of the Museum's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statements of activities, regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2009 and 2008

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (continued)

The two government-wide financial statements report the Museum's net assets and how they have changed. Net assets represent the difference between the Museum's assets and liabilities, and they represent one way to measure the Museum's financial health or position. Over time, increases or decreases in the Museum's net assets are an indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

The fund financial statements provide more detailed information about the Museum's funds, not the Museum as a whole. Funds are accounting devices that the Museum uses to keep track of specific sources of funding and spending for particular purposes. Most of the Museum's activities are included in governmental funds, which focus on how cash, and other financial assets that can be readily converted to cash, flow in and out and show the balances left at the end of the year that are available for spending. As such, the fund financial statements provide a detailed short-term view that shows whether there are more or fewer financial resources that can be spent in the near future to finance the Museum's programs.

Major Differences between Government-Wide Financial Statements and Fund Financial Statements

A major difference between the two types of financial statements is in the accounting for capital assets. In the government-wide financial statements, investments in long-term assets are capitalized and depreciated over the estimated useful lives of the assets. In the fund financial statements, all capital expenditures are expensed in the year such expenditures are incurred. The impact on the Museum is that, in the government-wide financial statements, expenditures for the new core exhibit are shown as capital assets, while in the fund financial statements, all expenditures pertaining to the new core exhibit have been expensed as incurred.

Another major difference between the two types of financial statements is in the accounting for pledges receivable. In the government-wide financial statements, unconditional pledges receivable are reported as revenue in the period in which the unconditional promises to give are obtained.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2009 and 2008

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Major Differences between Government-Wide Financial Statements and Fund Financial Statements (continued)

In the fund financial statements, the recognition of revenue related to unconditional pledges is deferred unless the pledge is collected within 60 days after the end of the fiscal year. The Museum has pledges receivable that are due more than 60 days after year-end of \$80,000 and \$250,000 as of June 30, 2009 and 2008, respectively. These long-term pledges have been recognized as revenue during the years ended June 30, 2009 and 2008 in the government-wide financial statements.

The reconciliation of the differences between the fund financial statements and the government-wide financial statements is provided on pages 19 and 22.

The notes to the financial statements, which begin on page 23, explain some of the information in the financial statements and provide more detailed data. A comparison of the Museum's operating fund revenue and expenditures to its budget is provided on pages 38 and 39.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**June 30, 2009 and 2008****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE**

Table 1 reflects the statements of net assets as of June 30, 2009, 2008, and 2007:

Table 1
Statements of Net Assets
June 30, 2009, 2008, and 2007
(in thousands of dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets:			
Cash and cash equivalents	\$ 639.3	\$ 1,627.0	\$ 1,607.1
Investments	1,571.1	1,144.7	1,058.2
Accounts receivable	231.2	175.6	270.2
Prepaid expenses	1.2	36.7	130.4
Museum store inventory	169.9	162.0	138.8
Pledges receivable:			
Available within 60 days	-0-	80.0	-0-
Available in more than 60 days	80.0	250.0	955.0
Capital assets:			
Nondepreciable capital assets	54.8	39.5	-0-
Depreciable capital assets, net	1,979.8	2,766.6	4,117.1
Total Assets	<u>4,727.3</u>	<u>6,282.1</u>	<u>8,276.8</u>
Liabilities:			
Accounts payable	318.2	546.0	850.8
Accrued payroll and related taxes	91.7	98.9	108.7
Total Liabilities	<u>409.9</u>	<u>644.9</u>	<u>959.5</u>
Net Assets:			
Invested in capital assets, net of related debt	2,034.6	2,806.1	4,117.1
Restricted for capital projects	825.3	936.6	1,430.5
Restricted for other activities	121.5	67.1	166.2
Restricted for endowment	773.0	836.5	766.9
Unrestricted	563.0	990.9	836.6
Total Net Assets	<u>\$ 4,317.4</u>	<u>\$ 5,637.2</u>	<u>\$ 7,317.3</u>

Cash balances declined by approximately \$988,000 from the prior year to a balance of approximately \$639,000 as of June 30, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2009 and 2008

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

Major expenditures causing the reduction of cash during the year include the renovation of the lower level classrooms (capital items funded by the Ford Foundation), as well as the final payment made to the general contractor for the core exhibit (see additional discussion below). Of the total cash balance, approximately \$214,000, or 33.5 percent, is unrestricted cash and approximately \$425,000, or 66.5 percent, is restricted for capital and other projects scheduled for subsequent fiscal years. Investments include Museum-directed endowment funds, certificates of deposit held for future gallery redesign, the cash surrender value of life insurance policies, and other stock gifts received. This year, investment balances increased nearly \$500,000 as the Museum received a restricted grant from the State of Michigan to be used for building renovations. All investments are governed by a Board-approved investment policy. Accounts receivable balances are reviewed for collectibility and are written off as necessary. Prepaid expenses include exhibition rental fees and insurance premiums that overlap fiscal years.

Pledges receivable represent unconditional gifts from corporations and foundations. During the year, the Museum collected over \$250,000 in pledge payments (100 percent of the expected total for fiscal year 2009). There were no new pledges acquired during the fiscal year. The Museum has also obtained conditional pledges totaling approximately \$256,000 through June 30, 2009. These contributions are contingent upon annual approval by the funding sources. These conditional pledges will be recognized as revenue when the conditions are substantially met.

The reduction in capital assets is mainly due to a full year of depreciation (approximately \$1.38 million) on the core exhibit offset by new investment in the classroom renovation project (approximately \$500,000) and other miscellaneous purchases of equipment or building upgrades (e.g., lighting and gallery doors).

During 2009, outstanding construction issues related to the core exhibit were resolved, and restricted funds held to pay the contractor were released. As a result, payables were reduced by approximately \$228,000 from the prior year (41.7 percent). The Museum maintains a line of credit which, as of June 30, 2009, had a zero balance.

