



TUCSON MUSEUM *of* ART
AND HISTORIC BLOCK

ANNUAL REPORT 2017-2018



It is the policy of the Tucson Museum of Art and Historic Block (TMA) to ensure access to diverse communities regardless of age, gender, religion, sexual orientation, ethnicity, race, ancestry, national origin, and physical ability.

At TMA we are proud to support and impact audiences under the mission of “Connecting Art to Life” and advance our vision of a civic-minded institution. TMA aims to achieve three strategic goals that will help shape the future of the institution:

- Serve as a leader in representing regional identity, supporting the advancement of arts and culture, and preserving the heritage of the American Southwest.
- Reflect the diverse demographic and culture of our region, and the global society, through our collections, exhibitions, and programs.
- Preserve, exhibit, and interpret the arts, fostering awareness, appreciation, exploration, and understanding of culturally rich collections and innovative exhibitions.

TMA is positioned to forge a new chapter in the museum’s history. With a robust schedule of program offerings, collaborations, and partnerships with our community, and the presentation of significant exhibitions, the museum is set to realize an innovative and impactful future.

TMA is a 501(c)(3) private, non-profit organization dedicated to the educational, aesthetic, and cultural promotion of the arts.

July 1, 2017 – June 30, 2018
Tucson Museum of Art and Historic Block
140 N. Main Avenue
Tucson, Arizona 85701-8218
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MISSION

The Tucson Museum of Art and Historic Block connects art to life, inspiring discovery, creativity, and cultural understanding through meaningful, engaging experiences.

To achieve its mission, the Tucson Museum of Art and Historic Block preserves and interprets its collections of Modern and Contemporary art, Native American art, the art of the American West, Latin American, pre-Columbian, European, and Asian art; cares for and interprets five significant El Presidio historic properties; and produces related exhibitions, education programs, and publications which expand understanding and appreciation of these unique community resources.

Howard Post, *19 Extras*, 2013, oil on canvas, 18 x 36 in.
Courtesy of the artist.

IN MEMORY OF JOHN K. “JACK” GOODMAN

Our community lost one of its most generous art patrons, John K. “Jack” Goodman, who died at the age of 97 on April 16, 2018. A longtime supporter of the museum, Jack and his widow Aline exhibited an extensive goodwill and generosity which continues to have a great positive impact on the arts in his beloved Old Pueblo. In the early 1950s, Jack began to collect Western art and in 1968, was asked to join the TMA Board where he served as a trustee over a span of nearly five decades.

Jack’s commitment to the arts community was sincere—he felt it was important to encourage young artists whose careers were just beginning. Jack was also involved in TMA’s Women Artists and the West show since its inception in 1991. We remember him with great fondness for his contribution and dedication to collecting Western art and preserving Western traditions.

Mark Rossi, *John Goodman*, 2001, bronze, 26 x 16.25 x 16 in.
Collection of the Tucson Museum of Art. Gift of the Friends of Western Art and Mark Rossi.





Board of Trustees President Michael S. Bylsma.

FROM THE BOARD PRESIDENT

The Tucson Museum of Art and Historic Block made great strides forward on many fronts during this fiscal year, with many memorable achievements. It will be remembered as a year of extraordinary growth, revitalization, and promise -- one that provided the museum with an even stronger foundation and momentum for the future. Among other things, the museum celebrated the completion of a substantial renovation of its galleries and public spaces, achieved its greatest successes to date in fundraising, featured excellent exhibitions, extended its reach into the community, and developed new audiences with a consistently high level of programmatic quality and creativity.

The response to TMA's renovation, with new and expanded gallery spaces, new art installations, renovated sculpture garden, and new museum store, has been enthusiastic. After the museum galleries reopened in October, we witnessed increases in visitors and general excitement about the "new" museum. Museum memberships, including Ambassador Circle memberships -- the highest membership level, also increased. Other indicators improved as well. For example, TMA's social media following, including followers on our Instagram feed and "likes" on our Facebook account, increased substantially. TMA also received high ratings on *TripAdvisor* and was again voted "Best Art Museum" by readers of the *Tucson Weekly*.

Following the success of the Phase I fundraising campaign, in which TMA raised over \$1.5 million from various private donors for the gallery renovations, the museum also received this fiscal year the single largest gift since its founding. The exceptional gift of \$2.5 million by long-time board member I. Michael Kasser and his wife Beth raised the bar substantially and generated new momentum for giving to TMA.

As a result, at the close of the fiscal year, the museum proceeded with its plans for the largest infrastructure project in decades -- the Kasser

Family Wing. The project is expected to be completed in 2019. With this latest gift, and the resulting new galleries that will exhibit the Kassers' important Pre-Columbian and Latin American art collection, the museum is poised to join the ranks of museums with nationally-recognized collections and become a destination for connoisseurs and scholars of these works.

Our exhibitions this year, including *The West Observed: The Art of Howard Post*, *Dress Matters: Clothing as Metaphor*, and *Mid-Century Perspectives: Paintings by Andy Burgess and Objects of Modern Design*, were very well received because of their range, variety, and bold artistic statements.

In addition to our exhibitions, we continued to explore additional and diverse approaches to extending our reach and impact and to developing new audiences. Our family-oriented programs, lecture series, free community events, live performances, and docent art talks, all have been very successful in engaging more of the community and have helped to spark conversations about art and make new connections for the museum.

I am pleased to report that the museum again ended the fiscal year on a sound financial footing, in the black, and further strengthened the management of its financial operations with, among other things, the addition of a new Chief Financial Officer.

We were governed by a dedicated and highly productive Board of Trustees that has grown and diversified in ways that will accelerate our progress and build on our accomplishments. Over the past year, the Board continued to focus on fiscal soundness and strong corporate governance, and on new ways to champion the museum's mission. I am very proud of all of the accomplishments of the Board this year.

TMA's work is supported by a broad base of members, volunteers, and donors, who infuse the organization with energy and enthusiasm.

The museum also is in the enviable position of being served by a first-rate, talented, and enthusiastic professional team of staff -- under the superb leadership of Jeremy Mikolajczak -- that pushes TMA forward, always, in new and exciting directions.

We end this extraordinary year well positioned to continue our forward movement with the sustained momentum, energy, and support we need to achieve even more in the years to come. On behalf of the TMA Board of Trustees, I thank you all.

Michael S. Bylsma
President of the Board of Trustees



CEO Jeremy Mikolajczak. Photo courtesy of James Patrick.

FROM THE CEO

For 94 years, Tucsonans and dedicated supporters have come together to build a community art museum that is committed to visual literacy and arts education. Here, we celebrate not only what we accomplished in the last year, but the people who made it happen. The 2017 – 2018 season was a fantastic one for the museum and because of you, TMA continues its momentum forward.

In the fall, TMA reopened to the public after an ambitious four-month renovation project in addition to the restructuring of public programs. This was the first major physical renovation project in over 15 years and resulted in establishing 18 galleries for the exhibition of art, of which 15 are dedicated to the museum’s permanent collection, a community gallery, and renovated museum store.

Undertaking the significant project of reinterpreting the museum’s permanent collection and temporary exhibitions, the museum’s curatorial staff, led by Dr. Julie Sasse, did a remarkable job. Not only were they charged with reinstalling the collection but promoting the exploration and navigation of visual literacy at TMA. In formulating the feature exhibitions, the curators also examined themes that relate to our diverse Southern Arizona community and local cultures.

In early winter, *TMA Learn*, the museum’s education department, reached a significant turning point by announcing a \$25,000 award from the Flinn Foundation to conduct research and develop recommendations for integrating new technology into the museum’s programs. By researching best practices and utilizing new technology, the museum will further its mission of “Connecting Art to Life,” creating an environment focused on the changing needs and behaviors of audiences within an informed and engaged community.

Strengthened by the creation of two new positions, Curator of Community Engagement and Assistant Curator of Community Engagement, TMA advanced its commitment to the community. As a result, the museum is reaching new and diverse audiences through new contexts for engagement by an enhanced *Free First Thursday* program and museum-wide collaborations with new and returning community partners.

