

STATEN ISLAND CHILDREN'S MUSEUM

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018 AND 2017

STATEN ISLAND CHILDREN’S MUSEUM

TABLE OF CONTENTS

	Page
Independent Auditors’ Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-15
Supplementary Information	
Independent Auditors’ Report on Supplementary Information	17
Schedule of Functional Expenses	18



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Staten Island Children's Museum

We have audited the accompanying financial statements of Staten Island Children's Museum (a nonprofit organization), which comprise the statements 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.

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Staten Island Children's Museum 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.

Lotz + Carr, LLP

New York, New York
December 3, 2018

STATEN ISLAND CHILDREN'S MUSEUM
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents (Notes 1b and 11a)	\$ 264,051	\$ 120,285
Certificates of deposit	177,404	186,118
Investments (Notes 1c, 1d and 4)	1,826,877	1,649,873
Unconditional promises to give (Notes 1e and 3)		
Unrestricted	43,167	30,113
Restricted for future periods and programs	27,750	-
Accounts receivable	178,160	136,119
Prepaid expenses and other current assets	14,729	10,315
Property and equipment, at cost (net of accumulated depreciation) (Notes 1f and 5)	106,032	107,647
Museum exhibits (Note 1g)	-	-
	<u> </u>	<u> </u>
Total Assets	<u><u>\$2,638,170</u></u>	<u><u>\$2,240,470</u></u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 289,402	\$ 144,450
Deferred revenue (Note 1i)	47,218	86,212
Total Liabilities	<u>336,620</u>	<u>230,662</u>
 Commitments and Contingency (Notes 7 and 10)		
 Net Assets		
Unrestricted		
Operating	186,634	119,113
Property and equipment	106,032	107,647
Board-designated educational initiative reserve fund	1,800,836	1,627,650
Total Unrestricted	<u>2,093,502</u>	<u>1,854,410</u>
Temporarily restricted (Note 2b)	157,964	105,314
Permanently restricted (Notes 2c and 8)	50,084	50,084
Total Net Assets	<u>2,301,550</u>	<u>2,009,808</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u><u>\$2,638,170</u></u>	<u><u>\$2,240,470</u></u>

See notes to financial statements.

STATEN ISLAND CHILDREN'S MUSEUM

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Changes in Unrestricted Net Assets		
Operations		
Revenue, Gains and Other Support		
Grants and Contributions		
Government (Notes 6 and 11b)	\$ 683,440	\$ 672,305
Individuals	31,039	22,947
Foundations and corporations	186,289	146,561
Donated services and materials	-	1,293
Fundraising events	108,220	115,982
Less: Direct benefit expenses	(12,174)	(11,119)
Parties and facility income	143,394	144,204
Admissions	185,575	168,926
Membership dues	76,387	70,495
Program income	425,587	334,569
Concession sales	18,947	17,863
Net investment income (Note 4)	1,672	1,742
	<u>1,848,376</u>	<u>1,685,768</u>
Appropriation from endowment to operations (Note 8)	4,356	4,425
Appropriation from board-designated fund for operations	50,000	100,000
Net assets released from restrictions		
Satisfaction of time and program restrictions		
Contributions released to museum operations	8,000	57,000
Contributions released for exhibitions and programs	83,500	46,700
	<u>1,994,232</u>	<u>1,893,893</u>
Expenses		
Program Services	<u>1,560,025</u>	<u>1,457,866</u>
Supporting Services		
Management and general	199,595	197,137
Fundraising	216,846	207,752
Total Supporting Services	<u>416,441</u>	<u>404,889</u>
Total Expenses	<u>1,976,466</u>	<u>1,862,755</u>
Increase in Unrestricted Net Assets from Operations	<u>17,766</u>	<u>31,138</u>
Non-Operating		
Grants and contributions - capital (Note 3b)	52,496	-
Net investment income (Note 4)	218,830	228,791
Appropriation from board-designated fund for operations	(50,000)	(100,000)
	<u>221,326</u>	<u>128,791</u>
Increase in Unrestricted Net Assets (carried forward)	<u>239,092</u>	<u>159,929</u>

See notes to financial statements.

STATEN ISLAND CHILDREN'S MUSEUM
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Increase in Unrestricted Net Assets (brought forward)	\$ 239,092	\$ 159,929
Changes in Temporarily Restricted Net Assets		
Grants and contributions	139,850	91,500
Net investment income (Note 4)	8,656	9,403
Appropriation from endowment to operations (Note 8)	(4,356)	(4,425)
Net assets released from restrictions		
Contributions released to museum operations	(8,000)	(57,000)
Contributions released for exhibitions and programs	<u>(83,500)</u>	<u>(46,700)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>52,650</u>	<u>(7,222)</u>
Increase in net assets	291,742	152,707
Net assets, beginning of year	<u>2,009,808</u>	<u>1,857,101</u>
Net Assets, End of Year	<u><u>\$2,301,550</u></u>	<u><u>\$2,009,808</u></u>

See notes to financial statements.

