

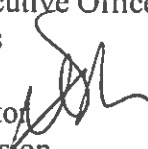
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TO: Salvador Salort-Pons  
President & Chief Executive Officer  
Detroit Institute of Arts

FROM: David Whitaker, Director  
Legislative Policy Division 

DATE: March 13, 2019

RE: Detroit Institute of Arts Analysis for City's FY 2019-2020 Budget

Attached is our analysis regarding the Detroit Institute of Arts for the City's Fiscal Year 2019-2020 Budget.

Please be prepared to respond to the questions raised in our analysis during your scheduled hearing on **Friday, March 22, 2019 at 2:00 p.m.** We would then appreciate a written response to the questions at your earliest convenience subsequent to your scheduled hearing. Please forward a copy of your responses to the Council members and the City Clerk's Office.

Please contact us if you have any questions regarding our analysis.

Thank you for your cooperation in this matter.

**Attachments:**

Questions

Attachment I – Detroit Institute of Arts, Financial Report, June 30, 2018

Attachment II – 2017 Arts Authority Report, Wayne County

Attachment III – Review of DIA Compliance with Wayne County Art Institute Authority Service Agreement

Attachment IV – DIA Art Institute Service Agreement with the Wayne County Art Institute Authority

cc: Councilmembers  
Auditor General's Office

Tanya Stoudemire, Budget Director  
Stephanie Washington, Mayor's Office

**Detroit Institute of Arts**  
**Analysis by the Legislative Policy Division for the City's FY 2019-2020 Budget**

The Detroit Institute of Arts (DIA) 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 in accordance with all powers under the provisions of the Non-profit Corporation Act (Act 162 of the Public Acts of 1982)

**DIA History<sup>1</sup>**

The Detroit Museum of Art (DMA) was founded in 1885 as a private, nonprofit organization, after authorizing legislation was passed at the state level establishing the right to create a nonprofit corporation for art. The museum was an outgrowth of a period in which American cities aspired to European models of civic virtue and sophistication. To get the initiative off the ground, 30 individuals contributed \$1,000 each and \$10,000 came from lumber baron Thomas Palmer, who served as the museum's first board chairman. By March 1886, \$100,000 had been raised to acquire land and erect a building. The first DMA, a Richardsonian Romanesque design by Canadian James Balfour, opened at Jefferson Avenue and Hastings Street on Sept. 1, 1888. Important early gifts of art from newspaper magnate James Scripps included key European works such as Peter Paul Rubens' "The Meeting of David and Abigail" and Pieter de Hooch's "Mother Nursing her Child."

The new museum ran into funding problems almost right away, and in 1893 began receiving subsidies from the city. By the second decade of the 20th Century, private donations were not enough to keep the museum afloat or accommodate its burgeoning collection. (The museum's endowment in 1915 was only \$50,000, compared with \$1 million at the Art Institute of Chicago). In July 1919 the Detroit Museum of Art was rechristened the Detroit Institute of Arts and became a city department. It now drew operating funds from the same pool of money that supported parks, police and other services. Ownership of the collection and building were ceded to the city — the DIA's precise structure, ownership and relationship history with the city remain unique among leading American museums.

The new DIA was governed by a mayoral-appointed Arts Commission.

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<sup>1</sup> Detroit Free Press Article, dated September 8, 2013, "DIA in Peril"

The Detroit Institute of Arts has a long and tangled relationship with Detroit politics — and an extensive history of financial issues. An exhaustive look at the museum's past provides insight into its key role in Detroit's bankruptcy.  
Story By Mark Stryker, Web presentation by Brian Todd

Flush with city cash, the DIA embarked on a buying spree between 1922 and 1930 that landed some of its greatest treasures — Van Gogh's "Self-Portrait," Rembrandt's "The Visitation," Bruegel's "The Wedding Dance," Matisse's "The Window," Bellini's "Madonna and Child," Van Eyck's "Saint Jerome in His Study" and others.

At the end of 1997, the city reached an agreement with the Founders Society to transfer all museum operations to the society, now simply known as the Detroit Institute of Arts. The 20-year agreement, which took effect in 1998, gave the museum its greatest autonomy since 1919. The city retained ownership of the art and building and contract details appeased workers' concerns.

On Aug. 7, 2012, a majority of voters in Wayne, Oakland and Macomb counties voted to approve an annual property tax millage — \$20 on a home worth \$200,000 — to fund the DIA for the next 10 years. The tax promises to funnel about \$22 million annually to museum operations — roughly 70% of its budget — and represents its first stable source of public funding since the 1991 state cuts. In exchange for passage, the DIA instituted free admission for tri-county residents and expanded its education and outreach programs. Many credit the success of the millage drive to the DIA's strategy of creating a more accessible and relevant institution, dating to its 2007 renovation.

At the same time, the DIA committed to raising hundreds of millions of dollars in additional endowment funds over the next decade to build its nest egg to \$400 million — enough to finally sustain the museum in perpetuity. A \$400-million endowment would generate about \$20 million in annual income for operations, enough to replace tax dollars when the millage expires.

In campaigning for the millage, the DIA had argued that the museum was a prime regional asset and the only way to prevent its closure was to reinstate public funding to provide the breathing room it needed to raise endowment dollars.

The City's bankruptcy in July 2013, put the DIA's art works at risk of being sold to meet creditor demands. The City's bankruptcy attorneys, bankruptcy court, State of Michigan, DIA, and certain charitable foundations collaborated to create the "Grand Bargain". The Bankruptcy Court described the groundbreaking Grand Bargain, in particular, as the "cornerstone" of the Plan [Plan of Adjustment]. The collection of settlements comprising the Grand Bargain provided for the contribution of \$816 million over the next 20 years by the State, certain charitable foundations and the DIA for the benefit of the City's pensioners while simultaneously protecting the City's irreplaceable art collection housed at the DIA.

Judge Rhodes wrote in his confirmation opinion of the City's plan of adjustment<sup>2</sup>, "The evidence unequivocally establishes that the DIA stands at the center of the City as an invaluable beacon of culture, education for both children and adults, personal journey, creative outlet, family experience, worldwide visitor attraction, civic pride and energy, neighborhood and community cohesion, regional cooperation, social service, and economic development. Every great City in the world actively pursues these values. They are the values that Detroit must pursue to uplift, inspire and enrich its residents and its visitors. They are also the values that Detroit must pursue to compete in the national and global economy to attract new residents, visitors and businesses. To sell the DIA art would only deepen Detroit's fiscal, economic

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<sup>2</sup> Judge's Confirmation ORAL OPINION ON THE RECORD In re City of Detroit Bankruptcy Judge Steven Rhodes November 7, 2014

and social problems. To sell the DIA art would be to forfeit Detroit's future. The City made the right decision."

On the Effective Date (December 10, 2014), pursuant to the DIA Settlement set forth in the Plan of Adjustment, the City irrevocably transferred all of its right, title and interest in the DIA Assets to a perpetual charitable trust, including: (a) the DIA Collection; and (b) the real property located at 5200 Woodward Avenue, Detroit, Michigan (the site of the DIA); and associated parking lots and garages.

Pursuant to the DIA Settlement: (1) certain charitable foundations and funders of the non-profit corporation ("DIA") that operates the Detroit Institute of Arts (collectively with DIA, the "DIA Funding Parties") have committed to assist in the funding of the City's restructured legacy pension obligations; and (2) the City has agreed to enter into certain transactions that will cause the DIA assets to remain in the City in perpetuity, subject to dispositions in accordance with applicable national ethical standards for museums, and to otherwise make the DIA assets available for the benefit of the residents on the City and State of Michigan. The DIA Settlement will be funded over a 20-year period as follows: (1) an irrevocable commitment of \$366 million by the charitable foundations payable in equal annual installments over the 20-year period; and (2) in addition to its continuing commitments outside of the DIA Settlement, an irrevocable commitment from DIA to raise at least \$100 million from its donors, the payment of which \$100 million will be guaranteed by the DIA payable in equal annual installments over the 20-year period, which DIA payments are subject to a present value discount if paid in advance of the 20-year schedule of payments. Upon the closing of the DIA Settlement transaction on December 10, 2014, the City irrevocably transferred the DIA assets, having a net book value of \$86.6 million, to the DIA, as trustee, to be held in perpetual charitable trust, subject to dispositions in accordance with applicable national ethical standards for museums, and within the City limits, for the primary benefit of the residents of the City and citizens of the State.

In accordance with the Plan of Adjustment, on the closing of the DIA Settlement transaction on December 10, 2014, the City, the DIA, and the Foundation for Detroit's Future ("FDF") delivered the following agreements to effectuate the DIA Settlement: (1) the Omnibus Transaction Agreement (Exhibit I.A.127 of the Plan) by and among the City, the DIA and the FDF; (2) the Settlement Conveyance and Charitable Trust Agreement by and between the City and the DIA (the "Conveyance Agreement"); (3) the Quit Claim Deed from the City to the DIA granting the DIA the City's interest in the cultural center garage (the "Garage Deed"); (4) the Quit Claim Deed from the City to the DIA granting the DIA the City's interest in the real property of the Detroit Institute of Arts (the "DIA Deed"); (5) the Bill of Sale by and between the City and the DIA (the "Bill of Sale"); and (6) the Intellectual Property Transfer Agreement by and between the City and the DIA.

On December 10, 2014 the Foundation for Detroit's Future made the first payments totaling \$23.3 million in accordance with the DIA Settlement Agreement to the GRS (\$5.0 million) and PFRS (\$18.3 million).

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. As of June 30, 2018 the DIA owed \$6.0 million of the original \$100.0 million obligation to the City. The remaining \$6.0 million, at payments of \$375,000 per year, will be made through the Foundation for Detroit's Future.

As of the date of this analysis the City, DIA and the FDF have met all their obligations in accordance with the Plan of Adjustment.

### **Museum Collections**

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.

### **Relationship with the Tri-Counties**

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 provides for the continued provision of art institute services to the residents of the respective counties upon receipt of tax monies 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 ten years. The millage rate approved was .2 mill (20 cents per \$1,000 of taxable value).

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, 2018 and 2017, the DIA has recognized approximately \$25.2 million and \$23.5 million, respectively, in service agreement revenue. The DIA does not show the amounts contributed for each county on its financial statements, but only the combined total.

### **Free Admissions (See Attachments II and IV)**

Per the Wayne County Art Institute Authority Service Agreement with the DIA, the DIA is required to provide unlimited, free museum admission for all residents of Wayne County, including self-guided field trips.

Wayne County free general admissions for the DIA totaled 126,487 in 2017. This was 14,956 less than the 141,443 in 2016. In 2017, 29,946 individuals participated in no-cost field trips to the DIA, exceeding the service agreement requirement of 16,000 by 13,946.

The DIA hosted 61 senior group trips to the museum attended by 2,180 Wayne County residents.

See Attachment II for other programs and events hosted for Wayne County residents in 2017.

The Service Agreement provides for the levy of the .2 mill tax on County properties.

### **Compliance with the 2017 Wayne County Service Agreement (See Attachments III and IV)**

Total spending on school programs was \$337,818 in 2017. The requirement was \$150,000. The DIA is required to provide subsidies for transportation for the school programs.

Total senior program spending was \$106,576 in 2017. The requirement was \$100,000.

Total spending on community programs was \$343,403.31 in 2017. The requirement was \$300,000.

**DIA Financials as of June 30, 2018 (See Attachment I)**

The DIA had total net assets of \$348.2 million on June 30, 2018, which was \$42.0 million greater than the \$306.2 million on June 30, 2017. The DIA's financial condition is good. As of June 30, 2018, it has sufficient cash (\$37.6 million) and investments (\$261.2 million) to pay its obligations (\$24.2 million). The DIA had undesignated net assets of \$14.9 million on June 30, 2018.

The DIA had Board designated net assets of \$157.1 million on June 30, 2018. Board designated net assets are unrestricted and can be spent for operating purposes and on endowments, as directed by the DIA's board of directors.

Temporary restricted net assets totaled \$82.1 million on June 30, 2018. They have donor-imposed restrictions that permit the DIA to use or expend the assets as specified (e.g., operations and art acquisition).

Permanently restricted net assets totaled \$94.1 million on June 30, 2018. They must be held in perpetuity (e.g. endowments) in accordance with donor restrictions. Earnings on endowment assets are classified as temporarily restricted 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.

The DIA pension obligation was overfunded by \$564,957, which meant it had more pension assets than liabilities, which is good, unlike the City's large Net Pension Liability.

The DIA had a \$3.1 million postretirement health care obligation on June 30, 2018.

The DIA had \$25.2 million of Tri-county support revenue from the tri-county millage tax for the year ending June 30, 2018. This was \$1.7 million more than the \$23.5 million of Tri-county support revenue for the year ended June 30, 2017. Other unrestricted revenue sources in FY 2018 included: (1) \$11.3 million from membership and development; (2) \$6.3 million from program and operational activities; and (3) \$12.9 million in investment income.

The City collected and paid millage taxes totaling \$905,536 to the DIA through Wayne County for FY 2018. This is included in the \$25,203,441 Tri-county support revenue reported by the DIA for FY 2018 (See Attachment I, page 3). For the current year (FY 2019) it is estimated that the City will pay \$904,424 in millage taxes to the DIA.

DIA unrestricted operating expenses in FY 2018 included: (1) \$28.6 million program and operational activities; (2) \$3.4 million for membership and development; and (3) \$5.8 million for supporting services.

The DIA purchased \$3.7 million works of art in FY 2018.

The DIA's change in unrestricted net assets for FY 2018 was \$25.3 million, a \$1.2 million decrease from the \$26.5 million in FY 2017. Unrestricted net assets at June 30, 2018 were \$172.0 million.

The DIA had temporarily restricted net assets of \$82.1 million and permanently restricted net assets of \$94.1 million on June 30, 2018. The DIA had \$10.4 million of membership and development revenue that contributed to the permanently restricted net assets for FY 2018.

In conformity with allowable museum financial statement presentation practice, the value of the DIA's 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.

The DIA has substantial beneficial interests (approximately over \$40 million in principal) which include endowment and other funds that are not recorded on the DIA financial statements because of outside organization control over the funds. The DIA benefits from contributions from these organizations.

The DIA financial statements (Note 8) include the following donor-restricted and board-designated endowments as of June 30, 2018: (1) unrestricted Board-designated endowment funds - \$108.5 million; (2) temporarily restricted donor-restricted endowment funds - \$38.1 million; and (3) permanently restricted donor-restricted endowment funds - \$94.1 million.

**Questions**  
**Detroit Institute of Arts**

1. How would you rate the ability of the DIA to provide world class educational and cultural experiences to the citizens of Detroit and State of Michigan?
2. What initiatives are planned by the DIA to expand the cultural and educational experiences to the region?
3. How would you rate the current financial health of the DIA?
4. Please describe the cultural and educational benefits provided to the children and adults of the City of Detroit.
5. Can you quantify the number of annual admissions for Detroit residents in fiscal year 2018 or the calendar year 2018? If so can you quantify the number of Detroit children and schools served?
6. Does the DIA have partnerships or relationships with Detroit schools for cultural and educational benefits? Does the DIA have a department that specializes in providing educational and cultural opportunities to the residents of the City and State? Please provide details on outreach efforts.
7. Does the DIA have any arrangements or partnerships with the Museum of African American Museum? If so, please describe.
8. What major capital projects does the DIA plan over the next four years? Please provide the benefits that any planned capital projects will bring to the community.
9. Please describe any major exhibits that the DIA will feature in 2019.
10. The DIA is a beacon for development in the City. Has the DIA partnered or worked to

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encourage development in the City? Please describe any development efforts the DIA has been engaged in.

11. The DIA millage/tax support is ending in 2023. Will the DIA have sufficient endowment funds at that time to meet its needs? Will the DIA need to renew the millage/tax support? If you need to renew the millage/tax support, when would you begin your campaign for this effort?
12. How many budgeted full time employees does the DIA have for FY 2019? How many full time positions are vacant as of January 31, 2019? How many budgeted part time employees does the DIA have for FY 2019? How many part time positions are vacant as of January 31, 2019? Can you provide the current number of Detroit residents employed by the DIA? Does the DIA provide apprenticeship opportunities for City of Detroit's high schools, community colleges and Wayne State University?
13. Can you provide the total amount of millage tax revenue contributed just by Wayne County for FY 2018?
14. Please provide the DIA's FY 2019 operating budget. Please provide the FY 2020 operating budget, if available.



# ATTACHMENT I

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## Detroit Institute of Arts

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**Financial Report  
June 30, 2018**

<b>Independent Auditor's Report</b>	<b>1</b>
<b>Financial Statements</b>	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-24



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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, 2018 and 2017 and the related statements of activities and changes in net assets 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.

### ***Opinions***

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, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Plante & Moran, PLLC*

October 25, 2018

# Detroit Institute of Arts

## Statement of Financial Position

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and short-term investments	\$ 37,646,033	\$ 30,017,830
Receivables - Net:		
Accounts	2,760,817	2,291,744
Pledges (Note 4)	2,863,470	2,673,207
Grand Bargain pledges (Note 5)	3,707,600	3,612,650
Inventories	489,960	352,316
Prepaid expenses	287,067	996,136
	<u>47,754,947</u>	<u>39,943,883</u>
Investments (Note 9)	261,237,012	232,283,785
Long-term Receivables - Net		
Pledges - Less current portion (Note 4)	13,249,951	10,441,954
Grand Bargain pledges - Less current portion (Note 5)	25,918,939	29,640,798
Cash for Restricted Purposes	-	1,000,000
Fixed Assets - Net (Note 10)	<u>24,192,438</u>	<u>21,711,324</u>
	<u><b>\$ 372,353,287</b></u>	<u><b>\$ 335,021,744</b></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,840,542	\$ 1,940,837
Accrued payroll and other employee benefits	2,338,922	2,315,780
Deferred revenue	12,714,919	12,247,825
Due to Foundation for Detroit's Future (Note 11)	375,000	375,000
	<u>17,269,383</u>	<u>16,879,442</u>
Due to Foundation for Detroit's Future - Less current portion (Note 11)	4,335,414	4,562,295
Pension Obligation (Note 12)	(564,957)	3,615,424
Postretirement Health Care Obligation (Note 12)	<u>3,126,705</u>	<u>3,770,270</u>
	24,166,545	28,827,431
<b>Net Assets</b>		
Unrestricted:		
Undesignated	14,871,698	7,427,424
Board designated (Note 15)	157,101,609	139,203,724
Temporarily restricted (Note 15)	82,063,592	75,909,284
Permanently restricted (Note 8)	<u>94,149,843</u>	<u>83,653,881</u>
	348,186,742	306,194,313
	<u><b>\$ 372,353,287</b></u>	<u><b>\$ 335,021,744</b></u>