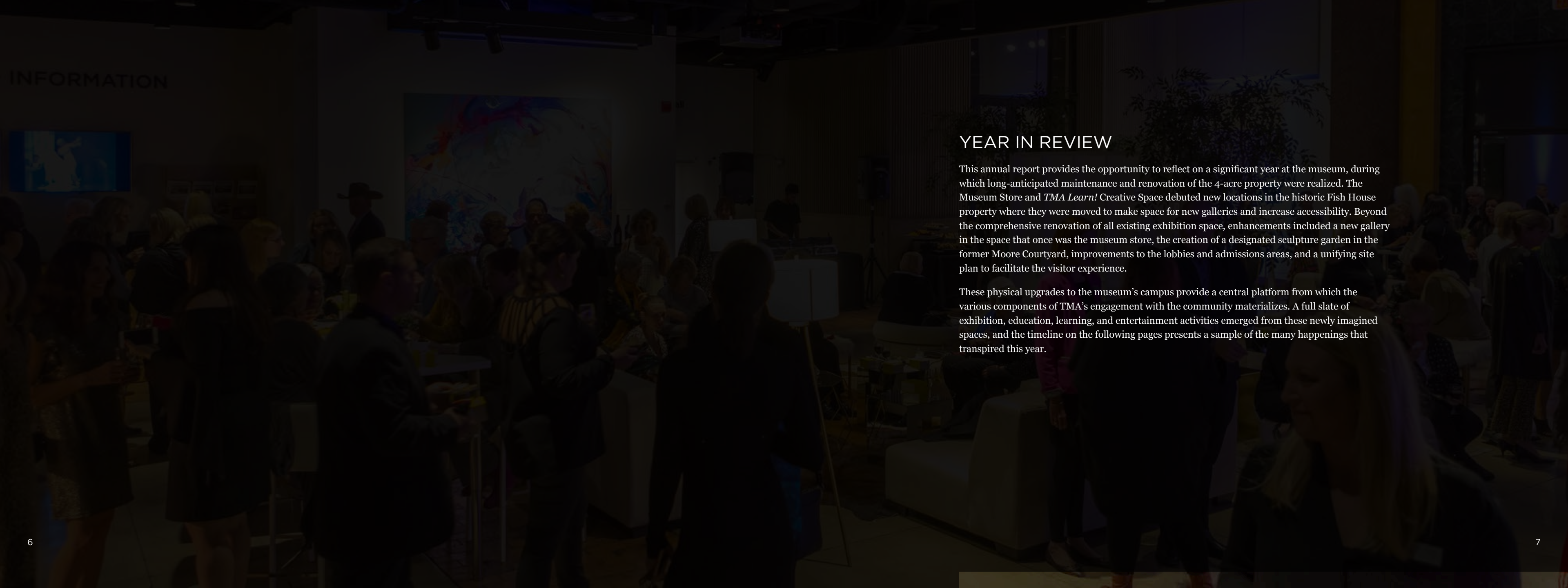
In the spring, a new milestone occurred when long-time arts supporter and Tucson business leader I. Michael Kasser and his wife Beth committed to a \$2.5 million gift supporting the construction of a new wing at the museum. This gift constitutes the single most significant individual donor gift in the museum’s history. The new Kasser Family Wing will be the new home to extraordinary works of pre-Columbian and Latin American art, as well as contemporary interpretations, for generations to come.

Since becoming CEO in 2016, I am continually astonished by the generosity of our community. TMA is fortunate to have a dedicated staff and so many loyal donors, members, and volunteers that help shape the museum we know and love.

Lastly, I would like to recognize the efforts of the out-going Board of Trustees President, Michael Bylsma. Through Mike’s leadership and guidance, the museum has achieved a new level of professional practice, in addition to strong Board committees charting the future of our museum.

Thank you all for making 2017 - 2018 an exceptional season – you inspire us all to keep the momentum going.

Jeremy Mikolajczak
Chief Executive Officer



YEAR IN REVIEW

This annual report provides the opportunity to reflect on a significant year at the museum, during which long-anticipated maintenance and renovation of the 4-acre property were realized. The Museum Store and *TMA Learn!* Creative Space debuted new locations in the historic Fish House property where they were moved to make space for new galleries and increase accessibility. Beyond the comprehensive renovation of all existing exhibition space, enhancements included a new gallery in the space that once was the museum store, the creation of a designated sculpture garden in the former Moore Courtyard, improvements to the lobbies and admissions areas, and a unifying site plan to facilitate the visitor experience.

These physical upgrades to the museum's campus provide a central platform from which the various components of TMA's engagement with the community materializes. A full slate of exhibition, education, learning, and entertainment activities emerged from these newly imagined spaces, and the timeline on the following pages presents a sample of the many happenings that transpired this year.

FEATURE EXHIBITIONS OF THE 2017-2018 SEASON

- DRESS MATTERS: CLOTHING AS METAPHOR
October 21, 2017 – February 18, 2018
Curated by Dr. Julie Sasse
- DESERT DWELLER
October 21, 2017 – January 21, 2018
Guest Curated by Paula Taylor
- MID-CENTURY PERSPECTIVE: PAINTINGS BY
ANDY BURGESS & OBJECTS OF MODERN DESIGN
February 1, 2018 – April 22, 2018
Curated by Dr. Julie Sasse & Jeremy Mikolajczak
- THE WEST OBSERVED: THE ART OF HOWARD POST
March 3, 2018 – June 24, 2018
Curated by Christine Brindza
- MAYO TEXTILES FROM THE GIFFORDS COLLECTION
May 3, 2018 – June 24, 2018
Curated by Dr. Julie Sasse

Installation of the *Dress Matters: Clothing as Metaphor* exhibition.
Photo courtesy of Willo Art.

ART AND EXHIBITIONS

Unveiled in October of 2017, the renovated collection galleries were divided into the following areas: Latin American Art, Latin American Folk Art, Art of the American West, Art of the Southwest, Photography, Works on Paper, Asian Art, and European Art. The new designation of an area to display photography signified the museum’s commitment to all media and launched the imperative to build, refine, and update the collection. Asian art, long collected by the museum, has a designated space to share such unique treasures, and the European collection, often shown only in small group exhibitions, now has a special place to highlight important paintings and sculptures from Great Britain, France, England, Germany, and elsewhere.

What is unique about these new exhibitions is how much they reflect our community and our region, displayed through new perspectives. For example, the Art of the Southwest is defined by living artists who reside and work in the Southwest rather than a preconceived notion or stereotype of the region. In this context, commonalities can be found between abstract art, fine craft, and traditional works while expressing the diversity in artists and the art produced in the Southwest. The Art of the American West presents historic works shown alongside the contemporary. The space is shared by indigenous art of the American West and paintings and sculptures inspired by those cultures. In this manner, new and old audiences alike can find multiple portals of appreciation and interpretation, which provides a richer visitor experience.

PERMANENT COLLECTION GALLERIES

CONTEMPORARY ART SOCIETY/
JOYCE BROAN GALLERY OF CONTEMPORARY ART
Contemporary Art
Curated by Dr. Julie Sasse

KAY CAUTHORN/BERGER-HANFT GALLERY
Modern Art
Curated by Dr. Julie Sasse

JON & LINDA ENDER GALLERY
Works on Paper
Curated by Dr. Julie Sasse

MARY JO BROWN GALLERY
Selections from the Kasser Mochary Art Foundation
Curated by Dr. Julie Sasse

KENNETH J. & JUDITH H. RISKIND/
PATRICIA CARR MORGAN & PETER F. SALOMON GALLERY
Photography
Curated by Dr. Julie Sasse

SANDRA & ROBERT MAXFIELD GALLERY
Art of the American Southwest
Curated by Dr. Julie Sasse & Christine Brindza

BERNARD & JEANETTE SCHMIDT GALLERY
Native American Culture and Art
Curated by Christine Brindza

FRANK & JEAN HAMILTON GALLERY
Art of the American West
Curated by Christine Brindza

BURT & BRENDA LAZAR GALLERY
Folk Art - Masks
Curated by Dr. Julie Sasse

STONEWALL GALLERY
Latin American Folk Art
Curated by Dr. Julie Sasse

ANNE Y. SNODGRASS GALLERY
Asian Art
Curated by Christine Brindza

PALICE GALLERY OF EUROPEAN ART
European Art
Curated by Dr. Julie Sasse

PALICE GALLERY OF LATIN AMERICAN ART
Pre-Columbian and Spanish Colonial Art
Curated by Dr. Julie Sasse

VON GALEN GALLERY
Art of the American West
Curated by Christine Brindza

FOUNDERS GALLERY IN THE JOHN K. GOODMAN PAVILION
Art of the American West
Curated by Christine Brindza

Johann Georg Edlinger,
Court Scene, c. 1790, oil
on canvas, 28.5 x 39.25 in.
Collection of the Tucson
Museum of Art. Gift of Mr.
and Mrs. Phillip J. Bramley.



October 2017

Museum Store Featured Artist

Roxanne Rossi, Mixed Media

October 5, 2017

Free First Thursday

Oktoberfest &
Gertie & the TO Boyz

October 8, 2017

**Second SundAZE
Family Day @ TMA**

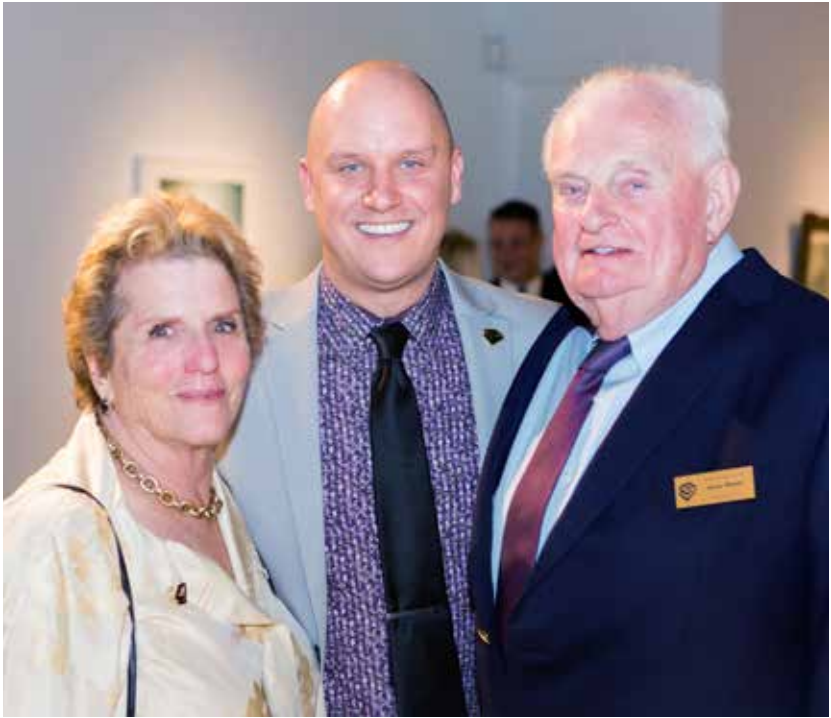
Sculpture



Installation of the *Mid-Century Perspective: Paintings by Andy Burgess and Objects of Modern Design* exhibition. Photo courtesy of Willo Art.