STATEN ISLAND CHILDREN'S MUSEUM

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities		
Increase in net assets	\$ 291,742	\$ 152,707
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Net realized gain on sale of investments	(161,200)	(101,716)
Net unrealized gain on investments	(46,304)	(117,572)
Depreciation	27,710	34,780
Increase in:		
Unconditional promises to give	(40,804)	34,970
Accounts receivable	(42,041)	(14,230)
Prepaid expenses and other current assets	(4,414)	(1,140)
Increase (decrease) in:		
Accounts payable and accrued expenses	144,952	(42,757)
Deferred revenue	(38,994)	35,170
Net Cash Provided (Used) By Operating Activities	130,647	(19,788)
 Cash Flows From Investing Activities		
Acquisition of property and equipment	(26,095)	(3,202)
Purchase of investments and certificates of deposit	(487,183)	(647,131)
Proceeds from the sale of investments	526,397	638,304
Net Cash Provided (Used) By Investing Activities	13,119	(12,029)
 Net increase (decrease) in cash and cash equivalents	143,766	(31,817)
Cash and cash equivalents, beginning of year	120,285	152,102
 Cash and Cash Equivalents, End of Year	\$ 264,051	\$ 120,285

See notes to financial statements.

STATEN ISLAND CHILDREN'S MUSEUM**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 AND 2017****Note 1 - Organization and Summary of Significant Accounting Principles****a - Organization**

Staten Island Children's Museum (the "Museum") provides high quality, stimulating museum experiences for the children of the community. The Museum's programs are designed to nurture the creativity and curiosity natural to all children, recognize and celebrate many different learning styles, and to demonstrate vividly that learning can be exciting and fun. The Museum is a member of the New York City Cultural Institutions Group and, accordingly, receives significant support from the City of New York (Note 6).

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Museum considers all highly liquid debt instruments purchased with a maturity of six months or less, including money market accounts, to be cash equivalents, except for cash and short-term investments managed by the Museum's investment managers as part of their long-term investment strategies.

c - Investments

The Museum reflects investments at fair value in the statement of financial position. Investments with fair values that are based on quoted market prices in active markets are, therefore, classified within Level 1, and include active listed equity securities, mutual funds, certain debt securities and money market funds.

Interest, dividends and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as temporarily restricted. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

d - Fair Value Measurements

Generally accepted accounting principles establish a fair value measurement hierarchy that prioritizes the inputs to valuation techniques. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. The Museum uses the higher priority valuation techniques based on available inputs to measure fair values. The fair value of the Museum's investments is measured using Level 1 inputs, quoted prices in active markets.

STATEN ISLAND CHILDREN'S MUSEUM**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 AND 2017****Note 1 - Organization and Summary of Significant Accounting Principles (continued)****e - Contributions and Unconditional Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Museum that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

f - Property and Equipment

Property and equipment are being depreciated using the straight-line method over the estimated useful life of the asset.

The Museum, per an agreement with The City of New York, is permitted to maintain, operate and program the facility on city property for an annual fee of \$1. Capital additions, improvements and equipment funded by The City of New York and for which the Museum does not have title, are not capitalized by the Museum. Property and equipment acquired using the Museum's funds are reflected as assets on the accompanying statements of financial position (Note 5).

g - Museum Exhibits

The Museum maintains exhibits for use in education programs. The value of these exhibits are not reflected on the statement of financial position. Purchases of items are recorded as decreases in net assets in the year in which the items are acquired. Contributed exhibition items are not reflected on the financial statements. Proceeds from de-accessions or insurance recoveries are used to acquire other items for the Museum.

Contributions and unconditional promises to give for the purchase of items for the exhibits are classified as temporarily restricted net assets until acquisitions are made. The cost of these items is reported as a separate program expense.

h - Advertising Costs

Advertising costs are charged to operations when the cost is incurred. Advertising and promotion costs were \$26,315 and \$13,751 for the years ended June 30, 2018 and 2017, respectively.

i - Deferred Revenue

Deferred revenue is income for activities that will occur in future fiscal years including special events and admissions.

STATEN ISLAND CHILDREN'S MUSEUM**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 AND 2017****Note 1 - Organization and Summary of Significant Accounting Principles (continued)**j - Financial Statement Presentation

The Museum reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

k - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

l - Tax Status

Staten Island Children's Museum is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

m - Subsequent Events

The Museum has evaluated subsequent events through December 3, 2018, the date that the financial statements are considered available to be issued.