# Detroit Institute of Arts

## Statement of Activities and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	2018		2017		Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Unrestricted	Temporarily Restricted	Temporarily Restricted	Permanently Restricted									
<b>Revenue, Gains, and Other Support</b>													
Tri-county support (Note 3)	\$ 25,203,441	\$ -	\$ -	\$ 25,203,441	\$ 23,525,758	\$ -	\$ -	\$ 23,525,758	\$ 11,426,444	\$ 1,704,607	\$ -	\$ 9,321,355	\$ 22,452,406
Membership and development	11,318,977	2,984,498	10,360,281	24,663,756	11,426,444	-	-	11,426,444	4,788,378	1,124,832	-	-	5,913,210
Program and operational activities	6,340,852	601,302	-	6,942,154	6,942,154	-	-	6,942,154	15,144,406	5,170,289	-	-	20,314,695
Investment income (Note 6)	12,862,343	4,543,876	-	17,406,219	15,144,406	-	-	15,144,406	3,677,619	(3,677,619)	-	-	-
Net assets released from restrictions	4,639,712	(4,639,712)	-	-	3,677,619	-	-	3,677,619	-	-	-	-	-
<b>Total revenue, gains, and other support</b>	<b>60,365,325</b>	<b>3,489,964</b>	<b>10,360,281</b>	<b>74,215,570</b>	<b>58,562,605</b>			<b>4,322,109</b>					<b>72,206,069</b>
<b>Operating Expenses</b>													
Program and operational activities	28,620,921	-	-	28,620,921	26,532,790	-	-	26,532,790	3,511,019	-	-	-	26,532,790
Membership and development	3,400,434	-	-	3,400,434	3,511,019	-	-	3,511,019	7,433,286	-	-	-	3,511,019
Supporting services	5,779,742	-	-	5,779,742	7,433,286	-	-	7,433,286	-	-	-	-	7,433,286
<b>Total operating expenses</b>	<b>37,801,097</b>	<b>-</b>	<b>-</b>	<b>37,801,097</b>	<b>37,477,095</b>			<b>37,477,095</b>					<b>37,477,095</b>
<b>Changes in Net Assets from Operations</b>	<b>22,564,228</b>	<b>3,489,964</b>	<b>10,360,281</b>	<b>36,414,473</b>	<b>21,085,510</b>			<b>4,322,109</b>					<b>34,728,974</b>
<b>Other Changes in Net Assets</b>													
Contributions received for art acquisitions	-	45,781	-	45,781	-	-	-	31,446	-	-	-	-	31,446
Investment return earmarked for art acquisitions (Note 6)	37,897	5,220,573	-	5,258,470	322,740	-	-	5,589,814	-	-	-	-	5,912,554
Purchases of works of art	(3,724,370)	-	-	(3,724,370)	(2,643,455)	-	-	-	-	-	-	-	(2,643,455)
Proceeds from the sale of deaccessioned art	-	171,565	-	171,565	-	-	-	-	-	-	-	-	-
Net assets released from restrictions to fund art acquisitions	3,373,204	(3,373,204)	-	-	2,643,455	-	-	(2,643,455)	-	-	-	-	-
Change in pension plan obligation (Note 12)	3,351,009	-	-	3,351,009	4,812,265	-	-	4,812,265	-	-	-	-	4,812,265
Change in postretirement healthcare obligation (Note 12)	475,501	-	-	475,501	242,515	-	-	242,515	-	-	-	-	242,515
<b>Total other changes in net assets</b>	<b>3,513,241</b>	<b>2,064,715</b>	<b>-</b>	<b>5,577,956</b>	<b>5,377,520</b>			<b>2,977,805</b>					<b>8,355,325</b>
<b>Increase in Net Assets - Before transfers</b>	<b>26,077,469</b>	<b>5,554,679</b>	<b>10,360,281</b>	<b>41,992,429</b>	<b>26,463,030</b>			<b>7,299,914</b>					<b>43,084,299</b>
<b>Transfers</b>	<b>(735,310)</b>	<b>599,629</b>	<b>135,681</b>	<b>-</b>	<b>-</b>			<b>-</b>					<b>-</b>
<b>Total Changes in Net Assets</b>	<b>25,342,159</b>	<b>6,154,308</b>	<b>10,495,962</b>	<b>41,992,429</b>	<b>26,463,030</b>			<b>7,299,914</b>					<b>43,084,299</b>
<b>Net Assets - Beginning of year</b>	<b>146,631,148</b>	<b>75,909,284</b>	<b>83,653,881</b>	<b>306,194,313</b>	<b>120,168,119</b>			<b>68,609,370</b>					<b>263,110,014</b>
<b>Net Assets - End of year</b>	<b>\$ 171,973,307</b>	<b>\$ 82,063,592</b>	<b>\$ 94,149,843</b>	<b>\$ 348,186,742</b>	<b>\$ 146,631,148</b>			<b>\$ 75,909,284</b>					<b>\$ 306,194,313</b>

See notes to financial statements.

# Detroit Institute of Arts

## Statement of Cash Flows

Years Ended June 30, 2018 and 2017

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 41,992,429	\$ 43,084,299
Adjustments to reconcile change in net assets to net cash and short-term investments provided by operating activities:		
Depreciation	856,781	731,902
Amortization on Grand Bargain obligation	148,119	154,727
Amortization on pledge discounts	(677,709)	(1,144,399)
Net realized and unrealized gains on long-term investments	(17,644,479)	(20,973,958)
Contributions restricted for long-term purposes	(13,165,592)	(12,274,615)
Net periodic benefit cost pension and postretirement medical benefits and related settlements	279,052	1,724,789
Change in pension obligation	(3,351,009)	(4,812,265)
Change in postretirement medical benefit obligation	(475,501)	(242,515)
Acquisitions of art	3,724,370	2,643,455
Changes in operating assets and liabilities which provided (used) cash:		
Accounts and pledges receivable	3,256,351	3,006,160
Inventories	(137,644)	(20,456)
Prepaid expenses	709,069	(206,438)
Accounts payable and accrued expenses	(100,295)	435,738
Deferred revenue	467,094	68,982
Accrued payroll and other liabilities	23,141	(4,257)
Unfunded pension obligation	(1,200,000)	(4,700,000)
Unfunded postretirement medical benefit obligation	(76,488)	(97,482)
Net cash and short-term investments provided by operating activities	14,627,689	7,373,667
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(3,337,893)	(3,230,446)
Acquisition of art objects	(3,724,370)	(2,643,455)
Purchase of investments	(134,991,437)	(344,918,742)
Proceeds from sale of investments	123,667,512	321,398,222
Net cash and short-term investments used in investing activities	(18,386,188)	(29,394,421)
<b>Cash Flows from Financing Activities</b>		
Proceeds from contributions restricted for long-term purposes	6,473,002	8,061,253
Payments to Foundation for Detroit's Future	(375,000)	(375,000)
Payments received on Grand Bargain pledges receivable	4,288,700	6,500,099
Net cash and short-term investments provided by financing activities	10,386,702	14,186,352
<b>Net Increase (Decrease) in Cash and Short-term Investments</b>	6,628,203	(7,834,402)
<b>Cash and Short-term Investments - Beginning of year</b>	31,017,830	38,852,232
<b>Cash and Short-term Investments - End of year</b>	<u>\$ 37,646,033</u>	<u>\$ 31,017,830</u>
<b>Statement of Financial Position Classification of Cash and Short-term Investments</b>		
Cash and short-term investments	\$ 37,646,033	\$ 30,017,830
Cash for restricted purposes	-	1,000,000
Total cash and short-term investments	<u>\$ 37,646,033</u>	<u>\$ 31,017,830</u>

**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 Non-profit 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. In 2017, the DIA had restricted cash, as required by the Grand Bargain agreement.

***Accounts Receivable***

Receivables include amounts due from other museums for costs associated with the loan of works of art, such as crating and shipping; amounts due from agencies for grants awarded and funds to be provided as reimbursement for expenses incurred; and amounts due from tri-counties. See Note 3 for millage revenue accounting policy. Management deems the nonmillage accounts receivable to be fully collectible.

***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(s) applicable to the related costs.

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments are recorded at fair market value, as described in Note 9. 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	10-20
Parking facilities	20
Furniture and equipment	5-7
Software	3

Deferred Revenue

The DIA receives monies for which goods or services will be provided in future periods. Such receipts include proceeds from the tri-county art services agreement (see Note 3), payments for gift cards, and deposits for future events. Revenue is recorded in the period(s) in which the goods or services are provided.

Classification of Net Assets

In accordance with U.S. generally accepted accounting principles for not-for-profit organizations, the Museum's resources are classified for accounting and reporting purposes into net asset categories based on the existence of donor-imposed restrictions. The net assets of the Museum are reported in three categories as follows:

Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired or been fulfilled by the DIA. Under this category are three subcategories of unrestricted net assets: (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.



**Note 2 - Significant Accounting Policies (Continued)**

Temporarily restricted net assets contain donor-imposed restrictions that permit the DIA to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the DIA. Under this category are two subcategories of temporarily restricted net assets: (1) donor restricted, where the entire balance in the fund can be spent for the purpose(s) specified by the donor and (2) donor-restricted endowment, which represents the accumulated earnings from the permanently restricted endowments that are to be spent for the purpose(s) specified by the donor or not yet appropriated for expenditure.

Permanently restricted net assets are endowments that must be held in perpetuity in accordance with donor restrictions. Earnings on endowment assets are classified as temporarily restricted 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 interpretation, curatorial and conservation, and operations.

***Revenue***

Contributions, including cash and in-kind contributions, are generally recorded as revenue in the period in which they are received. 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. Other revenue related to food service, gift shop sales, admissions, and special event ticket sales are classified as program and operational activities when earned. 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 \$1.7 million and \$0.8 million (unaudited) for the years ended June 30, 2018 and 2017, respectively.

***Functional Allocation of Expenses***

The costs to provide the Museum's various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of expenses is based on management estimates, and although the allocation methods are considered reasonable, other methods could be used that would produce different results.

Advertising is charged to expense when incurred and amounted to approximately \$1.5 million and \$1.1 million for the years ended June 30, 2018 and 2017, respectively.

**Note 2 - Significant Accounting Policies (Continued)**

*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 tri-counties, 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 11 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.

*Reclassifications*

Grand Bargain contributions totaling \$1,499,653 for the year ended June 30, 2017, which were previously reported within other changes in net assets on the statement of activities and changes in net assets, have been reclassified to membership and development revenue to conform to the 2018 presentation. Amortization on the Grand Bargain obligation totaling \$154,727 for the year ended June 30, 2017, which was previously reported within other changes in net assets on the statement of activities and changes in net assets, has been reclassified to membership and development expenses to conform to the 2018 presentation. The effect of these reclassifications is an increase in unrestricted changes in net assets from operations and a decrease in total unrestricted other changes in net assets of \$1,344,926. The reclassifications had no effect on the total changes in unrestricted net assets.

*Upcoming Accounting Pronouncements*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede 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 guidance will be effective for the DIA's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. Management is currently evaluating which application will be used. The Museum expects the new standard could have a significant impact on the recognition of revenue from the tri-counties.

**Note 2 - Significant Accounting Policies (Continued)**

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Museum's fiscal year ending June 30, 2020 and will be applied on a modified prospective basis. The Museum expects the standard to have a significant impact on the timing of revenue recognition for the tri-county millage revenue, but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions. Under this new guidance, management expects the tri-county millage revenue will be considered unconditional contribution revenue that will be fully recognized in the financial statements when received. Management estimates that deferred revenue of approximately \$12 million will be recognized in the year of implementation.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-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 Museum's year ending June 30, 2021 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-to-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.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Museum, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Museum's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Museum expects the impact of this standard will include a change in the net asset descriptions, additional disclosures regarding liquidity, and additional information on the natural classifications of the functional expenses.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including October 25, 2018, which is the date the financial statements were available to be issued.

**Note 3 - Relationship with the Tri-Counties**

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 monies 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 mill (20 cents per \$1,000 of taxable value). Based on historic payments, the DIA projects annual revenue, which is recognized monthly on a straight-line basis over the period of the agreement with each county.

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, 2018 and 2017, the DIA has recognized approximately \$25.2 million and \$23.5 million, respectively, in service agreement revenue. The net revenue is recorded as tri-county support in the unrestricted fund. As these proceeds are received on a calendar-year basis, the balance of the estimated proceeds not recognized as revenue in the current fiscal year totaled approximately \$12.5 million and \$12.0 million for 2018 and 2017, respectively, and is recorded as deferred revenue. The gross outstanding receivable balance is approximately \$1.5 and \$1.3 million as of June 30, 2018 and 2017, respectively. Based on the consistency of collections in prior years, there is no reserve for doubtful accounts receivable at June 30, 2018. The reserve for doubtful accounts receivable at June 30, 2017 was \$80,700. The reserves are based on historic and actual collection activity.

**Note 4 - Pledges Receivable**

Pledges receivable at June 30 are as follows:

	2018	2017
Gross promises to give	\$ 19,108,434	\$ 14,728,257
Less allowance for uncollectible pledges	(980,000)	(870,000)
Present value adjustment (1.27% - 2.61%)	(2,015,013)	(743,096)
Net pledges receivable	\$ 16,113,421	\$ 13,115,161
Amounts due in:		
Less than one year	\$ 2,863,470	\$ 2,673,207
One to five years	9,801,153	8,174,700
More than five years	6,443,811	3,880,350
Total	\$ 19,108,434	\$ 14,728,257

In addition, the DIA has obtained, but not recognized, approximately \$1.3 million and \$2.5 million in pledges at June 30, 2018 and 2017, 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.

Notes to Financial Statements

June 30, 2018 and 2017

**Note 5 - Grand Bargain Pledges (Continued)**

Grand bargain pledges receivable at June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Gross promises to give	\$ 35,838,350	\$ 40,127,050
Less allowance for uncollectible pledges	(443,000)	(483,000)
Present value adjustment (1.12% - 3.07%)	(5,768,811)	(6,390,602)
<b>Total</b>	<b><u>\$ 29,626,539</u></b>	<b><u>\$ 33,253,448</u></b>
Amounts due in:		
Less than one year	\$ 3,707,600	\$ 3,612,650
One to five years	15,013,250	16,322,000
More than five years	17,117,500	20,192,400
<b>Total</b>	<b><u>\$ 35,838,350</u></b>	<b><u>\$ 40,127,050</u></b>

**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 permanently designated by the donor 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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 4,800,960	\$ 5,019,393
Trust distributions (Note 7)	1,615,119	1,595,336
Net realized and unrealized gains	17,644,479	20,973,958
Investment management fees	(1,395,869)	(1,361,438)
<b>Total</b>	<b><u>\$ 22,664,689</u></b>	<b><u>\$ 26,227,249</u></b>

**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, 2018 and 2017 was approximately \$26.5 million. 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 \$1,475,000 and \$1,450,000 in 2018 and 2017, respectively, and are recorded on the statement of activities and changes in net assets under other changes in net assets, investment return on funds earmarked for art acquisitions.

**Note 7 - Beneficial Interests (Continued)**

The DIA is an income beneficiary of an endowment fund (the "Fund") held and managed by the Community Foundation for Southeast Michigan for funds donated by outside donors for the benefit of the Museum. The total market value of the Fund at June 30, 2018 and 2017 was approximately \$16.0 million and \$14.1 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 nonoperating purposes are \$126,988 and \$132,415 for the years ended June 30, 2018 and 2017, 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 \$300,000 at both June 30, 2018 and 2017. 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 \$13,131 and \$12,921 for the years ended June 30, 2018 and 2017, respectively.

**Note 8 - 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 to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law*

The DIA has interpreted the Michigan Prudent Management of Institutional Funds Act (MPMIFA) 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 DIA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the DIA in a manner consistent with the standard of prudence prescribed by MPMIFA. In accordance with MPMIFA, 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

Notes to Financial Statements

June 30, 2018 and 2017

Note 8 - Donor-restricted and Board-designated Endowments (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2018				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 38,091,041	\$ 94,149,843	\$ 132,240,884
Board-designated endowment funds	108,488,353	-	-	108,488,353
Total funds	<u>\$ 108,488,353</u>	<u>\$ 38,091,041</u>	<u>\$ 94,149,843</u>	<u>\$ 240,729,237</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2018				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ 97,757,029	\$ 34,275,287	\$ 83,653,881	\$ 215,686,197
Investment return:				
Investment income	2,055,114	1,166,010	-	3,221,124
Net appreciation (realized and unrealized)	7,918,974	4,492,989	-	12,411,963
Total investment gain	9,974,088	5,658,999	-	15,633,087
Appropriation of endowment assets for expenditure	(442,543)	(2,377,640)	-	(2,820,183)
Other changes:				
Transfers	(735,310)	534,395	135,681	(65,234)
Contributions	-	-	10,360,281	10,360,281
Board resolution to designate unrestricted bequests	1,935,089	-	-	1,935,089
Endowment net assets - End of year	<u>\$ 108,488,353</u>	<u>\$ 38,091,041</u>	<u>\$ 94,149,843</u>	<u>\$ 240,729,237</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 34,275,287	\$ 83,653,881	\$ 117,929,168
Board-designated endowment funds	97,757,029	-	-	97,757,029
Total funds	<u>\$ 97,757,029</u>	<u>\$ 34,275,287</u>	<u>\$ 83,653,881</u>	<u>\$ 215,686,197</u>

**Note 8 - Donor-restricted and Board-designated Endowments (Continued)**

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ 83,240,984	\$ 30,475,435	\$ 74,332,526	\$ 188,048,945
Investment return:				
Investment income	1,751,858	876,417	-	2,628,275
Net appreciation (realized and unrealized)	10,182,165	5,093,915	-	15,276,080
Total investment gain	11,934,023	5,970,332	-	17,904,355
Appropriation of endowment assets for expenditure	(614,617)	(2,170,913)	-	(2,785,530)
Other changes:				
Reinvestment of appropriation of endowment assets to the endowment fund per donor instructions	-	433	18,967	19,400
Contributions	-	-	9,302,388	9,302,388
Board resolution to designate unrestricted bequests	3,196,639	-	-	3,196,639
Endowment net assets - End of year	<u>\$ 97,757,029</u>	<u>\$ 34,275,287</u>	<u>\$ 83,653,881</u>	<u>\$ 215,686,197</u>

Permanently restricted endowment net assets include pledges receivable of \$13.8 million and \$9.5 million as of June 30, 2018 and 2017, respectively.

***Funds with Deficiencies***

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 MPMIFA requires the DIA to retain as a fund of perpetual duration. As of June 30, 2018 and 2017, 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(s), 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 8 - Donor-restricted and Board-designated Endowments (Continued)**

The DIA is to record the annual income on endowments as temporarily restricted and appropriated for expenditure upon meeting donor stipulations, if any. In establishing this policy, the DIA considered the long-term expected return on its endowment. Accordingly, over the long term, the DIA expects the current spending policy to allow its endowment to grow at an average annual rate of 2 to 3 percent. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns in excess of inflation.

**Note 9 - 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.

The following tables present information about the DIA's assets measured at fair value on a recurring basis at June 30, 2018 and 2017 and the valuation techniques used by the DIA to determine those fair values.

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 whereby 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, 2018, 26.7 percent of the fair value of the investments was available for withdrawal on a daily basis, 26.1 percent on a monthly basis, 20.5 percent on a quarterly basis, 4.2 percent on a semiannual basis, 4.7 percent on an annual basis, and 17.8 percent in greater than one year.