October 18, 2017
Exclusive Opening Celebration for Naming Donors

October 20, 2017
Members' Opening for Dress Matters: Clothing as Metaphor and Desert Dweller open to the public



CEO Jeremy Mikolajczak with donors James J. & Louise R. Glasser. Photo courtesy of Willo Art.

TMA opened its new and renovated galleries to over 4,000 guests with a Community Celebration. The weekend offered free admission for the public and two new exhibitions featuring local and world-renowned artists. The galleries had been closed since mid-July for a renovation which added 5,000 square feet of gallery space among other modifications and improvements.

October 21 - 22, 2017
Free Community Opening

NEWLY NAMED GALLERIES

JAMES J. & LOUISE R. GLASSER GALLERY
 Feature exhibitions

FRANK & JEAN HAMILTON GALLERY
 Art of the American West

CONTEMPORARY ART SOCIETY/
 JOYCE BROAN GALLERY
 Contemporary Art

PALICE GALLERY OF EUROPEAN ART
 European Art

JON & LINDA ENDER GALLERY
 Works on Paper

MARY JO BROWN GALLERY
 Selections from the Kasser Mochary Art Foundation

BURT & BRENDA LAZAR GALLERY
 Folk Art - Masks

ANNE Y. SNODGRASS GALLERY
 Asian Art

KENNETH J. & JUDITH H. RISKIND/
 PATRICIA CARR MORGAN & PETER F. SALOMON GALLERY
 Photography

FOUNDERS GALLERY IN THE
 JOHN K. GOODMAN PAVILION
 Art of the American West



CRUSH Party entertainment
Zona Libre. Photo courtesy
of Willo Art.

November 2017

Museum Store Featured Artist
Lynn Anglin, Watercolor

November 2, 2017

Free First Thursday
Día de los Muertos



CRUSH Party presenting sponsors Dr. Peggy Jones
& Allen Willenbrock. Photo courtesy of Willo Art.

CRUSH Party returned to TMA on November 10 with over 500 guests. The event's high-energy atmosphere included over 25 of Tucson's best restaurants serving high-end bites, along with fine wine, Arizona beer, local spirits and premium tequilas sampled throughout the Plaza. TMA's Margaret E. Mooney Hall was transformed into the Red Door Spa Lounge offering complimentary mini spa services and a tranquil atmosphere. Local band Zona Libre had guests dancing the night away, while the museum's education department *TMA Learn!* led custom interactive art making.

November 10, 2017

CRUSH Party



Museum Store. Photo courtesy of Willo Art.

MUSEUM STORE

Newly relocated to the north end of the historic Fish house, the Museum Store now has five rooms dedicated to locally made art and crafts, personal accessories, art books and exhibition catalogues, children's items, and other gifts. Continuing to strengthen its relationship with regional artists, the store implemented a regular schedule of featured artists and trunk shows this year. Each month, works by a featured artist were prominently exhibited in the store, and trunk shows highlighting different artists took place on weekends in conjunction with *Second SundAZE* programming.

November 12, 2017

Second SundAZE
Family Day @ TMA

Identity, Clothing & Wearable Art

November 17 - 19, 2017

Fall Artisans Market

November 17, 2017

El Nacimiento Reopens



Installation of *Desert Dweller*. Photo courtesy of Willo Art.



Fashion Fête committee members.
Photo courtesy of Willo Art.

TMA launched a new art-themed winter event. This year *Fashion Fête* showcased the museum's featured fashion exhibitions: *Desert Dweller*, and *Dress Matters: Clothing as Metaphor*. The museum welcomed people into beautifully renovated galleries to spend the evening eating, drinking, dancing, and getting pampered by The Red Door Spa in the Fashionista Lounge. This sold-out event was a night to remember.



Second SundAZE Family Day @ TMA.
Photo courtesy of Willo Art.

In January, *Second SundAZE Family Day @ TMA* featured Mata Ortiz artists. On the second Sunday of every month the museum is free to all Arizona and Sonora, Mexico residents. *TMA Learn!* staff hosts art-making stations, performances, partnerships with community organizations, and in gallery activities celebrating the museum's commitment to creating a more family-friendly environment. *Second SundAZE* had several themes throughout the year including TMA HolidAZE, a Mother's Day celebration, Ikebana floral themed activities, and Latin American Folk Art. *Second SundAZE* are made possible by the support of the Stonewall Foundation.

December 2017
**Museum Store
Featured Artist**
Alex Jimenez, Prints

December 7, 2017
Free First Thursday
Desert Dweller: Retailer as Innovator Panel
and Oaxacan Woodcarving demonstrations

December 10, 2017
**Second SundAZE
Family Day @ TMA**
Holidays at TMA

December 10, 2017
Artist Trunk Show
Casa Kira, Jewelry

January 2018
**Museum Store
Featured Artist**
Amanda Atkins, Painter

January 5, 2018
Fashion Fête

January 14, 2018
**Second SundAZE
Family Day @ TMA**



Tucson Mayor Jonathan Rothschild & TMA CEO Jeremy Mikolajczak.

Mayor Jonathan Rothschild announced the merger of his Great Start program with Act One, a nonprofit that provides free field trips to art and cultural institutions for K-12 students in Title 1 schools, with a press conference in Margaret E. Mooney Hall, the museum’s lobby.

With a goal of giving more children access to the arts, the Great Start Program provided more than 2,100 donated tickets and passes for Tucson-area school districts to distribute to students in 2017. Act One provides entire classrooms with field trips and pays for admission and transportation. It also provides teachers with lesson plans, and in some cases books, to guide discussion of the experience.

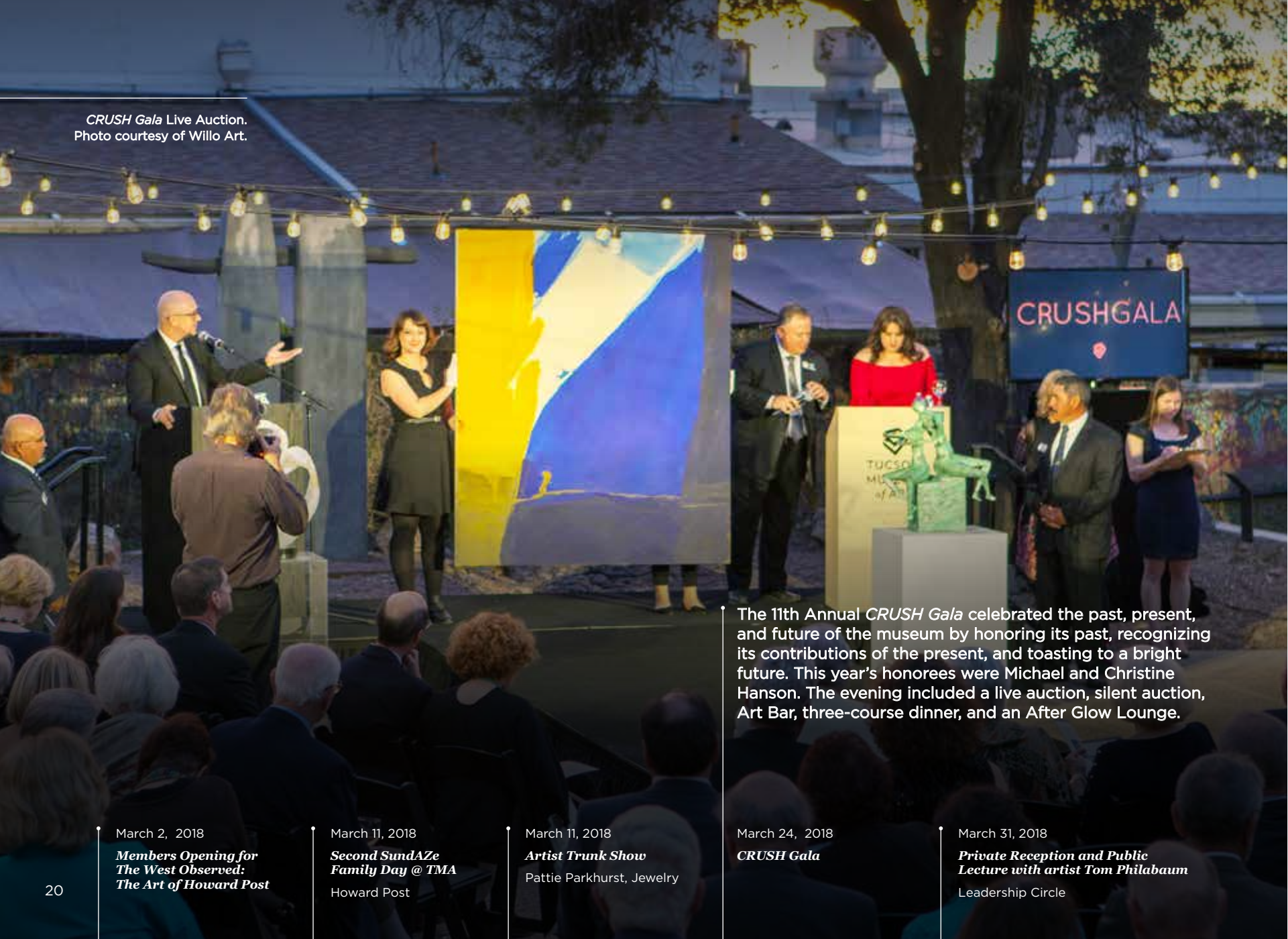
The museum is one of 12 participating institutions and 8% of the K-12 classrooms that visited the museum this year did so with an Act One pass.