Total net assets declined by approximately \$1.3 million (23.4 percent) from the prior year primarily due to depreciation charges of approximately \$1.4 million on the core exhibit. This trend is expected to continue until the core exhibit is fully depreciated during fiscal year 2010. Net assets restricted for capital projects declined approximately 2.0 percent over the prior year as some requirements related to the Ford Foundation grant were completed and new restricted gifts were received during the year from the State of Michigan and others. The balance of these temporarily restricted funds is related to future programming and/or exhibit development. Endowment assets decreased approximately \$60,000 as the result of a decline in market performance. Overall, unrestricted net assets decreased approximately \$460,000 from the prior year due to declines in fundraising.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**June 30, 2009 and 2008****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

Table 2 reflects the condensed statements of activities for the years ended June 30, 2009, 2008, and 2007:

Table 2
Statements of Activities
For the Years Ended June 30, 2009, 2008, and 2007
(in thousands of dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses:			
Exhibits and educational program:			
Salaries, wages, and employee benefits	\$ 2,729.8	\$ 2,823.9	\$ 3,014.2
Contractual and professional services	841.5	711.9	677.0
Facility operations and maintenance	1,149.0	1,193.2	1,261.6
Educational programs and exhibits	761.2	1,114.8	625.2
Depreciation	1,376.9	1,618.4	2,469.4
Other expenses	616.5	633.0	578.4
	<u>7,474.9</u>	<u>8,095.2</u>	<u>8,625.8</u>
Program Revenue:			
Exhibits and educational program:			
Grants	3,094.7	2,109.6	2,099.7
Other program revenue	1,573.4	1,622.1	1,565.7
	<u>4,668.1</u>	<u>3,731.7</u>	<u>3,665.4</u>
Net Program Expense	<u>2,806.8</u>	<u>4,363.5</u>	<u>4,960.4</u>
General Revenue:			
Contributions	1,536.9	2,716.3	3,461.1
Unrealized gain (loss) on investments	(49.9)	(32.9)	42.1
	<u>1,487.0</u>	<u>2,683.4</u>	<u>3,503.2</u>
Net Increase (Decrease) in Net Assets	<u>(1,319.8)</u>	<u>(1,680.1)</u>	<u>(1,457.2)</u>
Net Assets, Beginning of Year	<u>5,637.2</u>	<u>7,317.3</u>	<u>8,774.5</u>
Net Assets, End of Year	<u>\$ 4,317.4</u>	<u>\$ 5,637.2</u>	<u>\$ 7,317.3</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2009 and 2008

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

The Museum received \$2.3 million in unrestricted operating support from the City of Detroit during fiscal year 2009. This increase of \$500,000, or 27.8 percent, over the prior year was granted to offset the reduction from several long-time corporate supporters that eliminated their financial support of the Museum because of the economy. In addition, the City contributed \$60,000 in capital funds for building maintenance and repairs. In November 2008, the State of Michigan awarded the Museum \$71,300 for support of changing exhibitions and educational programming, the same amount as in the prior year. In addition, the State released the final payment of \$500,000 to the Museum on a grant awarded in fiscal year 2000 to fund renovations to the Museum. The Museum received grant funds of \$18,286 in fiscal year 2009 and \$88,032 in fiscal year 2008 from federal sources.

Despite a decline of over \$1.1 million (43.4 percent) in contributions during the year, overall total revenue fell 4.1 percent (approximately \$260,000). Key grants received this year include the supplemental operating support from the City and the grant payment from the State discussed above. In addition, the City provided \$150,000 in support for the African World Festival. During fiscal year 2008, Museum revenue included \$240,000 in contributions from the Kresge Foundation and \$150,000 from the City of Detroit for support of the African World Festival. The contributions category also includes in-kind gifts of approximately \$244,000 received during fiscal year 2009 and approximately \$432,400 received during fiscal year 2008.

The Museum continues to carefully manage operating expenses. Wages and benefits declined 3.3 percent from the prior year as the Museum continued to reduce and realign staff. A mandatory unpaid two-week furlough was required for all full-time employees. Facility costs declined 3.7 percent over the prior year due to renegotiated contracts for building maintenance and long-distance telephone service. Electricity costs were down six percent over the prior year. Depreciation on the core exhibit accounts for 17.8 percent of total expenses. Net of depreciation, expenses decreased nearly \$380,000, or 5.8 percent, from fiscal year 2008.

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2009 and 2008

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

Table 3 summarizes exhibit admissions and Museum store sales for the years ended June 30, 2009 and 2008:

Table 3
Schedules of Exhibit Admissions and Museum Store Sales
For the Years Ended June 30, 2009 and 2008
(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
Exhibit admissions	\$ 352.7	\$ 347.8
Museum store sales (gross)	171.1	201.7

Admissions and Museum store sales are important components of program revenue. This year, the Group Sales department spearheaded an effort to assist interested State of Michigan schools in applying for field trip grants offered by the State’s Department of Education. The Museum was successful in securing over \$65,000 in one-time-only Cultural Access Grants for admission and transportation of students. These funds helped to grow student attendance over the prior year, which showed improved results due to the “Race: Are We So Different?” exhibition. Not included in the above admissions results are receipts of approximately \$35,000 during fiscal year 2009 and approximately \$85,000 during fiscal year 2008 relating to visitation subsidies donated by corporations, individuals, and foundations. Visitation subsidies are reported as part of sponsorship contributions. This year, over 4,000 students from the metropolitan Detroit area benefited from these gifts.

Fiscal year 2008 store revenue contains sales from a special event featuring artist Annie Lee that generated sales of approximately \$40,000 but did not have the same impact when repeated this year due to poor weather conditions and the slower economy. Excluding special sales revenue from each year, sales were relatively flat. Museum store sales declined by approximately \$30,000, or 15.2 percent, over the prior year.

Other program revenue also includes revenue from the Museum’s membership program. Three years ago, the Museum reported its highest level of participation with the membership program, which was achieved as the result of the Legacy Campaign and the Kresge Challenge. Since that time, membership has dropped and is down 16.8 percent this year compared to 2008. This region’s economy has caused individuals and families to make some tough personal budgeting decisions, and high unemployment rates are negatively impacting our membership roster. The Museum is working hard to grow the numbers of memberships and to increase retention levels.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**June 30, 2009 and 2008****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

Table 4 outlines membership activity for the past two years.

Table 4**Membership Results****For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>	<u>Percentage Change</u>
Membership revenue (<i>in thousands of dollars</i>)	\$ 268.5	\$ 313.5	(14.4%)
Total active members	14,920	17,928	(16.8%)

The 26th African World Festival featured many crowd pleasing performers, including the O'Jays, and generated the largest attendance numbers seen in the past five years over the three-day event. The City of Detroit was the primary sponsor, and its support allowed for additional investment in festival programs and activities. The 2009 Ford Freedom Award was presented to journalist Edward (Ed) R. Bradley, Jr. (1941-2006) as the "Ford Freedom Honoree". Robin Roberts, current co-host of ABC's *Good Morning America*, was named the 2009 "Ford Freedom Scholar".

