Detroit Institute of Arts

Financial Report

June 30, 2021

Contents

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Independent Auditor's Report

To the Board of Directors
Detroit Institute of Arts

We have audited the accompanying financial statements of Detroit Institute of Arts, which comprise the statement of financial position as of June 30, 2021 and 2020 and the related statements of activities and changes in net assets, 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.

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As explained in Note 10, the financial statements include certain investments whose fair values have been estimated based on information provided by fund managers or the partnership general partners. The investments are valued at $196,143,662 (36.92 percent of net assets) at June 30, 2021. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

October 21, 2021

Statement of Financial Position

June 30, 2021 and 2020

		2021		2020
Assets				
Current Assets				
Cash and short-term investments	$	38,817,824	$	30,683,092
Restricted cash		1,816,021		2,965,786
Receivables - Net:				
Accounts		2,156,342		2,742,351
Pledges - Current (Note 4)		3,596,427		4,809,665
Grand Bargain pledges - Current (Note 5)		1,984,100		2,496,800
Inventories		522,134		605,512
Prepaid expenses		635,616		652,557
Total current assets		49,528,464		44,955,763
Investments (Note 10)		439,471,377		319,196,212
Long-term Receivables				
Pledges - Less current portion (Note 4)		12,675,011		16,043,141
Grand Bargain pledges - Less current portion (Note 5)		18,907,812		21,119,039
Pension Asset (Note 14)		3,238,388		2,064,437
Fixed Assets - Net (Note 11)		23,235,266		23,780,785
Total assets	**$**	**547,056,318**	**$**	**427,159,377**
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	$	1,169,146	$	775,226
Deferred revenue		187,627		201,207
Accrued payroll and other employee benefits		2,920,456		2,512,205
Current portion of long-term debt:				
Due to Foundation for Detroit's Future (Note 12)		375,000		375,000
Paycheck Protection Program loan (Note 13)		3,965,625		1,502,650
Total current liabilities		8,617,854		5,366,288
Due to Foundation for Detroit's Future - Less current portion (Note 12)		3,613,110		3,861,029
Paycheck Protection Program Loan - Less current portion (Note 13)		-		2,462,975
Postretirement Health Care Obligation (Note 14)		3,551,629		3,600,584
Total liabilities		15,782,593		15,290,876
Net Assets				
Without donor restrictions:				
Undesignated		17,163,437		15,855,091
Board designated (Note 17)		303,956,374		215,731,653
With donor restrictions (Notes 9 and 17)		210,153,914		180,281,757
Total net assets		531,273,725		411,868,501
Total liabilities and net assets	**$**	**547,056,318**	**$**	**427,159,377**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2021 and 2020

	2021 Without Donor Restrictions	2021 With Donor Restrictions	2021 Total	2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total
Revenue, Gains, and Other Support						
Tricounty support (Note 3)	$ 29,521,408	$ -	$ 29,521,408	$ 34,592,599	$ -	$ 34,592,599
Membership and development	10,355,234	4,521,357	14,876,591	9,414,345	17,529,110	26,943,455
Program and operational activities	1,958,154	2,700	1,960,854	3,612,168	71,014	3,683,182
Investment income - Net (Note 6)	79,553,390	13,885,736	93,439,126	6,721,443	1,255,789	7,977,232
Net assets released from restrictions	2,439,827	(2,439,827)	-	6,749,714	(6,749,714)	-
Total revenue, gains, and other support	123,828,013	15,969,966	139,797,979	61,090,269	12,106,199	73,196,468
Operating Expenses						
Program and operational activities	24,914,384	-	24,914,384	26,623,836	-	26,623,836
Membership and development	3,506,374	-	3,506,374	4,077,508	-	4,077,508
Support services	7,278,287	-	7,278,287	8,797,066	-	8,797,066
Total operating expenses	35,699,045	-	35,699,045	39,498,410	-	39,498,410
Changes in Net Assets from Operations	88,128,968	15,969,966	104,098,934	21,591,859	12,106,199	33,698,058
Other Changes in Net Assets						
Contributions received for art acquisitions	-	1,800,934	1,800,934	-	1,606,058	1,606,058
Investment return earmarked for art acquisitions (Note 6)	271,893	14,081,286	14,353,179	(21,315)	1,171,690	1,150,375
Purchases of works of art	(2,121,571)	-	(2,121,571)	(4,278,606)	-	(4,278,606)
Proceeds from the sale of deaccessioned art	-	117,542	117,542	-	-	-
Net assets released from restrictions to fund art acquisitions	2,097,571	(2,097,571)	-	4,256,606	(4,256,606)	-
Change in pension plan obligation (Note 14)	1,154,529	-	1,154,529	1,873,695	-	1,873,695
Change in postretirement health care obligation (Note 14)	1,677	-	1,677	(425,088)	-	(425,088)
Total other changes in net assets	1,404,099	13,902,191	15,306,290	1,405,292	(1,478,858)	(73,566)
Total Changes in Net Assets	89,533,067	29,872,157	119,405,224	22,997,151	10,627,341	33,624,492
Net Assets - Beginning of year	231,586,744	180,281,757	411,868,501	208,589,593	169,654,416	378,244,009
Net Assets - End of year	**$ 321,119,811**	**$ 210,153,914**	**$ 531,273,725**	**$ 231,586,744**	**$ 180,281,757**	**$ 411,868,501**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2021

	Program and Operational Activities	Membership and Development	Support Services	Total
Salaries and benefits	$ 15,336,288	$ 2,576,490	$ 3,121,191	$ 21,033,969
Building operations and utilities	3,219,968	59,475	76,549	3,355,992
Contract services	2,308,643	66,763	1,731,651	4,107,057
Office and technology	1,182,030	264,136	610,042	2,056,208
Advertising and promotion	285	-	404,200	404,485
Auxiliary events, travel, and hospitality	77,127	32,262	31,669	141,058
Depreciation	929,547	762	125,318	1,055,627
Cost of sales	507,864	-	-	507,864
Insurance	468,608	-	128,136	596,744
Bus subsidies for schools and seniors	274,713	-	-	274,713
Art packing, transportation, and other	264,027	-	-	264,027
Other	345,284	506,486	1,049,531	1,901,301
Total functional expenses	**$ 24,914,384**	**$ 3,506,374**	**$ 7,278,287**	**$ 35,699,045**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2020