January 24, 2018
Mayor Rothschild Press Conference



TMA members preview the *Mid-Century Perspectives* exhibition. Photo courtesy of Willo Art.

January 14, 2018 Artist Trunk Show Ancient Pedigree, Modern Mastery, Mexican Pottery, Weavings, and Carvings	February 2018 Museum Store Featured Artist Jon Arvizu, Prints	February 1, 2018 Free First Thursday Mid-Century Modern Aesthetics & Andy Burgess	February 6, 2018 Private Reception & Public Lecture with Jose Carlos Diaz, Chief Curator, Andy Warhol Museum Leadership Circle	February 11, 2018 Second SundAZE Family Day @ TMA Mid-Century Modern Perspective	February 11, 2018 Artist Trunk Show Casa Kira, Jewelry	February 16 - 18, 2018 Spring Artisans Market	March 2018 Cyndy Carstens, Paintings Museum Store Featured Artist	March 1, 2018 Free First Thursday Dancesequences
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CRUSH Gala Live Auction.
Photo courtesy of Willo Art.

The 11th Annual *CRUSH Gala* celebrated the past, present, and future of the museum by honoring its past, recognizing its contributions of the present, and toasting to a bright future. This year's honorees were Michael and Christine Hanson. The evening included a live auction, silent auction, Art Bar, three-course dinner, and an After Glow Lounge.

March 2, 2018
**Members Opening for
The West Observed:
The Art of Howard Post**

March 11, 2018
**Second SundAZE
Family Day @ TMA**
Howard Post

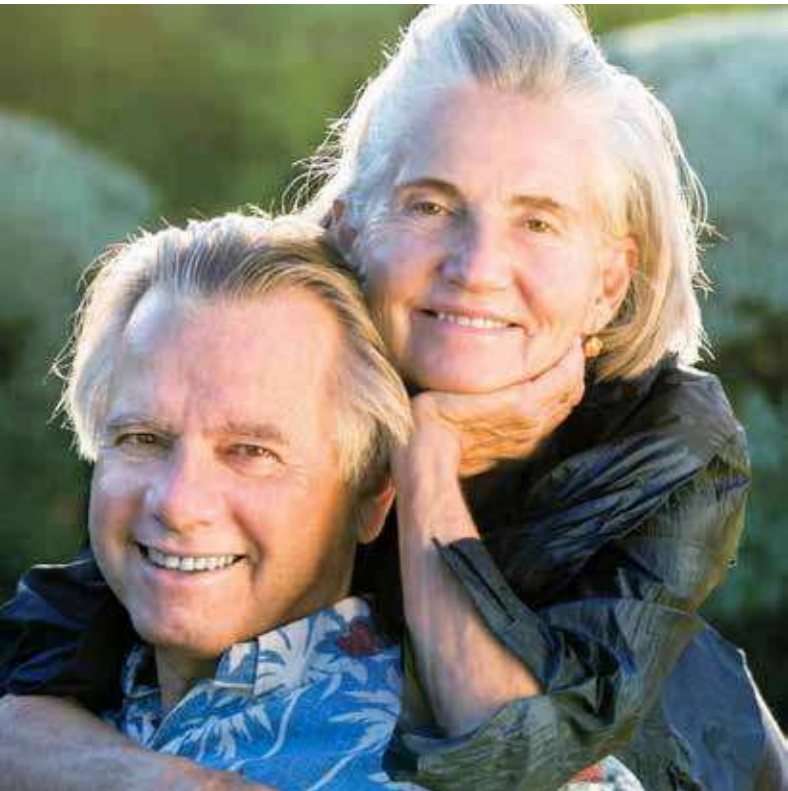
March 11, 2018
Artist Trunk Show
Pattie Parkhurst, Jewelry

March 24, 2018
CRUSH Gala

March 31, 2018
**Private Reception and Public
Lecture with artist Tom Philabaum**
Leadership Circle

Tucson business leader I. Michael Kasser and his wife Beth donated \$2.5 million to the museum, constituting the single most significant individual donor gift in the museum's history. The gift will support the construction of a new wing at the museum. A groundbreaking is planned for spring 2019, with completion and gallery opening in late fall of the same year.

The 6,000 square-foot gallery, to be named the Kasser Family Wing, will be used to exhibit pre-Columbian and Latin American art. In addition to providing the funds for the project, Mr. Kasser will also provide the museum with an indefinite loan of his extensive Latin American art collection, which features over 250 works of pre-Columbian art. The museum will display works from its current holdings in the Kasser Family Wing, as well as the works that are made available through this loan arrangement.



I. Michael Kasser and his wife Beth. Photo courtesy of Holualoa Companies.

April 4, 2018
**Michael Kasser
and his wife
Beth donate \$2.5
million**

April 2018
**Museum Store
Featured Artist**
Lex Gjurasic,
Mixed Media

April 5, 2018
Free First Thursday
The Lisa O'Neill Band
& AZPM screening
of *Civilizations*

April 8, 2018
**Second SundAZE
Family Day @ TMA**
Ikebana

April 8, 2018
Artist Trunk Show
Pat Reddemann,
Turned Wood Objects

Installation of *Mayo Textiles* from the Giffords Collection. Photo courtesy of Willo Art.

April 13, 2018
Private Reception and Public Lecture with Brook Hodge, Director of Architecture and Design at the Palm Springs Art Museum
Leadership Circle

April 21, 2018
San Pedro Valley Archeology Tour with Archeology Southwest
Leadership Circle

May 2018
Museum Store Featured Artist
Rand Carlson, Tin Collage

May 3, 2018
Mayo Textiles from the Giffords Collection opens to the public

May 10, 2018
In Conversation: Gloria Giffords/Reception

May 3, 2018
Free First Thursday

May 13, 2018
Artist Trunk Show
Rameen Ahmed, Jewelry

May 13, 2018
Second SundAZE Family Day @ TMA
Mother's Day

June 2018
Museum Store Featured Artist
Heather Frietas, Mixed Media

June 7, 2018
Free First Thursday
Mayo Textiles: Mariachi Sonido de México and Ballet Folklórico Tapatio

June 10, 2018
Second SundAZE Family Day @ TMA
Folk Art

In May, *Free First Thursday* celebrated the cultural influences of immigrant and refugee artists in our community. *Free First Thursdays* were attended by over 5,000 people this year--an 83% percent increase over last year--who enjoyed innovative programming that featured performances, live music, art-making, gallery conversations, and community partners. Lectures featured artists, collectors, museum professionals, and TMA curators, and explored subjects such as Buddhism, cowboy art, curatorial practice, artists' careers and bodies of work, and fashion reflecting the aesthetic and culture of the Southwest and beyond, making the connection between exhibitions, the permanent collection, and Tucson's unique personality.



Free First Thursday attendees. Photo courtesy of Willo Art.

CONTRIBUTIONS

The impact of art is often perceived as subtle, private, and personal, but as evidenced on the proceeding pages TMA has demonstrated many ways it can be experienced as a community. The power of art lies in its capacity to promote social and economic objectives and advance education and lifelong learning while providing an immediate intrinsic experience for the individual. TMA promotes and supports access to meaningful art engagement opportunities for all, and it is only with the commitment and generosity of many that this year has been such a success. Thank you to the many members, donors, volunteers, trustees, and staff who made it all possible.

MEMBERSHIP

Membership to Tucson Museum of Art and Historic Block is a commitment to the arts and cultural history of Tucson. Members’ support means the museum endures as one of Arizona’s most accessible, diverse, and innovative arts organizations. Members are important to help TMA extend the mission of Connecting Art to Life by providing world-class exhibitions, educational programming, and celebrations of culture.

MEMBERSHIP NUMBERS

Director Circle	81
President	26
Patron	68
Sustaining	348
Dual/Family	1443
Individual	614
Artist/Student/Teacher	147
SummerPass!	42
Total Household Memberships	2797



Tom A. Philabaum. Photo courtesy of Willo Art.

AMBASSADOR CIRCLE LIFETIME ACHIEVEMENT AWARD

The Ambassador Circle is a component of TMA’s Leadership Circle, the museum’s foremost philanthropic membership group. The Ambassador Circle Lifetime Achievement Award, first presented in 2017, celebrates the career of an artist, patron, or community member, who, among other distinctions, has demonstrated a commitment to the advancement of the Tucson Museum of Art and Historic Block and Southern Arizona Arts community. **Tom A. Philabaum was this year’s recipient.**

Philabaum’s work is part of collections throughout the world, including the Tucson Museum of Art, Seattle Art Museum, the University of Florence in Florence, Italy, Glasmuseum Frauenau in Germany, Glasmuseet Ebeltoft in Denmark, and the Arizona State University Museum of Art. He also has works in a variety of businesses throughout the U.S., including Tucson International Airport and a Saks Fifth Avenue in Miami. The Tucson Museum of Art has six works by Philabaum in the permanent collection.

TMA LEARN! DOCENTS

Volunteer docents serve as a vital component of TMA’s family, K-12, and adult programs, providing educational opportunities on campus and throughout the community. They share a knowledge of the museum’s collections and historic properties, an understanding of art history including major periods and important artists, and a passion for education.

