Holland Museum



Years Ended June 30, 2025 and 2024

Financial Statements

Rehmann

HOLLAND MUSEUM

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Rehmann

INDEPENDENT AUDITORS' REPORT

May 14, 2026

Board of Trustees
Holland Museum
Holland, Michigan

Opinion

We have audited the accompanying financial statements of ***Holland Museum*** (the "Museum"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of ***Holland Museum*** as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 11 to the financial statements, the Museum has suffered recurring losses from operations. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 11. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern for a reasonable period of time.

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

Rehmann Robson LLC

HOLLAND MUSEUM

Statements of Financial Position

	June 30	
	2025	2024
Assets		
Cash and cash equivalents	$ 103,518	$ 46,731
Operating investments	147,818	195,347
Pledge receivable	30,000	-
Inventory	4,045	4,045
Prepaid expenses	8,187	7,770
Property and equipment, net	720,597	737,181
Beneficial interest in assets held by the community foundation	122,945	118,538
Endowment funds	149,223	192,203
Total assets	**$ 1,286,333**	**$ 1,301,815**
Liabilities		
Accounts payable	$ 14,964	$ 13,347
Accrued liabilities	57,778	20,079
Deferred revenue	26,379	10,178
Line of credit	80,000	100,000
Total liabilities	**179,121**	**143,604**
Net assets		
Without donor restrictions	630,366	652,112
With donor restrictions	476,846	506,099
Total net assets	1,107,212	1,158,211
Total liabilities and net assets	**$ 1,286,333**	**$ 1,301,815**

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

HOLLAND MUSEUM

Statement of Activities

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues and gains			
City of Holland appropriation	$ 100,000	$ -	$ 100,000
Contributions	384,165	87,096	471,261
Grants	69,762	-	69,762
Contributed nonfinancial assets - facilities	121,428	-	121,428
Special events (net of direct expenses of $2,952)	7,106	-	7,106
Membership fees	25,921	-	25,921
Admissions	51,240	-	51,240
Merchandise - gift shop sales	14,362	-	14,362
Net investment return	10,175	25,745	35,920
Other income	12,331	-	12,331
Net assets released from restrictions	142,094	(142,094)	-
Total support, revenue and gains	**938,584**	**(29,253)**	**909,331**
Expenses			
Program services	633,546	-	633,546
Support services:			
Management and general	172,150	-	172,150
Fundraising	154,634	-	154,634
Total expenses	**960,330**	**-**	**960,330**
Change in net assets	**(21,746)**	**(29,253)**	**(50,999)**
Net assets, beginning of year	652,112	506,099	1,158,211
Net assets, end of year	**$ 630,366**	**$ 476,846**	**$ 1,107,212**

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

HOLLAND MUSEUM

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues and gains			
City of Holland appropriation	$ 100,000	$ -	$ 100,000
Contributions	200,879	36,925	237,804
Grants	130,103	-	130,103
Contributed nonfinancial assets - facilities	121,428	-	121,428
Special events (net of direct expenses of $8,202)	21,688	-	21,688
Membership fees	22,174	-	22,174
Admissions	42,686	-	42,686
Merchandise - gift shop sales	9,773	-	9,773
Net investment return	17,049	51,854	68,903
Other income	10,657	-	10,657
Net assets released from restrictions	93,189	(93,189)	-
Total support, revenue and gains	**769,626**	**(4,410)**	**765,216**
Expenses			
Program services	627,456	-	627,456
Support services:			
Management and general	177,114	-	177,114
Fundraising	161,581	-	161,581
Total expenses	**966,151**	**-**	**966,151**
Change in net assets	**(196,525)**	**(4,410)**	**(200,935)**
Net assets, beginning of year	848,637	510,509	1,359,146
Net assets, end of year	**$ 652,112**	**$ 506,099**	**$ 1,158,211**

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

HOLLAND MUSEUM

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services	Management and General	Fundraising	Total Expenses
Salaries, wages and benefits	$ 355,334	$ 53,704	$ 110,394	$ 519,432
Repairs and maintenance	25,894	25,894	19,854	71,642
Cost of merchandise sold (retail goods)	5,278	-	5,914	11,192
Utilities and telephone	28,591	21,547	-	50,138
Supplies	5,651	23,966	2,952	32,569
Professional and contractual	11,851	13,831	9,906	35,588
Property and liability insurance	27,521	6,880	-	34,401
Depreciation	34,685	11,389	5,695	51,769
Donated facilities rental	121,428	-	-	121,428
Professional development and travel	62	-	2,871	2,933
Interest	-	8,963	-	8,963
Other	17,251	5,976	-	23,227
Total expenses by function	**633,546**	**172,150**	**157,586**	**963,282**
Less special event expenses included with support, revenues and gains on the statement of activities	-	-	(2,952)	(2,952)
Total expenses	**$ 633,546**	**$ 172,150**	**$ 154,634**	**$ 960,330**