	Program and Operational Activities	Membership and Development	Support Services	Total
Salaries and benefits	$ 16,302,291	$ 2,512,923	$ 3,000,859	$ 21,816,073
Building operations and utilities	3,346,729	186,423	231,004	3,764,156
Contract services	1,862,143	337,897	1,250,576	3,450,616
Office and technology	1,228,047	297,478	948,735	2,474,260
Advertising and promotion	4,575	16,721	1,987,677	2,008,973
Auxiliary events, travel, and hospitality	551,801	273,408	138,068	963,277
Depreciation	891,726	762	136,403	1,028,891
Cost of sales	641,264	-	-	641,264
Insurance	539,189	-	117,505	656,694
Bus subsidies for schools and seniors	490,176	-	-	490,176
Art packing, transportation, and other	279,256	-	-	279,256
Other	486,639	451,896	986,239	1,924,774
Total expenses	**$ 26,623,836**	**$ 4,077,508**	**$ 8,797,066**	**$ 39,498,410**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	$ 119,405,224	$ 33,624,492
Adjustments to reconcile change in net assets to net cash, short-term investments, and restricted cash from operating activities:		
Depreciation	1,055,627	1,028,891
Amortization on Grand Bargain obligation	127,081	134,301
Amortization on pledge discounts	(925,594)	(1,813,342)
Net realized and unrealized gains on long-term investments	(108,925,022)	(6,186,582)
Contributions restricted for long-term purposes	(5,669,586)	(14,772,684)
Net periodic benefit cost pension and postretirement medical benefits and related settlements	(234,085)	97,353
Change in pension obligation	(1,132,429)	(2,192,339)
Change in postretirement health care obligation	190,886	627,828
Acquisitions of art	2,121,571	4,278,606
Changes in operating assets and liabilities that provided (used) cash, short-term investments, and restricted cash:		
Accounts and pledges receivable	3,704,130	4,396,108
Inventories	83,378	(204,590)
Prepaid expenses	16,941	(90,062)
Accounts payable and accrued expenses	393,920	(1,648,249)
Deferred revenue	(13,580)	(12,000,089)
Accrued payroll and other employee benefits	408,251	(14,714)
Pension asset	-	(14,000)
Unfunded postretirement health care obligation	(47,278)	(68,061)
Net cash, short-term investments, and restricted cash provided by operating activities	10,559,435	5,182,867
Cash Flows from Investing Activities		
Purchase of fixed assets	(510,106)	(606,851)
Acquisition of art objects	(2,121,571)	(4,278,606)
Purchase of investments	(249,209,391)	(136,856,828)
Proceeds from sale of investments	237,859,247	128,331,550
Net cash, short-term investments, and restricted cash used in investing activities	(13,981,821)	(13,410,735)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for long-term purposes	7,444,753	9,799,375
Payments to Foundation for Detroit's Future	(375,000)	(375,000)
Payments received on Grand Bargain pledges receivable	3,337,600	2,813,700
Proceeds from Paycheck Protection Program (PPP) loan	-	3,965,625
Net cash, short-term investments, and restricted cash provided by financing activities	10,407,353	16,203,700
Net Increase in Cash, Short-term Investments, and Restricted Cash	6,984,967	7,975,832
Cash, Short-term Investments, and Restricted Cash - Beginning of year	33,648,878	25,673,046
Cash, Short-term Investments, and Restricted Cash - End of year	**$ 40,633,845**	**$ 33,648,878**
Statement of Financial Position Classification of Cash, Short-term Investments, and Restricted Cash		
Cash and short-term investments	$ 38,817,824	$ 30,683,092
Cash for restricted purposes	1,816,021	2,965,786
Total cash, short-term investments, and restricted cash	**$ 40,633,845**	**$ 33,648,878**

See notes to financial statements.

Note 1 - Nature of Business

Detroit Institute of Arts (the "DIA" or the "Museum") is a not-for-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and classified as a publicly supported organization under IRC Sections 509(a)(1) and 170(b)(1)(A)(vi). The DIA's purpose is to:

- Serve the public through the collection, conservation, exhibition, and interpretation of art from a broad range of cultures and to expand understanding of these diverse visual forms of creative expression for the enjoyment and appreciation of the widest possible array of audiences.
- Solicit, receive, and administer funds, works of art, and other property.
- Engage in other activities not prohibited by the laws of the State of Michigan (the "State") in accordance with all powers under the provisions of the Nonprofit Corporation Act (Act 162 of the Public Acts of 1982).

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Museum have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Cash and Short-term Investments

Cash and short-term investments consist of cash and money market funds, excluding amounts held temporarily in the long-term investment portfolio.

Accounts Receivable

Receivables include amounts due from other museums for costs associated with the loan of works of art, such as crating and shipping, and amounts due from agencies for grants awarded and funds to be provided as reimbursement for expenses incurred.

Pledges Receivable

Pledges are unconditional promises to give and are recognized as membership and development revenue discounted to their present value at the end of each reporting period.

The reserve for doubtful accounts is based upon past history and a review of current balances. Pledges receivable are charged off when it is determined that amounts will not be collected. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of sales is recorded using average cost.

Prepaid Expenses

Prepaid expenses include expenditures for insurance, maintenance contracts, and expenditures made in connection with the development of future programs. The expense is recorded in the period applicable to the related costs.

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments are recorded at fair market value, as described in Note 10. The estimated fair market value of certain alternative investments is provided by external investment managers. Management reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and significant assumptions used in determining fair value of the nonmarketable alternative investments. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for these securities existed.

Fixed Assets

Fixed assets are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the gift. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as unrestricted support and are excluded from the excess of revenue over expenses unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets must be maintained; expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

	Depreciable Life - Years
Buildings and improvements	10-40
Parking facilities	20
Furniture and equipment	5-7
Software	3

Deferred Revenue

The DIA receives moneys for which goods or services will be provided in future periods. Such receipts include payments for gift cards and deposits for future events. Revenue is recorded in the period in which the goods or services are provided.