SUPPORT ORGANIZATIONS

CONTEMPORARY ART SOCIETY

Established in 1999, the Contemporary Art Society fosters a greater community awareness of the role contemporary art plays in the region’s cultural identity. The organization sponsors lectures, arranges studio and gallery visits, plans tours and trips, and has contributed more than \$1 million in artwork to the museum.

LATIN AMERICAN ART PATRONS

Latin American Art Patrons is dedicated to the support and expansion of the Museum’s Latin American art exhibits, publications, and educational presentations. It provides acquisition funds to expand the permanent collection which encompasses the pre-Columbian, Spanish Colonial, and contemporary periods, as well as a strong representation of folk and indigenous art. Throughout the year the organization organizes special events including visits to private and public collections, lectures, and private home tours showcasing Latin-American themed collections and décor.

TUCSON MUSEUM OF ART LEAGUE

The Tucson Museum of Art League is a vibrant group sharing a passionate interest in the arts and supporting the Museum through a variety of events and fundraising activities in support of the museum. The League holds meetings often focusing on local artists, carries out fundraising events such as the popular Treasure House and Dinner A L’art, and holds social luncheon and dinner gatherings for its members.

WESTERN ART PATRONS

November 2017 marked the Tenth anniversary of the founding of the Western Art Patrons (WAP). WAP’s mission is to encourage interest and foster knowledge of Art of the American West through educational and social programs, trips, exhibition underwriting, and support of museum acquisitions.

In its ten-year history, the WAP has become not just a support organization with enthusiasm for Art of the American West, but also a group with its finger on the pulse of what is happening in this art genre. Over the years, WAP has built its membership, and met dozens of artists, art historians, gallerists, and collectors. Its members are excited to learn about different facets of this type of art as well as to share their knowledge. WAP is a charitable set of people with their time, donations of art, and financial contributions. Between 2007 and 2017, WAP purchased or gifted seven works of art to the TMA collection. In exhibition underwriting and other sponsorships for TMA, WAP has contributed over \$150,000. WAP is excited about the next ten years and the programs, trips, and camaraderie yet to come.



Contemporary Art Society, New York City trip.



TMA Learn! Docent Training.



Tucson Museum of Art League, Treasure House.



Latin American Art Patrons, Cinco de Mayo Party.



Western Art Patrons, Tenth Anniversary Celebration.

THANK YOU TO OUR DONORS

The Tucson Museum of Art and Historic Block recognizes and thanks the following donors who made contributions of \$1,000 or more during fiscal year 2018.* These gifts provide vital support for the museum’s education and outreach efforts, feature exhibitions, and the continuing care, presentation, and interpretation of the collection.

\$1,000,000

I Michael & Beth Kasser Foundation**

\$500,000+

James J. & Louise R. Glasser**

\$100,000 TO \$499,999

Mary Jo Brown**

Jon & Linda Ender**

Frank & Jean Hamilton**

Tucson Museum of Art League

\$50,000 TO \$99,999

Alice & Paul Baker**

Joyce G. Broan**

Connie Hillman Family Foundation

Institute of Museum & Library Services

Tucson Museum of Art’s Contemporary Art Society**

Kenneth J. & Judith H. Riskind**

Patricia Carr Morgan & Dr. Peter F. Salomon**

Anne Y. Snodgrass**

\$25,000 TO \$49,999

Arizona Commission on the Arts

Flinn Foundation

Michael & Christine Hanson

The Stonewall Foundation

\$10,000 TO \$24,999

Amy Adams

Anonymous

Community Foundation for Southern Arizona

Sheryl & Robert Greenberg

Kautz Family Foundation

Kit & Dan Kimball

The David C. & Lura M. Lovell Foundation

Mrs. Sandra Maxfield through the

Frances Chapin Foundation

National Endowment for the Arts

Tucson Museum of Art’s Western Art Patrons

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\$5,000 TO \$9,999

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Michael Bylsma & Mark Flynn

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Susie & Stan Hilkemeyer

Imago Dei Middle School

Joan Jacobson

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Courtney Johnson & John Hudak

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Tucson Museum of Art’s Latin American

Art Patrons

Long Realty Cares Foundation

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Charles Northrup

Betsey Parlato & David Zucker

Steven & Doris Ratoff

Richard & Stella Schaefer

Nancy K. Strauss

Drs. Mark & Kathleen Sublette/

Medicine Man Gallery

Alan Willenbrock & Peggy Jones

\$2,500 TO \$4,999

Alzheimer’s Disease & Related Disorders

Association, Inc

Cox Communications

Tim & Myra Dunne

Vance L. Falbaum & Tammy

Caillet-Falbaum

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John & Helen Murphey Foundation

Doug & Laura Mance

Bobby Present & Deborah Oseran

Ralph & Ingeborg Silberschlag

\$1,000 TO \$2,499

American Family Insurance

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Frank & Janice Cicero

The Honorable Jean S. Cooper

William & Barbara Dantzler

Shirley A. Estes

Lisa Frank

Friends of the Pima-Green Valley

Library, Inc

Linda Fulgenzi

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Gordon Foundation

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Jeanne Porter

Alba Rojas-Sukkar & Nizar Sukkar

Drs. Adib & Vivi Sabbagh

John & Helen Schaefer

Splendido at Rancho Vistoso

University of Oklahoma Press

David Wohl

* FY July 1, 2017 - June 30, 2018

** Includes TMA/100: A Vision for the
21st Century Naming Opportunity

LEGACY SOCIETY

The Tucson Museum of Art and Historic Block wishes

to thank the following founding members of our

Legacy Society:

Bonnie Bradford

Joyce G. Broan

Michael S. Bylsma

Carolyn Brown & Tim Wernette

The Estate of Earl Kai Chann

Marilyn & Clayton R. Joyce

Michael & Susie Kennedy

Dr. Robert & Jana Knight

Roy Kurtz

Dan Leach

William D. Sawyer

Howard & Marilyn Steele

Loren A. Vance & Virginia Long Vance

GIFTS OF ART

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David Andrés

Shepard Barbash & Vicki Ragan

Jennifer Basile

Bob & Midge Binnewies

Jack Blanton

Joan & Alan Brundage & Betsy Evans-Banks

Linda & David Caplan

Serge Attukwei Clotey & GNYP GmbH

Contemporary Art Society

Jerry Cowdrey

Tamara Culbert

David T. Frank & Kazukuni Sugiyama

Gina Genova

Gloria Giffords

Paul Gold & Greer Warren

Robert & Sheryl

Alex Greenberg Heveri

Norma F. Kafer & James H Gordon.

Janice & Robert Kastner

Nancy McMahon

David Meltzer

Sumner Milender

Mike & Barbara Moore

Katja Oxman

Chetan Patel

Mehul Patel

Steve Piepmeier

Martha Pile

Kay Richards

Kenneth J. & Judith H. Riskind

Allen Rubiner

Roseta Santiago

Mary Schmidt

Gary Setzer

A.V. Shirk

Anne Sires

Judy Sisson

Lauri Slenning

The Peter Norton Family

Virginia Johnson Fund

Wells Fargo Historical Services

Pamela & Dennis Winsten

For a listing of all contributions made

in Fiscal Year 2018, please visit

tucsonmuseumofart.org



Wendy Red Star,
Four Seasons: Fall,
(detail), 2006, archival
pigment print on Sunset
Fiber rag, edition of 15,
35.5 x 40 in. Courtesy of
Wendy Red Star, Artist.

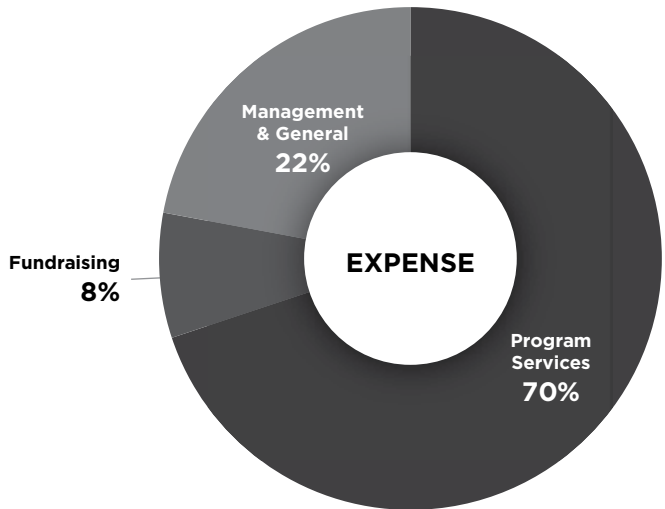
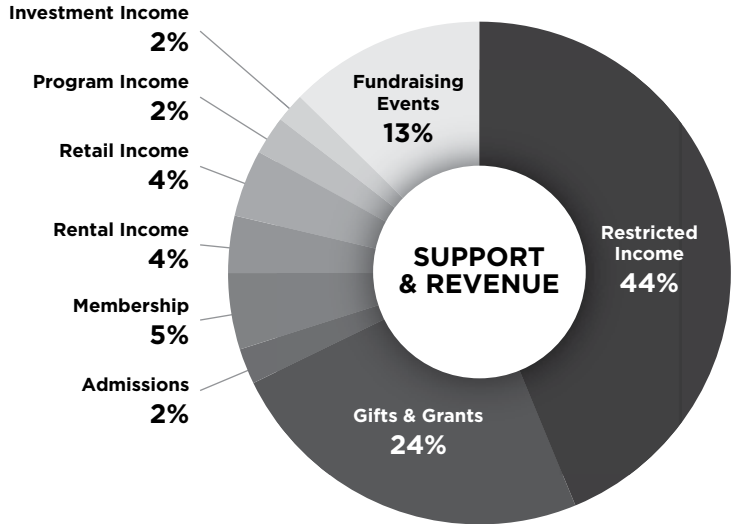
FINANCIALS