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

HOLLAND MUSEUM

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total Expenses
Salaries, wages and benefits	$ 334,131	$ 58,554	$ 115,323	$ 508,008
Repairs and maintenance	38,515	38,515	16,109	93,139
Cost of merchandise sold (retail goods)	3,471	-	5,440	8,911
Utilities and telephone	30,088	22,838	-	52,926
Supplies	6,340	27,047	8,202	41,589
Professional and contractual	18,458	1,350	17,181	36,989
Property and liability insurance	21,489	5,372	-	26,861
Small equipment	-	2,276	-	2,276
Depreciation	34,630	11,371	5,686	51,687
Donated facilities rental	121,428	-	-	121,428
Professional development and travel	1,043	-	1,842	2,885
Interest	-	3,834	-	3,834
Other	17,863	5,957	-	23,820
Total expenses by function	**627,456**	**177,114**	**169,783**	**974,353**
Less special event expenses included with support, revenues and gains on the statement of activities	-	-	(8,202)	(8,202)
Total expenses	**$ 627,456**	**$ 177,114**	**$ 161,581**	**$ 966,151**

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

HOLLAND MUSEUM

Statements of Cash Flows

Year Ended June 30, 2025

	June 30	
	2025	2024
Cash flows from operating activities		
Change in net assets	$ (50,999)	$ (200,935)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	51,769	51,687
Net unrealized and realized gains	(17,045)	(56,712)
Change in beneficial interest in assets held by community foundation	(10,277)	(10,158)
Changes in operating assets and liabilities that (used) provided cash:		
Pledges receivable	(30,000)	-
Inventory	-	866
Prepaid expenses	(417)	(1,454)
Accounts payable	1,617	(6,697)
Accrued liabilities	37,699	319
Deferred revenue	16,201	(272)
Net change in cash from operating activities	**(1,452)**	**(223,356)**
Cash flows from investing activities		
Proceeds from sales of investments	347,572	237,402
Purchases of investments	(240,018)	(198,338)
Purchases of property and equipment	(35,185)	-
Distributions from beneficial interest in assets held by community foundation	5,870	4,796
Net change in cash from investing activities	**78,239**	**43,860**
Cash flows from financing activities		
Short-term bank borrowings	-	115,000
Short-term bank repayments	(20,000)	(15,000)
Net change in cash from financing activities	**(20,000)**	**100,000**
Net change in cash and cash equivalents	**56,787**	**(79,496)**
Cash and cash equivalents, beginning of year	46,731	126,227
Cash and cash equivalents, end of year	**$ 103,518**	**$ 46,731**
Supplemental disclosure of cash flow information		
Cash paid for interest	**$ 8,963**	**$ 3,834**

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

Notes to Financial Statements

1. NATURE OF MUSEUM AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Holland Museum (the "Museum"), formerly known as Holland Historical Trust, is a not-for-profit corporation exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. It was organized to provide historical, preservation and educational services for the community of Holland, Michigan and the surrounding townships. In particular, it administers and maintains City of Holland (the "City")-owned properties that have historical significance and operates them as museums (Holland Museum, Cappon House, and Settlers House). The Museum is also charged with caring for certain Township and City-owned historical papers and personal property. The Museum is primarily supported by contributions.

Basis of Presentation

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

Net Assets Without Donor Restrictions

Net assets available for use in general operations and are not subject to donor (or certain grantor) restrictions. The Museum has board-designated net assets, which are net assets without donor restrictions that have been set aside for specific purposes by the Board. Net assets of $5,545 and $29,607 have been designated by the Board for capital campaigns and collections/archives as of June 30, 2025 and 2024, respectively.

Net Assets with Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported as net assets released from restrictions in the statements of activities.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the year. Actual results could differ from those estimates.

Notes to Financial Statements

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand, and highly liquid investments with original maturities less than 3 months. The Museum maintains its deposits in established financial institutions, which at times may exceed the federally insured limits. Management does not believe that the Museum is exposed to any significant interest rate or other financial risk as a result of these deposits.