Classification of Net Assets

Net assets of the DIA are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled by the DIA. Under this category are three subcategories of net assets without donor restrictions: (1) undesignated; (2) board designated, where the entire balance can be spent for operating purposes, as directed by the board of directors of the DIA (the "Board"); and (3) board-designated endowment, where only the income, not the principal, is spent for operating purposes, as directed by the Board.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the DIA or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Earnings on endowment assets are classified as net assets with donor restrictions until such time as the related donor restrictions have been met, if applicable, and the funds have been appropriated for expenditure by the governing board. Types of restrictions include art acquisitions, programs for learning and audience engagement, curatorial and conservation, and operations.

Note 2 - Significant Accounting Policies (Continued)

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Revenue from Contracts with Customers

The Museum recognized revenue from contracts with customers totaling $1,960,854 and $3,683,182 during the years ended June 30, 2021 and 2020, respectively, as noted in Note 8. Receivables from contracts with customers were $104,649 and $23,326 as of June 30, 2021 and 2020, respectively.

Revenue from contracts with customers arises from food service, gift shop sales, admissions, and special event ticket sales. The Museum’s performance obligations primarily include transfer of control of goods and providing access to the Museum. The Museum typically satisfies its performance obligations at the point of sale for goods and ticket sales. The Museum's contract revenue is typically recognized at a point in time when the sale takes place. Under typical payment terms, payment is due upon point of sale for retail purchases and admission to the Museum.

In some situations, the Museum bills customers and collects cash prior to the satisfaction of the performance obligation, which results in the Museum recognizing contract liabilities. These contract liabilities are reflected within deferred revenue in the accompanying statement of financial position. Revenue recognized during the year ended June 30, 2020 totaling $201,207 was included in contract liabilities. The balance of deferred revenue at July 1, 2019 was $392,107.

Contributions

Contributions, including cash and in-kind contributions, without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as contributions without donor restrictions. For unconditional promises to give, revenue is recorded as membership and development revenue in the year such promises are made. Membership dues are considered contribution revenue and are recorded when received. See Note 3 for the millage revenue accounting policy.

Contributed Goods and Services

Contributed goods and services are recorded as revenue and expenditures in the period of receipt at fair value.

Museum Collections

In conformity with allowable museum financial statement presentation practice, the value of the art collection is excluded from the statement of financial position, and, as such, purchases for the collection are recorded as expenditures for the acquisition of art objects on the statement of activities and changes in net assets in the year in which the objects are acquired.

Such art is accessioned to the permanent collection of the Museum upon approval of the Board. The works of art are held in charitable trust for educational, research, and curatorial purposes. Each of the items is catalogued, preserved, and cared for, and activities verifying their existence and assessing their condition are performed annually. Sales of works of art are subject to a policy that requires proceeds from their sales be used to acquire other items for the collection. Contributed works of art are not reflected in the financial statements. The donor-stated value of contributed works of art totaled approximately $2.8 million and $4.6 million (unaudited) for the years ended June 30, 2021 and 2020, respectively.

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing the program, fundraising, and management services have been reported on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Salary and wage expense is directly identified based on time incurred. Occupancy is allocated on the basis of square footage for the appropriate area of usage. Depreciation and amortization are allocated on the basis of the program or support service that uses the fixed asset. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Other Changes in Net Assets

Operating revenue and expenses are those directly related to the purpose and primary mission of the Museum. As a result, other activity, including artwork transactions and pension and postretirement obligations, is reported as nonoperating revenue and expenses.

The Grand Bargain

On December 10, 2014, the DIA entered into various agreements to effectuate what is commonly referred to as the Grand Bargain Agreement (the "Grand Bargain"). As a result of the Grand Bargain, the City of Detroit, Michigan (the "City") conveyed all of its rights, title, and interest in the Museum and the Museum’s assets (defined as the Museum's art collection, operating assets, buildings, parking lots and structures, and any other assets that are used primarily in operating or servicing the Museum) free and clear of all security interests, liens, encumbrances, claims, and interest of the City and its creditors to the DIA in exchange for fair value consideration. Under the Grand Bargain, the City received (1) the settlement of any dispute regarding the ownership of the Museum and the Museum’s assets, (2) $816 million in funding for the payment of pension claims, and (3) the commitment of the DIA to hold the Museum’s assets in perpetual charitable trust and to operate the Museum primarily for the benefit of the residents of the City, the tricounties, and the State of Michigan.

The $816 million in funding for the Grand Bargain was committed from the following sources:

- $100 million from the DIA and its direct funders, indirect funders, and special foundation funders to be paid to the City through the Foundation for Detroit’s Future (FDF)
- $366 million from third-party foundation funders, to be paid to the City through FDF
- $350 million from the State of Michigan, paid directly to the City

The Grand Bargain included an option for the funders to retire their portion of the obligation early at a discount of 6.75 percent. See Note 12 for more information on the Museum’s obligation to FDF. See Note 5 for more information about pledges receivable from donors related to the Grand Bargain.

Note 2 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

As of July 1, 2020, the DIA adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* which superseded the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new standard resulted in increased disclosures for the financial statements but had no impact on the timing of revenue recognition for contracts with customers.

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the DIA's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. Upon adoption, the Museum will recognize a lease liability and corresponding right-of-use asset based on the present value of the minimum lease payments, which will be an immaterial amount. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 21, 2021, which is the date the financial statements were available to be issued.

Note 3 - Relationship with the Tricounties

The counties of Macomb, Oakland, and Wayne, Michigan established Art Institute Authorities (the "Authorities") pursuant to the Public Act 296 of 2010, which allows for the continuing support of art institute services for the students, residents, and visitors of these counties. The Authorities entered into separate service agreements with the DIA, which provide for the continued provision of art institute services to the residents of the respective counties upon receipt of tax moneys levied by the respective Authorities.

In August 2012, the voters of the respective counties approved the levies of the tax on real and personal property for a period of 10 years. The millage rate approved was 0.2 mills (20 cents per $1,000 of taxable value). In March 2020, the millage was renewed for another 10 years through 2032 at the previously approved rate of 0.2 mills. The DIA recognizes revenue when millage proceeds are received from the counties.

All agreements are based on providing services over a calendar year. Proceeds from the millage are forwarded to the DIA as received by the counties. For the years ended June 30, 2021 and 2020, the DIA has recognized approximately $29.5 million and $34.6 million, respectively, in tricounty support. In 2020, tricounty support revenue was impacted by a required accounting standard change. An additional $9.7 million in revenue was recognized in 2020 as a result of this accounting change.