STATEMENT OF ACTIVITIES

Support & Revenue	
Gifts and Grants	\$1,278,667
Fundraising Events	\$672,786
Membership	\$254,892
Admissions	\$122,207
Program Income	\$137,869
Rental Income	\$ 203,161
Retail Income	\$223,876
Investment Income	\$102,261
Restricted Income	\$2,335,340
Total Support & Revenue	\$5,331,059
Expense	
Program Services	\$2,610,336
Fundraising	\$298,324
Management & General	\$820,391
Total Expense	\$3,729,052
Change in Net Assets	\$1,602,007

FINANCIAL POSITION

Assets	
Current Assets	\$5,492,948
Fixed Assets	\$3,962,384
Total Assets	\$9,455,332
Liabilities	\$477,291
Net Assets	
Permanently Restricted	\$3,475,835
Restricted	\$2,924,561
Unrestricted	\$2,577,645
Total Net Assets	\$8,978,041
Total Assets & Liabilities	\$9,455,332



Wendy Red Star,
Four Seasons: Winter,
2006, (detail), archival
pigment print on Sunset
Fiber rag, edition of 15,
35.5 x 40 in.. Courtesy of
Wendy Red Star, Artist.

BOARD OF TRUSTEES

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Russell Bos Security Supervisor	Jordan Bohannon Digital Content & Marketing Coordinator

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Contemporary & Latin American Art

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Rachel Adler
Collection Manager/Registrar

Katie Sweeney
Assistant Registrar

David Longwell
Preparator

Dr. Marianna Pegno
Curator of Community Engagement

Denisse Brito
Assistant Curator of Community Engagement

Morgan Wells
Curator of Education

Kendall Crabbe
Assistant Curator of Education

LEAVING A LEGACY

WE WANTED EXPRESS OUR COMMITMENT TO THE MISSION OF THE MUSEUM - CONNECTING ART TO LIFE! WE ARE GRATEFUL FOR THE IMPORTANT ROLE TMA PLAYS IN OUR LIVES IN TUCSON AND ARE EXCITED ABOUT THE EVER-EXPANDING ROLE THAT TMA PLAYS IN OUR COMMUNITY. NOT ONLY IS THE MUSEUM DEVOTED TO PROVIDING ART EXPERIENCES, IT IS PROVIDING LIFE EXPERIENCES TO STUDENTS, SENIORS, VETERANS, AND THE ENTIRE COMMUNITY THROUGH ITS OUTREACH AND EDUCATION PROGRAMS. WE THOUGHT THAT BY JOINING THE LEGACY SOCIETY WE COULD PERHAPS ENCOURAGE OTHERS TO INCLUDE TMA IN THEIR ESTATE PLANS.

- Marilyn Joyce



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@jaggyman



@aaronkaganputt



@sama_alshaibi



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@happinessontherocks



@oldpuebloamigos



@mapo_49



@cirqueroots



@mpegno



@jmiko_tucson



@wilstack



@johanna_virgil



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@alohaspiritinthedesert

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Tucson Museum of Art and Historic Block, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Tucson Museum of Art and Historic Block, Inc. (Museum) which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tucson Museum of Art and Historic Block, Inc. 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.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
May 2, 2019

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
Current Assets:		
Cash and Cash Equivalents	\$ 46,425	\$ 46,425
Receivables	783,802	138,910
Museum Shop Inventory	49,454	27,527
Prepaid Expenses	18,573	33,817
Other Assets	9,501	9,501
Total Current Assets	907,755	256,180
Assets Whose Use Is Restricted:		
Cash and Cash Equivalents	261,316	1,537,793
Receivables	2,400,000	824,666
Investments	1,828,835	1,711,167
Total Restricted Assets	4,490,151	4,073,626
Fixed Assets, Net	3,969,877	3,383,488
Total Assets	<u>\$ 9,367,783</u>	<u>\$ 7,713,294</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 166,520	\$ 61,989
Accrued Expenses	71,801	54,760
Deferred Revenues	236,679	220,424
Total Liabilities	475,000	337,173
Net Assets:		
Unrestricted:		
Undesignated	(1,478,417)	(816,835)
Invested in Property and Equipment	3,969,877	3,383,488
Total Unrestricted Net Assets	2,491,460	2,566,653
Temporarily Restricted	2,925,488	1,333,633
Permanently Restricted	3,475,835	3,475,835
Total Net Assets	8,892,783	7,376,121
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,367,783</u>	<u>\$ 7,713,294</u>

See notes to financial statements.

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support				
Admissions	\$ 122,207	\$ -	\$ -	\$ 122,207
Contributions and Bequests	413,131	2,801,126	-	3,214,257
Exhibition Revenues	196,920	-	-	196,920
Fundraising Revenues	672,786	-	-	672,786
Grant Revenues	198,700	-	-	198,700
Membership Dues	251,726	-	-	251,726
Retail Operations Revenues	223,876	-	-	223,876
Other	34,177	-	-	34,177
Rental Income	203,161	-	-	203,161
Support Organization Income	226,791	-	-	226,791
Tuition	55,227	-	-	55,227
	2,598,701	2,801,126	-	5,399,828
Transfers Between Restricted Net Assets	-	-	-	-
Net Assets Released From Restrictions	1,327,126	(1,327,126)	-	-
	3,925,827	1,474,000	-	5,399,827
Operating Expenses				
Administration	683,574	-	-	683,574
Curatorial and Exhibitions	529,630	-	-	529,630
Depreciation and Amortization	237,618	-	-	237,618
Education	373,684	-	-	373,684
Fundraising Expenses	366,332	-	-	366,332
Marketing and Development	485,525	-	-	485,525
Retail Expenses	200,860	-	-	200,860
Operations	803,461	-	-	803,461
Support Organization Expenses	321,549	-	-	321,549
	4,002,234	-	-	4,002,234
Increase (Decrease) in Net Assets Before Non-Operating Income	(76,405)	1,474,000	-	1,397,595
Non-Operating Income, Net:				
Collection Items Purchased	1,212	-	-	1,212
Net Investment Income	-	117,855	-	117,855
	1,212	117,855	-	119,067
Increase (Decrease) in Net Assets	(75,193)	1,591,855	-	1,516,662
Net Assets, Beginning	2,566,653	1,333,633	3,475,835	7,376,121
Net Assets, Ending	\$ 2,491,460	\$ 2,925,488	\$ 3,475,835	\$ 8,892,783

See notes to financial statements.

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support				
Admissions	\$ 129,330	\$ -	\$ -	\$ 129,330
Contributions and Bequests	1,181,200	1,025,375	-	2,206,575
Exhibition Revenues	218,812	-	-	218,812
Fundraising Revenues	652,449	-	-	652,449
Grant Revenues	133,780	-	-	133,780
Membership Dues	228,924	-	-	228,924
Museum Store Revenues	199,688	-	-	199,688
Other	23,393	-	-	23,393
Rental Income	176,249	-	-	176,249
Support Organization Income	274,842	-	-	274,842
Tuition	54,699	-	-	54,699
	3,273,366	1,025,375	-	4,298,741
Transfers Between Restricted Net Assets		1,623	(1,623)	-
Net Assets Released From Restrictions	357,005	(357,005)	-	-
	3,630,370	669,993	(1,623)	4,298,741
Operating Expenses				
Administration	556,898	-	-	556,898
Curatorial and Exhibitions	441,247	-	-	441,247
Depreciation and Amortization	199,572	-	-	199,572
Education	239,337	-	-	239,337
Fundraising Expenses	303,286	-	-	303,286
Marketing and Development	402,127	-	-	402,127
Museum Shop Expenses	186,091	-	-	186,091
Operations	774,756	-	-	774,756
Support Organization Expenses	224,450	-	-	224,450
	3,327,764	-	-	3,327,764
Increase (Decrease) in Net Assets Before Non-Operating Income	302,607	669,993	(1,623)	970,977
Non-Operating Income, Net:				
Collection Items Purchased	(39,259)	-	-	(39,259)
Net Investment Income	-	187,804	-	187,804
	(39,259)	187,804	-	148,545
Increase (Decrease) in Net Assets	263,348	857,797	(1,623)	1,119,522
Net Assets, Beginning	2,303,305	475,836	3,477,458	6,256,599
Net Assets, Ending	\$ 2,566,653	\$ 1,333,633	\$ 3,475,835	\$ 7,376,121

See notes to financial statements.