Public programs offered during the year were a continuation of the Museum's strategic focus to increase and enhance presentations that have a meaningful impact on the community. Due to the poor economy, the Museum received fewer sponsorship dollars and worked hard to identify exhibitions related to the Museum's mission that would draw large audiences while requiring smaller outlays of cash. As a result, expenses associated with education programs (including exhibits) decreased over \$148,000, or 13.3 percent, from the prior year. These savings were achieved by developing exhibitions internally or by identifying and securing programs at less than market rates.

Partnerships and collaborations are an important cornerstone in Museum programming. This year, the Museum worked with Pewabic Pottery to develop and execute workshops that inspired students to use history to develop art. In addition, the Museum launched a series of education websites that were developed in partnership with the Wayne County Michigan Regional Educational Service Agency. Funds received for multi-year projects are recorded in a temporarily restricted fund until expended in accordance with grant or donor stipulations.

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2009 and 2008

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

Other key presentations included the following:

<u>Exhibitions</u>	<u>Annual Programs</u>
Textural Rhythms – Constructing the Jazz Tradition: Contemporary African American Quilts	African World Festival
The Hewitt Collection: 20th Century African American Masterpieces	Noel Night
Women of a New Tribe	Kwanzaa
Tutanknamum: Wonderful Things from the Pharaoh’s Tomb	Martin Luther King Day
Freedom Sisters	Black History Month
Let Your Motto Be Resistance	Black Music Month
I Have A Dream	Women’s History Month
Legends of the Music: The Photography of Leni Sinclair	National Poetry Month
Contemporary Artists	
Detroit Performs	
A Is for Africa	
Stories in Stained Glass	
And Still We Rise	

ECONOMIC FACTORS

The Board of Trustees and the Museum’s management team have worked diligently to improve the financial position of the Museum and enhance its systems of internal control. As a result, the Museum has identified four goals as a platform for proving the Museum’s economic and social worth. The goals are as follows:

1. Create a standard and culture of service within the Museum
2. Improve the quantity and quality of educational offerings
3. Seek opportunities for partnership with other local organizations
4. Improve marketing of Museum products and services to increase visibility of exhibitions and educational programs

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2009 and 2008

ECONOMIC FACTORS (CONTINUED)

However, as the Museum works toward these goals, it still faces significant challenges with respect to annual fundraising. Over the past three years, annual requirements for fundraising (or net program expense excluding depreciation) have averaged \$2.3 million. In fiscal year 2009, even after significant operational (non-programmatic) cost reductions, fundraising results were short of the Museum's goal by more than \$1.1 million, primarily due to a continuing decline in corporate and foundation operating support.

Much of the decline is the result of a poor national and local economy. However, an escalating trend is for gifts to be restricted for program or capital purposes. The Museum must continue to find new sources of unrestricted funds and grow revenue generated by operating sources such as admissions, store sales, and facility rentals.

For fiscal year 2010, management is pursuing all avenues to close the fundraising gap, including an expanded national effort. New initiatives directed at improving service and product offerings have been launched to grow attendance and other earned revenue. Scheduled exhibit openings for fiscal year 2010 include *Joe Louis: Hometown Hero* (September 2009), *Who Am I: My DNA Diary* (November 2009), and *Crowning Glory: Status, Style, and Self Expression* (January 2010). Planning continues on a new gallery dedicated to Blacks in Science and Technology. A continued focus on educational programming and partnerships has begun to yield results. For example, the Museum partnered with Eastern Michigan University to receive a three-year grant from the Department of Education that focuses on the presentation of the story of the Underground Railroad both online and in the core exhibition. In addition, the Museum has an opportunity to partner with Michigan State University in increasing public access to the digital library of *American Black Journal*, a locally produced program that went on the air in 1968 as a televised public forum for black Americans during a historic moment of racial turmoil across the nation.

At the end of fiscal year 2007, the Museum announced the successful completion of the five-year \$43 million Legacy Campaign, which raised funds for five areas of need: Operations, Exhibitions and Programming, Marketing, Infrastructure, and Endowment. With the continuing economic challenges in the region, and an even stronger community need for educational resources, the Museum continues to work toward building a relevant, viable organization that has financial stability and positive community impact. While much has been accomplished, there are greater goals for this institution. Going forward, the Board, management, and staff are committed to developing new strategies, expanding revenue sources, and exceeding customer expectations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2009 and 2008

FINANCIAL CONTACT

This financial report is designed to present its users with a general overview of the Museum's finances and to demonstrate the Museum's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer's office of the Charles H. Wright Museum of African American History, 315 East Warren, Detroit, Michigan 48201.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

STATEMENTS OF NET ASSETS

June 30, 2009 and 2008

	Governmental Activities	
	2009	2008
Assets:		
Cash and cash equivalents (Note A)	\$ 639,340	\$ 1,626,983
Investments (Note B)	1,571,114	1,144,758
Accounts receivable (no allowance considered necessary)	231,214	175,602
Prepaid expenses	1,250	36,721
Museum store inventory (lower of cost or market)	169,860	162,013
Pledges receivable (no allowance considered necessary) (Note D):		
Available within 60 days	-0-	80,000
Available in more than 60 days	80,000	250,000
Capital assets (Note E):		
Nondepreciable capital assets	54,828	39,490
Depreciable capital assets, net	1,979,759	2,766,578
Collections and artifacts (Notes A and C)	---	---
Total Assets	4,727,365	6,282,145
Liabilities:		
Accounts payable	318,249	546,000
Accrued payroll and related taxes	91,667	98,942
Total Liabilities	409,916	644,942
Net Assets:		
Invested in capital assets, net of related debt	2,034,587	2,806,068
Restricted for capital projects	825,327	936,619
Restricted for other activities	121,499	67,085
Restricted for endowment	772,998	836,560
Unrestricted	563,038	990,871
Total Net Assets	\$ 4,317,449	\$ 5,637,203

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2009 and 2008

	Governmental Activities	
	2009	2008
Expenses:		
Exhibits and educational program:		
Salaries, wages, and employee benefits	\$ 2,729,821	\$ 2,823,949
Contractual and professional services	841,523	711,937
Facility operations and maintenance	1,148,969	1,193,228
Office expenses	333,213	299,496
Cost of goods sold	137,992	169,289
Educational programs and exhibits:		
In-kind	244,162	432,389
Other	517,057	682,438
Purchases of artifacts	250	2,500
Interest expense	697	-0-
Other expenses	144,386	161,545
Depreciation (Note E)	1,376,865	1,618,425
Total Program Expenses	7,474,935	8,095,196
Program Revenue:		
Exhibits and educational program:		
Grants (Notes G and M)	3,094,686	2,109,648
Facility rental and catering	455,354	423,270
Exhibit admissions	352,749	347,756
Museum store	171,135	201,673
Memberships	268,521	313,477
Special events and other revenue	325,680	335,929
Total Program Revenue	4,668,125	3,731,753
Net Program Expense	2,806,810	4,363,443
General Revenue:		
Contributions	1,292,760	2,283,912
In-kind contributions	244,162	432,389
Unrealized gain (loss) on investments	(49,866)	(32,925)
Total General Revenue	1,487,056	2,683,376
Net Increase (Decrease) in Net Assets	(1,319,754)	(1,680,067)
Net Assets, Beginning of Year	5,637,203	7,317,270
Net Assets, End of Year	\$ 4,317,449	\$ 5,637,203