Notes to Financial Statements

June 30, 2018 and 2017

Note 9 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2018		
	Quoted Prices in Active Markets for Identical Assets		
	(Level 1)	Net Asset Value	Balance at June 30, 2018
Cash and short-term investments - Money market funds	\$ 15,650,640	\$ -	\$ 15,650,640
Investments:			
Money market funds	2,721,208	-	2,721,208
Mutual funds:			
Debt securities	14,823,427	-	14,823,427
International equities	11,577,625	-	11,577,625
Domestic equities	42,135,651	-	42,135,651
Alternative investments:			
Common trust	-	33,617,000	33,617,000
Hedge funds	-	53,015,162	53,015,162
Partnerships	-	49,125,091	49,125,091
Foreign corporations	-	30,957,328	30,957,328
Private equity	-	2,669,416	2,669,416
Private credit	-	20,595,104	20,595,104
<b>Total investments at fair value</b>	<b>71,257,911</b>	<b>189,979,101</b>	<b>261,237,012</b>
<b>Total assets at fair value</b>	<b>\$ 86,908,551</b>	<b>\$ 189,979,101</b>	<b>\$ 276,887,652</b>
	Assets Measured at Fair Value on a Recurring Basis at June 30, 2017		
	Quoted Prices in Active Markets for Identical Assets		
	(Level 1)	Net Asset Value	Balance at June 30, 2017
Cash and short-term investments - Money market funds	\$ 10,428,885	\$ -	\$ 10,428,885
Investments:			
Money market funds	7,085,853	-	7,085,853
Mutual funds:			
Debt securities	29,969,171	-	29,969,171
International equities	5,653,489	-	5,653,489
Domestic equities	41,844,332	-	41,844,332
Alternative investments:			
Common trust	-	29,906,265	29,906,265
Hedge funds	-	35,441,099	35,441,099
Partnerships	-	33,768,529	33,768,529
Foreign corporations	-	11,418,158	11,418,158
Private equity	-	872,486	872,486
Private credit	-	14,463,366	14,463,366
<b>Total investments at fair value</b>	<b>84,552,845</b>	<b>125,869,903</b>	<b>210,422,748</b>
<b>Total assets at fair value</b>	<b>\$ 94,981,730</b>	<b>\$ 125,869,903</b>	<b>\$ 220,851,633</b>

Excluded from the total investments at fair value in the table above is \$21,861,037 of pending trades at June 30, 2017.

Notes to Financial Statements

June 30, 2018 and 2017

**Note 9 - Fair Value Measurements (Continued)**

*Investments in Entities that Calculate Net Asset Value per Share*

The DIA holds shares or interests in investment companies at year end whereby 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:

	2018		2017		2018	
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period	
Common trust	\$ 33,617,000	\$ 29,906,265	\$ -	Monthly	10 days - by the 22nd of the prior month	
Hedge funds	53,015,162	35,441,099	-	Monthly - Annually	60 - 80 days	
Partnerships	49,125,091	33,768,529	-	Weekly - Quarterly	5 - 60 days	
Foreign corporations	30,957,328	11,418,158	-	Daily - Annually on Anniversary	14 - 90 days	
Private equity	2,669,416	872,486	38,027,388	N/A	N/A	
Private credit	20,595,104	14,463,366	31,597,183	Quarterly - N/A	60 days - N/A	
<b>Total</b>	<b>\$ 189,979,101</b>	<b>\$ 125,869,903</b>	<b>\$ 69,624,571</b>			

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.

June 30, 2018 and 2017

**Note 10 - Fixed Assets**

Fixed assets consist of the following as of June 30:

	2018	2017
Land	\$ 2,667,703	\$ 2,667,703
Building and improvements	18,790,641	17,503,631
Parking facilities	2,987,435	2,596,202
Construction in progress	1,643,588	762,052
Furniture and equipment	2,201,321	1,423,205
Software	577,767	577,767
<b>Total cost</b>	<b>28,868,455</b>	<b>25,530,560</b>
<b>Accumulated depreciation and amortization</b>	<b>4,676,017</b>	<b>3,819,236</b>
<b>Net property and equipment</b>	<b>\$ 24,192,438</b>	<b>\$ 21,711,324</b>

Total depreciation expense for the years ended June 30, 2018 and 2017 was approximately \$0.9 million and \$0.7 million, respectively.

**Note 11 - 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%)	Net
Balance as of July 1, 2016	\$ 6,750,000	\$ (1,592,432)	\$ 5,157,568
Amortization of 3% discount	-	154,727	154,727
Payment made June 2017	(375,000)	-	(375,000)
Balance as of July 1, 2017	6,375,000	(1,437,705)	4,937,295
Amortization of 3% discount	-	148,119	148,119
Payment made June 2018	(375,000)	-	(375,000)
Balance as of June 30, 2018	<b>\$ 6,000,000</b>	<b>\$ (1,289,586)</b>	<b>\$ 4,710,414</b>

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

2019	\$ 375,000
2020	375,000
2021	375,000
2022	375,000
2023	375,000
2024 and thereafter	4,125,000
<b>Total</b>	<b>\$ 6,000,000</b>

Notes to Financial Statements

June 30, 2018 and 2017

Note 12 - 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, 2018 and 2017.

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 each eligible retiree 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*.

During the 2017 fiscal year, the Plan was amended and certain participants were offered a one-time voluntary option to receive a lump-sum payout of their accrued benefits from the Plan. Participants eligible for this option included those no longer employed and those who had not yet begun receiving benefit payments. Total payouts under the option were approximately \$3,045,000 and were paid out during fiscal year 2017.

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, 2018 and 2017:

**Obligations and Funded Status**

	Pension Benefits		Other Postretirement Benefits	
	2018	2017	2018	2017
Benefit obligation	\$ 36,050,777	\$ 38,273,451	\$ 3,126,705	\$ 3,770,270
Fair value of plan assets	36,615,734	34,658,027	-	-
Overfunded (underfunded) status	\$ 564,957	\$ (3,615,424)	\$ (3,126,705)	\$ (3,770,270)

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	
	2018	2017	2018	2017
(Overfunded) unfunded pension plan obligation	\$ (564,957)	\$ 3,615,424	\$ -	\$ -
Postretirement healthcare obligation	-	-	3,126,705	3,770,270
(Overfunded) unfunded status	\$ (564,957)	\$ 3,615,424	\$ 3,126,705	\$ 3,770,270

**Note 12 - 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	
	2018	2017	2018	2017
Net actuarial gain	\$ 2,408,354	\$ 2,594,488	\$ 768,746	\$ 447,495
Amortization of prior service costs	-	-	(416,338)	(416,338)
Amortization of net loss	942,655	2,217,797	123,093	211,358
Adjustment to pension liability and postretirement healthcare obligation	\$ 3,351,009	\$ 4,812,285	\$ 475,501	\$ 242,515

The amounts included in unrestricted net assets at June 30, 2018 that have not been recognized in net periodic benefit cost include approximately \$8.0 million in unrecognized actuarial losses for the Plan and prior service cost credit of \$2.3 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 ended June 30, 2019 is an actuarial loss of approximately \$0.6 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.

Components of Net Periodic Benefit Costs	Pension Benefits		Other Postretirement Benefits	
	2018	2017	2018	2017
Service costs	\$ -	\$ -	\$ 67,552	\$ 84,411
Interest costs	1,420,088	1,507,847	134,117	141,595
Expected return on plan assets	(1,992,115)	(2,021,881)	-	-
Amortization of actuarial losses	942,655	1,267,857	123,093	211,358
Amortization of prior service cost	-	-	(416,338)	(416,338)
Total	\$ 370,628	\$ 753,823	\$ (91,576)	\$ 21,026

Changes in Fair Value of Plan Assets	Pension Benefits		Other Postretirement Benefits	
	2018	2017	2018	2017
Fair value, beginning of year	\$ 34,658,027	\$ 31,601,010	\$ -	\$ -
Actual return on assets	2,306,536	3,041,643	-	-
Employer contributions	1,200,000	4,700,000	76,488	97,482
Benefits paid	(1,548,829)	(1,639,319)	(76,488)	(97,482)
Settlements	-	(3,045,307)	-	-
Total	\$ 36,615,734	\$ 34,658,027	\$ -	\$ -

In addition to the net periodic benefit costs above, the Museum recognized benefit costs of \$949,940 related to settlements for the year ended June 30, 2017. These costs are included in operating expenses on the statement of activities and changes in net assets. There were no settlement costs recognized for the year ended June 30, 2018.

Notes to Financial Statements

June 30, 2018 and 2017

**Note 12 - Pension and OPEB (Continued)**

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

	Pension Benefits		Other Postretirement Benefits	
	2018	2017	2018	2017
Discount rate	4.2%	3.8%	4.2%	3.8%
Rate of compensation increase	N/A	N/A	N/A	N/A

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

	Pension Benefits		Other Postretirement Benefits	
	2018	2017	2018	2017
Discount rate	3.8%	4.1%	3.8%	3.55%
Expected long-term rate of return on plan assets	5.9%	7%	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A

For measurement purposes, a 7.84 percent and 8.00 percent annual rate of increase in healthcare costs at June 30, 2018 and 2017, 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.

The target allocation of plan assets is 35 percent domestic fixed income, 15 percent private credit, and 50 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.

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.

**Note 12 - Pension and OPEB (Continued)**

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, 2018 by major asset classes are as follows:

Asset Classes	Fair Value Measurements at June 30, 2018		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value (NAV)	Total
Short-term investments	\$ 425,355	\$ -	\$ 425,355
Mutual funds:			
Debt securities	20,628,002	-	20,628,002
Domestic equities	3,479,685	-	3,479,685
Partnerships	-	7,236,214	7,236,214
Foreign corporations	-	4,846,478	4,846,478
<b>Total</b>	<b>\$ 24,533,042</b>	<b>\$ 12,082,692</b>	<b>\$ 36,615,734</b>

Asset Classes	Fair Value Measurements at June 30, 2017		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value (NAV)	Total
Short-term investments	\$ 3,550,737	\$ -	\$ 3,550,737
Mutual funds	20,303,929	-	20,303,929
Partnerships	-	6,373,082	6,373,082
Foreign corporations	-	4,430,279	4,430,279
<b>Total</b>	<b>\$ 23,854,666</b>	<b>\$ 10,803,361</b>	<b>\$ 34,658,027</b>

Partnerships valued at \$7,236,214 have unfunded commitments of \$1,625,968 as of June 30, 2018. Partnerships can be redeemed daily with an advanced redemption notice of at least 10 days. Foreign corporations valued at \$4,846,478 have no unfunded commitments as of June 30, 2018. Foreign corporations can be redeemed monthly with an advanced redemption notice of at least 30 days.

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.

As previously described in Note 9, 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.



**Note 12 - Pension and OPEB (Continued)**

Partnerships and foreign corporations are recorded at fair value and measured using the 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 \$124,115 to its other postretirement benefit plan in 2019.

**Estimated Future Benefit Payments**

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

<u>Years Ending</u>	<u>Pension Benefits</u>	<u>Other Postretirement Benefits</u>
2019	\$ 1,872,135	\$ 124,115
2020	1,970,266	139,923
2021	2,055,972	157,994
2022	2,101,043	166,054
2023	2,161,893	174,504
Thereafter	11,332,187	1,048,296

**Note 13 - Leases**

The DIA leases storage space and office equipment that expires on various dates through 2023. At June 30, 2018, minimum commitments of future payments under these arrangements are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2019	\$ 187,892
2020	178,567
2021	150,592
2022	140,400
2023	117,000
Total	<u>\$ 774,451</u>

Total rental expense for operating leases was approximately \$200,000 for the years ended June 30, 2018 and 2017.

**Note 14 - 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' salary. The DIA's contributions to the plan totaled \$0.7 million for the years ended June 30, 2018 and 2017.

June 30, 2018 and 2017

**Note 15 - Net Assets**

At June 30, 2018 and 2017, the Museum's temporarily restricted net assets were restricted for the purposes shown below:

	<u>2018</u>	<u>2017</u>
Endowment investment income - Temporarily restricted until appropriated for expenditure	\$ 38,091,041	\$ 34,275,287
Operations	22,959,697	21,743,366
Art acquisitions, conservation, and curatorial	14,091,902	13,411,444
Program, capital, and other	2,356,008	2,347,938
Auxiliary and volunteer groups	2,304,871	2,518,021
Exhibitions and education	<u>2,260,073</u>	<u>1,613,228</u>
Total temporarily restricted net assets	<u>\$ 82,063,592</u>	<u>\$ 75,909,284</u>

At June 30, 2018 and 2017, the Museum's board-designated net assets were designated as shown below:

	<u>2018</u>	<u>2017</u>
Board-designated endowment	\$ 108,488,353	\$ 97,757,029
Operations	20,393,943	18,748,659
Special projects and initiatives	8,258,299	7,809,560
Capital expenditures	9,401,486	5,855,305
Gallery reinstallation	4,259,424	3,794,092
Exhibitions	5,611,812	4,239,254
Programs and other	<u>688,292</u>	<u>819,825</u>
Total board-designated net assets	<u>\$ 157,101,609</u>	<u>\$ 139,023,724</u>

## ATTACHMENT II



# 2017 Arts Authority Report Wayne County

## Governance

Arts Authorities shall have the right to appoint two voting members to serve on the DIA's Board of Directors.

Renata Seals-Evans and Hubert Massey served as the Wayne County Arts Authority appointees to the Detroit Institute of Arts Board of Directors.

Ms. Seals-Evans and Mr. Massey served on the Learning and Interpretation Committee.

## Privileges to County Residents--Free General Admission

<b>Free General Admission*</b>	
Year	Admissions
Aug - Dec 2012	42,395
2013	138,069
2014	143,127
2015	148,318
2016	141,443
<b>2017</b>	<b>126,487</b>
Total	739,839

\*Admissions represent general museum admission and do not include special exhibitions, special on-site events or off-site events.

## Student Services and Curriculum Development

**Gallery teachers continue to provide meaningful gallery experiences for students on school field trips while consulting with teachers prior to their visit to facilitate connections to classroom learning. New options for guided museum tours include experiences for our youngest learners.**

In partnership with Wayne County educators, the DIA expanded the online resources available to support student learning. Resources cover a broad range of grades and subjects and are now searchable by grade level and content on the DIA's new website.

New tours that are available now include:

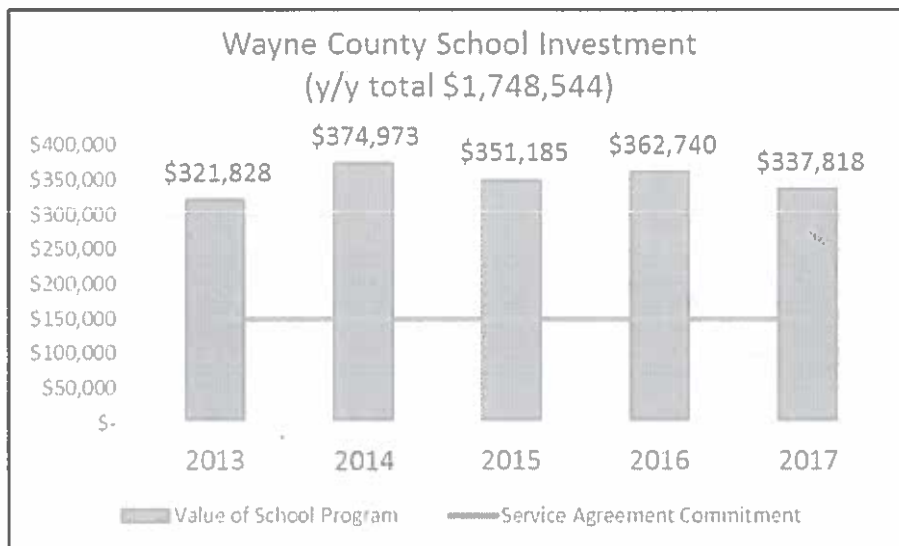
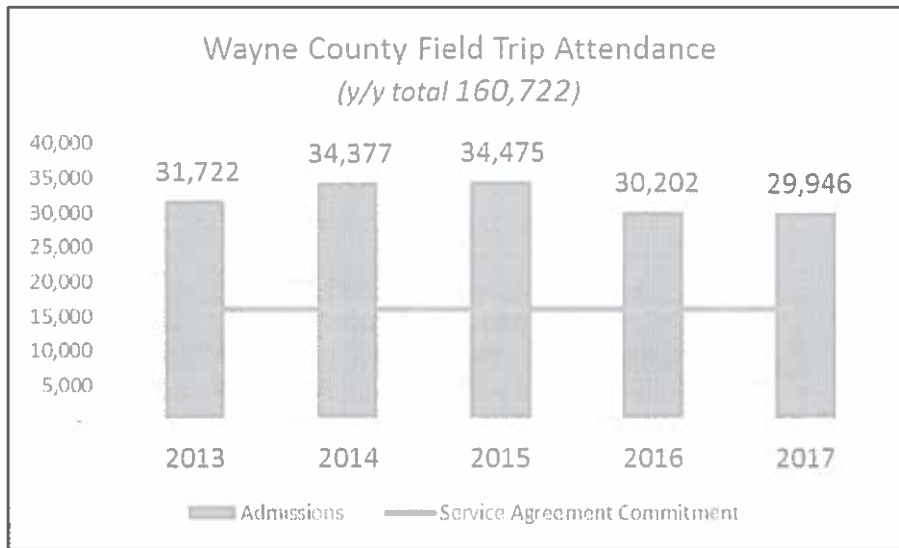
- Starting with Art (PreK-1),
- Learning to Look (grade 2-4),
- Shaping Identity- Art of France (grades 3-12)
- Shaping Identity/Thinking Through Art (grades 3-12)

DIA staff hosted *Homeschool Afternoons* at the museum in January, February, and June. These events engaged more than 125 tri-county residents. Activities included art-making, drawing in the galleries, guided tour experiences of the collection, and a "Virtual Field Trip" to the DIA's conservation lab. Parents in the homeschool group "Metro Homeschool Connections" also attended a workshop that provided an overview of the museum as a learning resource in November.

In school year 2017-2018, the DIA initiated their first-ever Teacher Advisory Group (TAG). Teachers from Wayne, Oakland, and Macomb counties met quarterly to advise DIA staff and provide input on professional development workshops and curriculum resources to support student learning.

## Free Student Field Trips with Bus Transportation

In 2017, 29,946 individuals participated in no-cost field trips to the DIA, exceeding the service agreement requirement of 16,000 by 13,946. Complimentary transportation was provided to all groups.



## Art Discovery Program

**Dickinson East and Dickinson West Elementary schools in Hamtramck participated in the Art Discovery Program in 2017.**

All fourth- and fifth-graders came to the DIA for multiple visits that included guided exploration of the galleries and hands-on art making in the studio. Students created terra cotta tiles focused on themes of neighborhood and community. Over 250 of these tiles were installed on Dickinson East Elementary school on three areas of the building exterior.

This project celebrated the school's multi-year partnership with the DIA in the Art Discovery Program with a ribbon cutting ceremony in October with DIA and Hamtramck public schools staff, parents and participating students attending.



## Professional Development for Teachers

Attendance at teacher professional development events included 817 participants from Wayne County.

The DIA offered the following teacher events and workshops free to tri-county educators:

- January— Educator Evening - Gallery Engagement Strategies & Lumin Preview
- February—*Say What I See* workshop- a partnership with InsideOut Literary Arts and Educator Evening focused on African-American Art
  - May— Educator Appreciation Event
  - June—Partners in Inquiry Studio Workshop
- August— 3-Day VTS Workshop—offered for two sessions and 3-Day Open Exploration Studio Workshop
  - September—*Monet: Framing Life* Educator Preview & Open House
  - October—*1001 Inventions* Open House (co-hosted with Michigan Science Center)
- November-- Wayne Regional Education Service Agency (RESA) –sponsored (open to all tri-county educators) Visual Thinking Strategies (VTS) introduction workshop



**The DIA provided the following free customized professional development days:**

Detroit Edison Public School Academy staff participated in Visual Thinking Strategies (VTS) training, (the last two days of the three-part workshop were held in 2018).

Wayne Regional Education Service Agency (RESA) principals and *Aspiring Administrators* visited the museum for an overview of DIA school programs in April.

The DIA hosted a meeting and provided an overview of museum resources for Wayne RESA Teacher Leaders in August.

Teachers from St. Mary School in Rockwood participated in an Introduction to the DIA workshop in August.

All staff from Frederick Douglass Academy for Young Men (DPSCD) participated in a one-day learning retreat led by DIA educators at the museum.

All staff at Vista Meadows Academy participated in 2 days of VTS training and coaching in August.