Note 4 - Pledges Receivable

Pledges receivable at June 30 are as follows:

	2021	2020
Gross promises to give	$ 17,746,820	$ 23,077,609
Less allowance for uncollectible pledges	(992,000)	(1,429,500)
Present value adjustment (0.31 - 3.13 percent)	(483,382)	(795,303)
Net pledges receivable	$ 16,271,438	$ 20,852,806
Amounts due in:		
Less than one year	$ 3,596,427	$ 4,809,665
One to five years	9,048,633	12,964,876
More than five years	5,101,760	5,303,068
Total	$ 17,746,820	$ 23,077,609

In addition, the DIA has obtained, but not recognized, approximately $0.5 million and $0.9 million in pledges at June 30, 2021 and 2020, respectively, which depend on the occurrence of specified future and uncertain events to bind the donor. These pledges will be recognized as the conditions are met.

Note 5 - Grand Bargain Pledges

The DIA's board of directors passed a resolution in the year ended June 30, 2016 to extinguish the Grand Bargain obligation by electing to prepay a majority of the balance in lieu of paying over 20 years. This resolution released the remaining pledges from donor restriction, as the donor-restricted purpose of paying the obligation has been met. Subsequent to the payoff, the Board passed a resolution to allocate the remaining Grand Bargain pledges to the board-designated endowment.

Grand bargain pledges receivable at June 30 are as follows:

	2021	2020
Gross promises to give	$ 24,751,400	$ 28,089,000
Less allowance for uncollectible pledges	(248,000)	(281,000)
Present value adjustment (1.12 - 3.07 percent)	(3,611,488)	(4,192,161)
Total	$ 20,891,912	$ 23,615,839
Amounts due in:		
Less than one year	$ 1,984,100	$ 2,496,800
One to five years	10,618,550	11,787,200
More than five years	12,148,750	13,805,000
Total	$ 24,751,400	$ 28,089,000

Note 6 - Investment Income

The DIA generally invests operating cash in excess of daily requirements and board-designated and donor-restricted funds in investments with maturities of 60 months or less. Endowment funds, whether held in perpetuity by donor restriction or by board designation, are invested for the long term on a pooled concept.

Investment income is composed of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Interest and dividends	$ 1,651,451	$ 5,645,355
Net realized and unrealized gains	108,925,022	6,108,206
Investment management fees	(2,784,168)	(2,625,954)
Total	$ 107,792,305	$ 9,127,607

Note 7 - Beneficial Interests

The DIA is the recipient of substantial gifts from the investment of the Robert H. Tannahill Trust (the "Tannahill Trust"). The Robert H. Tannahill Foundation Committee is instructed to allocate 50 percent of its annual income to the DIA for the acquisition of art objects in certain specified categories. The market value of one-half of the Tannahill Trust principal at June 30, 2021 and 2020 was approximately $31.0 million and $25.4 million, respectively. The beneficial interest in the trust has not been recorded on the Museum’s statement of financial position because the trustees had the power to change the beneficiaries. In 2016, the Tannahill Trust transferred 100 percent of the trust principal to the Community Foundation for Southeast Michigan (CFSEM) to hold and manage the fund. The fund is subject to variance power maintained by CFSEM. The fund is invested as a component fund of CFSEM. Income earned is available to be distributed to the DIA at the discretion of CFSEM. Earnings distributions totaled $1,500,000 in 2021 and 2020 and are recorded on the statement of activities and changes in net assets under other changes in net assets as investment return on funds earmarked for art acquisitions. The cash received from the Tannahill Trust is included in restricted cash on the statement of financial position.

The DIA is an income beneficiary of an endowment fund (the "Fund") held and managed by CFSEM for funds donated by outside donors for the benefit of the Museum. The total market value of the Fund at June 30, 2021 and 2020 was approximately $22.4 million and $17.2 million, respectively. The beneficial interest in these funds has not been recorded on the Museum’s statement of financial position because CFSEM maintains variance power over the funds. New gifts to the Fund are largely attributable to the DIA’s participation in CFSEM fundraising initiatives. The Fund is invested as a component fund of CFSEM. Income earned is available to be distributed to the DIA at the discretion of CFSEM. Starting on July 1, 2013, the DIA requested and CFSEM approved the suspension of the payout from the Fund for operating purposes. This measure was taken to help build the endowment fund. Earnings distributions to the DIA for specific operating programs are $150,200 and $129,706 for the years ended June 30, 2021 and 2020, respectively.

In addition, certain funds donated by outside donors for the benefit of the DIA are held and managed by the Ann Arbor Area Community Foundation (AAACF). The fair market value of these funds was approximately $405,000 and $310,000 at June 30, 2021 and 2020, respectively. The beneficial interest in these funds has not been recorded on the Museum’s statement of financial position because AAACF maintains variance power over the funds. Earnings are available for distribution to the DIA for operations at the discretion of AAACF. Earnings distributions to the DIA operations were $13,545 and $13,328 for the years ended June 30, 2021 and 2020, respectively.

Note 8 - Revenue from Contracts with Customers

The composition of revenue from contracts with customers by revenue stream for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Retail sales	$ 1,688,458	$ 2,458,699
Museum admission and ticket sales	272,396	1,224,483
Total	$ 1,960,854	$ 3,683,182

Note 9 - Donor-restricted and Board-designated Endowments

The DIA's endowment consists of approximately 100 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The DIA is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the DIA had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the DIA considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The DIA has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the DIA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the DIA and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the DIA
- The investment policies of the DIA

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 211,129,874	$ -	$ 211,129,874
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	117,639,698	117,639,698
Accumulated investment gains	-	32,253,032	32,253,032
Term endowment	-	27,054,162	27,054,162
Total donor-restricted endowment funds	-	176,946,892	176,946,892
Total	$ 211,129,874	$ 176,946,892	$ 388,076,766

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 146,278,220	$ 153,497,100	$ 299,775,320
Investment return:			
Investment loss - Net of fees	(836,984)	(301,959)	(1,138,943)
Net appreciation (realized and unrealized)	63,872,628	23,043,302	86,915,930
Total investment return	63,035,644	22,741,343	85,776,987
Contributions	-	3,651,424	3,651,424
Appropriation of endowment assets for expenditure	(458,239)	(2,615,360)	(3,073,599)
Other changes:			
Board resolution to designate unrestricted bequests	2,177,524	-	2,177,524
Transfers based on board or donor request	96,725	(327,615)	(230,890)
Endowment net assets - End of year	$ 211,129,874	$ 176,946,892	$ 388,076,766