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30, 2009

(With Comparative Totals as of June 30, 2008)

	2009				Total All Funds	
	Operating Fund	Capital Projects Fund	Designated Activities Fund	Endowment Fund	2009	2008
ASSETS						
Cash and cash equivalents (Note A)	\$ 213,949	\$ 130,679	\$ 294,712	\$ -0-	\$ 639,340	\$ 1,626,983
Investments (Note B)	3,028	694,648	100,440	772,998	1,571,114	1,144,758
Accounts receivable (no allowance considered necessary)	231,214				231,214	175,602
Prepaid expenditures	1,250				1,250	36,721
Museum store inventory (lower of cost or market)	169,860				169,860	162,013
Pledges receivable (no allowance considered necessary) (Note D):						
Available within 60 days					-0-	80,000
Available in more than 60 days	80,000				80,000	250,000
Total Assets	\$ 699,301	\$ 825,327	\$ 395,152	\$ 772,998	\$ 2,692,778	\$ 3,476,077
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 316,749	\$ -0-	\$ 1,500	\$ -0-	\$ 318,249	\$ 546,000
Accrued payroll and related taxes	91,667				91,667	98,942
Deferred revenue (Note D)	80,000				80,000	250,000
Total Liabilities	488,416	-0-	1,500	-0-	489,916	894,942
Fund Balances:						
Reserved for capital projects		825,327			825,327	936,619
Reserved for designated activities			393,652		393,652	307,857
Reserved for endowment				772,998	772,998	836,560
Unreserved	210,885				210,885	500,099
Total Fund Balances	210,885	825,327	393,652	772,998	2,202,862	2,581,135
Total Liabilities and Fund Balances	\$ 699,301	\$ 825,327	\$ 395,152	\$ 772,998	\$ 2,692,778	\$ 3,476,077

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30, 2008

	<u>Operating Fund</u>	<u>Capital Projects Fund</u>	<u>Designated Activities Fund</u>	<u>Endowment Fund</u>	<u>Total All Funds</u>
ASSETS					
Cash and cash equivalents (Note A)	\$ 435,853	\$ 945,898	\$ 245,232	\$ -0-	\$ 1,626,983
Investments (Note B)	11,456	223,617	73,125	836,560	1,144,758
Accounts receivable (no allowance considered necessary)	175,602				175,602
Prepaid expenditures	36,721				36,721
Museum store inventory (lower of cost or market)	162,013				162,013
Pledges receivable (no allowance considered necessary) (Note D):					
Available within 60 days	80,000				80,000
Available in more than 60 days	250,000				250,000
Total Assets	<u>\$ 1,151,645</u>	<u>\$ 1,169,515</u>	<u>\$ 318,357</u>	<u>\$ 836,560</u>	<u>\$ 3,476,077</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 305,719	\$ 229,781	\$ 10,500	\$ -0-	\$ 546,000
Accrued payroll and related taxes	95,827	3,115			98,942
Deferred revenue (Note D)	250,000				250,000
Total Liabilities	<u>651,546</u>	<u>232,896</u>	<u>10,500</u>	<u>-0-</u>	<u>894,942</u>
Fund Balances:					
Reserved for capital projects		936,619			936,619
Reserved for designated activities			307,857		307,857
Reserved for endowment				836,560	836,560
Unreserved	500,099				500,099
Total Fund Balances	<u>500,099</u>	<u>936,619</u>	<u>307,857</u>	<u>836,560</u>	<u>2,581,135</u>
Total Liabilities and Fund Balances	<u>\$ 1,151,645</u>	<u>\$ 1,169,515</u>	<u>\$ 318,357</u>	<u>\$ 836,560</u>	<u>\$ 3,476,077</u>

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

RECONCILIATIONS OF GOVERNMENTAL FUNDS BALANCE SHEETS TO STATEMENTS OF NET ASSETS

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Total Fund Balances, Governmental Funds	\$ 2,202,862	\$ 2,581,135
<p>Amounts reported for governmental activities in the statements of net assets differ from amounts reported in the governmental funds balance sheets due to the following:</p>		
<p>Pledges receivable due in more than 60 days are not due and collectible in the current period and, therefore, are reported in the funds as deferred revenue.</p>		
	80,000	250,000
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:</p>		
Nondepreciable capital assets	54,828	39,490
Depreciable capital assets:		
Cost	15,982,183	15,392,137
Less: Accumulated depreciation	<u>(14,002,424)</u>	<u>(12,625,559)</u>
Total Net Assets, Governmental Activities	<u>\$ 4,317,449</u>	<u>\$ 5,637,203</u>

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

**STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2009
(With Comparative Totals for the Year Ended June 30, 2008)**

	2009				Total All Funds	
	Operating Fund	Capital Projects Fund	Designated Activities Fund	Endowment Fund	2009	2008
Revenue:						
Grants (Notes G and M)	\$ 2,534,686	\$ 560,000	\$ -0-	\$ -0-	\$ 3,094,686	\$ 2,109,648
Contributions	1,195,208		267,552		1,462,760	2,988,912
In-kind contributions	244,162				244,162	432,389
Facility rental and catering	455,354				455,354	423,270
Exhibit admissions	352,749				352,749	347,756
Museum store	171,135				171,135	201,673
Memberships	268,521				268,521	313,477
Special events and other revenue	292,753	4,432	2,575	25,920	325,680	335,929
Unrealized gain (loss) on investments	(8,073)		27,316	(69,109)	(49,866)	(32,925)
Total Revenue	5,506,495	564,432	297,443	(43,189)	6,325,181	7,120,129
Expenditures:						
Current:						
Salaries, wages, and employee benefits	2,729,821				2,729,821	2,823,949
Contractual and professional services	841,523				841,523	711,937
Facility operations and maintenance	1,148,969				1,148,969	1,193,228
Office expenses	332,759		454		333,213	299,496
Cost of goods sold	137,992				137,992	169,289
Educational programs and exhibits:						
In-kind	244,162				244,162	432,389
Other	517,057				517,057	682,438
Purchases of artifacts		250			250	2,500
Interest expense	3		694		697	-0-
Other current expenditures	124,013			20,373	144,386	161,545
Capital outlay (Note E)		605,384			605,384	307,396
Total Expenditures	6,076,299	605,634	1,148	20,373	6,703,454	6,784,167
Excess (Deficiency) of Revenue over Expenditures	(569,804)	(41,202)	296,295	(63,562)	(378,273)	335,962
Other Financing Sources (Uses):						
Interfund transfers	280,590	(70,090)	(210,500)		-0-	-0-
Net Increase (Decrease) in Fund Balances	(289,214)	(111,292)	85,795	(63,562)	(378,273)	335,962
Fund Balances, Beginning of Year	500,099	936,619	307,857	836,560	2,581,135	2,245,173
Fund Balances, End of Year	\$ 210,885	\$ 825,327	\$ 393,652	\$ 772,998	\$ 2,202,862	\$ 2,581,135