Teachers from the three schools in the Hantz Square Mile Project (Hutchinson Elementary-Middle School at Howe (DPSCD), Southeastern High School (DPSCD), & Detroit Enterprise Academy (charter)) participated in curriculum development workshops in September & October.

Educators participating in the Midwest Teachers Institute explored museum resources during their *Teaching Beyond the Textbook* workshop in June.

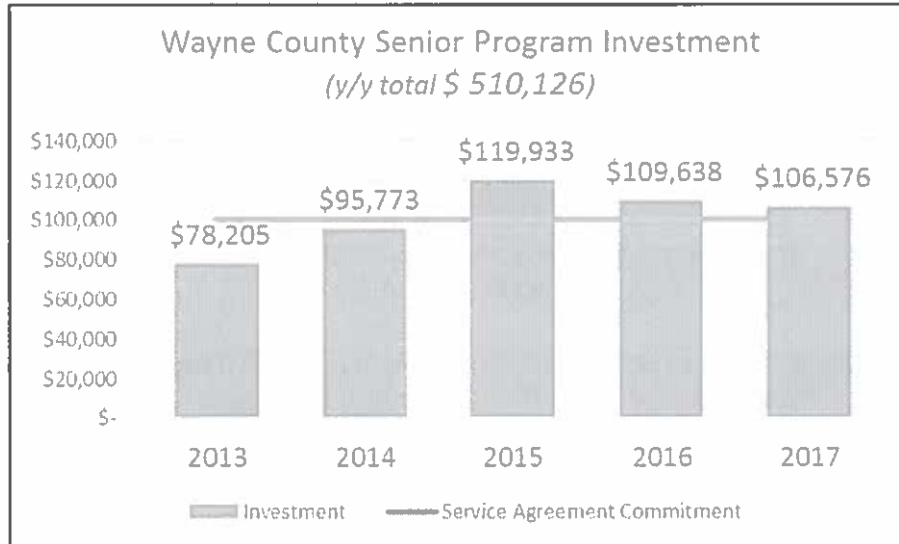
In February, teachers from the EarlyWorks' *Say & Play with Words* preschool literacy initiative collaborated with DIA educators to design a day for families from Detroit's Brightmoor and Southwest neighborhoods to expand preschoolers' vocabulary through gallery experiences with art.

In conjunction with the Michigan Art Educators Association (MAEA) Annual Conference in Detroit, the DIA hosted a night of tours and workshops at the museum.

In July, WSU Medical faculty, staff, and students participated in a series of half-day sessions of VTS training designed to support team building and enhance observation skills.

Detroit Historical Society staff participated in a one-day VTS training designed to support team-building and visitor engagement.

## Senior Program



**The DIA’s senior program, *Thursdays at the Museum*, offered Wayne County residents aged 55 and over a different museum experience each Thursday of the month. Activities included gallery tours, art-making sessions, art talks and films shown in the Detroit Film Theatre. The Thursdays at the Museum program allows individuals to attend in addition to groups.**

Art-making projects included zigzag books, paper flowers, tambourines, Uchiwa, watercolor postcards, travel journals, sugar skulls, printmaking notecards, and collage portraits.

Museum Director, Salvador Salort-Pons engaged participants with his Director’s Cut talk detailing his background and vision of the museum. Visitors were also offered art talks by curators and interpretative programming volunteers including: Jill Shaw, Associate Curator European Art, on Impressionism; “Vogue” on fashion, jewelry and body art as a form of personal expression; “Through Her Eyes II” on women photographers; and Diego Rivera and the Detroit Industry Murals.

The DIA’s Curator of Film Programs, Elliot Wilhelm, provided films that included *Seven Chances*, *The Freshman*, *Harold and Lillian*, *Abacus: Small Enough to Jail*, and *Cameraperson*.

In December a free matinee of *Woodward Wonderland*, a production by the Mosaic Youth Theatre, was offered as a special senior event.

The DIA participated in Gary Woronchak’s Annual Senior Citizen Conference/Dearborn in May and Warren Evans’ Wayne County Senior Fest/Westland in June.

The DIA hosted 61 senior group trips to the museum attended by 2,180 Wayne County residents. All groups were offered complimentary bus transportation.

*Thursdays at the Museum Group Visits*

AAUW of Livonia - Dearborn  
Adams Butzel Complex - Detroit  
Adult Well Being Services (9) - Detroit  
American House – Dearborn (2) - Dearborn Heights  
American House - Grosse Pointe - Grosse Pointe Farms  
Brush Park Manor - Detroit  
Cambridge Towers Apartments - Detroit  
Canton Leisure Services Club 55+ (5) - Canton  
Canton Place Apartments  
City of River Rouge Senior Center (2)  
Civic Park Senior Center - Livonia  
Copeland Center (Wyandotte Senior Center) - Wyandotte  
Dearborn Retired Teachers Dearborn  
First Baptist Church - Romulus  
First Presbyterian Church of Northville  
Ford Senior Center - Taylor  
Ford Senior Center Watercolor Class - Taylor  
Greenwood Villa Senior Apartments - Westland  
Henry Ford Village (2) – Dearborn  
Heritage Park Senior Village - Taylor  
Lexington Village (2) - Detroit  
Livonia Senior Center (3) - Livonia  
Mack Alive - Detroit  
Maplewood Senior Center - Garden City  
Mary Ellen Stemple University Center - Harper Woods  
Morley Manor - Dearborn  
Mt. Zion MBC of Ecorse  
New Light Baptist Church Sassy Seniors - Detroit  
Redford Community Center Seniors  
Redford Seniors  
Riverbend Towers - Detroit  
Riverview Seniors  
September Days Senior Center - Belleville  
St. Cyprian's Catholic Church - Riverview  
St. Sarkis Armenian Church - Dearborn  
Village of Redford (2) - Redford  
Village of Woodbridge Manor - Detroit  
Waltonwood At Cherry Hill - Canton  
Wellspring Lutheran Services (2) - Livonia  
Westland Friendship Center  
Wise Women of Grosse Ile

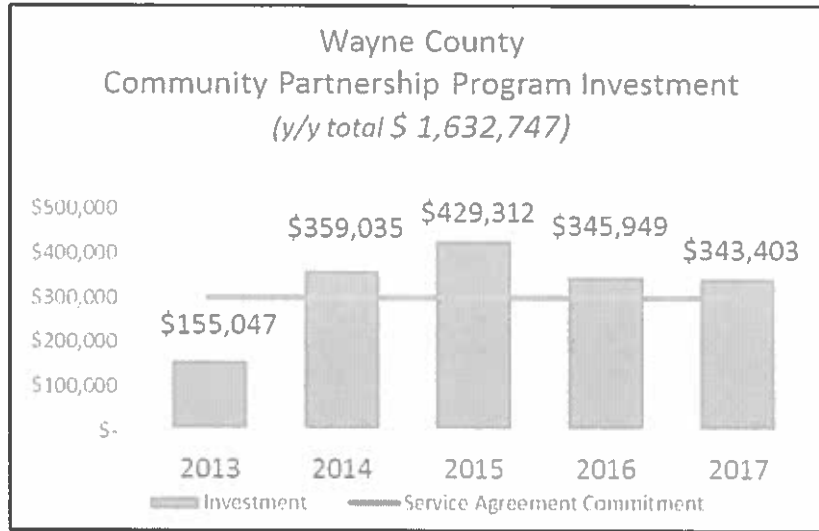
## Behind the Seen

Presented by trained DIA teaching volunteers, Behind the Seen brought art talks about the DIA's collection to the community.

Wayne County groups hosted 46 Behind the Seen art talks attended by 995 residents.

Advantage Living Center in Harper Woods  
Advantage Living Center in Redford  
Advantage Living Center of Southgate  
American House of Dearborn Heights (2)  
American House Grosse Pointe (4)  
American House Westland (2)  
American House Westland-Hunter (2)  
Belleville Area District Library  
Calvary Lutheran Church  
Cedarbrook Senior Living – Northville (2)  
Cherry Hill Presbyterian Church  
Dearborn Public Library  
DIA Gallery Service Committee  
Downriver Council for the Arts in Wyandotte (3)  
Fairlane Senior Care and Rehab in Detroit  
Garden City Fine Arts Association  
Garden City Rotary Club  
Grosse Pointe Congregational Church  
Grosse Pointe Women's Club  
Northville District Library  
Northville Women's Club  
Oakmont Northville (2)  
Plymouth Antiquarians (2)  
Plymouth Arts and Recreation Complex  
Plymouth Community Arts Council  
Plymouth District Library (2)  
Samaritan Manor in Detroit  
Sunrise Senior Living of Northville (4)  
Visual Art Association of Livonia  
Wayne Historical Society  
Wayne Public Library

## Community Collaborations with Local Arts Organizations and Cities, Townships and Villages



### Inside|Out

**Over the past eight years, the museum has partnered with more than 100 tri-county community organizations and engaged residents with art reproductions in the places where they live, work, and play.**

The DIA collaborated with the Charles H. Wright Museum of African American History to reproduce 10 images from their permanent collection and added them to the Inside|Out collection. Additional support was awarded by the Knight Foundation to complete an evaluation of the first eight years of Inside|Out. The insight gathered from this process will help to inform and refine the project moving forward.



Inside|Out communities hosted walking tours of the reproductions, music performances and art talks.

Spring communities included:

Plymouth, Wayne, Taylor and Detroit's Lafayette Park.

Summer communities featured:

Allen Park, Detroit Riverfront, Detroit River International Wildlife Refuge in Trenton, Hines Park in Dearborn Heights, Livonia, and Northville.

## DIA Away

**In 2017, DIA Away: Think Like an Artist traveled throughout Wayne County, providing a creative experience to more than 6,250 residents at the following community events and schools:**

Sacred Heart Catholic School in Dearborn  
Beech Elementary in Redford  
Belle Isle Harvest Festival  
Canton Public Library  
Chalk on the Avenue in River Rouge  
Clarenceville High School in Livonia  
Clark Park Winter Carnival in Detroit  
Concert of Colors in Detroit  
Jefferson Elementary in Wyandotte  
Meads Mill Middle School in Northville  
PARC-Plymouth Arts & Recreation Complex Event in Plymouth  
Regency Heights Senior Center  
Shumate Middle School in Gibraltar  
St. Linus Catholic School in Dearborn Heights  
Teacher Appreciation Celebration @ DIA  
Trillium Academy in Taylor  
Warrendale Charter Academy in Detroit  
Washington Elementary in Wyandotte  
Winterfest on the Hill in Grosse Pointe Farms



*Thinking like an artist on DIA Away*

## Drop in Art-Making at Fairs and Festivals

DIA studio teaching artists provided art-making workshops to more than 5,800 participants at the following locations.

Art projects rotated throughout the year, focusing on current exhibitions, and creative work from different cultures, various art techniques, and concepts of identity.

### Drop in art-making events:

African World Festival in Detroit  
Palmer Park Art Fair in Detroit  
Art & Acts in Northville  
Detroit River Days  
Art in the Park in Plymouth  
Metro Detroit Youth Day in Detroit  
Wyandotte Street Art Fair  
Dearborn Homecoming  
Detroit Kite Festival  
Downtown Days in Wayne  
JDDVA Medical Center Diversity Fair  
Maker Faire in Dearborn  
Power of the Press Fest in Detroit  
Rouge Park Splash Party

Ribbon Batons for Breast Cancer Awareness & Back to School Celebration at DPL Wilder Branch



*Getting creative at drop in art-making*



## Director's Cut

**DIA Director and CEO Salvador Salort-Pons presented Director's Cut talks in Wayne County to share his vision for the museum and provide information on upcoming exhibitions. He also highlighted the many programs the DIA currently offers both inside and outside the museum. All talks were followed by a question-and-answer period.**

Director's Cuts were held at the Northwest Activities Center (hosted by the National Conference of Artists), Detroit Urban Consulate, Plymouth Arts and Recreation Center and By the Plymouth Men's Book Club



*DIA Director, Salvador Salort-Pons presenting Directors Cut talk*

## County Days

**County Days provided bus transportation to the museum for residents on Saturday April 22.**

The following community partners served as pickup locations for County Days:

Northville Community Center  
Matrix Center in Detroit  
Allen Park Community Center  
Westland Public Library  
River Rouge City Hall

## College Night

The DIA hosted College Night in February, welcoming more than 400 students from the tri-county area to enjoy live music, free admission to the Bittersweet: Coffee, Tea and Chocolate exhibition and a reception and dance party.

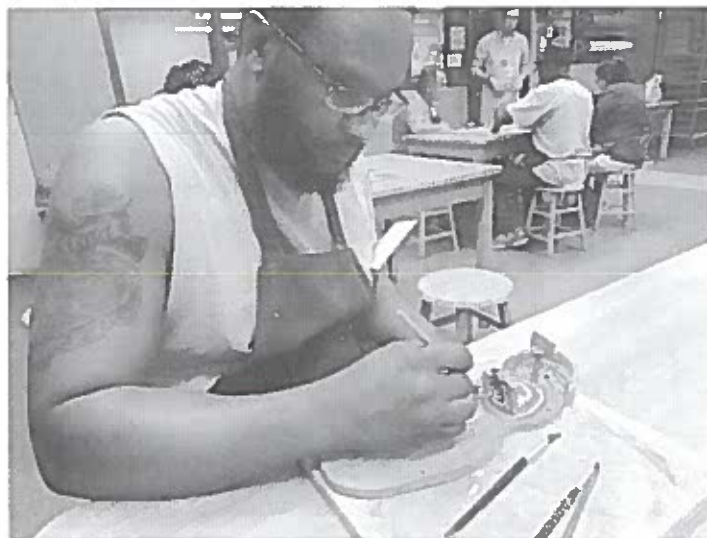
Complimentary transportation service was offered to Wayne County colleges and was provided to Henry Ford College. Students from Wayne State University, University of Michigan-Dearborn, Marygrove College, University of Detroit Mercy, Madonna University, Wayne County Community College, Baker University and College for Creative Studies were invited to participate

## Community Group Art Making

The DIA has partnered with local social service agencies through the Studio's Community Group Program. Participating organizations included the John D. Dingell VA Medical Center, Piquette Square for Veterans, Detroit Hannan Memorial Foundation, Detroit Mariner's Inn, Detroit Sexual Assault Services for Holistic Healing and Awareness (SASHA), and Detroit Freedom House.

Sessions began with a Visual Thinking tour in the galleries, followed by an art-making experience in the studio. Learner-centered teaching was employed throughout each visit, engaging each participant at their own individual skill level while encouraging personal expression and reflection. All groups visited the museum for multiple sessions.

The DIA hosted the ninth annual Community Group Show in the fall where participants shared their creative process and displayed their work. Over one hundred art works made in the program were displayed.



*Community group art making in the studio*

## Little Libraries

**The DIA collaborated with Detroit Little Libraries to provide 12 new library boxes for placement in Wayne County locations.**

Museum visitors to the DIA studio decorated the Little Library book boxes during art-making workshops with over 550 people participating.



*Completed little library, open for business*

## Arts Connect - Community Conversations

**The DIA conducted public conversations as a means of establishing and building authentic relationships with Wayne County communities.**

Through open dialogue about the community's engagement with art, the needs and interests of community stakeholders, Detroit teens and Detroit's Districts 2, 3 and 1 residents and opportunities to improve their affinity with the museum were identified.

## **Healing Arts at Children's Hospital of Michigan**

**DIA studio artists provided Drop-In Workshop projects to patients and families at Children's Hospital of Michigan.**

Staff facilitated bi-weekly art making activities both bedside and in common areas of the hospital such as waiting rooms, activity rooms, and lobbies. Sessions were held on Wednesdays and Fridays throughout the year, totaling over 80 workshops.

## **Arts and Health Symposium**

**In September, the DIA hosted the Arts & Health Symposium in partnership with Art & Healing Michigan. One hundred and fifty participants from Wayne, Oakland and Macomb counties attended the daylong meeting for presentations by leaders in arts and healthcare.**

The symposium focused on how to build a tool kit to plan and implement hospital arts programs with presentations by professionals from the DMC Children's Hospital of Michigan, Beaumont/Oakwood, Henry Ford Health Systems, St. John Providence Health System, Michigan Medical, Challenge Detroit, Ford Motor Company, Prison Creative Art Project, Birmingham Bloomfield Art Center, the Detroit Institute of Arts, and Wayne State University School of Medicine.

The keynote speaker, J. Todd Frazier, the President of the National Organization of Arts and Health and Director of Houston Methodist Hospital Center of the Performing Arts Medicine, provided information on the state of arts and healthcare nationally. Beth Bienvenu, Director of Accessibility at the National Endowment of the Arts, discussed funding and sustainability for arts programs in healthcare settings. DIA director, Salvador Salort-Pons, also gave the closing remarks focusing on the role of art in supporting healthy communities.

## **Minds on Art**

**The DIA continued the partnership with the Alzheimer's Association of Michigan bringing individuals living with memory loss and dementia (including Alzheimer's disease) and their care partners to the DIA for gallery discussions and hands-on studio workshops.**

Participation is free and available to residents in the tri-county area. In 2017, two 5-week sessions were held for early-stage participants on Mondays and two 5-week sessions were held on Tuesdays for mid-stage participants and their respective care partners.

The partnership expanded its community outreach activities for tri-county residents at the Alzheimer's Association offices in Southfield. DIA trained volunteers facilitated Visual Thinking Strategies sessions based on images of artwork from the DIA collection on nine Mondays January-March 2017.

Also included in 2017 was a hands-on art-making session at the Alzheimer's Association, facilitated by the DIA's studio artists.

## **Detroit City Chess Club**

**The DIA continues to host weekly DCCC meetings for student players to receive coaching and compete with museum visitors.**

The Detroit Institute of Arts partnered with the Detroit City Chess Club and the Roeper School Chess Club to bring Grandmaster Manuel Leon Hoyos to Detroit for a simultaneous match with 25 members of each club.

## **Scholastic Art Awards**

**The Detroit Film Theater was the site for the award ceremony for the 2017 Southeastern Michigan Region of the Scholastic Art and Writing Awards competition. The DIA partnered with Detroit's College for Creative Studies to coordinate the event, attended by approximately 2,000 students, family members, and guests over two days.**

## **College Internship**

**Paid internships were awarded to Wayne County students for summer 2017.**

Juana Williams of Taylor, recent graduate of Wayne State University with a master's degree in art history, worked in the General Motors Center for African American Art.

Jessica Hassel of Detroit, candidate for a Master's Degree in Art History at Wayne State University, worked in the Learning and Audience Engagement department.

## **InsideOut Literary Arts Saturdays**

**In November and December, InsideOut Literary Arts Project led two workshops utilizing the forms and structures of the music behind the DIA's exhibition *D-Cyphered: Portraits by Jenny Risher*.**

The first workshop, featured local rap and hip-hop artists presenting aspects of Detroit's hip-hop history, and engaged participants in the art form. The second workshop focused on the cypher. Attendees learned what a cypher is, how it has influenced hip-hop movement and participated in their own cypher battle. Both drop-in workshop were designed to be accessible for those may be unfamiliar with rap music before to avid listeners of the genre.

## **Charles H. Wright Museum of African American History**

**The DIA and Charles H. Wright Museum of African American History collaborated on music programming to support Say It Loud: Art, History, Rebellion and Art of Rebellion: Black Art of the Civil Rights Movement**

## **Arab American National Museum**

**The Arab American National Museum's Global Fridays series and the DIA presented the world premiere of an original film score written by Michael Ibrahim, founder and director of the National Arab Orchestra, to accompany a screening of rarely-seen silent films from the 1920s and 1930s by pioneering Egyptian director Mohamed Bayoumi.**

The performance was attended by 800 people at the Detroit Film Theatre and a discussion led by Egyptian history and film scholar Mohannad Ghawanmeh followed.