Investments

Investment securities purchased are stated at fair value, which is based on quoted market prices. Investment securities received as gifts are initially recorded at fair value at the date of donation. Income from investments, including realized and unrealized gains and losses, is allocated among net assets with donor restrictions and without donor restrictions based on donor restrictions or the absence thereof. Realized gains and losses are determined using the specific identification method. Investment return is reported net of external investment expenses.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the fair value of investment securities will occur in the near term and such changes could materially affect the amounts reported in these financial statements.

Beneficial Interest in Assets Held by Community Foundation

The Museum has a fund, the Holland Museum Reserve Fund, that is perpetual in nature with the Holland/Zeeland Area Community Foundation ("Community Foundation") and named the Museum as beneficiary. The fund is held and invested by the Community Foundation for the Museum's benefit and is reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities as net investment return in the with donor restrictions net asset class.

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: This level is defined as observable inputs, such as quoted prices in active markets for identical assets and liabilities.

Level 2: This level is defined as observable inputs other than Level 1 prices for similar assets or liabilities, such as quoted prices in active markets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: This level is defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own valuation methodology and assumptions.

For a further discussion of Fair Value Measurements, refer to Note 2 to the financial statements.

Pledges Receivable

Pledges receivable were stated at the amount management expected to collect from outstanding balances. Management provided for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the status of individual donors. Balances that were still outstanding after management used reasonable collection efforts were written off through a charge to the valuation allowance and a credit to pledges receivable. The pledges receivable is expected to be collected within the next fiscal year. Management believes that all pledges outstanding at year-end are fully collectible.

Inventory

Inventory consisting of gift shop merchandise is carried at the lower of cost, on a first-in method ("FIFO"), first-out basis, or net realizable value, and is charged to expense when sold. Net realizable value is the estimated selling price in the ordinary course of business less reasonably predictable costs of disposal and transportation.

Property and Equipment and Depreciation

Property and equipment consists of land, buildings, leasehold improvements, furniture, and equipment which are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets to determine whether carrying values have been impaired. Depreciation is provided over the estimated useful lives of the respective assets, or the lease term if shorter, on the straight-line basis, which range generally from 3 to 40 years.

Notes to Financial Statements

Collections

The Museum's permanent collections, which were acquired since the Museum inception through purchases and contributions from benefactors, are not recognized as assets on the statements of financial position. Purchases of collections items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as decreases in net assets with donor restrictions if the assets used to purchase the items were restricted by donors. The collections are subject to the Museum's policy that requires proceeds from their sales be used for direct care of existing artifacts or acquire other items for collections. Direct care is defined as investing in existing collections by enhancing their life, usefulness or quality and thereby ensuring they will continue to benefit the public.

Accrued Liabilities

Accrued liabilities consist of accrued wages and accrued paid time off (PTO). These amounts represent expenses incurred but not yet paid as of year-end. Accrued wages are estimated based on hours worked but unpaid at the reporting date, while accrued PTO is calculated using employees' earned but unused leave balances.

Revenue Recognition

Appropriations, Contributions and Public Support

The Museum recognizes contributions when an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return or right of release - are not recognized until the conditions on which they depend have been met. When donor restrictions expire in the same period as the contributions are received, the contributions are reported as without donor restrictions. Support received from City appropriations are recognized as contributions as the City does not receive commensurate value.

Grant Awards

Grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are conditional contributions – Grants that qualify as support are recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Contribution of grants from government agencies consist mainly of cost reimbursable federal, state and other contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Total grants determined to be contributions were $69,762 and $130,103 for the years ended June 30, 2025 and 2024, respectively. Amounts questioned as a result of audits, if any, may result in refunds to governmental agencies. Management does not believe any liability for reimbursements, which may arise as the result of these audits, would be material.

Notes to Financial Statements

Grant awards that are exchange transactions – Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There were no grant awards that were considered exchange transactions during the years ended June 30, 2025 and 2024.

Membership Fees

The Museum is responsible for the collection of membership dues for various levels of memberships. In exchange for these fees, members are provided a variety of benefits, including free admission to the Museum, discounts on gift shop merchandise, digital and printed materials, and other benefits. There is no contribution element to membership dues. The member pays for any membership benefits upfront, and the performance obligations are satisfied over time as the benefits are consumed, which is typically one year. Memberships are purchased throughout the year. Revenue from membership fees are recognized ratably over time as the customer simultaneously receives and consumes the benefit of the services. A portion of membership fees are deferred at year end and will be recognized as membership benefits are consumed. As of June 30, 2025, 2024 and July 1, 2023, the balance of deferred membership fees was $26,379, $10,178 and $10,450, respectively.