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

**STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2008

	<u>Operating Fund</u>	<u>Capital Projects Fund</u>	<u>Designated Activities Fund</u>	<u>Endowment Fund</u>	<u>Total All Funds</u>
Revenue:					
Grants (Notes G and M)	\$ 1,954,431	\$ 155,217	\$ -0-	\$ -0-	\$ 2,109,648
Contributions	2,144,412	554,500	170,500	119,500	2,988,912
In-kind contributions	432,389				432,389
Facility rental and catering	423,270				423,270
Exhibit admissions	347,756				347,756
Museum store	201,673				201,673
Memberships	313,477				313,477
Special events and other revenue	293,204	15,378		27,347	335,929
Unrealized gain (loss) on investments	10,071		(1,326)	(41,670)	(32,925)
Total Revenue	6,120,683	725,095	169,174	105,177	7,120,129
Expenditures:					
Current:					
Salaries, wages, and employee benefits	2,798,949		25,000		2,823,949
Contractual and professional services	711,937				711,937
Facility operations and maintenance	1,193,228				1,193,228
Office expenses	299,496				299,496
Cost of goods sold	169,289				169,289
Educational programs and exhibits:					
In-kind	432,389				432,389
Other	682,438				682,438
Purchases of artifacts			2,500		2,500
Other current expenditures	147,068			14,477	161,545
Capital outlay (Note E)		307,396			307,396
Total Expenditures	6,434,794	307,396	27,500	14,477	6,784,167
Excess (Deficiency) of Revenue over Expenditures	(314,111)	417,699	141,674	90,700	335,962
Other Financing Sources (Uses):					
Interfund transfers	453,143	(453,143)			-0-
Net Increase (Decrease) in Fund Balances	139,032	(35,444)	141,674	90,700	335,962
Fund Balances, Beginning of Year	361,067	972,063	166,183	745,860	2,245,173
Fund Balances, End of Year	\$ 500,099	\$ 936,619	\$ 307,857	\$ 836,560	\$ 2,581,135

See notes to financial statements.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

RECONCILIATIONS OF GOVERNMENTAL FUNDS STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Net Increase (Decrease) in Fund Balances, Governmental Funds	\$ (378,273)	\$ 335,962
<p>Amounts reported for governmental activities in the statements of activities differ from amounts reported in the governmental funds statements of revenue, expenditures, and changes in fund balances due to the following:</p>		
<p>Pledges due in more than 60 days are not available for current use and, therefore, are reported in the funds as deferred revenue. However, in the statements of activities, pledges are reported as revenue in the period the unconditional promises to give are obtained from the donors. During the years presented, these amounts are as follows:</p>		
<p>Pledges receivable that are available in more than 60 days as of:</p>		
June 30, 2009	80,000	-0-
June 30, 2008	(250,000)	250,000
June 30, 2007	-0-	(955,000)
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statements of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. During the years presented, these amounts are as follows:</p>		
Capital outlay	605,384	307,396
Less: Depreciation expense	<u>(1,376,865)</u>	<u>(1,618,425)</u>
Net Increase (Decrease) in Net Assets, Governmental Activities	<u><u>\$ (1,319,754)</u></u>	<u><u>\$ (1,680,067)</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Purpose

The Charles H. Wright Museum of African American History (the “Museum”), located in Detroit, Michigan, provides research, compilation, presentation, publication, and dissemination of knowledge relating to the history, growth, development, heritage, and culture of people of African descent and the human struggle for freedom. Additionally, the Museum provides a means of collecting and restoring artifacts and other source material to be used in research on the history of the people of African descent.

For financial reporting purposes, the Museum is a component unit of the City of Detroit, Michigan (the “City”) because the members of the Museum’s Board of Trustees are appointed by the City’s mayor and the City provides financial support to the Museum. There are no fiduciary funds or component units included in the accompanying financial statements.

Basis of Presentation

The financial statements of the Museum consist of government-wide financial statements, which include the statements of net assets and statements of activities, and fund financial statements, which include the balance sheets and statements of revenue, expenditures, and fund balances for governmental funds.

Government-Wide Financial Statements

The government-wide financial statements report information about all of the Museum’s assets, liabilities, net assets, revenue, and expenses, similar to the financial statements of non-governmental enterprises.

Fund Financial Statements

For purposes of the fund financial statements, the accounts of the Museum are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The various funds are summarized by type in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements (continued)

The following funds are used by the Museum:

Operating Fund

The operating fund is the general operating fund of the Museum. It is used to account for all financial resources other than those required to be accounted for in another fund.

Capital Projects Fund

The capital projects fund is used to account for financial resources restricted to use for acquisition and construction of major capital facilities.

Designated Activities Fund

The designated activities fund is used to account for donor-funded programs (including exhibitions) that overlap fiscal years.

Endowment Fund

The endowment fund is used to account for the long-term investment of funds permanently restricted by donor stipulation or by action of the Board of Trustees.

Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

Grants provided to support program activities and revenue directly associated with services provided or use of the facility are classified as program revenue. Contributions, investment income, and other support not directly associated with services provided or use of the facility are classified as general revenue.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Fund Financial Statements

The fund financial statements are prepared on the modified accrual basis of accounting using the flow of current financial resources as a measurement focus. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, which is when it is both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable. In applying the susceptible-to-accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Monies virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with prescribed compliance requirements are reflected as revenue at the time of receipt, or earlier if the susceptible-to-accrual criteria are met.