## **Ofrenda Altars – Mexican Consulate in Detroit**

**A call for proposals was extended to tri-county residents and non-profit organizations for Ofrenda Altars- memorial displays to honor ancestors on the Mexican holiday: Day of the Dead.**

Selected artists participated in a panel discussion moderated by the staff of the Mexican Consulate in Detroit attended by more than 300 public visitors. The artists' work was exhibited from October 13 through Nov 12 and was viewed by just over 29,000 visitors. Seventeen artists were provided a stipend to create their works at the DIA.



*Ofrenda Altars, Day of the Dead exhibition features community artists*

## **Concert of Colors**

**The Detroit Institute of Arts participated in the Concert of Colors metro Detroit's annual free diversity-themed music festival in partnership with the Arab Community Center for Economic and Social Services (ACCESS), The Charles H. Wright Museum of African American History, the Detroit Historical Museum and the Michigan Science Center.**

Music performances were presented outdoors by the Detroit Institute of Arts, Charles H. Wright Museum of African American History and Michigan Science Center on John R Street between Farnsworth and Warren Ave.

## **D'lectricity**

**In partnership with Midtown Detroit D'lectricity, a light-based art and technology festival and celebration, took place along the Woodward Corridor including locations in the DIA and on the grounds of the museum.**

Over 15,000 attendees enjoyed groundbreaking installations of video art, 3D video mapping, lasers, interactive design and engineering, and captivating performance in the museum with over 75,000-estimated attendance for the festival at all locations.

## **County Leaders Event**

**County leaders attended receptions for the DIA's spring exhibition Bittersweet: Coffee, Tea & Chocolate and fall exhibition Monet: Framing Life and Church: A Painter Pilgrimage.**

## **Detroit Public Schools Student Art Show**

**The 80th Annual Detroit Public Schools Student Exhibition was on view at the DIA's Special Exhibitions South gallery in May and featured hundreds of imaginative works created by Detroit Public Schools students in kindergarten through 12th grade.**

**Media ranged from paintings, prints, drawings, photography, ceramics, videos, jewelry and more.**

The opening and awards ceremony for the show was held in the Detroit Film Theater Auditorium. DIA staff served as part of the jury that selected art to be included in the exhibition.

## **Support for Community Groups and Schools**

**The DIA supports schools and community groups in their fundraising efforts through donations of special exhibition tickets.**

## Michigan Student Film Festival

The DFT hosted DAFT's (Digital Arts and Film and Television) 49th Michigan Student Film Festival in April featuring screenings of Best of Show winners in two categories: K-8 and 9-12 grades.

### Additional Outreach

DIA curators presented lectures to students at the Wayne State University in the museum and at The Grosse Pointe War Memorial.

Curatorial tours of the museum were provided to City Year Detroit, University of Detroit Mercy, and College for Creative Studies. A tour of the DIA's conservation department was provided to Culture Lab Detroit

Curatorial services were provided to the Eleanor and Edsel Ford House including presentation of the program "Coffee and Tea" to kick off the Fall Collector's Series. The DIA also provided high resolution of photography services for a tapestry from the original Eleanor and Edsel collection. This image was used to complete a display in the main hall of the home.

Community engagement talks, detailing millage benefits and museum programming, were provided at Northwest Activity Center and Riverfront Conservancy's Reading and Rhythm on the Riverfront.

DIA conservators provided consultation services to the Detroit Public Library and a STEM workshop at Wayne County Regional Educational Service Agency.

Transportation was provided to Detroit's Adult Learning Lab and City of River Rouge for a museum visit.

Transportation was provided to Hamtramck City employees for Rivera Court tour and visit to the exhibition *Monet: Framing Life and Church: A Painters Pilgrimage*



## 2017 Student Field Trips

ORGANIZATION	CITY	DISTRICT
A.L. Holmes (2)	Detroit	DPSCD
Academy for Business and Technology	Melvindale	Charter
Academy of International Studies (2)	Hamtramck	Charter
Adams Upper Elementary (3)	Westland	Wayne Westland Community Schools
Addams Elementary - Redford	Redford	South Redford School District
Al-Ikhlās Training Academy	Detroit	Community Organization
All Saints Catholic School	Canton	Private
Allen Park Community School	Allen Park	Allen Park Public Schools
Allen Park High School (2)	Allen Park	Allen Park Public Schools
Allen Park Middle School	Allen Park	Allen Park Public Schools
Amerman Elementary School	Northville	Northville Public Schools
Ann Arbor Trail	Detroit	DPSCD
Annapolis High School	Dearborn Heights	Dearborn Heights Schools
Annapolis High School	Dearborn Heights	Dearborn Heights Schools District #7
Bagley Elementary	Detroit	DPSCD
Bates Academy (2)	Detroit	DPSCD
Beech Elementary School	Redford	Redford Union Schools (District No. 1)
Belleville High School	Belleville	Van Buren Public Schools
Benjamin Carson High School of Science and Medicine (2)	Detroit	DPSCD
Bennett Elementary School (2)	Detroit	DPSCD
Botsford Elementary	Livonia	Clarenceville School District
Bow Elementary/Middle School	Detroit	DPSCD
Brainiacs Clubhouse CDC	Detroit	Private
Branch Line School	Livonia	Charter
Breathe Organization	Detroit	Community Organization
Brenda Scott Academy for Theatre Arts (7)	Detroit	DPSCD
Brewer Academy	Detroit	DPSCD
Bridge Academy West (6)	Detroit	Charter
Brown Elementary	New Boston	Huron School District
Brownell Middle School (2)	Grosse Pointe Farms	Grosse Pointe Public Schools
Bunche Elementary Middle School (2)	Detroit	DPSCD
Burton International Academy	Detroit	DPSCD
Cabrini High School	Allen Park	Private
Camp Cosmos - WSU Plantarium	Detroit	Community Organization
Canton Charter Academy	Canton	Charter
Canton High School	Canton	Plymouth-Canton Community Schools
Capstone-Mayfield	Detroit	Charter

Career Technical Center	Livonia	Livonia Public Schools
Carleton Elementary	Detroit	DPSCD
Carleton Elementary	Detroit	DPSCD
Carr Elementary School	Lincoln Park	Lincoln Park Public Schools
Carstens Elementary-Middle School	Detroit	DPSCD
Cass Tech High School (6)	Detroit	DPSCD
Centro de San Jose	Detroit	Private
Cesar Chavez Academy - East	Detroit	Charter
Cesar Chavez Academy - Martin Campus	Detroit	Charter
Cesar Chavez Academy High School	Detroit	Charter
Chandler Park Academy High School (3)	Harper Woods	Charter
Charles R. Drew Transition Center	Detroit	DPSCD
Charles Wright (2)	Detroit	Community Organization
Children of Purpose	Detroit	Community Organization
Christ the King Co-Op	Dearborn	Community Organization
Chrysler Elementary School	Detroit	DPSCD
Churchill High School (5)	Livonia	Livonia Public Schools
Classical Conversations - Livonia	Canton	Homeschool
Clippert Academy (2)	Detroit	DPSCD
Cody High School	Detroit	DPSCD
Coleman A. Young Elementary	Detroit	DPSCD
College for Creative Studies	Detroit	Private
Cooke	Detroit	DPSCD
Cooper Upper Elementary School (8)	Westland	Livonia Public Schools
Cornerstone Health and Technology High School	Detroit	Charter
Cornerstone Leadership and Business High School (2)	Detroit	Charter
Cotter Early Childhood	Dearborn	Dearborn Public Schools
David Ellis Academy - Detroit	Detroit	Charter
David Ellis Academy - West	Redford	Charter
David Hicks Elementary	Inkster	Wayne Westland Community Schools
Davison Elementary	Detroit	DPSCD
Dearborn Heights Montessori Center	Dearborn Heights	Private
DEARBORN HIGH SCHOOL (2)	Dearborn	Dearborn Public Schools
Dearborn Magnet High School	Dearborn Heights	Dearborn Public Schools
Detroit Academy of Arts & Sciences	Detroit	DPSCD
Detroit Achievement Academy	Detroit	Charter
Detroit Collegiate High School	Detroit	Charter
Detroit Edison Public School Academy (2)	Detroit	Charter
Detroit Enterprise Academy (3)	Detroit	Charter
Detroit Impact	Detroit	Private
Detroit Leadership Academy - High	Detroit	Charter

School (2)		
Detroit Pistons	Detroit	Community Organization
Detroit Preparatory	Detroit	Charter
Detroit Service Learning Academy (2)	Detroit	Charter
Detroit Waldorf School	Detroit	Private
Discovery Middle School	Canton	Plymouth-Canton Community Schools
Divine Child High School	Dearborn	Private
Divine Child High School (2)	Dearborn	Private
Dodson Elementary	Canton	Plymouth-Canton Community Schools
Douglass Academy for Young Men (2)	Detroit	DPSCD
Dove Academy (2)	Detroit	Private
DPSCD Spanish Teachers	Detroit	DPSCD
Duke Ellington Performing Arts School	Detroit	DPSCD
Durfee Elementary-Middle	Detroit	DPSCD
Early Childhood Elementary (3)	Hamtramck	Hamtramck Public Schools
East Middle School Boy Scouts	Plymouth	Community Organization
Edison Elementary - Detroit	Detroit	DPSCD
Edsel Ford High School (2)	Dearborn	Dearborn Public Schools
El Bethel Baptist Church	Northville	Private
Erving Elementary	Woodhaven	Woodhaven-Brownstown School District
Escuela Avancemos	Detroit	DPSCD
Eureka Heights (2)	Taylor	Taylor Public Schools
Farrand (2)	Plymouth	Plymouth-Canton Community Schools
Fisher Magnet Lower Academy	Detroit	DPSCD
Flagship Charter Academy	Detroit	Charter
Focus Hope	Detroit	Community Organization
Foote Elementary	Lincoln Park	Lincoln Park Public Schools
Fordline Elementary	Southgate	Southgate Community School District
Foreign Language Immersion & Cultural Studies (3)	Detroit	DPSCD
Franklin Middle School	Wayne	Wayne Westland Community Schools
Franklin Wright Settlement, Inc. (2)	Detroit	Community Organization
Frontier International Academy - Detroit (2)	Detroit	Private
Frost Middle Schools	Livonia	Livonia Public Schools
Garden City High School	Garden City	Garden City
Garden City Middle School	Garden City	Garden City Public Schools
Garfield Elementary School	Wyandotte	Wyandotte Public Schools
GEE White Academy (2)	Detroit	Charter
George Crockett Academy	Detroit	Charter
George Washington Carver Academy (3)	Highland Park	Charter
Gesu Catholic School (2)	Detroit	Private

Giving Tree Montessori	Detroit	Private
Glazer Elementary	Detroit	Charter
Gompers Elementary (2)	Detroit	DPSCD
Grandview Elementary (3)	Livonia	Clarenceville School District
Greenfield Union School (2)	Detroit	DPSCD
Greening of Detroit	Detroit	Community Organization
Grosse Pointe Academy	Grosse Pointe Farms	Private
Grosse Pointe North High School (2)	Grosse Pointe Woods	Grosse Pointe Public Schools
Grosse Pointe Nursery School (2)	Grosse Pointe Woods	Private
Grosse Pointe Public Schools/Community Campus (2)	Grosse Pointe Park	Grosse Pointe Public Schools
Guardian Lutheran School	Dearborn	Private
Gudith Elementary School	Brownstown	Woodhaven-Brownstown School District
Hamilton Academy (2)	Detroit	Charter
Hamtramck High School	Hamtramck	Hamtramck
Harms Elementary	Detroit	DPSCD
Harper Woods High School	Harper Woods	Harper Woods
Harry S. Truman	Taylor	Taylor Public Schools
Hedke Elementary	Trenton	Trenton Public Schools
Henderson Academy	Detroit	DPSCD
Henry Ford Academy - School for Creative Studies (3)	Detroit	Charter
Highland Park Renaissance Academy PreK - 8th (4)	Highland Park	Charter
Hoben Elementary School	Canton	Plymouth-Canton Community Schools
Holbrook Elementary	Hamtramck	Hamtramck Public Schools
Homeschool Group (Linda Cadariu)	Detroit	Homeschool
Hoover Elementary - Wayne-Westland	Wayne	Wayne Westland Community Schools
Hope of Detroit Academy (2)	Detroit	Charter
Horizon High School	Hamtramck	
Howard Elementary School (2)	Dearborn	Dearborn Public Schools
Howe School - Dearborn Heights (5)	Dearborn Heights	Dearborn Public Schools
Hulsing Elementary	Canton	Plymouth-Canton Community Schools
Huron High School - New Boston	New Boston	Huron School District
Hutchinson Elementary-Middle School (5)	Detroit	DPSCD
Inner City Youth Group	Detroit	Community Organization
Inter-City Baptist High School	Allen Park	Private
Iris Becker Elementary	Dearborn	Dearborn City School District
Jalen Rose Leadership Academy	Detroit	Charter
James & Lynelle Holden Boys & Girls	Detroit	Community Organization

Club		
John F. Kennedy High School (2)	Taylor	Taylor Public Schools
John Glen High School - Westland (3)	Westland	Wayne Westland Community Schools
John R. King Academy (4)	Detroit	DPSCD
Joy Preparatory Academy - Dexter	Detroit	Charter
Juana Williams Homeschool	Taylor	Homeschool
Junior Police Cadets (2)	Detroit	Community Organization
Keys 2 Life Performing Arts Summer Camp	Detroit	Community Organization
Ladywood High School	Livonia	Private
Lee M. Thurston	Redford	South Redford School District
Lincoln Park High School	Lincoln Park	Lincoln Park Public Schools
Lincoln Park Middle School (2)	Lincoln Park	Lincoln Park Public Schools
Livonia YMCA	Livonia	Community Organization
Long Elementary School	Dearborn	Dearborn Public Schools
Ludington Magnet Middle (3)	Detroit	DPSCD
M. L. King High School	Detroit	DPSCD
MacDowell Elementary (2)	Detroit	DPSCD
Mackenzie Elementary	Detroit	DPSCD
Maples Elementary School	Dearborn	Dearborn Public Schools
Marion Law Academy	Detroit	DPSCD
Marquette Elementary/Middle School	Detroit	DPSCD
Marshall Upper Elementary (5)	Westland	Wayne Westland Community Schools
Maybury Elementary	Detroit	DPSCD
Meads Mill Middle School (2)	Northville	Northville Public Schools
Melvindale High School (2)	Melvindale	Melvindale-Northern Allen Park Public Schools
Metro Charter Academy (2)	Romulus	Charter
Michigan Collegiate High School	Warren	Charter
Miller Elementary	Dearborn	Dearborn Public Schools
Miller Elementary - New Boston	New Boston	Huron School District
Miller Elementary - Plymouth	Canton	Plymouht-Canton Community Schools
Montessori Children's Center	Allen Park	Private
Moses Field Academy	Detroit	DPSCD
Mumford High School (5)	Detroit	DPSCD
Munger Elementary/Middle (2)	Detroit	DPSCD
Murphy Academy	Detroit	Charter
Myers Elementary	Taylor	Taylor School District
Neinas Language Academy	Detroit	DPSCD
New Paradigm College Prep	Detroit	Charter
New Paradigm Loving Academy (2)	Detroit	Charter
New School High (2)	Plymouth	Charter
Noble Elementary-Middle School (3)	Detroit	DPSCD
O. L. Smith Middle School	Dearborn	DPSCD
Oakland International Academy (2)	Detroit	Private
Old Redford Middle School	Detroit	Charter

Osborn MS&T High School	Detroit	DPSCD
Oscar A. Carlson High School	Gibraltar	Gibraltar School District
Owen Intermediate School	Belleville	Van Buren Public Schools
Palmer Park Preparatory Academy	Detroit	Charter
Palmer Park Preparatory Academy (3)	Detroit	DPSCD
Pardee Elementary (6)	Dearborn Heights	Dearborn Heights Schools
Pasteur Elementary School (2)	Detroit	DPSCD
Patrick Henry Middle School (2)	Woodhaven	Woodhaven-Brownstown School District
PD Graham	Westland	Wayne Westland Community Schools
Pershing High School	Detroit	Charter
Peterson-Warren Academy	Inkster	Private
Pippen Palace Children Academy, Inc	Detroit	Private
Plymouth Christian Academy - Canton	Canton	Charter
Plymouth Scholars Charter Academy	Plymouth	Charter
Redford Service Learning Academy	Redford	Charter
Regent Park Scholars Academy	Detroit	Charter
Renaissance High School	Detroit	DPSCD
Renton Junior High School	New Boston	Huron School District
River Oaks Elementary	Dearborn Heights	Dearborn Public Schools
River Rouge High School	River Rouge	River Rouge Schools
Riverside Academy West	Dearborn	Private
Riverside Middle School	Dearborn Heights	Crestwood Public Schools
Riverview High School	Riverview	Riverview
Roberto Clemente Elementary School (2)	Detroit	DPSCD
Roosevelt High School	Wyandotte	Wyandotte Public Schools
Roosevelt-McGrath Elementary School (2)	Wayne	Wayne Westland Community Schools
Ruth Ellis Center Summer Internship	Highland Park	Community Organization
Rutherford Winans Academy	Detroit	Winans School District
Salem High School (5)	Canton	Plymouth-Canton Community Schools
Schulze Academy for Technology and the Arts	Detroit	DPSCD
Seitz Middle School	Riverview	Riverview Public Schools
Silver Springs Elementary	Northville	Northville Public School
Simpson Middle School (2)	Flat Rock	Flat Rock Community Schools
Smith Elementary School	Plymouth	Plymouth-Canton Community Schools
Snow School	Dearborn	Dearborn Public Schools
Southeastern High School (2)	Detroit	DPSCD
Southgate Anderson High School	Southgate	Southgate Community School District
Southwest Detroit Community School	Detroit	Charter

(2)		
Southwest Detroit Development Centers	Detroit	Community Organization
Southwest Detroit Lighthouse Charter Academy (2)	Detroit	Charter
Spain Elementary School (2)	Detroit	DPSCD
St. Catherine of Sienna Academy	Wixom	Private
St. Michael Catholic School	Livonia	Private
Star International Academy	Dearborn Heights	Charter
Starkweather Academy (3)	Plymouth	Plymouth-Canton Community Schools
STEM Middle School	Dearborn Heights	Charter
Stevenson High School	Livonia	Livonia Public Schools
Stuckey Student Services, Redford Union ADT	Redford	Redford Union
Summer Leadership Camp	Southgate	Community Organization
Summit Academy High School	Romulus	Charter
Summit Academy North High School	Romulus	Charter
Taft-Galloway	Wayne	Wayne Westland Community Schools
Taylor Parks Elementary	Taylor	Taylor Public Schools
Taylor Prep High School (2)	Taylor	Charter
The Children's Center	Detroit	Private
The Pentecostal Christian Academy	Detroit	Private
The Salvation Army Conner Creek Corps	Detroit	Community Organization
The Western International VIBE Dream Team	Detroit	Community Organization
Thirkell Elementary (3)	Detroit	DPSCD
Thorne Intermediate	Dearborn Heights	Westwood Community Schools
Thurston High School (2)	Redford	South Redford School District
Trenton High School	Trenton	Trenton Public Schools
Trillium Academy	Taylor	Charter
Trillium Academy (2)	Taylor	Charter
Trix Performance Academy (3)	Detroit	Charter
Tyrone Elementary	Harper Woods	Harper Woods Schools
Unis Middle School	Dearborn	Dearborn Public Schools
University Liggett School (2)	Grosse Pointe Woods	Private
University of Detroit Jesuit Academy (2)	Detroit	Private
University Prep - Ellen Thompson (2)	Detroit	Charter
University Prep Science and Math Academy (4)	Detroit	Uprep Schools
University Preparatory Academy (4)	Detroit	Uprep Schools
University YES Academy	Detroit	Charter
Urban Stringz II Youth Summer Camp	Detroit	Community Organization
Vandenberg Elementary	Redford	South Redford School District

Vista Meadows Academy	Dearborn Heights	Charter
Voyageur Academy	Detroit	Charter
Washington Elementary - Wyandotte	Wyandotte	Wyandotte
WAY Academy West Campus	Detroit	Charter
Wayne Memorial High School (3)	Wayne	Wayne Westland Community Schools
Wayne State Early Childhood Center (4)	Detroit	WSU
Webster Elementary - Livonia (2)	Livonia	Livonia Public Schools
Wegienka Elementary	Flat Rock	Woodhaven-Brownstown School District
West Middle School	Plymouth	Plymouth-Canton Public Schools
West Village Academy	Dearborn	Charter
Westland Day Camp	Westland	Community Organization
Westside Academy	Detroit	DPSCD
Whitmore-Bolles Elementary School	Dearborn	Dearborn Public Schools
Woodhaven High School (2)	Brownstown	Woodhaven-Brownstown School District
Woodward Academy	Detroit	Charter
Woodworth Middle School	Dearborn	Dearborn Public Schools
Workman Elementary (2)	Canton	Plymouth-Canton Community Schools
Yake Elementary (2)	Woodhaven	Woodhaven-Brownstown School District
Youth Development Nonprofit	Detroit	Community Organization



Independent Accountant's Report  
on Applying Agreed-upon Procedures

To the Detroit Institute of Arts, Inc. and Board Members  
of the Wayne County Art Institute Authority

We have performed the procedures enumerated below, which were agreed to by the Detroit Institute of Arts, Inc. and the Wayne County Art Institute Authority Board, solely to assist you in determining if the Detroit Institute of Arts, Inc. (DIA) has complied with certain program requirements included in Section 2.4 "Privileges to Wayne County Residents" of the Art Institute Service Agreement between the Wayne County Art Institute Authority and the Detroit Institute of Arts, Inc. for the year ended December 31, 2017. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures and the associated findings are reported below, in three sections:

- Section 2.4.2, Student Curriculum Development
- Section 2.4.4, Senior Programs
- Section 2.4.5, Community Collaborations

**Section 2.4.2 - Student Curriculum Development:**

The contractual language reads as follows: "The DIA will provide transportation subsidies to Wayne County Schools during the 2012-2013 academic year and shall extend transportation subsidies to the curriculum-based grade program participants throughout the entire term during which the millage is levied. Based on past attendance levels and DIA capacity, the DIA is proposing an annual transportation set-aside of at least \$150,000. That amount will ensure free admission and transportation to more than 16,000 students and teachers and approximately 535 classrooms."