	Endowment Net Asset Composition by Type of Fund as of June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 146,278,220	$ -	$ 146,278,220
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	113,988,273	113,988,273
Accumulated investment gains	-	18,145,616	18,145,616
Term endowment	-	21,363,211	21,363,211
Total donor-restricted endowment funds	-	153,497,100	153,497,100
Total	$ 146,278,220	$ 153,497,100	$ 299,775,320

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 138,181,963	$ 142,433,311	$ 280,615,274
Investment return:			
Investment income - Net of fees	2,152,096	700,459	2,852,555
Net appreciation (realized and unrealized)	3,203,452	1,112,150	4,315,602
Total investment return	5,355,548	1,812,609	7,168,157
Contributions	-	11,781,208	11,781,208
Appropriation of endowment assets for expenditure	(447,918)	(2,530,028)	(2,977,946)
Other changes:			
Board resolution to designate unrestricted bequests	2,407,519	-	2,407,519
Transfers based on board or donor request	781,108	-	781,108
Endowment net assets - End of year	$ 146,278,220	$ 153,497,100	$ 299,775,320

Permanently restricted endowment net assets include pledges receivable of $16.1 million and $20.7 million as of June 30, 2021 and 2020, respectively.

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the DIA to retain as a fund of perpetual duration. As of June 30, 2021 and 2020, there were no funds with deficiencies.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the DIA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The DIA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The DIA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the DIA must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, that is equal to or greater than the approved endowment payout (currently 4.6 percent) over the long term. Actual returns in any given year may vary from this amount.

Note 10 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Note 10 - Fair Value Measurements (Continued)

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the DIA has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The DIA's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Management believes the investment portfolio is sufficiently liquid to meet the DIA's needs. As of June 30, 2021, 14.2 percent of the fair value of the investments was available for withdrawal on a daily basis, 20.7 percent on a monthly basis, 7.3 percent on a quarterly basis, 5.6 percent on a semiannual basis, 6.9 percent on an annual basis, and 45.3 percent in greater than one year.

The following tables present information about the DIA's assets measured at fair value on a recurring basis at June 30, 2021 and 2020:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value	Balance at June 30, 2021
Cash and short-term investments - Money market funds	$ 1,664,661	$ -	$ 1,664,661
Investments:			
Money market funds	14,430,216	-	14,430,216
Mutual funds:			
Debt securities	311,334	-	311,334
Domestic equities	33,411,563	-	33,411,563
Alternative investments:			
Common trust	-	27,375,665	27,375,665
Hedge funds	-	68,724,735	68,724,735
Partnerships	-	108,926,516	108,926,516
Foreign corporations	-	60,394,268	60,394,268
Private equity	-	70,222,543	70,222,543
Private credit	-	55,029,843	55,029,843
Total investments at fair value	48,153,113	390,673,570	438,826,683
Total assets at fair value	$ 49,817,774	$ 390,673,570	$ 440,491,344

Note 10 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value	Balance at June 30, 2020
Cash and short-term investments - Money market funds	$ 7,562,815	$ -	$ 7,562,815
Investments:			
Money market funds	4,766,138	-	4,766,138
Mutual funds:			
Debt securities	5,619,602	-	5,619,602
International equities	2,943,848	-	2,943,848
Domestic equities	35,879,620	-	35,879,620
Alternative investments:			
Common trust	-	26,853,147	26,853,147
Hedge funds	-	37,972,099	37,972,099
Partnerships	-	56,683,895	56,683,895
Foreign corporations	-	47,744,715	47,744,715
Private equity	-	32,669,237	32,669,237
Private credit	-	47,333,733	47,333,733
Total investments at fair value	49,209,208	249,256,826	298,466,034
Total assets at fair value	$ 56,772,023	$ 249,256,826	$ 306,028,849

Excluded from the total investments at fair value in the tables above is $644,694 and $20,730,178 of pending trades at June 30, 2021 and 2020, respectively.

Investments in Entities That Calculate Net Asset Value per Share

The DIA holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	2021	2020	2021		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Common trust	$ 27,375,665	$ 26,853,147	$ -	Daily - Monthly	On demand - By 22nd of prior month
Hedge funds	68,724,735	37,972,099	-	Quarterly - 2-year anniversary	45-90 days
Partnerships	108,926,516	56,683,895	-	Weekly - 3-year anniversary	5-150 days
Foreign corporations	60,394,268	47,744,715	-	Daily - 3-year anniversary	14-120 days
Private equity	70,467,237	32,669,237	55,408,608	N/A	N/A
Private credit	55,429,843	47,333,733	26,900,324	N/A	N/A
Total	$ 391,318,264	$ 249,256,826	$ 82,308,932		

Note 10 - Fair Value Measurements (Continued)

The common trust category includes investments in funds that pool fiduciary client assets to invest in a diversified portfolio of stocks, bonds, or other securities. The investment commingles institutional trusts to diversify investments.

The hedge funds category includes investments in funds that may be invested in a number of different strategies to provide portfolio diversification and generate positive absolute return. The purpose of these investments is to generate high returns.

The partnerships category includes investments in opportunistic investment funds that provide ownership interest in companies to grow new business and provide investment diversification.

The foreign corporations category includes investments in equities of smaller companies outside of the United States.

The private equity and private credit categories include investments that utilize strategies designed to take advantage of market dislocations or opportunistic investment solutions. These investments are evaluated based on their expected risk and return profile, strength of management, mechanism for exit, and adequacy of liquidity.

Note 11 - Fixed Assets

Fixed assets consist of the following as of June 30:

	2021	2020
Land	$ 2,667,703	$ 2,667,703
Building and improvements	21,693,554	20,695,059
Parking facilities	3,048,140	3,048,140
Construction in progress	213,503	869,508
Furniture and equipment	2,313,104	2,145,487
Software	590,347	590,347
Total cost	30,526,351	30,016,244
Accumulated depreciation and amortization	7,291,085	6,235,459
Net property and equipment	$ 23,235,266	$ 23,780,785

Total depreciation expense for the years ended June 30, 2021 and 2020 was approximately $1.0 million.