Note 2 - Net Assetsa - Board Designated Net Assets

The Board has established an education fund to be used to further the Museum's educational programs. Appropriations to operations in the amounts of \$50,000 and \$100,000 were made for the years ended June 30, 2018 and 2017, respectively.

b - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for future periods and programs.

c - Permanently Restricted Net Assets

Permanently restricted net assets as of June 30, 2018 and 2017 consists of contributions and grants in the amount of \$50,084 specified by the donors for endowment. The income is restricted to purchase objects for programs and exhibits.

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 3 - Promises to Give

a - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectible promises are expected to be insignificant.

b - Conditional Promise to Give

The Museum received a conditional promise to give from the State of New York in the amount of \$125,000. The grant is for the renovation of the building and the purchase of equipment. All expenditures are subject to the review and approval of the State Agency, and the Museum is unsure of how much will be received. During the year ended June 30, 2018, the Museum received \$52,496 under the terms of this grant.

Note 4 - Investments

Investments, which are all classified as Level 1 in the fair value hierarchy, are reflected at fair value and consist of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash and cash equivalents	\$ 158,512	\$ 158,512	\$ 208,644	\$ 208,644
Mutual Funds				
Equity	339,840	293,038	315,122	278,586
Fixed income	32,145	33,045	31,754	32,212
Domestic common stock	<u>1,296,380</u>	<u>904,735</u>	<u>1,094,353</u>	<u>739,188</u>
Total	<u>\$1,826,877</u>	<u>\$1,389,330</u>	<u>\$1,649,873</u>	<u>\$1,258,630</u>

Net investment income consists of the following:

	<u>2018</u>	<u>2017</u>
Net realized gains on investments	\$161,200	\$101,716
Net unrealized gains	46,304	117,572
Interest and dividends	37,012	34,396
Investment management fee	<u>(15,358)</u>	<u>(13,748)</u>
	<u>\$229,158</u>	<u>\$239,936</u>

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 4 - Investments (continued)

Net investment income has been allocated as follows:

	<u>2018</u>	<u>2017</u>
Unrestricted		
Operations	\$ 1,672	\$ 1,742
Non-operating	218,830	228,791
Temporarily restricted	<u>8,656</u>	<u>9,403</u>
	<u>\$229,158</u>	<u>\$239,926</u>

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2018</u>	<u>2017</u>
Furniture and fixtures	5 Years	\$253,227	\$253,227
Capital and leasehold improvements	7-20 Years	388,025	361,930
Website	3 Years	11,604	11,604
Museum lab	5 Years	<u>27,488</u>	<u>27,488</u>
		680,344	654,249
Less: Accumulated depreciation		<u>(574,312)</u>	<u>(546,602)</u>
		<u>\$106,032</u>	<u>\$107,647</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$27,710 and \$34,780, respectively.

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 6 - Public Support Appropriations from the City of New York

The City of New York made the following appropriations to the Museum which are included in unrestricted public support:

	<u>2018</u>	<u>2017</u>
Department of Cultural Affairs		
Operational support	\$508,385	\$499,482
Energy appropriations	5,182	3,119
Cultural Institution Retirement program	56,370	56,701
Program support	60,000	60,000
Department of Youth and Community Development	-	7,000
Staten Island Boro President	4,500	4,500
Department of Emergency Management	<u>2,500</u>	<u>2,500</u>
	<u>\$636,937</u>	<u>\$633,302</u>

The City of New York paid \$14,410 in 2018 toward capital projects of the Museum (Note 7a).

Note 7 - Commitments, Contingency and Other Matter

a - The facility occupied by the Museum is owned by the City of New York (the "City"), and the City has designated the Snug Harbor Cultural Center and Botanical Gardens ("Snug Harbor") as the campus landlord. The City is currently renegotiating its licensing agreement with Snug Harbor to which the Museum is one of a number of sub-licensees. Common charges of \$50,000 were assessed to all sub-licensees during the year ended June 30, 2018.

The Museum has the responsibility to provide and pay for all services and ordinary maintenance and repair of the premises. All capital expenditures paid for by the City belong to the City of New York and are not included in these financial statements.

b - Government supported projects are subject to audit by the applicable granting agency.

c - In May 2016, the Museum established a \$100,000 line of credit with a bank, renewable annually, with interest at prime plus one percent. As of June 30, 2018, there was no balance outstanding.

STATEN ISLAND CHILDREN'S MUSEUM**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 AND 2017****Note 7 - Commitments, Contingency and Other Matter (continued)**

d - The Museum participates in an unemployment insurance trust (the "Trust") in lieu of State unemployment insurance coverage. The Museum had a positive balance in the Trust at June 30, 2018 in the amount of \$27,801. Due to the nature of the Trust, the balance is not reflected in the accompanying financial statements.

Note 8 - Endowment Funds

The Museum's permanent endowment consists of two individual funds established to purchase objects for programs and exhibits. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State not-for-profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the Museum classifies as permanently restricted net asset (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 any applicable donor gift instrument at the time of 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 board-designated unrestricted net assets until those amounts are appropriated for expenditure by the Museum.