Admissions and Merchandise Sales

The Museum recognizes guest revenue from ticket sales at the time of admission. Sales from the gift shop are recognized at the time of sale, point of sale. The sales are reported at the amount that reflects the consideration to which the Museum expects to be entitled in exchange for providing goods or services to the customer. Customers pay for goods sold on a stand-alone selling price basis at the point of sale which occurs at a point in time. Control is transferred immediately to the customer at the point of sale.

Special Events

Special event revenues consist of donations as well as ticket and auction revenues. Ticket sales and auction revenue generated at the special events are considered contributions to the Museum. For special events, the value of direct benefits to donors is not significant.

Income Taxes

The Museum is a not-for-profit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and is exempt from similar state and local taxes. Although the Museum was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." The Museum has been classified as not a private foundation.

Notes to Financial Statements

The Museum analyzes its filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions to identify potential uncertain tax positions. The Museum has evaluated the Museum's income tax filing positions as of June 30, 2025 and 2024, and has concluded that there are no significant uncertain tax positions requiring recognition in the Museum's financial statements. The Museum does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Museum does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2025 or 2024, and is not aware of any claims for such amounts by federal or state income tax authorities.

Reclassification

Certain amounts as reported in the 2024 financial statements have been reclassified to conform with the 2025 presentation. Investments were re-aligned to breakout between endowment and operating investments. The statement of functional expenses was aligned with current year presentation, which included adding additional detail and break out related to natural classifications.

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to the most recent statement of financial position presented herein, through the date these financial statements were available to be issued.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value, as well as an indication of the level of the fair value hierarchy in which the assets are classified.

Mutual funds: valued at quoted market prices that represent the net asset value ("NAV") of shares held by the fund at year end and are classified as Level 1. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Museum are deemed to be actively traded, and are classified as Level 1.

Exchange traded funds: fair value measurement is based upon the closing price reported on the active market in which the securities are traded, and are classified as Level 1.

Common stock: valued at quoted market prices for the individual equity securities held at year end and classified as Level 1. These securities are actively traded on national exchanges, and the fair value measurement is based on the closing price reported on the active market in which the stock is traded.

Beneficial interest in assets held by community foundation: the Museum is allocated its portion of the total fair values of the underlying securities held by the Community Foundation, a measure considered equivalent to net asset value. The underlying securities held by the Community Foundation are classified as Level 3.

Notes to Financial Statements

The preceding methods described may produce a fair value calculation that may not be reflective of future fair values. Furthermore, although the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Museum's assets measured at fair value on a recurring basis as of June 30:

2025	Total	Level 1	Level 2	Level 3
Bond mutual funds	$ 60,178	$ 60,178	$ -	$ -
Exchange traded funds	33,197	33,197	-	-
Equity mutual funds:				
Income	25,541	25,541	-	-
Growth	34,248	34,248	-	-
Value	4,049	4,049	-	-
Blended	61,730	61,730	-	-
International	24,135	24,135	-	-
Common stock	53,963	53,963	-	-
	297,041	297,041	-	-
Beneficial interest in assets held by community foundation	122,945	-	-	122,945
Total	**$ 419,986**	**$ 297,041**	**$ -**	**$ 122,945**

2024	Total	Level 1	Level 2	Level 3
Bond mutual funds	$ 80,657	$ 80,657	$ -	$ -
Exchange traded funds	108,015	108,015	-	-
Equity mutual funds:				
Income	78,821	78,821	-	-
Growth	31,198	31,198	-	-
Value	7,074	7,074	-	-
International	20,472	20,472	-	-
Common stock	61,313	61,313	-	-
	387,550	387,550	-	-
Beneficial interest in assets held by community foundation	118,538	-	-	118,538
Total	**$ 506,088**	**$ 387,550**	**$ -**	**$ 118,538**

Notes to Financial Statements

The following table sets forth a summary of changes in the fair value of the Museum's Level 3 assets:

	2025	2024
Balance, beginning of year	$ 118,538	$ 113,176
Distributions	(5,870)	(4,796)
Investment return, net	10,277	10,158
Balance, end of year	**$ 122,945**	**$ 118,538**

3. PROPERTY AND EQUIPMENT

Net property and equipment is summarized as follows at June 30:

	2025	2024
Land	$ 20,000	$ 20,000
Museum	35,185	-
Settlers House leasehold improvements	51,069	51,069
Cappon House leasehold improvements	971,727	971,727
Holland Armory	1,488,294	1,488,294
Dutch Galleries leasehold improvements	367,114	367,114
Spark Lab	126,559	126,559
Office furniture and equipment	56,105	56,105
Total	3,116,053	3,080,868
Less: accumulated depreciation	(2,395,456)	(2,343,687)
Property and equipment, net	**$ 720,597**	**$ 737,181**

Depreciation expense was $51,769 and $51,687 for 2025 and 2024, respectively.