Note 12 - Due to Foundation for Detroit's Future

Pursuant to the Grand Bargain Agreement on December 10, 2014, the DIA committed to paying $100 million to FDF for the benefit of the City's pension plan. A payment of $5 million was made in December 2014. The DIA's board of directors resolved to retire the majority of the remaining obligation on June 30, 2016. As a result, the DIA received a 6.75 percent discount for early payment, as provided in the agreement. The balance of the obligation will be paid over a 20-year period by payments from two donors who promised funds directly to FDF. These pledges are not recorded on the DIA's statement of financial position, as they reside on the records of FDF. The funds are recognized as contribution revenue and relief of the obligation to FDF as payments are made to FDF by the donors.

The obligation to FDF consists of the following:

	Gross	Discount (3 Percent)	Total
Balance as of July 1, 2019	$ 5,625,000	$ (1,148,273)	$ 4,476,727
Amortization of 3 percent discount	-	134,302	134,302
Payment made June 2020	(375,000)	-	(375,000)
Balance as of July 1, 2020	5,250,000	(1,013,971)	4,236,029
Amortization of 3 percent discount	-	127,081	127,081
Payment made June 2021	(375,000)	-	(375,000)
Balance as of June 30, 2021	$ 4,875,000	$ (886,890)	$ 3,988,110

The aggregate schedule of maturities due to FDF is summarized below:

2022	$ 375,000
2023	375,000
2024	375,000
2025	375,000
2026	375,000
2027 and thereafter	3,000,000
Total	$ 4,875,000

Note 13 - Paycheck Protection Program Loan

During the year ended June 30, 2020, the DIA received a Paycheck Protection Program (PPP) loan in the amount of $3,965,625. Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and staffing level and salary maintenance requirements are met. The DIA may use the funds on qualifying expenses over a covered period of at least 8 weeks and up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the Small Business Administration (SBA) will be repaid over a period of two years at a 1 percent interest rate, with monthly payments of principal and interest beginning five months after loan forgiveness documentation has been submitted to the SBA. Payments are currently deferred as of June 30, 2021. The DIA has submitted a request for forgiveness of the entire loan balance in July 2021; however, there can be no assurance given that any portion of the PPP loan will be forgiven. Based on the loan amount, irrespective of any potential forgiveness that may be granted in the future, monthly principal payments would range from approximately $164,000 to $167,000 during the repayment period until the note is due.

At June 30, 2021 and 2020, the outstanding balance on the PPP loan is $3,965,625, which is classified as debt on the statement of financial position.

Note 14 - Pension and OPEB

The DIA has a defined benefit pension plan (the "Plan") covering substantially all of its employees who were hired before July 1, 2009. The benefits are based on years of service and level of compensation. Effective July 1, 2009, the Plan was amended to freeze accruals and to exclude employees hired on or after July 1, 2009. Vesting requirements for accrued benefits under the Plan were unchanged by the amendment. The DIA’s funding policy is to contribute annually amounts sufficient to meet the benefits to be paid to participants and to satisfy minimum funding requirements, as required by the Employee Retirement Income Security Act of 1974, as amended (ERISA). The DIA has met the ERISA minimum funding requirements for the years ended June 30, 2021 and 2020.

In addition to the pension plan, the DIA sponsors a postretirement medical benefits plan (OPEB) for eligible retirees and their spouses. As of January 1, 2011, the OPEB plan was amended to replace the post-65 retiree medical and dental benefits with a stipend payment, which reimburses eligible retirees for qualified expenses associated with the purchase of qualified medical benefits. The amount of the stipend will be up to $150 per month for eligible retirees and up to $300 per month for married couples. Employees who are eligible to retire before the age of 65 and are at least 60 years of age will have retiree medical benefits provided through premium-based coverage. Under this provision, the retiree pays a share of the monthly premium, which is subject to adjustment annually. The accumulated postretirement benefit obligation continues to be computed in accordance with ASC 715, *Compensation - Retirement Benefits*.

The following tables set forth the plans' funded status, the cost the DIA recognized in its financial statements, and other information required for disclosure at June 30, 2021 and 2020:

	Pension Benefits		Other Postretirement Benefits	
	2021	2020	2021	2020
Benefit obligation	$ 41,136,770	$ 42,371,882	$ 3,551,629	$ 3,600,584
Fair value of plan assets	44,375,158	44,436,319	-	-
Overfunded (underfunded) status	$ 3,238,388	$ 2,064,437	$ (3,551,629)	$ (3,600,584)

The benefit obligation above reflects the projected benefit obligation for pension benefits and the accumulated benefit obligation for other postretirement benefits. Due to the defined benefit plan being frozen as of July 1, 2009, the projected benefit obligation and the accumulated benefit obligation are the same.

Amounts recognized in the statement of financial position consist of the following:

	Pension Benefits		Other Postretirement Benefits	
	2021	2020	2021	2020
Overfunded pension plan obligation	$ (3,238,388)	$ (2,064,437)	$ -	$ -
Postretirement health care obligation	-	-	3,551,629	3,600,584
(Overfunded) underfunded status	$ (3,238,388)	$ (2,064,437)	$ 3,551,629	$ 3,600,584

Note 14 - Pension and OPEB (Continued)

Other changes in plan assets and benefit obligations recognized as changes in net assets consist of the following:

	Pension Benefits		Other Postretirement Benefits	
	2021	2020	2021	2020
Net actuarial (gain) loss	$ (734,707)	$ (1,351,677)	$ (150,231)	$ 258,327
Net prior service costs	-	4,701	-	-
Amortization of prior service (cost) credit	(702)	-	416,338	416,338
Amortization of net loss	(396,941)	(845,363)	(75,221)	(46,837)
Adjustment to pension liability and postretirement health care obligation - (gain) loss	$ (1,132,350)	$ (2,192,339)	$ 190,886	$ 627,828

The amounts included in net assets without donor restrictions at June 30, 2021 that have not been recognized in net periodic benefit cost include approximately $5.1 million in unrecognized actuarial losses for the Plan and prior service cost credit of $1.1 million and unrecognized actuarial losses of approximately $0.6 million for the OPEB plan. The amount expected to be recognized in net periodic benefit cost during the fiscal year ending June 30, 2022 is an actuarial loss of approximately $0.1 million and the amortization of net prior service cost of approximately $0.0007 million for the Plan and, for the OPEB plan, the actuarial loss of approximately $0.04 million and the amortization of net prior service credit of approximately $0.4 million.