Cash Deposits

State of Michigan statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business and having a place of business in the State of Michigan that are also members of a federal or national insurance corporation.

Custodial credit risk is the risk that, in event of a bank failure, the Museum's deposits may not be returned to the Museum. The Museum's policy is to hold checking accounts, savings accounts, and certificates of deposit with insured banks or savings institutions, with a maximum deposit in each separate institution not to exceed the current Federal Deposit Insurance Corporation insurable limit.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Deposits (continued)

As of June 30, 2009 and 2008, the Museum's carrying amount of deposits and bank balances (including certificates of deposit reported as investments), and the bank balances that are not covered by federal depository insurance, are as follows:

	<u>2009</u>	<u>2008</u>
Carrying amount of deposits:		
Cash and cash equivalents	\$ 639,340	\$ 1,626,983
Certificates of deposit included in investments	694,648	223,617
	<u>\$ 1,333,988</u>	<u>\$ 1,850,600</u>
Total bank balances	<u>\$ 1,431,237</u>	<u>\$ 2,020,918</u>
Uninsured and uncollateralized bank balances	<u>\$ 531,269</u>	<u>\$ 1,520,918</u>

Investments

Investments are recorded at fair value, based on quoted market prices.

City of Detroit Donated Facilities

The Museum has an arrangement with the City under which the City provides the Museum with facilities at no charge. This arrangement has not been reflected in the financial statements since the arrangement is not susceptible to objective measurement or valuation.

Contributed Services

A substantial number of volunteers have made significant contributions of their time to develop the Museum's programs, principally in membership development. No amounts have been reflected in these financial statements for volunteer services contributed; however, for the years ended June 30, 2009 and 2008, total contributed volunteer time of 10,996 and 6,503 hours, respectively, was valued at \$222,669 and \$126,932, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Vacation time is accrued as earned. Employees are allowed to carry over a maximum of 80 hours. Any hours not used within a year of being carried over are forfeited.

Capital Assets

Capital assets are recorded at historical cost. The Museum capitalizes all expenditures for building improvements, long-term and permanent exhibits, furniture, and equipment in excess of \$2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from five to 10 years. Expenditures for maintenance and repairs are charged to expense. Renewals or betterments which extend the life or increase the value of the properties are capitalized and depreciated over the remaining useful lives of the related assets.

Collections and Artifacts

In accordance with the provisions of Statement of Governmental Accounting Standards (“SGAS”) No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments,” the Museum does not capitalize donated collections and artifacts or recognize them as revenue. SGAS No. 34 provides that such donations need not be recognized if they are added to collections that: (a) are held for public exhibition, education, or research in furtherance of public service rather than financial gain, (b) are protected, kept unencumbered, cared for, and preserved, and (c) are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. For the years ended June 30, 2009 and 2008, donated collections and artifacts totaled \$23,133 and \$65,570, respectively.

Tax-Exempt Status

The Museum is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation by the Internal Revenue Service.

Advertising

The Museum’s advertising costs are expensed as incurred. Advertising expenses totaled \$449,849 and \$563,012 for the years ended June 30, 2009 and 2008, respectively. Of these amounts, \$177,355 and \$360,277 were received as in-kind donations for the years ended June 30, 2009 and 2008, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the 2008 financial statements to conform to classifications used in 2009.

NOTE B - INVESTMENTS

Investments as of June 30, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Investments held by the Museum or its agent in the Museum's name:		
Money market funds:		
Unrated:		
UBS Money Market Funds	\$ 25,808	\$ 93,549
Certificates of deposit (included in the cash deposit disclosures)	694,648	223,617
U.S. Treasury notes:		
Maturities between one and five years	239,855	214,978
Maturities between five and 10 years	105,783	109,856
U.S. Treasury bonds:		
Maturities between five and 10 years	24,413	51,696
Maturities greater than 10 years	77,768	96,350
446 shares of common stock from Gannett Company, Inc., received on June 2, 1987 (value at date of donation was \$8,530)	1,592	9,665
Other common stocks	300,807	271,923
Cash surrender value of life insurance policy	100,440	73,124
	<u>\$ 1,571,114</u>	<u>\$ 1,144,758</u>

State of Michigan statutes authorize the Museum to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase, bankers acceptances and certificates of deposit issued or created by any state or national bank insured with the applicable federal agency, investment pools authorized by the Surplus Funds Investment Act, and mutual funds composed entirely of the above investments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE B - INVESTMENTS (CONTINUED)

The Museum's investment policy does not further limit its investment options. The Museum's investment policy does not limit its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Museum will not be able to recover the value of its investments that are in the possession of an outside party. The Museum has a limit on the amount that may be invested in any one investment. Investments that represent five percent or more of the Museum's total investments are identified in the above schedule.

NOTE C - COLLECTIONS AND ARTIFACTS

The Museum has collections and artifacts that were donated to the Museum by various parties. These items are on display and are used by researchers, historians, and others who are interested in studying the history of the people of African descent. The Museum employs a curator to ensure that the collections and artifacts are protected and preserved. It is the policy of the Museum, in accordance with standards established by the American Association of Museums' Board of Ethics, that proceeds from the sale of any such items are to be used to purchase additional such items.

The Museum has purchased approximately \$1.156 million of collections and artifacts since its inception. These items have been recorded as expenditures in the accompanying financial statements.

NOTE D - PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Amounts due in:		
Less than one year	\$ 80,000	\$ 250,000
One to five years	-0-	80,000
	<u>\$ 80,000</u>	<u>\$ 330,000</u>

Changes in the pledges receivable balance during the years ended include pledges paid off early, interest recognized for the year, and changes in pledge due dates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE D - PLEDGES RECEIVABLE (CONTINUED)

For purposes of the fund financial statements, pledges receivable are recorded on the modified accrual basis of accounting. Therefore, the governmental funds balance sheets present a deferred revenue balance for the net amount of pledges receivable that are not susceptible to accrual (both measurable and available within 60 days). These pledges will be recorded in the fund financial statements as revenue in future years as payments are received.

For purposes of the government-wide financial statements, pledges receivable are recorded on the accrual basis of accounting. Therefore, the statements of activities present revenue for the net amount of pledges receivable in the period the unconditional promises to give are obtained.