4. LINE OF CREDIT

The Museum has a $100,000 revolving line of credit available to support working capital needs, which renews annually. Interest is charged at prime plus 0.50% (effective rate of 8.00% and 9.00% at June 30, 2025 and 2024, respectively). Borrowings are collateralized by the Museums assets. Outstanding amounts on the line of credit at June 30, 2025 and 2024 were $80,000 and $100,000, respectively.

Notes to Financial Statements

5. NET ASSETS WITH DONOR RESTRICTIONS

The components of the net assets with donor restrictions at June 30 are as follows:

	2025	2024
Purpose restrictions		
Education	$ 8,057	9,113
Wichers	60,208	101,760
Furniture	11,000	11,000
Medal of Honor exhibit	4,550	4,550
Public outreach	5,035	5,035
Development and planning	60,000	60,000
Other small projects	33,885	13,013
Donor-restricted endowment funds	31,166	73,090
Beneficial interest in assets held by community foundation	22,945	18,538
Time restrictions - pledges receivable, net		
Museum operations	30,000	-
Perpetual in nature		
Donor-restricted endowment funds	110,000	110,000
Beneficial interest in assets held by community foundation	100,000	100,000
Total net assets with donor restrictions	**$ 476,846**	**$ 506,099**

The net assets released from restriction amounted to $142,094 and $93,189 in 2025 and 2024, respectively. These releases primarily reflect the satisfaction of donor-imposed purpose restrictions, as the Museum utilized the related contributions and grants for their designated programs and activities.

6. ENDOWMENT FUNDS

The Museum's endowment was established to support the operations of the Museum. These funds are donor-restricted and board-designated endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are classified as net assets with donor restrictions and board-designated endowments are classified as net assets without donor restrictions.

Interpretation of Relevant Law

The Board of Directors of the Museum has interpreted the State of Michigan Prudent Management of Institutional Funds Act ("SMPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum classifies within net assets with donor restrictions (a) the historical dollar value of gifts donated to the endowment, (b) the historical dollar value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Notes to Financial Statements

In accordance with SMPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Museum 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 (depreciation) of investments
- Other resources of the Museum
- The investment policies of the Museum

Return Objectives and Risk Parameters

The Museum 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 the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to provide for total net return to exceed, at a minimum, the Consumer Price Index plus 5% on an annual basis. Also per the policy the total net return shall exceed a target balanced index composed of 70% of the S&P 500 for the equity component and 30% of the Barclay's Interest in Government/Credit for the fixed income component. Actual returns in any given year may vary from this amount.

Spending Policy

In establishing this policy, the Museum considered the long-term expected return on its endowment. Accordingly, over the long term, the Museum expects the current spending policy to allow its endowment to grow at an average rate equal to or greater than the consumer price index. This is consistent with the Museum's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiency

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Museum has interpreted SMPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2025 and 2024, the Museum did not have any underwater endowments.

Notes to Financial Statements

The following is a summary of the Museum's endowment composition:

	2025	2024
Donor-Restricted Endowment Funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	$ 110,000	$ 110,000
Accumulated investment gains	39,223	82,203
Endowment net assets, end of the year	**$ 149,223**	**$ 192,203**

Changes in endowment net assets were the following for the years ended June 30:

	2025	2024
Endowment net assets, beginning of year	$ 183,090	$ 176,217
Investment return, net	16,133	33,543
Amount appropriated for expenditure	(50,000)	(17,557)
Endowment net assets, end of year	**$ 149,223**	**$ 192,203**

7. COMMUNITY FOUNDATION

The Community Foundation of the Holland-Zeeland Area (the "Foundation") maintains two separate funds that are not included in the financial statements for programs administered by the Museum (the Charles and Penney Buhler fund and the Holland Museum Conservation & Acquisition Endowment fund). Resources of the funds can be obtained and expended by the Museum under provisions of the agreements and upon approval by the Foundation. While such contributions are earmarked for the Museum, the variance power held by the Foundation precludes their recognition in the accompanying financial statements in accordance with GAAP. The fair market value of the funds held at the Foundation for the benefit of the Museum was $23,061 and $21,639 at June 30, 2025 and 2024, respectively. Earnings on the endowments after specific annual additions to the endowment corpus can also be obtained and expended by the Museum upon request by the Museum's Board of Trustees and approval by the Foundation. During the years ended June 30, 2025 and 2024, total distributions from the Foundation were $518 and $539, respectively.