To the Detroit Institute of Arts, Inc. and Board Members  
of the Wayne County Art Institute Authority

According to the preliminary 2017 Wayne County Art Institute Authority report prepared by the DIA, total spending on school programs was as follows:

Transportation	\$156,510.51
Staff time - Group Reservations and Learning & Audience Engagement (School Relations Coordinator and gallery teachers)	\$181,307.00
Total school program spending	\$337,817.51
Service agreement	\$150,000.00
Variance	\$187,817.51

The procedures and the associated findings are as follows:

1) Transportation

- a) We obtained the DIA general ledger detail for the Wayne County, Michigan (Wayne County) transportation expense account for the period from January 1, 2017 through December 31, 2017 and compared the amount to the transportation expense reported in the preliminary Wayne County Art Institute Authority report prepared by the DIA. Although the amount for transportation per the DIA general ledger agreed to the preliminary Wayne County Art Institute Authority report, we noted that the transportation expense reported in the preliminary Wayne County Art Institute Authority report prepared by the DIA included other non-transportation expenses such as supplies.
- b) We agreed the amounts recorded in the general ledger to the related invoice or other supporting documentation for a sample of transactions, as identified in Exhibit I. The sample of 25 transactions was judgmentally selected. We ensured the expense amount per the general ledger agreed to the supporting detail provided and that, per review of the support, the expense related to transportation for the Student Curriculum Development program and was, therefore, properly classified as an expense of that program. Sample transactions #2, #4, and #16 in the total amount of \$3,043.43 were related to transportation provided for trips and supplies received in 2016 that were recorded in Wayne County expense accounts in 2017 and not accrued for in the year ended December 31, 2016. As noted in 1(a) above, transportation expense reported in the preliminary Wayne County Art Institute Authority report prepared by the DIA includes supplies, including sample #16 in Exhibit I. In the general ledger detail under transportation for Student Curriculum Development, we noted a supplies line with a total of \$7,188.62. Other than noting supplies allocated to Wayne County and included in the transportation balance in the table above, no exceptions were identified in the testing of the sample of transactions accounted for under Wayne County transportation expense.

To the Detroit Institute of Arts, Inc. and Board Members  
of the Wayne County Art Institute Authority

2) Admission

- a) We compared the number of students that participated in the free transportation program for the period from January 1, 2017 through December 31, 2017 reported in the preliminary Wayne County Art Institute Authority report prepared by the DIA to data maintained in the DIA's group reservation system. We obtained data from the DIA's group reservation system and noted that the total number of students that were reserved for field trips to the DIA was 29,946. No exceptions were identified in comparing the number of students that were reserved for field trips to the DIA per the DIA's group reservation system to the preliminary Wayne County Art Institute Authority report.

3) Staff Time

- a) We obtained the DIA general ledger detail for the staff time for Group Reservations, Community Relations, and Learning & Audience Engagement (gallery teachers and School Relations Coordinator) for the period from January 1, 2017 through December 31, 2017 and compared the amount to the expense reported in the preliminary Wayne County Art Institute Authority report prepared by the DIA. No exceptions were identified in comparing the amount per the DIA general ledger to the preliminary 2017 Wayne County Art Institute Authority report. We noted no expenses from Community Relations were allocated under Student Curriculum Development program in the period from January 1, 2017 through December 31, 2017.
- b) We agreed the amounts reported in the general ledger for total staff time expenses to summary payroll data maintained by the DIA. No exceptions were identified.
- c) We recalculated the expense allocation to Wayne County by reviewing data maintained in the DIA's group reservation system and internal departmental reports. We noted the allocation methodologies described below were utilized. No exceptions were identified in recalculating the expense allocation to Wayne County based on the DIA's methodology described below:
  - i) In the Learning & Audience Engagement department, there is a School Relations Coordinator position whose wages and fringes are partially allocated to Oakland, Wayne, and Macomb counties under the Student Curriculum Development section of the service agreement with the Wayne County Art Institute Authority. The portion of wages and fringes of this position allocated to the counties is split evenly amongst the three counties. For the year ended December 31, 2017, 60 percent, or \$31,819, of the School Relations Coordinator wages and fringes was allocated to Oakland, Wayne, and Macomb counties, with \$10,607 allocated to Wayne County.

To the Detroit Institute of Arts, Inc. and Board Members  
of the Wayne County Art Institute Authority

- ii) There are 10 gallery teacher positions whose wages and fringes are partially allocated to Oakland, Wayne, and Macomb counties under the Student Curriculum Development section of the service agreement with the Wayne County Art Institute Authority. The wages and fringe benefit expenses were reduced by wages and fringe benefit expenses associated with the DIA Away program. Gallery teachers' wages and fringe benefits are allocated to Oakland, Wayne, and Macomb counties based on the percentage of school group tours per county compared to total school tours. For the year ended December 31, 2017, \$182,335 of the gallery teachers' wages and fringes expense was allocated to Oakland, Wayne, and Macomb counties. Of the \$182,335, 49 percent, or \$89,931, was allocated to Wayne County.
- iii) In the Group Reservations department, there are four positions whose wages and fringes are partially allocated to Oakland, Wayne, and Macomb counties under the Student Curriculum Development section of the service agreement with the Wayne County Art Institute Authority. The wages and fringes of the Group Reservations department are allocated to the counties under the Student Curriculum Development section of the service agreement with the Wayne County Art Institute Authority based on the percentage of tri-county school reservations compared to total reservations in the DIA's group reservation system. For the year ended December 31, 2017, 55 percent, or \$163,760, of the Group Reservations department's wages and fringes expenses was allocated to Oakland, Wayne, and Macomb counties under the Student Curriculum Development section of the service agreement with the Wayne County Art Institute Authority. The allocation to Wayne County is based on the percentage of Wayne County school reservations compared to the total tri-county school reservations. For the year ended December 31, 2017, 49 percent of the \$163,760, or \$80,769, of the Group Reservations department's wages and fringes expenses allocated to Oakland, Wayne, and Macomb counties was allocated to Wayne County.

**Section 2.4.4 - Senior Programs:**

The contractual language reads as follows: "The DIA shall initiate a subsidized tour program for Wayne County seniors. Based on past attendance, the museum will initially set aside \$100,000 annually for a subsidized senior program. This will fund 60 senior tours, including transportation, a 30-minute lecture by a museum volunteer or staff member, and access to the galleries."

To the Detroit Institute of Arts, Inc. and Board Members  
of the Wayne County Art Institute Authority

According to the preliminary 2017 Wayne County Art Institute Authority report prepared by the DIA, total spending on senior programs was as follows:

Senior Millage Program - marketing, exposes	\$87,066.53
Staff time - Community Relations, Group Reservations, and Learning & Audience Engagement	\$19,509.00
Total senior program spending	\$106,575.53
Service agreement	\$100,000.00
Variance	\$6,575.53

The procedures and the associated findings are as follows:

1) Thursdays at the Museum Program

- a) We obtained the DIA general ledger detail for the Wayne County expenses related to the Thursdays at the Museum program for the period from January 1, 2017 through December 31, 2017 and compared the amount to the program expenses reported in the preliminary 2017 Wayne County Art Institute Authority report prepared by the DIA. We noted that the program expenses consisted of transportation, hospitality, marketing, and advertising. No exceptions were identified in comparing the amount per the DIA general ledger to the preliminary 2017 Wayne County Art Institute Authority report.
- b) We agreed the amounts recorded in the general ledger to the related invoice or other supporting documentation for a sample of transactions, as identified in Exhibit II. The sample of 25 transactions was judgmentally selected. We ensured the expense amount per the general ledger agreed to the supporting detail provided and that, per review of the support, the expense related to the Thursdays at the Museum program and, therefore, was properly classified as an expense of that program. There were no exceptions identified in the testing of the sample of transactions accounted for in the Wayne County expense accounts.

2) Staff Time

- a) We obtained the DIA general ledger detail for Community Relations and Group Reservations expense accounts for the period from January 1, 2017 through December 31, 2017 and compared the amount to the expense reported in the preliminary Wayne County Art Institute Authority report prepared by the DIA. No exceptions were identified in comparing the amount per the DIA general ledger to the preliminary 2017 Wayne County Art Institute Authority report.
- b) We agreed the amounts reported in the general ledger for total staff time expenses to summary payroll data maintained by the DIA. No exceptions were identified.

To the Detroit Institute of Arts, Inc. and Board Members  
of the Wayne County Art Institute Authority

- c) We recalculated the expense allocation to Wayne County by reviewing data maintained in the DIA's group reservation system and internal departmental reports. We noted the allocation methodologies described below were utilized. No exceptions were identified in recalculating the expense allocation to Wayne County based on DIA's methodology described below. Note that various departments were reorganized, created, or replaced effective August 1, 2017, and some information in the following sections applies to only a portion of the year.
- i) From January through July, for the Community Relations department, there are two positions, the Director of Community Relations and the Community Relations Coordinator, whose wages and fringes are partially allocated to Oakland, Wayne, and Macomb counties under the Senior Programs section of the service agreement with the Wayne County Art Institute Authority. The Director of Community Relations' time is allocated 25 percent to the Senior Program and 75 percent to Community Collaborations. The Community Relations Coordinator's time is allocated 30 percent to Senior Programs and 70 percent to Community Collaborations. The allocations are determined by the DIA based on the estimated usage of time in each function (Senior Programs vs. Community Collaborations) for each position. The wages and fringes are then divided evenly among the three counties. For the year ended December 31, 2017, approximately \$14,328 of the Community Relations department's wages and fringes expenses was allocated to Oakland, Wayne, and Macomb counties under the Senior Programs section of the service agreement with the Wayne County Art Institute Authority. For the year ended December 31, 2017, \$4,776 of the Community Relations department's wages and fringes expenses was allocated to Wayne County.
  - ii) In the Group Reservations department, there are four positions whose wages and fringes are partially allocated to Oakland, Wayne, and Macomb counties under the Senior Programs section of the service agreement with the Wayne County Art Institute Authority. The wages and fringes of the Group Reservations department are allocated to the counties based on the percentage of tri-county senior trip reservations compared to total trip reservations in the DIA's group reservation system. For the year ended December 31, 2017, approximately 10 percent, or \$31,260, of the Group Reservation department's wages and fringes expenses was allocated to Oakland, Wayne, and Macomb counties under the Senior Programs section of the service agreement with the Wayne County Art Institute Authority. The allocation to Wayne County is based on the percentage of Wayne County senior trip reservations compared to the total tri-county senior trip reservations. For the year ended December 31, 2017, 41 percent of the \$31,260, or \$12,853, of the total group reservation department's wages and fringes expenses allocated to Oakland, Wayne, and Macomb counties was allocated to Wayne County.

To the Detroit Institute of Arts, Inc. and Board Members  
of the Wayne County Art Institute Authority

- iii) From August through December, in Learning & Audience Engagement, there were two positions whose wages and fringes were partially allocated to Oakland, Wayne, and Macomb counties under the Senior Programs section of the service agreement with Wayne County Art Institute Authority. The Vice President of Learning & Audience Engagement's time was allocated 3 percent to the Senior Program and 30 percent to Community Collaborations. The Community Relations Specialist of Learning & Audience Engagement's time was allocated 20 percent to the Senior Program and 60 percent to Community Collaborations. For the year ended December 31, 2017, \$5,641 of the Learning & Audience Engagement department's wages and fringes expenses was allocated to Oakland, Wayne, and Macomb counties under the Senior Programs section of the service agreement with the Wayne County Art Institute Authority. For the year ended December 31, 2017, 33 percent, or \$1,880, of the Total Learning & Audience Engagement's wages and fringes expenses allocated to Oakland, Wayne, and Macomb counties was allocated to Wayne County.

**Section 2.4.5 - Community Collaborations:**

The contractual language reads as follows: "The DIA will set aside at least \$300,000 annually to support community partnership projects that assist in bringing DIA programming to communities where there is a demonstrated commitment to increasing local arts programs. These collaborations will be developed cooperatively between the DIA and local organizations to respect and sustain the mission of the local organization and preserve the local character of each program."

According to the preliminary 2017 Wayne County Art Institute Authority report prepared by the DIA, total spending on community programs was as follows:

Community Group Programs	\$233,362.31
Staff time - Community Relations, Public Affairs, Group Reservations, Public Programs, and Learning & Audience Engagement	\$110,041.00
Total investment	\$343,403.31
Service agreement	\$300,000.00
Variance	\$43,403.31

To the Detroit Institute of Arts, Inc. and Board Members  
of the Wayne County Art Institute Authority

The procedures and the associated findings are as follows:

1) Community Group Programs

- a) We obtained the DIA general ledger detail for the Wayne County expenses related to community programs, including DIA Away and various community group programs, for the period from January 1, 2017 through December 31, 2017 and compared the amount to the expense reported in the preliminary Wayne County Art Institute Authority report prepared by the DIA. No exceptions were identified in comparing the amount per the DIA general ledger to the preliminary Wayne County Art Institute Authority report.
- b) We agreed the amounts recorded in the general ledger to the related invoice or other supporting documentation for a sample of transactions, as identified in Exhibit III. The sample of 25 transactions was judgmentally selected. We ensured the expense amount per the general ledger agreed to the supporting detail provided and that, per review of the support, the expense related to the DIA Away or other community group programs and, therefore, was properly classified as an expense of that program. We noted that certain expenses were allocated to Wayne County at a rate determined by the level of benefit received by Wayne County. The sample transaction #23 in Exhibit III in the amount of \$253.03 is an employee expense reimbursement relating to an expense incurred in 2016, but the reimbursement was recorded in Wayne County expense accounts in 2017 and not accrued for in the year ended December 31, 2016. There was no exception identified in recalculating the expense allocation to Wayne County based on the DIA's methodology described above.

2) Staff Time

- a) We obtained the DIA general ledger detail for Group Reservations, Community Relations, Public Programs, and Learning & Audience Engagement staff time for the period from January 1, 2017 through December 31, 2017 and compared the amount to the expense reported in the preliminary 2017 Wayne County Art Institute Authority report prepared by the DIA. No exceptions were identified in comparing the amount per the DIA general ledger to the preliminary 2017 Wayne County Art Institute Authority report.
- b) We agreed the amounts reported in the general ledger for total staff time expenses to summary payroll data maintained by the DIA. No exceptions were identified.
- c) We recalculated the expense allocation to Wayne County by reviewing data maintained in the DIA's group reservation system and internal departmental reports. We noted the allocation methodologies described below were utilized. No exceptions were identified in recalculating the expense allocation to Wayne County based on DIA's methodology described below.



To the Detroit Institute of Arts, Inc. and Board Members  
of the Wayne County Art Institute Authority

- i) From January through July, in the Community Relations department, there are four positions whose wages and fringes are partially allocated to Oakland, Wayne, and Macomb counties under the Community Collaborations section of the service agreement with the Wayne County Art Institute Authority. The Community Programs Manager's time is allocated 95 percent to Community Collaborations. The wages and fringe benefit expenses were reduced by wages and fringe benefit expenses associated with the Inside/Out program. The Director of Community Relations' time is allocated 75 percent to Community Collaborations. The two Community Relations Coordinators' time is allocated 70 percent and 100 percent to Community Collaborations, based on the estimated time spent on Community Relations for each individual. The wages and fringes are then divided evenly among the three counties. For the year ended December 31, 2017, approximately \$72,823 of the Community Relations department's wages and fringes expenses was allocated to Oakland, Wayne, and Macomb counties under the Community Collaborations section of the service agreement with the Wayne County Art Institute Authority. For the year ended December 31, 2017, \$24,275 of the Community Relations department's wages and fringes expenses was allocated to Wayne County.
- ii) In the Group Reservations department, there are four positions whose wages and fringes are partially allocated to Oakland, Wayne, and Macomb counties under the Community Collaborations section of the service agreement with the Wayne County Art Institute Authority. The wages and fringes of the Group Reservations department are allocated to the counties under the Community Collaborations section of the service agreement with the Wayne County Art Institute Authority based on the percentage of tri-county community group reservations compared to total reservations in the DIA's group reservation system. For the year ended December 31, 2017, approximately 5 percent, or \$15,551, of the Group Reservations department's wages and fringes expenses was allocated to Oakland, Wayne, and Macomb counties under the Community Collaborations section of the service agreement with the Wayne County Art Institute Authority. The allocation to Wayne County is based on the percentage of Wayne County community group reservations compared to the total tri-county community group reservations. For the year ended December 31, 2017, approximately \$6,823 of the Group Reservations department's wages and fringes expenses allocated to Oakland, Wayne, and Macomb counties was allocated to Wayne County.