	Pension Benefits		Other Postretirement Benefits	
	2021	2020	2021	2020
Components of Net Periodic Benefit Costs (Gain)				
Service costs	$ -	$ -	$ 51,010	$ 54,366
Interest costs	1,125,631	1,358,455	97,544	112,884
Expected return on plan assets	(1,564,796)	(1,904,214)	-	-
Amortization of actuarial losses	396,941	845,363	75,221	46,837
Amortization of prior service cost (credit)	702	-	(416,338)	(416,338)
Total	$ (41,522)	$ 299,604	$ (192,563)	$ (202,251)

	Pension Benefits		Other Postretirement Benefits	
	2021	2020	2021	2020
Changes in Fair Value of Plan Assets				
Fair value - Beginning of year	$ 44,436,319	$ 39,013,996	$ -	$ -
Actual return on assets	1,638,307	7,105,853	-	-
Employer contributions	79	14,000	48,753	68,061
Benefits paid	(1,699,547)	(1,697,530)	(48,753)	(68,061)
Fair value - End of year	$ 44,375,158	$ 44,436,319	$ -	$ -

There were no settlement costs recognized for the years ended June 30, 2021 and 2020.

Note 14 - Pension and OPEB (Continued)

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is $103,835 and $702, respectively.

Weighted-average assumptions used to determine benefit obligations at June 30 are as follows:

	Pension Benefits		Other Postretirement Benefits	
	2021	2020	2021	2020
Discount rate	2.80%	2.70%	2.85%	2.80%
Rate of compensation increase	N/A	N/A	0	0

Weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30 are as follows:

	Pension Benefits		Other Postretirement Benefits	
	2021	2020	2021	2020
Discount rate	2.70%	3.55%	2.80%	3.55%
Expected long-term rate of return on plan assets	3.60%	5.00%	0	0
Rate of compensation increase	0	0	0	0

For measurement purposes, a 7.37 percent and 7.53 percent annual rate of increase in health care costs at June 30, 2021 and 2020, respectively, was assumed, decreasing annually to the target rate of 5.00 percent for 2035 and thereafter.

Pension Plan Assets

The Plan’s primary investment goal is to achieve the actuarial required return, consistent with prudent investment management. The Plan’s asset allocation is structured to meet a long-term targeted total return that is consistent with the ongoing nature of the Plan’s liabilities.

The Plan's assets in aggregate and at the individual portfolio level are invested to ensure that total portfolio risk exposure and risk-adjusted returns meet the Plan's long-term total return goal.

As a result of recent increases in the funded status of the Plan, and in an effort to minimize volatility in the value of plan assets, the Plan's investment committee has approved a target allocation of 90 percent domestic fixed income and 10 percent equity securities to be achieved over time. The allocation of plan assets as of June 30, 2021 was 89 percent fixed income and 11 percent equity securities.

In conjunction with the Museum's investment consultants, the DIA works to develop the long-term rate-of-return assumptions used to model and determine the overall asset allocation. The consultant's asset allocation committee is responsible for determining the asset class assumptions. Forecast returns are based on a combination of historical returns, current market conditions, and the consultant's forecast for the capital markets over the next five to seven years. The consultant analyzes the historic trends of asset class index returns since inception of the asset class over various market cycles and economic conditions. The return assumption is based on historical, current, and forward-looking information. All asset class assumptions are within certain bands around the long-term historical averages. Adjustments to historical returns are based on a number of factors, including, but not limited to, current market valuations, yield, inflation, and various economic indicators.

The Plan's individual investment managers are provided specific investment guidelines under which they are to invest their assets. In general, investment managers are expected to remain fully invested. Equity and fixed-income managers are expected to invest through best execution in assets that they deem to be prudent investments.

Note 14 - Pension and OPEB (Continued)

The Plan's investment policy prohibits the use of derivatives for purposes of leverage or unrelated speculation. The policy also outlines certain securities, strategies, and investments that are ineligible for inclusion within the Plan.

The Plan's investment managers exercise full investment discretion within guidelines outlined in the Plan's investment policy. The Plan's investment managers are charged with the responsibility of managing the assets with the care, skill, and diligence that a prudent investment professional in similar circumstances would exercise. Investment practices must comply with the limitations and requirements of ERISA and applicable laws and regulations.

The fair values of the DIA's pension plan assets at June 30, 2021 and 2020 by major asset classes are as follows:

	Fair Value Measurements at June 30, 2021		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value (NAV)	Total
Asset Classes			
Short-term investments	$ 3,360,209	$ -	$ 3,360,209
Mutual funds:			
Debt securities	32,831,381	-	32,831,381
Domestic equities	1,006,092	-	1,006,092
Partnerships	-	3,475,876	3,475,876
Registered investment companies	-	1,961,298	1,961,298
Foreign corporations	-	1,740,302	1,740,302
Total	$ 37,197,682	$ 7,177,476	$ 44,375,158

	Fair Value Measurements at June 30, 2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value (NAV)	Total
Asset Classes			
Short-term investments	$ 2,947,407	$ -	$ 2,947,407
Mutual funds:			
Debt securities	34,647,622	-	34,647,622
Domestic equities	678,297	-	678,297
Partnerships	-	3,453,832	3,453,832
Registered investment companies	-	1,382,187	1,382,187
Foreign corporations	-	1,326,974	1,326,974
Total	$ 38,273,326	$ 6,162,993	$ 44,436,319

Partnerships valued at $3,475,876 have unfunded commitments of $1,748,910 as of June 30, 2021. Partnerships can be redeemed daily with an advanced redemption notice of at least 10 days. Registered investment companies valued at $1,961,298 have unfunded commitments of $40,000 as of June 30, 2021. Foreign corporations valued at $1,740,302 have no unfunded commitments as of June 30, 2021. Foreign corporations can be redeemed monthly with an advanced redemption notice of at least 30 days.