Notes to Financial Statements

8. LEASE AND IN-KIND USE OF FACILITIES

The Museum leases the Holland Museum Building, the Cappon House, and the Settlers House from the City for $30 per year for a period of 50 years, with any holding over after the expiration of the initial term, with or without consent of the City, to be month-to-month, at the same annual rental rate. The City retains title to the buildings and all improvements, fixtures or other types of fixed property pertaining to the buildings and property located thereon, as well as the collection on display at the Museum. The Museum is responsible for insurance and other incidental expenses on the property and buildings but is not required to pay real estate taxes.

The difference between the estimated fair rental value of the leased property, based on a percentage of the insured value, and the actual lease payments is recorded as in-kind contribution revenue and rental expense in the statements of activities in the amount of $121,428 for the years ended June 30, 2025 and 2024. The agreement includes barriers that must be met each year and a right of release also exists within the agreement. As a result, in-kind contribution revenue and the related rental expense is recorded annually.

9. RETIREMENT PLAN

The Museum offers its employees a tax sheltered annuity plan created in accordance with Section 403(b) of the Internal Revenue Code. The plan is available to all full-time employees and permits them to defer a portion of their salary to future years. The Museum policy allows contributions to the plan of an amount up to 20% of the employee's contribution at the discretion of the Board of Trustees. The Museum made no contributions to the plan during the years ended June 30, 2025 and 2024.

10. RELATED PARTY TRANSACTIONS AND CONCENTRATIONS

The Museum leases its premises from the City of Holland ("the City") under a long-term agreement discussed in Note 8.

The Museum received contributions from the City representing 11% and 13% of the Museum's total revenues during the years ended June 30, 2025 and 2024, respectively.

Notes to Financial Statements

11. OPERATING MATTERS, MANAGEMENT PLANS, AND GOING CONCERN ASSUMPTION

During fiscal years 2025 and 2024, the Museum recognized a $50,999 and $200,935 decrease in net assets and negative cash flows from operations of $1,452 and $223,356 respectively. Additionally, the Museum had $80,000 and $100,000 balances on their line of credit as of June 30, 2025 and 2024, respectively, with no current prospects to restructure or borrow more debt. Further, during both fiscal years, the Museum temporarily used restricted funds to pay for operational costs, although all such borrowings were repaid before fiscal year-end. The Museum believes that, as a result of management's plans detailed below, it currently has sufficient cash and other resources to meet its funding requirements over the next year from the date of issuance of these financial statements. However, there can be no assurance that its plans will be successful.

1. Subsequent to year end, the Museum was notified they are the beneficiary of real estate and the property is to be sold in fiscal year 2026. See Note 13.
2. The Museum is currently working on a visioning project for the Armory, and has a long-term supporter of the Museum willing to fund the planning phase.

3. All of the Museum staff have been made aware of the Museum’s current financial challenges. In response, several members of the management team have voluntarily accepted pay reductions, ranging from 3% to 10%, to help preserve existing staff positions.

4. The Museum is currently implementing new programs to bring in new admissions. In addition to the new programs, the Museum is working with other local nonprofit organizations to showcase the local homes during the holidays and to celebrate the 250 years of America.

5. Subsequent to year end, July 2025, in the Museum re-paid the remaining $80,000 owed on their line of credit.

Notes to Financial Statements

12. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of June 30:

	2025	2024
Cash and cash equivalents	$ 103,518	$ 46,731
Pledges receivable	30,000	-
Investments	297,041	387,550
	430,559	434,281
Less:		
Net assets with donor restrictions	(476,846)	(506,099)
Board designated net assets	(5,545)	(29,607)
Financial assets available to meet cash needs for general expenditures within one year	**$ (51,832)**	**$ (101,425)**

In addition to available financial assets, the Museum receives contributions to help support annual expenditures and its mission. The Museum has board-designated net assets without donor restrictions that, while the Museum does not intend to spend those for purposes other than those identified, the amounts could be made available for current operations, if necessary.

13. SUBSEQUENT EVENT

Property Donation

The Museum received an unrestricted real estate donation in December 2025. The property value was appraised for $300,000 during the same month. In February 2026, the Museum sold the property for $300,100.