To the Detroit Institute of Arts, Inc. and Board Members  
of the Wayne County Art Institute Authority

- iii) From August through December, in the Learning & Audience Engagement Department, there are four positions whose wages and fringes are partially allocated to Oakland, Wayne, and Macomb counties under the Community Collaborations section of the service agreement with the Wayne County Art Institute Authority. The Community Programs Specialist/Manager's time is allocated 60 percent to Community Collaborations. The wages and fringe benefit expenses were reduced by wages and fringe benefit expenses associated with the Inside/Out program. The Vice President's time is allocated 30 percent to Community Collaborations. The two Community Relations Coordinators' time is allocated at 90 percent and 15 percent to Oakland, Wayne, and Macomb counties under Community Collaborations. Allocations are based on the estimated time spent on Community Collaborations for each individual. The wages and fringes are then divided evenly among the three counties. For the year ended December 31, 2017, \$63,296 of the Learning & Audience Engagement department's wages and fringes expenses was allocated to Oakland, Wayne, and Macomb counties under the Community Collaborations section of the service agreement with the Wayne County Art Institute Authority. For the year ended December 31, 2017, \$21,099 of the Community Relations department's wages and fringes expenses was allocated to Wayne County. Additionally, the Director of Public Programming's time is allocated at 15 percent, or an additional \$9,131, under Community Collaborations to Wayne County.
- iv) From August through December, in the Public Affairs department, there are two positions whose wages and fringes are partially or fully allocated to Oakland, Wayne, and Macomb counties under the Community Collaborations section of the service agreement with the Wayne County Art Institute Authority. The Executive Director of Public Affairs' time is allocated at 72 percent to Community Collaborations and the Public Affairs Officer's time is allocated at 100 percent under the service agreement. The Public Affairs department's wages of \$75,953 were allocated evenly amongst the three counties. For the year ended December 31, 2017, \$25,318 of the department's wages and fringes expenses was allocated to Wayne County.
- v) In the Public Programming department, there are 13 positions whose wages and fringes are partially allocated to Oakland, Wayne, and Macomb counties under the Community Collaborations section of the service agreement with the Wayne County Art Institute Authority. A portion of the wages and fringes for those positions is allocated to Oakland and Wayne counties under the Community Collaborations section of the service agreement with the Wayne County Art Institute Authority based on actual hours worked on specific Community Collaborations projects. For the 13 positions, we agreed the project hours allocated to Wayne County to detail provided by the DIA with no exceptions. For the year ended December 31, 2017, \$13,330 of the Public Programming department's wages and fringes expenses was allocated to Wayne County.

To the Detroit Institute of Arts, Inc. and Board Members  
of the Wayne County Art Institute Authority

vi) In the Studio Outreach department, there was one position, Studio Outreach Coordinator, whose wages and fringes are partially allocated to Oakland, Wayne, and Macomb counties under the Community Collaborations section of the service agreement with the Wayne County Art Institute Authority. We obtained the DIA summary payroll detail for the Studio Outreach Coordinator's salary for the period from January 1, 2017 through December 31, 2017 and compared the amount to the expense reported in the preliminary Wayne County Art Institute Authority report prepared by the DIA. No exceptions were identified in comparing the amount per the DIA general ledger to the preliminary Wayne County Art Institute Authority report. For the year ended December 31, 2017, 60 percent, or \$30,197, of wages and fringes expenses was allocated to Oakland, Wayne, and Macomb counties. The wages and fringes are then divided evenly amongst the three counties because the DIA determined that the work performed by the Studio Outreach Coordinator benefits all counties equally. For the year ended December 31, 2017, \$10,065 of wages and fringes expenses was allocated to Wayne County.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Detroit Institute of Arts, Inc.'s compliance with certain program requirements included in Section 2.4 "Privileges to Wayne County Residents" of the Art Institute Service Agreement between the Wayne County Art Institute Authority and the Detroit Institute of Arts, Inc. for the year ended December 31, 2017. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Detroit Institute of Arts, Inc. and the Wayne County Art Institute Authority board and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

April 2, 2018

Exhibit I

Item	Account Number	Description	Amount	Check No	Invoice No	Date	Vendor
1	21-001-402-3373-E067	Bus reimbursement - Plymouth Scholars Academy trip to DIA 1/13/17	\$ 877.50	191807	15822	1/13/2017	Trinity, Inc.
2	21-001-402-3373-E067	Bus reimbursement - Trenton Public Schools art trip to DIA 1/11/16	486.76	191806	11102016	1/10/2017	Trenton Public Schools
3	21-001-402-3373-E067	Bus reimbursement - Edison Elementary (Detroit) to DIA 1/13/17	340.00	192274	00000000366	2/20/2017	DHT Transportation
4	21-001-402-3373-E067	Bus reimbursement - Edsel Ford High School (Dearborn) trip to DIA 11/4/16	900.00	192187	005356	2/13/2017	Dearborn Public Schools
5	21-001-402-3373-E067	Bus reimbursement - Mackenzie Elementary (Detroit) to DIA 1/17/17	340.00	192274	50609	2/20/2017	DHT Transportation
6	21-001-402-3373-E067	Bus reimbursement - Dickinson East Elementary (Hamtramck) trips to DIA 1/10/17-3/7/17	5,440.00	192276	50625	2/20/2017	DHT Transportation
7	21-001-402-3373-E067	Bus reimbursement - Riverview High School to DIA 1/20/17	332.40	192471	201617-000020	1/20/2017	Riverview Community Schools
8	21-001-402-3373-E067	Bus reimbursement - Summit Academy to DIA (Flat Rock) 2/14/17	255.50	192477	73H-0214-007	2/17/2017	Summit Academy Transportation
9	21-001-402-3373-E067	Bus reimbursement - New School High (Plymouth) trip to DIA 2/28/17	1,298.00	192490	17923	2/28/2017	Trinity, Inc.
10	21-001-402-3373-E067	Bus reimbursement for Livonia Public Schools Franklin High School: 1/19/17 Emerson/Frost MS: 1/20/17	539.00	192867	85152	3/2/2017	Livonia Public Schools
11	21-001-402-3373-E067	Bus reimbursement - Pardee Elementary (Dearborn Heights) trip to DIA 2/22/17	715.00	192982	12419	2/22/2017	Trinity, Inc.
12	21-001-402-3373-E067	Bus reimbursement - Marshall Elementary (Westland) to DIA 3/21/17	969.60	193152	TR2111	3/21/2017	Wayne-Westland Community Schools
13	21-001-402-3373-E067	Bus reimbursement - Annapolis High School (Dearborn Heights) trip to DIA 3/17/17	390.00	193083	112	3/21/2017	Annapolis High School
14	21-001-402-3373-E067	Bus reimbursement - Mead Mill MS (Northville) trips to DIA 3/14/17 & 3/16/17	1,912.88	193191	MMS0330	3/20/2017	Northville Public Schools
15	21-001-402-3373-E067	Bus reimbursement - Workman Elementary (Canton Township) trips to DIA 2/28/17 & 3/7/17	922.90	193309	001536	4/12/2017	Plymouth-Canton Community Schools
16	21-001-402-3451-E067	DIA Field Trip buttons re order 10/25/16 (allocated evenly between the three counties)	1,656.67	192014	1016-22400	10/25/2016	Versacom, Inc.
17	21-001-402-3373-E067	Bus reimbursement - Chandler Park Academy (Harper Woods) trip to DIA 7/21/17	540.00	195088	52709	8/2/2017	DHT Transportation
18	21-001-402-3373-E067	Bus reimbursement - Matrix Head Start (Detroit) trip to DIA 7/28/17	360.00	195088	52823	8/2/2017	DHT Transportation
19	21-001-402-3373-E067	Bus reimbursement - Southwest Detroit Community Schools (3 busses) to DIA 8/2/17	600.00	195232	3	7/1/2017	Southwest Detroit Community School
20	21-001-402-3373-E067	Bus reimbursement - Taylor Preparatory High School trip to DIA 8/22/17	770.00	195645	25736	8/22/2017	Trinity, Inc.
21	21-001-402-3373-E067	Bus reimbursement - Seitz MS (Riverview) trip to DIA 10/20/17	405.36	196938	201718000004	10/20/2017	Riverview Community Schools
22	21-001-402-3373-E067	Bus reimbursement - Trenton Public Schools art trip to the DIA 11/11/17	452.46	197069	11012017	11/1/2017	Trenton Public Schools
23	21-001-402-3373-E067	Bus reimbursement - Hilbert MS (Redford) trip to DIA 11/13/17	759.53	197174	17-1013	11/13/2017	Redford Union Schools
24	21-001-402-3373-E067	Bus reimbursement - Divine Child (Dearborn) to DIA 11/10/17	312.00	197407	331	11/10/2017	Divine Child High School
25	21-001-402-3373-E067	Bus reimbursement - West Middle School (Plymouth) trip to DIA 12/19/17	1,170.00	197693	29278	12/19/2017	Trinity, Inc.

## Exhibit II

Item	Account Number	Description	Amount	Check No	Invoice No	Date	Vendor
1	21-001-315-3371-P040	Senior Thursday reception 6/22/17 (allocated evenly between the three counties)	\$ 412.58	194785	240523	6/26/2017	Sodexo Inc. & Affiliates
2	21-001-315-3373-P040	Bus reimbursement-Senior Thursday 1/26/17: Adult Well Being Services (Detroit)	725.00	192380	17-017	2/24/2017	Premium Event Services, LLC
3	21-001-315-3373-P040	Bus reimbursement-Senior Thursday 2/23/17: Dearborn Retired Teachers, Mack Alive (Detroit) & Adult Well Being Services (Detroit)	2,550.00	192501	17-026	3/6/2017	Premium Event Services, LLC
4	21-001-315-3373-P040	Bus reimbursement-Senior Thursday 1/19/17: Manor Community Association (Detroit), American House Dearborn Heights & Canton Leisure Services Club 55+	3,062.50	192645	17-016	1/19/2017	Premium Event Services, LLC
5	21-001-315-3373-P040	Bus reimbursement-Senior Thursday 3/23/17: Village of Woodbridge Manor (Detroit) & Adult Well Being Services (Detroit)	1,800.00	193076	17-040	4/3/2017	Premium Event Services, LLC
6	21-001-315-3373-P040	Bus reimbursement-Senior Thursday 4/20/17: Canton Leisure Services Club 55+ & Mt. Zion MBC of Ecorse	1,250.00	193546	17-055	5/2/2017	Premium Event Services, LLC
7	21-001-315-3373-P040	Bus reimbursement-Senior Thursday 5/4/17: Morley Manor (Dearborn), Village of Saviour Manor (Westland) & Ecorse Senior Center, Redford Seniors	1,850.00	194471	17-073	5/30/2017	Premium Event Services, LLC
8	21-001-315-3373-P040	Bus reimbursement-Senior Thursday 6/29/17: Cambridge Towers (Detroit), St. Sarkis & River Rouge Seniors (Dearborn)	1,800.00	194557	17-091	6/29/2017	Premium Event Services, LLC
9	21-001-315-3371-P040	Senior Thursday reception 10/1/17 (allocated evenly between the three counties)	300.06	197212	240799	10/23/2017	Sodexo Inc. & Affiliates
10	21-001-315-3373-P040	Bus reimbursement-Senior Thursday 7/6/17: Ford Senior Center (Taylor) & Greenwood Villa Senior Apts (Westland)	1,850.00	195122	17-102	8/2/2017	Premium Event Services, LLC
11	21-001-315-3373-P040	Bus reimbursement for Senior Thursday 8/31/17: Riverview Seniors (Riverview) & Advantage Living Center (Redford)	1,300.00	ACH - 10/18/17	17-123	9/22/2017	Premium Event Services, LLC
12	21-001-315-3373-P040	Bus reimbursement-Senior Thursday 10/19/17: Adam Butzel Rec Complex (Detroit), Lexington Village (Detroit) & Mary Ellen Stempel University Center-WCCCD (Harper Woods)	2,725.00	196576	17-145	10/25/2017	Premium Event Services, LLC
13	21-001-315-3373-P040	Bus reimbursement-Senior Thursday 10/26/17: Riverbend Towers & Brewster Homes (Detroit) & Adult Well Being Services (Detroit)	1,800.00	196619	17-146	10/25/2017	Premium Event Services, LLC
14	21-001-315-3373-P040	Bus reimbursement-Senior Thursday 11/2/17: Lexington Village (Detroit) & Henry Ford Village (Dearborn)	1,850.00	197290	17-159	11/8/2017	Premium Event Services, LLC
15	21-001-315-3373-P040	Bus reimbursement for Senior Mosaic 12/8/17 - Friendship Meadows (Detroit)	800.00	197756	17-186	12/21/2017	Premium Event Services, LLC
16	21-001-315-3373-P040	Bus reimbursement-Senior Thursday 8/24/17: Canton Place Apartments	925.00	195607	17-116	8/30/2017	Premium Event Services, LLC
17	21-001-315-3441-P040	Detroit Seniors & Caregivers Expo - Museum of African American History Silver Package	425.00	195760	2110	8/24/2017	Gazette Media Group, Inc.
18	21-001-315-3441-P040	2017 4th quarter Senior Day Print Media: C&G Senior Section - Downtown Monitor (allocated between the three counties based on DIA analysis of circulation)	2,506.82	197753	030503	12/29/2017	Duffey Petrosky
19	21-001-315-3441-P040	2017 4th quarter Senior Day Internet Media: Pandora Audio and Display (allocated between the three counties based on DIA analysis)	8,170.20	197753	030504	12/29/2017	Duffey Petrosky
20	21-001-315-3441-P040	2017 4th quarter Senior Day Radio Media: WJR-AM, WWJ-AM (allocated between the three counties based on DIA analysis)	15,923.90	197753	030505	12/29/2017	Duffey Petrosky
21	21-001-315-3371-P040	Senior Thursday reception 3/30/17 (allocated evenly between the three counties)	315.00	193340	240336	4/3/2017	Sodexo Inc. & Affiliates
22	21-001-315-3371-P040	Senior Thursday reception 6/1/17 (allocated evenly between the three counties)	360.00	194642	240477	6/5/2017	Sodexo Inc. & Affiliates
23	21-001-315-3385-P040	Gary Wronchak's Annual Senior Citizen Conference Sponsor (Dearborn) 5/17/17	500.00	197860	MAY17-17CONF	3/23/2017	Park Place Catering
24	21-001-315-3371-P040	Senior Thursday reception 10/5/17 (allocated evenly between the three counties)	262.55	197091	240753	10/9/2017	Sodexo Inc. & Affiliates
25	21-001-315-3371-P040	Senior Thursday reception 10/26/17 (allocated evenly between the three counties)	240.04	197515	240817	10/30/2017	Sodexo Inc. & Affiliates

### Exhibit III

Item	Account Number	Description	Amount	Check No	Invoice No	Date	Vendor
1	21-001-315-3132-P045	Security Service for D-lectricity (Detroit) 9/23/17	\$ 432.81	197614	397787-17	9/29/2017	Prudential Security Inc.
2	21-001-315-3319-P045	ILA - D'Cyphered Workshops (Detroit)	3,200.00	197785	2490	12/11/2017	InsideOut Literary Arts Project
3	21-001-315-3325-P045	Financial Support for 2017 D-lectricity (Detroit)	25,000.00	195359	2017-DLT	8/17/2017	Midtown Detroit, Inc.
4	21-001-315-3371-P045	HAC - Art & Health Symposium reception 9/26/17 (allocated evenly between the three counties)	1,156.90	196413	240726	10/2/2017	Sodexo Inc. & Affiliates
5	21-001-315-3373-P045	Bus reimbursement - Michigan Labor History Society (Detroit) trip to DIA 10/21/17	875.00	196576	17-153	10/25/2017	Premium Event Services, LLC
6	21-001-315-3325-P045	HAC - Continuing Medical Education certification of the Arts and Health Symposium 9/26/17 (allocated evenly between the three counties)	666.80	197382	24259	10/6/2017	Beaumont Hospital
7	21-001-315-3325-P045	DIA Away-payment for overages in driver hours, miles and generator 7/19/17 (allocated evenly between the three counties)	647.87	195319	7481	7/19/2017	Mobility Resources Associates Inc.
8	21-001-402-3319-P045	Piquette Square plaque (Detroit) - design, review, project management, etc.	2,217.00	196483	26263	10/6/2017	Grigg Graphic Services, Inc.
9	21-001-402-3353-P045	Remaining balance for Little Free Libraries (Wayne County-based nonprofit) delivered on 8/14/17	2,400.00	195298	101-001BAL	8/14/2017	The End Grain Woodworking Co LLC
10	21-001-402-3362-P045	Bus reimbursement - Mariners Inn (Detroit) trip to DIA 10/6/17	1,500.00	196576	17-149	10/25/2017	Premium Event Services, LLC
11	21-001-402-3362-P045	Little Libraries Signs - promotional exterior signage delivery to DIA	545.00	195766	8183	9/11/2017	Ideation Signs & Communications
12	21-001-402-3138-P045	Allocation of wages for tri-county residents (Wayne) intern - pay period ending 7/16/17	758.75	N/A	N/A	7/16/2017	Payroll
13	21-001-505-3132-P045	Security for DFT Film Coverage (Concert of Colors - Detroit) 7/8/17 - 7/14/17	109.92	195191	394594-17	7/14/2017	Prudential Security, Inc.
14	21-001-505-3316-P045	Performance with Kuumbat for Concert of Colors 2017 (Detroit)	2,000.00	194849	07/14/17	7/18/2017	Richard J. Spangler
15	21-001-505-3325-P045	Oftenda Exhibit Design & Product - Schwarz entry signs, vinyl graphics, gallery summary panels, labels, etc. Delivery to DIA	3,133.00	196570	8247	10/23/2017	Ideation Signs & Communications
16	21-001-505-3385-P045	Concert of Colors stage rental 7/14/17	1,400.00	194893	WEB000471	7/5/2017	Creative Audio Solutions LLC
17	21-001-505-3316-P045	Payment for performance for Art as Rebellion Opening 7/23/17 (Detroit)	6,500.00	197504	JULY23-17	12/4/2017	Marion Hayden
18	21-001-505-3316-P045	Artist Honorarium for 2017 Oftenda (Detroit)	300.00	196743	108-11/12/17	11/1/2017	Friends on Board Foundation DBA Mexicanas en Michigan
19	21-001-315-3319-P045	Honorarium payment for food historian lecture at Grosse Pointe War Memorial 2/3/17	400.00	ACH-2/10/17	FEB3/17CRE	2/1/2017	Ivan Day
20	21-001-315-3325-P045	Stipend for supplies for children's mural 5/19/17 (Hamtramck)	500.00	194104	MAY19-17	5/19/2017	City of Hamtramck
21	21-001-315-3371-P045	DIA Away Program custom buttons (10,000) 5/15/17 (allocated evenly between the three counties)	2,233.78	193828	7420	5/15/2017	Mobility Resources Associates Inc.
22	21-001-402-3325-P045	Three 8-ft. tables for Scholastic Awards registration at DIA 2/13/17	112.00	192281	240226	2/13/2017	Sodexo Inc. & Affiliates
23	21-001-402-3353-P045	Supplies for off-site drop-in workshop for Metro Detroit Youth Day on Belle Isle 7/8/16	253.03	191906	E/R7/8/16	2/1/2017	Lavern Homan
24	21-001-505-3385-P045	Tent for Concert of Colors 7/14/17 (Detroit)	636.00	195602	7/9-8/8/17	8/9/2017	Hotz Catering & Rental Place
25	21-001-505-3316-P045	Honorarium payment for Alex Landerman Grand Master Simultaneous Match 5/5/17	3,500.00	193358	MAY5-17HON	5/1/2017	Young Detroit Thinkers DBA Detroit City Chess Club

# ATTACHMENT IV

## ART INSTITUTE SERVICE AGREEMENT BETWEEN THE WAYNE COUNTY ART INSTITUTE AUTHORITY AND THE DETROIT INSTITUTE OF ARTS, INC.