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

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of the Museum and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of the Museum;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Museum; and
- (viii) the investment policy of the Museum

The Museum's endowment funds are all donor restricted endowment funds whose income is restricted for education.

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 8 - Endowment Funds (continued)

Changes in the Museum's endowment funds for the years ended June 30, 2018 and 2017 are summarized as follows:

	2018		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ 13,814	\$50,084	\$63,898
Net investment income, net of investment fees	8,656	-	8,656
Appropriation of endowment assets for expenditure	<u>(4,356)</u>	<u>-</u>	<u>(4,356)</u>
Endowment Funds, End of Year	<u>\$18,114</u>	<u>\$50,084</u>	<u>\$68,198</u>
	2017		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ 8,836	\$50,084	\$58,920
Net investment income, net of investment fees	9,403	-	9,403
Appropriation of endowment assets for expenditure	<u>(4,425)</u>	<u>-</u>	<u>(4,425)</u>
Endowment Funds, End of Year	<u>\$13,814</u>	<u>\$50,084</u>	<u>\$63,898</u>

The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in equities and fixed income investments. The Museum expects its endowment funds, over time, to provide an average rate of return of approximately 4% - 5% annually. Actual returns in any given year may vary from this amount.

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.

STATEN ISLAND CHILDREN'S MUSEUM**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 AND 2017****Note 8 - Endowment Funds (continued)**

The Museum has a policy of appropriation for distribution each year 7% of the average fair value of endowment funds over the prior twelve quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Museum considered the long-term expected return on its endowment.

Note 9 - Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 10 - Pension Plan

All eligible Museum employees are members of The Cultural Institution Retirement System (CIRS) pension plan. CIRS is a multi-employer plan administered by the City of New York. Pension expense for the years ended June 30, 2018 and 2017 was \$69,127 and \$57,998, respectively, which was financed, in part, by an appropriation from the City of New York (Note 6).

Note 11 - Concentrations**a - Cash Balances**

The Museum maintains cash balances in a financial institution located in New York. Accounts at this institution are insured by the Federal Deposit Insurance Corporation, and at times, balances may exceed insured limits.

b - Revenue, Gains and Other Support

For the years ended June 30, 2018 and 2017, contributions from two government agencies represented approximately 28% and 31%, respectively, of total revenue, gains and other support.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Trustees of
Staten Island Children's Museum

We have audited the financial statements of Staten Island Children's Museum as of and for the years ended June 30, 2018 and 2017, and our report thereon dated December 3, 2018, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2018 with comparative totals for 2017 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz + Carr, LLP

New York, New York
December 3, 2018

STATEN ISLAND CHILDREN'S MUSEUM

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE TOTALS FOR 2017

	Program Services	Supporting Services			2018	2017
		Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$ 644,901	\$ 85,985	\$ 128,980	\$214,965	\$ 859,866	\$ 841,607
Payroll taxes and fringe benefits	202,704	27,027	40,540	67,567	270,271	243,219
Exhibits and public programs	423,600	-	-	-	423,600	360,774
Office supplies	34,611	1,308	3,583	4,891	39,502	38,102
Insurance	22,797	861	2,360	3,221	26,018	26,936
Occupancy	43,810	1,655	4,535	6,190	50,000	50,000
Telephone	11,892	449	1,231	1,680	13,572	16,970
Automotive	4	159	-	159	163	1,808
Postage	1,264	4,845	68	4,913	6,177	5,784
Professional fees	7,456	44,538	-	44,538	51,994	48,999
Advertising and promotion	21,412	2,958	1,945	4,903	26,315	13,751
Hospitality	1,182	491	11	502	1,684	443
Concession expense	6,800	2,822	62	2,884	9,684	11,930
Travel	1,653	62	171	233	1,886	1,377
Repairs and maintenance	94,006	3,551	9,731	13,282	107,288	99,758
Printing and reproduction	9,485	358	982	1,340	10,825	10,229
Dues and subscriptions	1,533	5,311	-	5,311	6,844	7,800
Indirect benefit expenses	-	-	17,814	17,814	17,814	14,532
Credit card fees	2,175	10,818	-	10,818	12,993	11,813
Depreciation	24,280	917	2,513	3,430	27,710	34,780
Miscellaneous	4,460	5,480	2,320	7,800	12,260	22,143
Total Expenses, 2018	<u>\$1,560,025</u>	<u>\$ 199,595</u>	<u>\$ 216,846</u>	<u>\$416,441</u>	<u>\$1,976,466</u>	
Total Expenses, 2017	<u>\$1,457,866</u>	<u>\$ 197,137</u>	<u>\$ 207,752</u>	<u>\$404,889</u>		<u>\$1,862,755</u>

See independent auditors' report on supplementary information.