NOTE E - CAPITAL ASSETS

Nondepreciable capital asset activity for the years ended June 30, 2009 and 2008 is as follows:

	<u>Construction in Progress</u>
Balance, July 1, 2007	\$ -0-
Acquisitions	<u>39,490</u>
Balance, June 30, 2008	39,490
Acquisitions	<u>15,338</u>
Balance, June 30, 2009	<u>\$ 54,828</u>

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE E - CAPITAL ASSETS (CONTINUED)

Depreciable capital asset activity for the years ended June 30, 2009 and 2008 is as follows:

	<u>Building Improvements</u>	<u>Exhibits</u>	<u>Furniture and Equipment</u>	<u>Total</u>
Cost:				
Balance, July 1, 2007	\$ 895,841	\$ 12,638,250	\$ 1,590,140	\$ 15,124,231
Acquisitions	188,665		79,241	267,906
Balance, June 30, 2008	1,084,506	12,638,250	1,669,381	15,392,137
Acquisitions	419,379		170,667	590,046
Balance, June 30, 2009	\$ 1,503,885	\$ 12,638,250	\$ 1,840,048	\$ 15,982,183
Accumulated Depreciation:				
Balance, July 1, 2007	\$ 530,347	\$ 9,197,193	\$ 1,279,594	\$ 11,007,134
Depreciation expense	71,799	1,427,391	119,235	1,618,425
Balance, June 30, 2008	602,146	10,624,584	1,398,829	12,625,559
Depreciation expense	73,839	1,205,575	97,451	1,376,865
Balance, June 30, 2009	\$ 675,985	\$ 11,830,159	\$ 1,496,280	\$ 14,002,424
Net Depreciable Capital Assets:				
Balance, June 30, 2008	\$ 482,360	\$ 2,013,666	\$ 270,552	\$ 2,766,578
Balance, June 30, 2009	\$ 827,900	\$ 808,091	\$ 343,768	\$ 1,979,759

NOTE F - LINE OF CREDIT

As of June 30, 2009, the Museum had a line of credit arrangement with a bank for \$150,000, requiring interest at 1.5 percent over the prime rate per annum. The prime rate as of June 30, 2009 was 3.25 percent. The Museum is required to maintain an average collected balance of \$50,000, which is monitored on a quarterly basis by the bank. The Museum received a waiver for noncompliance with this requirement for the first month of the loan from the bank on October 16, 2009 and is currently in compliance as required.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE F - LINE OF CREDIT (CONTINUED)

Activity under the line of credit for the years ended June 30, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ -0-	\$ -0-
Additions	100,000	-0-
Less: Repayments	<u>(100,000)</u>	<u>-0-</u>
Balance, End of Year	<u>\$ -0-</u>	<u>\$ -0-</u>

NOTE G – CONTRACT WITH THE CITY OF DETROIT

The Museum entered into its most recent contract with the City on October 19, 1999, under which the City is to provide the Museum with operating funds. This contract is for 10 years, with an automatic 10-year renewal unless a notice to terminate is requested by either party. Neither party has provided any notice to terminate the contract as of October 19, 2009. Under the terms of the contract, all personal property acquired before and/or during the life of the contract becomes the property of the City. Funding under the contract totaled \$2.45 million and \$1.95 million for the years ended June 30, 2009 and 2008, respectively. The amount of funding for future years under the contract will be negotiated annually.

NOTE H - CONDITIONAL PROMISES TO RECEIVE

The Museum has obtained conditional promises to receive from private contributors totaling \$256,665 through June 30, 2009. These contributions are contingent upon annual approval by the funding sources. These conditional promises to receive will be recognized as the conditions are substantially met.

NOTE I - PERMANENT CHARITABLE ENDOWMENT FUND

The Museum established the Museum of African American History Endowment Fund (the "Endowment Fund") as a component fund of the Community Foundation for Southeast Michigan (the "Foundation"). The Endowment Fund is an asset of the Foundation. The Foundation transfers earnings on the Endowment Fund to the Museum periodically in the form of grants so long as the Museum continues to meet its tax-exempt purpose. Grants paid to the Museum from the Foundation for the years ended June 30, 2009 and 2008 totaled \$94,873 and \$93,188, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE I - PERMANENT CHARITABLE ENDOWMENT FUND (CONTINUED)

Since the Endowment Fund has been funded entirely by contributions from outside donors, these funds are not recorded on the financial statements of the Museum. The fair value of the Endowment Fund as of June 30, 2009 and 2008 is \$1,891,684 and \$2,426,360, respectively.

The Museum's policy is to spend assets from the Endowment Fund as they are distributed by the Foundation. The Foundation invests the assets of the Endowment Fund as part of a pooled endowment with similar funds held on behalf of other tax-exempt organizations. The assets of the Foundation's pooled endowment are invested in a manner intended to maximize investment returns over a diversified portfolio in order to achieve a moderate level of investment risk.

NOTE J - LEASES

The Museum leases various office equipment under operating lease agreements that expire through 2012. Future minimum payments due under these leases are as follows:

For the Years Ending June 30:	
2010	\$ 32,210
2011	21,210
2012	<u>7,283</u>
Total Minimum Lease Payments	<u>\$ 60,703</u>

Total rental expense under these lease agreements for the years ended June 30, 2009 and 2008 was \$46,380 and \$59,110, respectively.

NOTE K – RECONCILIATIONS OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET ASSETS

On the fund financial statements, the fund balance reserved for designated activities includes amounts that have temporarily restricted for use in specific activities, as well as unrestricted funds that have been designated by the Board of Trustees for specific activities. For purposes of the government-wide financial statements, unrestricted funds that have been designated by the Board of Trustees are included in unrestricted net assets rather than net assets restricted for other activities.

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE K – RECONCILIATIONS OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET ASSETS (CONTINUED)

The following are reconciliations of the unreserved fund balance and the fund balance reserved for designated activities on the fund financial statements to unrestricted net assets and net assets restricted for other activities on the government-wide financial statements as of June 30, 2009 and 2008:

	2009		2008	
	Unreserved Fund Balance/ Unrestricted Net Assets	Fund Balance Reserved for Designated Activities/ Net Assets Restricted for Other Activities	Unreserved Fund Balance/ Unrestricted Net Assets	Fund Balance Reserved for Designated Activities/ Net Assets Restricted for Other Activities
Fund balances, governmental funds	\$ 210,885	\$ 393,652	\$ 500,099	\$ 307,857
Fund balances designated by the Board of Trustees for specific activities but that are not restricted by donors	272,153	(272,153)	240,772	(240,772)
Pledges receivable due in more than 60 days that are reported as deferred revenue (see page 19)	80,000	-0-	250,000	-0-
Net Assets, Governmental Activities	\$ 563,038	\$ 121,499	\$ 990,871	\$ 67,085

NOTE L - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State of Michigan (“State”) law for the operating fund. All annual appropriations lapse at the end of the fiscal year.