**THIS ART INSTITUTE SERVICES AGREEMENT** (this "Agreement") is made between the **WAYNE COUNTY ART INSTITUTE AUTHORITY**, a Michigan public body corporate (the "Authority"), organized pursuant to Article s of Incorporation filed by the County of Wayne, a Michigan municipal corporation ("Wayne County"), and **THE DETROIT INSTITUTE OF ARTS, INC.**, which is a Michigan not-for-profit corporation (the "DIA").

**WHEREAS**, the DIA manages and operates the museum which is commonly referred to as "The Detroit Institute of Arts" (the "Museum") pursuant to the terms and conditions of an Operating Agreement between the City of Detroit, a Michigan municipal corporation (the "City of Detroit"), and the DIA, formerly known as the Founders Society Detroit Institute of Arts, dated December 12, 1997, (the "Operating Agreement");

**WHEREAS**, the DIA is seeking to establish a stable funding source from local government to provide for its long-term financial stability;

**WHEREAS**, it is commonplace for encyclopedic art institutions to receive public funding from local government or special tax;

**WHEREAS**, the Authority, if first approved by the electors of Wayne County, is authorized by Act 296 of Public Acts of Michigan 2010 (as may be amended from time to time, the "Art Institute Act") to provide funding to an art institute services provider to support the provision of art institute services to an encyclopedic art institution for the benefit of the residents of Wayne County by levying a special tax;

**WHEREAS**, the Authority deems it in the best interest of the residents of Wayne county to contract with the DIA, an art institute services provider operating an encyclopedic art museum whose primary art collection and facility are owned by a municipality located in this state, for art institute services pursuant to the terms and conditions of this Agreement as authorized by the Art Institute Act in order to provide revenue to the DIA to carry out its obligations under the Operating Agreement relating to the provisions of art institute services to the Museum.

**NOW THEREFORE**, it is agreed by the Authority and the DIA as follows:

### I. POWER AND AUTHORITY

#### 1.1 DIA's Power and Authority.

The DIA represents and warrants that it has the power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and that the execution, delivery and performance of this Agreement has been authorized by all necessary action.

**1.2 Authority's Power and Authority.**

The Authority represents and warrants that it has the power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and the execution, delivery and performance of this Agreement, have been authorized by all necessary action.

**II. ENGAGEMENT OF THE DIA FOR ART INSTITUTE SERVICES**

**2.1 Engagement.**

In exercise of the authority granted to the Authority by the Art Institute Act, the Authority hereby engages the DIA to perform Art Institute Services (as defined below), and the DIA hereby agrees to perform Art Institute Services in accordance with the terms and conditions of this Agreement. For purposes of this Agreement, "Art Institute Services" means the DIA's performance of its obligations under the Operating Agreement.

**2.2 Independent Contractor Relationship.**

The DIA is an independent contractor and as such shall have full authority and responsibility to discharge the duties imposed upon it hereunder without restrictions other than those imposed by or pursuant to this Agreement. Neither the DIA nor the Authority shall have the right or authority to bind the other party, without the express written authorization of such other party, to any obligation to a third party. Nothing contained in this Agreement shall constitute the parties as partners or joint venturers for any purpose, being the express intention of the parties that no such partnership or joint venture exist and that each party has only those duties to the other than are specified in this Agreement.

**2.3 Governance.**

During the term of this Agreement, the Authority shall have the right to appoint two (2) voting members to serve on the DIA's Board of Directors.

**2.4 Privileges To Wayne County Residents.**

While the parties acknowledge and agree that the primary benefit to be received by the residents of Wayne County under this Agreement is the DIA's continued performance of its obligations under the Operating Agreement in accordance with Section 2.1 above, the DIA agrees that it will also provide the residents of Wayne County with the following additional benefits and privileges.

**1. Free Admission.**

The DIA will provide unlimited, free museum admission for all residents of Wayne County, including self-guided field trips.

DIA County Services Agreement as approved by the Wayne County Art Institute Authority



## 2. Student Curriculum Development.

Given that the most successful school programs are those crafted with the active participation of school districts, DIA educators will work with Wayne County schools to develop programs that support Michigan curriculum guidelines and promote student access.

DIA educators will offer to work with Wayne County Schools to develop a curriculum-based tour available to an entire grade (usually fourth or fifth graders) county-wide. The program will involve a number of learning methods utilizing in-museum and on-line techniques. Experience teaches that the most significant increase in student progress is fostered by consistent, multiple-visit programs (either in-museum or in-school) and in-school follow-up. To that end, in order to further develop the student/museum relationship, the DIA will work with the schools to develop an in-school program of multiple visits for an entire grade level. A two-year program – supplemented with suggestions for parents to expand the museum experience – will fully engage students with the art museum, stimulate critical thinking skills, promote verbal and written skills, and solidify a relationship between the students and the DIA that will create many life-long museum visitors.

Since high school requirements vary, the DIA will work with Wayne County high schools to develop a more individualized project designed to sharpen specific skills. For example, students will be introduced to Visual Thinking Strategies – a DIA teaching method that is used across the country in museums and schools – to engage in a facilitated conversation around art objects that could culminate in a writing project. The DIA has several examples of successful writing projects that can be shared with Wayne Schools to form the basis of a program tailored to Wayne's needs.

Because of the timing of the millage and the advanced planning utilized by schools planning their academic calendars, it is understood that it will be difficult to develop and fully implement this program in the 2012-13 academic year. Nevertheless, the DIA commits to use its best efforts to work with Wayne schools to launch at least a partial program in the 2012-13 academic year with a goal of full implementation in the 2013-14 academic year.

To address the goal of removing barriers to student attendance as quickly as possible, the DIA will provide transportation subsidies to Wayne schools during the 2012-13 academic year and shall extend transportation subsidies to the curriculum-based grade program participants throughout the entire term during which the millage is levied. Based on past attendance levels and DIA capacity (assuming additional open hours to better accommodate schools) the DIA is proposing an annual transportation set-aside of at least \$150,000.00. That amount will ensure free admission and transportation to more than 16,000 students and teachers, approximately 535 classrooms. The DIA will work with school districts to advise them of the availability of these funds, and encourage attendance. The museum will focus initially on under-served school districts, but all Wayne students shall be eligible for this subsidy.

### 3. Professional Development For Teachers.

The DIA will dedicate a portion of the Wayne County millage proceeds to revitalize the professional development program for teachers, a program that was almost completely eliminated when the DIA was forced to reduce its operating budget in 2009. Training on the use of the "Visual Thinking Strategies," a teaching method used by the DIA to engage students in a facilitated discussion about art, is an example of the type of training that will be offered on an annual basis to Wayne County teachers. Other teacher enrichment programming could include, but is not limited to:

- How to Engage or Students with the DIA Museum
- Support for the Social Studies curriculum Museum
- Support for the World Languages Curriculum
- Narrative and art-How to Use Visual Art to Expand Critical Thinking and Writing
- Science and art-How the Visual Arts Integrate with Science

In the past, the DIA has worked with Marygrove College to provide teachers with CEU credits for some programming and will continue to offer this type of option. Upon request, the DIA will work with Wayne Schools to create customized programs for Wayne teachers.

Finally, the DIA will expand its popular program of teacher open houses, which bring teachers into the museum to meet DIA educators and curators, sample tours and discuss issues with their peers. These events include informal reception and would be available to Wayne teachers without charge.

### 4. Senior Programs.

The DIA has existing relationships with senior citizens, organizations, and communities throughout Wayne County and is experienced at providing museum trips that meet seniors' requirements for a meaningful learning experience and superior hospitality. Building on this experience, the DIA shall initiate a subsidized tour program for Wayne County seniors. Based on past attendance, the museum will initially set aside \$100,000.00 annually for a subsidized senior program. This will fund 60 senior tours (approximately 35 individuals per tour) including transportation, a 30-minute lecture by a museum volunteer or staff member and access to the galleries. Initially, the DIA will market this program to all publicly supported senior programs in the county and, based on response and capacity, will extend the program to private programs, expanding the subsidy as needed.

The DIA will also use the tour program to expand its contacts with senior organizations, offering talks and art-making projects in communities. The DIA will track those contacts and include them in its annual report to the Authority and Wayne County Board of Commissioners.

**5. Community Collaborations with Local Organizations and County Cities, Townships and Villages.**

The DIA is committed to strengthening relationships with Wayne County's cities, villages and townships. To that end, the museum will set aside at least \$300,00 annually to support community partnership projects that assist in bringing DIA programming to communities. These collaborations will be developed cooperatively between the DIA and local organizations to respect and sustain the mission of the local organization and preserve the local character of each program.

**2.5 Parity.**

The DIA shall not provide additional or enhanced benefits and privileges to any other county's residents by agreement with a public body established and organized pursuant to the Art Institute Act as compared to those required by this Agreement unless the DIA also makes such additional or enhanced benefits and privileges available to the Wayne Authority under the same terms and conditions enjoyed by the other county's residents.

**2.6 Duty to Submit to Audit.**

Upon reasonable notification, the DIA shall submit to an annual financial and/or performance audit pursuant to reasonable parameters set from time to time by the Authority, at the DIA's expense.

**2.7 Duty to Provide Other Information Requested by the Authority.**

From time to time, the DIA shall provide the Authority, within a timely manner, with such other information as the Authority may reasonably request.

**2.8 Duty to Provide Indemnification.**

The DIA is liable for and will indemnify, defend and hold the Authority harmless of and from any and all liability from injuries, including disease and death, to a person or damage to property of third parties arising from or claimed to have arisen out of the DIA's performance of Art Institute Services, provided such injury or damage is alleged to have occurred during the term of this Agreement. The Authority hereby waives any claims of liability that it may have, now or in the future, against the DIA, its officers, directors, agents, representatives, heirs, and employees except as set forth in this Section. Nothing in this Section 2.8 is intended to limit the rights of the Authority to recover damages it shall have sustained as a result of acts of fraud or embezzlement by a DIA employee, agent or vendor, as evidenced by a final, non-appealable by right judgment of a court of competent jurisdiction or guilty plea.

### III. OBLIGATIONS OF THE AUTHORITY

#### 3.1 Authority Commitment Regarding Funding.

A. The Authority, except as provided in subsection 3.1(B) below, if first approved by the electors of Wayne County, will levy the approved .20 mil in each successive year for ten (10) years, starting with 2013.

B. Notwithstanding subsection 3.1(A), the Authority shall have no obligation to levy a tax in any year should the City of Detroit abrogate, cancel, revoke, suspend, terminate or substantially modify the operating agreement dated December 12, 1997 between the City and DIA, Inc. unless a successor agreement between the City and a qualified art institute services provider is first approved by the Authority.

#### 3.2 Transfer of Levy Proceeds.

Except as otherwise provide in 2010 PA 296 or in the Authority's Articles of Incorporation, all funds collected under the authority of the levy shall be reserved and transferred solely to the DIA, once per month, from any local property tax collecting unit.

### IV. JOINT COMMITMENTS OF THE AUTHORITY AND THE DIA

#### 4.1 Implementation.

The Authority and the DIA agree that they will execute and deliver any assignment agreements, consents or similar documents which may be necessary to implement this Agreement which the parties hereby stipulate sets forth all of the necessary principles of agreement.

#### 4.2 Notice.

All notices, consents, approvals, requests, reports and other communications required or permitted under this Agreement shall be in writing and set and addressed as follows:

**If to the Authority:** Wayne County Art Institute Authority  
Attention: Wayne County Clerk

**If to the Detroit Institute of Arts:** The Detroit Institute of Arts  
Attention: Chief Executive Officer  
5200 Woodward Avenue  
Detroit, MI 48202

Either party to this Agreement may change its address of notices at any time by giving notice thereof to the other as herein provided.

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**4.3 Term.**

The initial term of this Agreement shall commence on the effective date as described in Section 4.12 below and shall run through December 31, 2023.

**4.4 Early Termination.**

This Agreement shall automatically terminate upon the termination of the Operating Agreement or any successor agreement between the City of Detroit and the DIA.

**4.5 Entire Agreement; Amendment; Waiver.**

This Agreement is and shall be deemed to be the complete and final expression of the agreement among the parties as to the matters contained in and related to this Agreement and supersedes any previous understandings, dealings and communications, including negotiations, discussions, representations, warranties, information, documents and agreements, among the parties pertaining to such matters. This Agreement shall not be modified or amended except pursuant to a written agreement signed by both parties. Any waiver of any party's rights or obligations under this Agreement must be in writing and must be signed by the party against which such a waiver is to be enforced. No party's failure to exercise a right or to invoke a remedy in any particular circumstance shall be construed as a waiver of such right or remedy, and no waiver by either party of any right or remedy in one situation shall constitute a waiver of such party's rights or remedies in any other subsequent situation, whether similar or not.

**4.6 Governing Law.**

This Agreement is governed by and will be construed in accordance with the laws of the State of Michigan.

**4.7. Headings.**

The headings of the provisions used in the Agreement are for convenience only and shall not be deemed to explain, limit or amplify the provisions of this Agreement.

**4.8. Severability.**

If any court, agency, commission, legislative body or other authority of competent jurisdiction declares invalid, illegal or unenforceable any portion of this Agreement (including, but not limited to, Section 2.3), or its application to any person, that decision shall not affect the validity of the remaining portion of this agreement.

**4.9 No Third Party Beneficiaries.**

Except to the extent expressly contemplated in this Agreement, the obligations undertaken by the Authority and the DIA in this Agreement are for the benefit of the Authority

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and the DIA only, and neither any creditor of the Authority or the DIA, nor any other party, shall have the right to rely on or enforce the provisions of this Agreement as a third-party beneficiary or otherwise.

**4.10 Successors and Assigns.**

This Agreement shall be binding on the DIA, its successors and assigns, by merger, sale, transfer, consolidation and lease of either party and it shall not be modified, altered or changed in any respect whatsoever by change of ownership.

**4.11 Condition to the Obligations of each Party to Effect This Agreement.**

The respective rights, duties and obligations of each party under this Agreement shall be subject to the occurrence of the following conditions precedent: (i) the passage by the electors of Wayne county of a .20 mill (ten-year) levy proposed by the Authority; and (ii) the passage by the members of the DIA of an amendment to the DIA's Bylaws that would allow the DIA to comply with its obligations set forth in Section 2.3 above.

**4.12 Effective Date of This Agreement.**

The effective date of this Agreement shall be the day after the conditions pursuant to Section 4.11 have occurred, and the respective parties have signed the Agreement.

**4.13 Authorization and Capacity.**


Each party warrants that the person signing this Agreement is authorized to do so on behalf of its principal and is empowered to bind its principal to this Agreement.

IN WITNESS WHEREOF, the Authority and the Society, by and through their duly authorized officers and representatives, have executed this contract as of the dates of their respective signatures:

WITNESSES:



Jarina D. White-Bell  
Eugenia D. Hicks

THE DETROIT INSTITUTE OF ARTS

By: 

Its: EXEC. V. P., CHIEF OPERATING OFF.

WITNESSES:

WAYNE COUNTY ART INSTITUTE AUTHORITY

By: Elizabeth A. Maurica

Its: Chairperson

**AMENDMENT TO  
ART INSTITUTE SERVICE AGREEMENT BETWEEN  
THE WAYNE COUNTY ART INSTITUTE AUTHORITY  
AND DETROIT INSTITUTE OF ARTS, INC.**

This Amendment (this "Amendment") to Art Institute Service Agreement (the "Agreement") between the Wayne County Art Institute Authority, a Michigan public body corporate (the "Authority"), organized pursuant to Articles of Incorporation filed by the County of Wayne, a Michigan municipal corporation, and Detroit Institute of Arts, Inc., a Michigan not-for-profit corporation (the "DIA"), is adopted by the Authority and the DIA.

WHEREAS, in accordance with the Agreement, the Authority engaged the DIA to perform Art institute services, as contemplated under the Art Institute Authorities Act (Act 296 of Public Acts of Michigan 2010), which the Agreement defines as the DIA's performance of its obligations under the Operating Agreement with the City of Detroit pursuant to which the DIA managed the museum commonly referred to as "The Detroit Institute of Arts" (the "Museum").

WHEREAS, pursuant to Article III of the Agreement, the Authority agreed to levy a millage for a ten (10) year period starting with 2013 and agreed to transfer solely to the DIA all funds collected under the authority of the levy.

WHEREAS, subsequent to the effective date of the Agreement, the City of Detroit filed a petition under chapter 9 of the Bankruptcy Code and in those bankruptcy proceedings has filed a proposed plan of adjustment that provides, among other things, that following confirmation of the plan of bankruptcy,

(1) all of the City of Detroit's right, title and interest in and to the Museum art collection, operating assets, buildings and other Museum related assets will be conveyed to the DIA to be held in perpetual charitable trust for the benefit of the people of the City of Detroit and the State of Michigan, including the citizens of Wayne County, permanently free and clear of all liens, encumbrances, claims and interests of the City of Detroit and its creditors (the "Conveyance"), and

(2) the DIA will have complete responsibility for and control over Museum operations, capital expenditures, collection management, purchase or sale of assets, and the DIA will continue to operate the Museum as an encyclopedic art museum in the City of Detroit.

WHEREAS, as a result of the foregoing, the Operating Agreement between the City of Detroit and the DIA will be terminated as of the closing of the Conveyance.

WHEREAS, because the Operating Agreement will be terminated as of the closing of the Conveyance, it is necessary to amend the Agreement as set forth in this Amendment.

WHEREAS, all capitalized terms used but not defined in this Amendment are defined in the Agreement.

NOW, THEREFORE, the parties agree as follows:

1. The DIA represents and warrants that it has the power and authority to execute and deliver this Amendment and to perform its obligations hereunder and under the Agreement (as amended by this Amendment) and that the execution, delivery and performance of this Amendment have been authorized by all necessary action.

2. The Authority represents and warrants that it has the power and authority to execute and deliver this Amendment and to perform its obligations hereunder and under the Agreement (as amended by this Amendment), and that the execution, delivery and performance of this Amendment have been authorized by all necessary action.

3. Section 2.1 of the Agreement is amended and replaced in its entirety by the following:

In exercise of the authority granted to the Authority by the Art Institute Act, the Authority hereby engages the DIA to perform "Art institute services" as defined in the Art Institute Act ("Art Institute Services"), and the DIA hereby agrees to perform Art Institute Services in accordance with the terms and conditions of this Agreement.

4. The first paragraph of Section 2.4 of the Agreement is amended and replaced in its entirety by the following:

While the parties acknowledge and agree that the primary benefit to be received by the residents of Wayne County under this Agreement is the DIA's continued delivery of Art Institute Services in accordance with Section 2.1 above, the DIA agrees that it will also provide the residents of Wayne County with the following additional benefits and privileges.

5. Sections 3.1(B) and 4.4 of the Agreement are deleted in their entirety.

6. This Amendment shall become effective immediately prior to the closing of the Conveyance; provided, however, if the Conveyance does not close, this Amendment shall have no effect.

7. Other than as is set forth in this Amendment, the Agreement shall remain in full force and effect.

8. This Amendment constitutes the entire agreement and understanding among the parties with respect to the subject matter hereof and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

9. This Amendment is governed by and will be construed in accordance with the laws of the State of Michigan.



WITNESSES

[Signature]  
Exec. Asst. to the Director

DETROIT INSTITUTE OF ARTS, INC.

By: [Signature]  
Its: COO, EVP

WITNESSES

[Signature]  
21 July 2014

WAYNE COUNTY ART INSTITUTE AUTHORITY

By: [Signature]  
Its: Chairman