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.
STATEMENT OF CASH FLOW
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Increase (Decrease) in Net Assets	\$ 1,516,662	\$ 1,119,522
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided By (Used In) Operating Activities:		
Depreciation and Amortization	237,618	199,572
Net Unrealized (Gains) Losses on Investments	(458)	(114,764)
Changes in Operating Assets and Liabilities:		
Receivables	(2,220,226)	(802,174)
Museum Shop Inventory	(21,927)	(12,273)
Prepaid Expenses	15,244	(6,322)
Accounts Payable	104,531	(35,216)
Accrued Expenses	17,041	2,673
Deferred Revenues	16,255	(12,766)
Line of Credit	-	(200,000)
Total Adjustments	(1,851,922)	(981,270)
Net Cash Provided By (Used In) Operating Activities	(335,260)	138,252
Cash Flows From Investing Activities:		
Purchase of Investments	(117,210)	(72,277)
Purchases of Fixed Assets	(824,007)	(156,052)
Transfers From (To) Restricted Cash Account	1,276,477	90,077
Net Cash Provided by (Used In) Investing Activities	335,260	(138,252)
Net Increase (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, Beginning	46,425	46,425
Cash and Cash Equivalents, Ending	\$ 46,425	\$ 46,425

See notes to financial statements.

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

1. Organization and Significant Accounting Policies:

Organization:

Tucson Museum of Art and Historic Block, Inc. (Museum) was incorporated in Arizona in November 1936 as a nonprofit organization. The Museum is located in Tucson, Arizona. The Museum connects art to life, inspiring discovery, creativity, and cultural understanding through meaningful, engaging experiences. These financial statements also include the activities of the Tucson Museum of Art League, Docent Council, Contemporary Art Society, Latin American Art Patrons, and Western Art Patrons, which are unincorporated support organizations to the Museum. The purpose of these organizations is to promote and provide support for the Museum's art collections and related activities.

Financial Statement Presentation:

The Museum is required under U.S. generally accepted accounting principles (GAAP) to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rounding:

All numbers presented in the financial statements have been rounded to the nearest dollar. Totals may not appear to equal the sum of their components due to rounding.

Cash and Cash Equivalents:

The Museum considers all highly liquid investments purchased with a maturity of one year or less to be cash equivalents. The Museum places its cash and cash equivalents with various credit institutions.

Endowment, Bequest, and Restricted Receivables:

Unconditional promises to give are recognized as revenues at their estimated net realizable value in the period received and as assets, decreases of liabilities, or expense depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional. As the difference between the present value and net present value is insignificant, promises to give that are collectible over future periods will be reported at present value. Promises to give that are collectible over future periods are discounted to their net present value. Promises to give are considered fully collectible by management; therefore, no allowance for doubtful accounts has been provided.

Museum Inventory:

Museum shop inventory is stated at the lower of cost or market. Cost is determined by the first-in, first-out method. Bar inventory is stated at average cost.

Investments:

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are valued at the fair values in the statement of financial position. Donated investments are recorded at their realized values at the date of receipt. Investment gains and losses are included in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor-imposed stipulations or legal requirements.

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

1. Organization and Significant Accounting Policies (continued):

Investments (continued):

Realized gains or losses on disposition of investments are recorded on a trade date basis using the specific identification method. The fair value of investment securities is estimated based upon the last trade price on a national securities exchange or in the over-the-counter market. If no trade price is reported for the measurement date, the fair value is estimated based upon the current bid price at the close of business on the measurement date.

Property, Equipment, Depreciation, and Amortization

Property and equipment are stated at cost or, if acquired by gift, at estimated fair market value at the date of donation. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the related assets, which range from 5 to 50 years. Maintenance, repairs, and minor renewals are expensed as incurred while expenditures for additions and improvements with a useful life greater than a year are capitalized.

The City of Tucson owns the land and some permanent structures on which the Museum is located. The Museum has a lease with the City of Tucson, which entitles the Museum to exclusive right and use of the land and to operate the properties as a museum. The lease expires in September 2072. As a matter of policy, the fair value of the leased premises has not been reported in the financial statements of the Museum.

Collections:

The collections, which were acquired through purchases and contributions since the Museum's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or as decreases in temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Gifts of cash restricted by donors for the purchase of art are reported as temporarily restricted net assets. Contributed collection items and reference books are not reflected in the financial statements. During 2018 and 2017, the Museum received \$385,685 and \$664,555 of contributed art (unaudited) not recorded in the statement of financial position, in accordance with its policy. Proceeds from de-accessions or insurance recoveries, if any, are reflected as increases in the appropriate net asset classes.

Major collections include: 1) Pre-Columbian; 2) The American West in 19th and 20th Century Art; 3) 20th Century Art and Contemporary American Art; 4) Spanish Colonial Art; and 5) Historical Properties.

The Board of Trustees has final legal responsibility to approve the acquisition, deaccession, and loan of objects into and from the collections. Accepted items are accessioned and cared for in accordance with a written "Collection Management Policy" following generally accepted museum procedures. Funds realized through the sale of any deaccessioned art are only used to replenish the collections.

Deferred Revenue:

The Museum recognizes deferred revenue for membership dues in the applicable annual membership period, deferred revenue for tuition receipts in the applicable annual tuition period, and deferred revenue for facility rentals in the month of the rental.

Endowments:

The Museum's endowments consist of two funds established for a variety of purposes to include both income and collection purposes. Its endowments include the donor-restricted funds and as required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

1. Organization and Significant Accounting Policies (continued):

Endowments (continued):

The Board of Trustees of the Museum adheres to Arizona's version (titled the "Management of Charitable Funds Act" (the Act)) of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and follows GAAP rules pertaining to donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Museum 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, if any, 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 Museum in a manner consistent with the standard of prudence prescribed by the Act.

Fair Value Measurements:

Fair value is defined as the price to sell an asset or transfer a liability between market participants in an orderly exchange in the principal or most advantageous market for that asset or liability. The fair value for qualifying alternative investments is determined based on the investment's net asset value as a practical expedient. Considerable judgment is required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value.

Restricted and Unrestricted Revenue and Support:

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions. If a restriction is expected to be met within the same fiscal year of receipt, it is reported as an unrestricted contribution.

Contributions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support.

Donated Materials, Services, and Equipment

Support arising from donated goods and services is recognized in the financial statements at its fair value. Donated services are recognized when the services rendered:

- (a) create or enhance nonfinancial assets, or;
- (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Although the Museum utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under GAAP. Hours provided by approximately 600 volunteers were not recorded in the financial statements for the years ended June 30, 2018 and 2017.

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

1. Organization and Significant Accounting Policies (continued):

Donated Materials, Services, and Equipment (continued):

Donations of equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted contributions. The Museum reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Museum reclassifies restricted net assets to unrestricted net assets at that time.

Advertising:

Advertising costs are expensed as incurred. Total advertising expense for 2018 and 2017 was approximately \$136,472 and \$70,000, of which approximately \$70,240 and \$16,000 were advertising related to fundraising for the years then ended.

Program Expense Allocations:

Expenses that can be identified with a specific program or supporting service are charged directly to the program according to their natural expense classification. Costs incurred that share a common purpose are allocated based upon services benefited.

Tax Exempt Status

The Museum is exempt from income taxes under both Federal (Internal Revenue Code Section 501(c)(3)) and Arizona income tax laws, and is classified as other than a private foundation. Accordingly, no provision for federal and state income taxes is made. Income from certain activities not directly related to the Museum's tax-exempt purpose, however, may be subject to taxation as unrelated business taxable income (UBTI).

GAAP requires management to perform an evaluation of all tax positions taken or expected to be taken in the course of preparing the Museum's tax returns to determine whether the tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. This evaluation is required to be performed for all open tax years, as defined by the various statutes of limitations, for federal and state purposes.

The Museum is only subject to income taxes on UBTI as applicable. As a result, the Museum is required to file informational returns for federal and state purposes and, if it has UBTI, federal and state income tax returns. The Organization's Form 990, *Return of Organization Exempt from Income Taxes* and Form 990T, *Exempt Organization Business Income Tax Return*, are generally subject to examination by the Internal Revenue Service for three years after the date filed. Management has performed its evaluations of tax positions taken on all open tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard.

From time to time, the Museum may be subject to penalties and interest assessed by various taxing authorities, which are classified as administrative expenses if they occur.

Subsequent Events:

The Museum's management has evaluated the events that have occurred subsequent to June 30, 2018 through May 2, 2019, the date that the financial statements were available to be issued. On October 22, 2018, the museum received a \$750,000 loan from Paul and Alice Baker for the creation of the Alice Baker Center for Arts Education. The loan is interest free and shall be paid in full upon the earlier to occur of (i) a Termination Event or (ii) the 7th anniversary of the note unless sooner paid. Management has no responsibility to update these financial statements for events and circumstances occurring after this date.

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

2. Investments and Fair Value Measurements:

An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Museum has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets or active markets that the Museum does not have access to;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

At June 30, 2018, the fair value of investments measured on a recurring basis is as follows:

	<u>Fair Value</u>	<u>Quoted Prices (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Fund:				
Vanguard Wellington Admiral Fund	\$ 1,814,118	\$ 1,814,118		
Pooled Fund	\$ 14,717		\$ 14,717	
	<u>\$ 1,828,835</u>	<u>\$ 1,814,118</u>	<u>\$ 14,717</u>	

At June 30, 2017, the fair value of investments measured on a recurring basis is as follows:

	<u>Fair Value</u>	<u>Quoted Prices (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Fund:				
Vanguard Wellington Admiral Fund	\$ 1,697,067	\$ 1,697,067		
Pooled Fund	\$ 14,100		\$ 14,100	
	<u>\$ 1,711,167</u>	<u>\$ 1,697,067</u>	<u>\$ 14,100</u>	

The assets and liabilities in the preceding tables were measured primarily using the market approach. Following is a description of the valuation methodologies used for assets measured at fair value:

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

2. Investments and Fair Value Measurements (continued):

The fair value of the Museum's mutual fund is valued at the closing price reported in the active market in which the individual securities are traded.