Expenditures in excess of amounts budgeted are a violation of State law. State law permits governmental entities to amend their budgets during the year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE L - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

During the year ended June 30, 2009, the Museum incurred expenditures in excess of the amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Contractual and professional services	\$ 792,370	\$ 841,523	\$ (49,153)
Facility operations and maintenance	1,118,934	1,148,969	(30,035)
Interest expense	-0-	3	(3)
Other current expenditures	123,351	124,013	(662)

In addition, the Museum did not budget in-kind contributions or expenditures during the year ended June 30, 2009. Total in-kind contributions, as well as total in-kind expenditures, were \$244,162 for the year ended June 30, 2009. These transactions did not involve any cash.

NOTE M - CAPITAL EXPANSION BOND ISSUES

On November 8, 2001, the general electorate approved a Capital Expansion Bond Issue for \$20 million, of which \$4 million was designated to the Museum. In May 2003, the general electorate approved another Capital Expansion Bond Issue for \$6 million. These funds are to be used primarily for capital purchases, including exhibit construction, equipment, and other major building maintenance expenses. As of June 30, 2009, approximately \$1.82 million in bonds remain available for the Museum's use. The dollars will be authorized by the City over time. The Museum received approximately \$60,000 from this authorization during the year ended June 30, 2009. Because no schedule of payments has been established and the payments are at the discretion of the City, revenue will be recognized when received.

NOTE N - RISK MANAGEMENT

Given the normal activities of the Museum and the relatively low rate of claims and lawsuits experienced in the Museum's past history, the risk involved in Museum operations is minimal and, in management's opinion, is sufficiently covered by its insurance policies.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE O - NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued SGAS No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." SGAS No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a governmental entity is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In addition, SGAS No. 54 clarifies the definitions of various types of funds and provides guidance for classifying and disclosing stabilization amounts. SGAS No. 54 applies to the Museum's financial statements for the year ending June 30, 2011. The Museum has not determined the impact, if any, on its financial statements of implementing SGAS No. 54.

REQUIRED SUPPLEMENTARY INFORMATION

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

SCHEDULES OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL - OPERATING FUND (UNAUDITED)

For the Years Ended June 30, 2009 and 2008

	2009			2008				
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
Revenue:								
Grants	\$ 2,043,994	\$ 2,540,386	\$ 2,534,686	\$ (5,700)	\$ 2,008,000	\$ 1,950,024	\$ 1,954,431	\$ 4,407
Contributions	1,875,600	1,143,754	1,195,208	51,454	1,716,700	1,731,222	2,144,412	413,190
In-kind contributions			244,162	244,162			432,389	432,389
Facility rental and catering	479,687	501,810	455,354	(46,456)	540,000	415,054	423,270	8,216
Exhibit admissions	350,921	356,859	352,749	(4,110)	350,100	327,853	347,756	19,903
Museum store	195,000	200,814	171,135	(29,679)	126,000	191,148	201,673	10,525
Memberships	395,250	302,323	268,521	(33,802)	402,050	325,991	313,477	(12,514)
Special events and other revenue	368,060	319,609	292,753	(26,856)	345,623	335,206	293,204	(42,002)
Unrealized gain (loss) on investments			(8,073)	(8,073)		23,587	10,071	(13,516)
Total Revenue	5,708,512	5,365,555	5,506,495	140,940	5,488,473	5,300,085	6,120,683	820,598
Expenditures:								
Current:								
Salaries, wages, and employee benefits	2,915,193	2,749,710	2,729,821	19,889	2,957,810	2,801,353	2,798,949	2,404
Contractual and professional services	517,256	792,370	841,523	(49,153)	520,418	702,667	711,937	(9,270)
Facility operations and maintenance	1,220,801	1,118,934	1,148,969	(30,035)	1,208,030	1,165,261	1,193,228	(27,967)
Office expenses	363,294	352,670	332,759	19,911	359,193	281,142	299,496	(18,354)
Cost of goods sold	117,400	145,835	137,992	7,843	119,394	152,067	169,289	(17,222)
Educational programs and exhibits:								
In-kind			244,162	(244,162)			432,389	(432,389)
Other	582,137	599,670	517,057	82,613	646,911	646,700	682,438	(35,738)
Purchases of artifacts		120		120		1,965		1,965
Interest expense			3	(3)				-0-
Other current expenditures	113,888	123,351	124,013	(662)	83,901	150,025	147,068	2,957
Total Expenditures	5,829,969	5,882,660	6,076,299	(193,639)	5,895,657	5,901,180	6,434,794	(533,614)

See note to schedules of revenue and expenditures - budget and actual (operating fund).

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

SCHEDULES OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL - OPERATING FUND (UNAUDITED) (CONTINUED)

For the Years Ended June 30, 2009 and 2008

	2009		2008		Positive (Negative) Variance with Final Budget	Positive (Negative) Variance with Final Budget	
	Original Budget	Final Budget	Actual	Original Budget			Final Budget
Excess (Deficiency) of Revenue over Expenditures	\$ (121,457)	\$ (517,105)	\$ (569,804)	\$ (407,184)	\$ (601,095)	\$ (314,111)	\$ 286,984
Other Financing Sources: Interfund transfers			280,590	586,976	632,836	453,143	(179,693)
Net Increase (Decrease) in Fund Balance	\$ (121,457)	\$ (517,105)	\$ (289,214)	\$ 179,792	\$ 31,741	\$ 139,032	\$ 107,291

See note to schedules of revenue and expenditures - budget and actual (operating fund).

CHARLES H. WRIGHT MUSEUM OF AFRICAN AMERICAN HISTORY

**NOTE TO SCHEDULES OF REVENUE AND EXPENDITURES -
BUDGET AND ACTUAL - OPERATING FUND (UNAUDITED)**

For the Years Ended June 30, 2009 and 2008

NOTE A - BUDGETS AND BUDGETARY ACCOUNTING

The Charles H. Wright Museum of African American History (the "Museum") establishes a budget that is reflected in the financial statements for the operating fund. The budget is presented on the modified accrual basis of accounting.

The original budgeted amounts are as presented to the Museum's Finance Committee and approved by the Museum's Board of Trustees. On a quarterly basis, management prepares forecasts of revenue and expenditures to reflect changes to the schedule of programs and exhibitions, as well as trends in earnings and contributions. These forecasts are the basis of pro forma financial reports and are presented regularly to the Finance Committee for review as a part of its operating oversight. Proposed modifications to the budget are approved by the full Board of Trustees. Line item appropriations are authorized by the Museum's management. Unexpended appropriations lapse at the end of the fiscal year.