Note 14 - Pension and OPEB (Continued)

The partnerships category includes investments in opportunistic investment funds that provide ownership interest in companies to grow new business and provide investment diversification. The registered investment companies category includes debt investments in middle market companies within the United States. The foreign corporations category includes investments in equities of smaller companies outside of the United States.

As previously described in Note 10, fair value measurements require disclosures that provide a valuation hierarchy by major class for assets and liabilities measured at fair value and about valuation techniques and the inputs to those techniques for those assets and liabilities designated as Level 2 or Level 3.

Mutual funds are recorded at fair value using NAV based on quoted prices in active markets, such as the New York Stock Exchange or NASDAQ.

Partnerships, registered investment companies, and foreign corporations are recorded at fair value and measured using NAV provided by the administrator of the fund, which is based on the value of the underlying assets owned by the fund, less its liabilities, and then divided by the number of shares outstanding.

Cash Flow

Contributions

The DIA does not expect to contribute to its pension plan; however, it does expect to contribute $145,359 to its other postretirement benefit plan in 2022.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years Ending	Pension Benefits	Other Postretirement Benefits
2022	$ 2,216,817	$ 145,359
2023	2,269,160	154,836
2024	2,331,573	175,827
2025	2,373,150	192,022
2026	2,400,955	203,504
Thereafter	11,839,365	1,068,041

Note 15 - Leases

The DIA leases storage space and office equipment that expires on various dates through 2023. At June 30, 2021, minimum commitments of future payments under these arrangements are as follows:

Years Ending June 30	Amount
2022	$ 184,321
2023	160,921
Total	$ 345,242

Total rental expense for operating leases was approximately $200,000 for the years ended June 30, 2021 and 2020.

Note 16 - Defined Contribution Plan

The DIA sponsors a 401(k) plan for substantially all employees. The plan provides for the DIA to make a safe harbor nonelective contribution of 3 percent of the salary of eligible employees and matches 100 percent of the employees' elective deferral contributions up to 2 percent of the employees' salaries. The DIA's contributions to the plan totaled $0.8 and $0.7 million for the years ended June 30, 2021 and 2020, respectively.

Note 17 - Net Assets

Net assets without donor restrictions consist of the following as of June 30:

	2021	2020
Board-designated net assets:		
Board-designated endowment	$ 211,129,874	$ 146,278,220
Operations	27,713,949	21,803,855
Capital expenditures	23,888,784	14,977,399
Special projects and initiatives	10,557,883	9,892,063
Millage supported programs	12,120,336	9,652,624
Exhibitions	13,627,424	9,166,059
Gallery reinstallation	4,168,089	3,369,661
Programs and other	750,035	591,772
Total board-designated net assets	303,956,374	215,731,653
Undesignated net assets	17,163,437	15,855,091
Total net assets without donor restrictions	$ 321,119,811	$ 231,586,744

Net assets with donor restrictions as of June 30 are restricted for the following purposes:

	2021	2020
Subject to expenditures for a specified purpose:		
Operations	$ 3,314,505	$ 2,977,828
Art acquisitions, conservation, and curatorial	16,606,925	11,991,795
Program, capital, special projects, and other	8,460,373	7,854,397
Auxiliary and volunteer groups	2,357,853	2,303,922
Exhibitions and education	2,467,366	1,656,715
Total subject to expenditures for a specified purpose	33,207,022	26,784,657
Subject to the DIA's spending policy and appropriation:		
General operations	109,693,863	99,917,821
Artwork acquisitions	47,134,065	37,261,362
Conservation	1,084,121	1,066,385
Curatorial	3,938,303	3,107,984
Learning and audience engagement	11,685,246	9,452,241
Auxiliary and support groups	3,140,360	2,477,495
Capital funds	147,036	116,039
Exhibitions	69,989	55,235
Miscellaneous	53,909	42,538
Total subject to the DIA's spending policy and appropriations	176,946,892	153,497,100
Total	$ 210,153,914	$ 180,281,757

Investments in perpetuity, including amounts above the original donor gift amount of $117,639,697 and $113,988,273 as of June 30, 2021 and 2020, respectively, are expendable to support the purposes shown above once appropriated.

Note 18 - Liquidity and Availability of Financial Resources

The DIA structures its financial assets to be available to support forecasted expenditures and other obligations as they become due. In addition, provisions are made for unanticipated liquidity needs.

The DIA's endowment funds consist of the following as of June 30:

	2021	2020
Board-designated endowments	$ 211,129,874	$ 146,278,220
Donor-restricted endowments	176,946,892	153,497,100

Income generated from donor-restricted endowments is restricted to the stated purpose, which includes support of operations, programming, art acquisitions, and other special purpose restrictions.

As described in Note 9, the DIA has adopted a spending policy for endowment assets that attempts to provide a steady stream of funding to programs supported by endowment funds. The current approved annual payout is 4.6 percent. For the fiscal years ended June 30, 2021 and 2020, the Board approved suspension of the payout on operating endowments, as current liquidity needs for operations are being met without the annual payout. Should liquidity needs change, the Board has the authority to reinstate the annual payout on the operating endowments.

Both the board-designated endowments and donor-restricted endowments contain investments with lockup provisions that would reduce the total investments that could be made available (see Note 10 for disclosures about investments). Currently, 14.2 percent of the $439.5 million in investments is available for withdrawal on a daily basis for an additional $62.4 million of liquidity, if needed.

Additionally, as described in Note 7, the DIA is an income beneficiary of endowment funds held by the Community Foundation for Southeast Michigan. While the operating payout has been suspended from CFSEM, the suspended amount could be made available, if necessary.

The DIA has restricted cash included in current assets that is not available for use on operating expenditures. The remaining current assets are available for use on operating expenditures.

Note 19 - COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. The outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

The Museum reopened in July 2020 with advance timed tickets, visitor temperature checks, reduced attendance, and social distancing requirements. Adjusting museum operations to ensure a safe environment for visitors and staff required one-time expenditures to modify the facility. Earned revenue continues to be reduced due to reduced numbers of visitors. The Museum has identified several sources of funding opportunities in order to mitigate the revenue reduction.

No impairments were recorded as of the statement of financial position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Museum's changes in net assets, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Additionally, as described in Note 13, the DIA received a Paycheck Protection Program loan, which the DIA has recorded as debt on the statement of financial position and has applied for forgiveness of the loan as of July 2021.