The Museum's pooled fund is invested and reinvested primarily in common stocks, mutual funds and collective trust funds. The fair value of the fund has been estimated using the net asset value.

3. Net Investment Income (Loss):

Net investment income (loss) for the years ended June 30, 2018 and 2017 is as follows:

	2018	2017
Interest and Dividend Income	\$ 117,647	\$ 73,290
Unrealized Gains (Losses) on Investments	458	114,764
Total Investment Income	118,105	188,054
Less Investment Fees	250	250
Net Investment Income	<u>117,855</u>	<u>187,804</u>

4. Contributions Receivable:

Unconditional contributions receivable consist of the following:

Amounts due in:	
Less than one year	\$ 1,952,256
More than one year	1,231,546
Total	<u>\$ 3,183,802</u>

5. Fixed Assets:

	2018	2017
Buildings	\$ 5,981,833	\$ 5,735,520
Courtyard and Plaza	400,601	393,783
Furniture and Fixtures	1,199,617	1,079,387
Leasehold Improvements	2,447,356	1,996,710
	<u>10,029,407</u>	<u>9,205,400</u>
Less Accumulated Depreciation and Amortization	(6,080,930)	(5,845,612)
	<u>3,948,477</u>	<u>3,359,788</u>
Intangible Assets, not being Amortized	14,000	14,000
Intangible Assets, being Amortized	11,500	11,500
Less Accumulated Amortization	<u>(4,100)</u>	<u>(1,800)</u>
	7,400	9,700
Total Fixed Assets, Net	3,969,877	3,383,488

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

6. Endowment:

Changes in endowment net assets for the year ended June 30, 2018 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning	\$ 340,801	\$ 3,475,835	\$ 3,816,636
Investment Return:			
Investment Income	117,397		117,397
Net Unrealized Gains (Losses)	458		458
	117,855		117,855
Contributions and Transfers	200		200
Appropriation of Endowment Assets for Expenditures	(100,121)		(100,121)
Endowment Net Assets, Ending	\$ 358,735	\$ 3,475,835	\$ 3,834,570

Changes in endowment net assets for the year ended June 30, 2017 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning	\$ 307,670	\$ 3,477,458	\$ 3,785,128
Investment Return:			
Investment Income	73,040		73,040
Net Unrealized Gains (Losses)	114,764		114,764
	187,804		187,804
Contributions and Transfers		(1,623)	(1,623)
Appropriation of Endowment Assets for Expenditures	(154,673)		(154,673)
Endowment Net Assets, Ending	\$ 340,801	\$ 3,475,835	\$ 3,816,636

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 the Act requires to retain as a fund of perpetual duration. In accordance with GAAP, cumulative deficiencies of this nature are reported in unrestricted net assets. As of June 30, 2018 and 2017, there were no deficiencies of this nature. However, the Museum borrowed against the endowment during 2018 and 2017. At June 30, 2018 and 2017, the Museum had borrowed \$1,385,684 and \$226,875 against permanently restricted net assets to cover operating cash flows and capital improvements. Capital spending funded through pledges to be paid in subsequent years and an unexpected significant plant expenditure along with an annual operational deficit caused a increase in the borrowing level in the current year. Future capital improvements will be funded through an increase in liabilities. Payments of the naming pledges along with additional naming opportunities and a structural change in revenues and expense will be made to realize operational surpluses in subsequent years.

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

6. Endowment (Continued):

Return Objectives and Risk Parameters:

The Museum has an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce results that assume a moderate level of investment risk.

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, the Museum 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 Museum 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:

Each year, the Museum appropriates all accumulated investment income and losses, to the extent of the balances available, of each endowment fund's pro rata share that are reported as temporarily restricted net assets. In establishing this method, the Museum considered the long-term expected return on its endowments. Distributions from the Endowment may be taken quarterly or annually, at the discretion of the Finance Committee, and shall not exceed ¼ of 5% (if taken quarterly) or 5% (if taken annually) of trailing 12 quarters weighted average market value (except as otherwise designated by the fund documents).

7. Temporarily Restricted Net Assets:

Temporarily restricted net asset activity for the year ending June 30, 2018 consisted of the following:

	Beginning Balance	Investment Income	Contributions & Fundraising	Releases	Ending Balance
Endowment:					
Art and Care of Collections	\$ 213,092	\$ 20,344		\$ (34,200)	\$ 199,236
Arts & Crafts Awards	9,345	407			9,752
Collections	56,966	3,124			60,090
Curator: Western Art		17,289		(17,289)	0
Curator: Latin American Art	61,341	28,316			89,657
Development		1,695		(1,695)	0
Operating Fund		8,506		(8,506)	0
Scholarships/Education	57	38,174	200	(38,431)	0
	<u>340,801</u>	<u>117,855</u>	<u>200</u>	<u>(100,121)</u>	<u>358,735</u>
Cash Reserve Fund	2,000				2,000
Collections	40,689		926	(2,339)	39,275
Docent Activities	1,315				1,315
Exhibit Creation & Upkeep	50,000				50,000
Folk Art Project	73,862				73,862
Other	300				300
Scholarship/Education					0
Naming Opportunities	824,666		2,800,000	(1,224,666)	2,400,000
	<u>\$ 1,333,633</u>	<u>\$ 117,855</u>	<u>\$ 2,801,126</u>	<u>\$ 1,327,127</u>	<u>\$ 2,925,488</u>

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

7. Temporarily Restricted Net Assets (continued):

Temporarily restricted net asset activity for the year ending June 30, 2017 consisted of the following:

	Beginning Balance	Investment Income	Contributions & Fundraising	Releases	Ending Balance
Endowment:					
Art and Care of Collections	\$ 216,237	\$ 32,404		\$ (35,549)	\$ 213,092
Arts & Crafts Awards	8,697	648			9,345
Collections	51,990	4,976			56,966
Curator: Western Art		27,537		(27,537)	-
Curator: Latin American Art	16,240	45,101			61,341
Development	13,155	2,700		(15,855)	-
Operating Fund		13,548		(13,548)	-
Scholarships/Education	1,351	60,890		(62,184)	57
	307,670	187,804		(154,673)	340,801
Cash Reserve Fund	2,000				2,000
Collections	40,689				40,689
Docent Activities	1,315				1,315
Exhibit Creation & Upkeep	50,000				50,000
Folk Art Project	73,862				73,862
Other	300		375	(375)	300
Scholarship/Education					0
Naming Opportunities			1,025,000	(200,334)	824,666
	\$ 475,836	\$ 187,804	\$ 1,025,375	\$ (355,382)	\$ 1,333,633

8. Permanently Restricted Net Assets:

At June 30, 2018 and 2017, permanently restricted net assets consisted of the following:

Endowments:	2018	2017
Income Purpose:		
Acquisition of Art	641,803	641,803
Acquisition of Masks and Weaving	50,337	50,337
Art Award	10,000	10,000
Casa Cordova	50,000	50,000
Craft Award	2,000	2,000
Education	1,122,772	1,122,772
General Operations	250,865	250,865
Latin American Curator	835,100	835,100
Scholarships	3,075	3,075
Western Art Curator	509,883	509,883
	3,475,835	3,475,835

9. Defined Contribution Plan

The Museum has a defined contribution plan (the Plan) covering all employees with at least one year of service who agree to make contributions to the Plan. The Museum matches participants' contributions to the Plan up to 3% of the individual participant's compensation. Total plan expense for the years ended June 30, 2018 and 2017 was \$22,289 and \$16,664.

10. Commitments:

The land lease with the City requires annual payments of \$1 a year through 2072. The Museum leases an education center from the City of Tucson for \$1 a year under an operating lease that expires in 2073.

TUCSON MUSEUM OF ART AND HISTORIC BLOCK, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

10. Commitments (continued):

The Museum leases office equipment, equipment maintenance, and professional services under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenses under the terms of the operating leases totaled \$24,976 for the year ended June 30, 2018. The operating leases have remaining non-cancelable lease terms for five years and provide renewal options. The future minimum rental payments required under the operating leases are as follows:

Year Ending June 30,	
2019	24,769
2020	15,895
2021	15,413
2022	13,968
2023	8,148
	<u>\$ 78,193</u>

11. Rental Income:

The Museum subleases one of its buildings to a restaurant under a lease through January 31, 2022. The lease provides for rent based upon a percentage of gross sales. Contingent rental revenue earned for the years ended June 30, 2018 and 2017 was \$138,739 and \$130,968

The Museum subleases another building under an operating lease. The lease requires monthly payments of \$1,500 through June 2020. Rental income for the years ended June 30, 2018 and 2017 was \$18,000 and \$16,500. Future minimum rental income under the lease is \$18,000 per year.

12. Functional Expenses:

Functional expenditures for the years ended June 30, 2018 and 2017 were as follows:

	2018	2017
Program Services	\$ 2,191,842	\$ 1,928,752
Management and General	695,183	504,053
Fundraising:		
Special Event	366,332	303,286
Direct	748,877	591,672
	<u>\$ 4,002,234</u>	<u>\$ 3,327,764</u>

13. Related Party Transactions:

During 2018 and 2017, the Museum received approximately \$2,882,842 and \$1,138,755 in contributions and pledges from members of its Board of Trustees. The Museum received no in-kind contributions from members of the Board of Trustees during the years ended June 30, 2018 and 2017.

14. Donated Materials, Services, and Equipment

The Museum received no donated materials, services, and equipment for the years ended June 30, 2018 and 2017.