

**STATEN ISLAND CHILDREN'S MUSEUM**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**



**LUTZ AND CARR**

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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## **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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 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 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, 2021 and 2020, 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.

**Emphasis of Matter**

As discussed in Note 13 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, Staten Island Children's Museum has suspended some of its activities at the direction of the state and local governmental authorities. Our opinion is not modified with respect to this matter.

*Lotz + Carr, LLP*

New York, New York  
December 10, 2021

## STATEN ISLAND CHILDREN'S MUSEUM

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 12a)	\$ 583,407	\$ 320,268
Certificates of deposit	131,326	230,780
Investments (Notes 1c, 1d and 5)	2,682,121	2,149,742
Unconditional promises to give (Notes 1e and 4)		
Without donor restrictions	295,613	323,079
With donor restrictions	35,500	100,000
Accounts receivable	6,071	88,689
Prepaid expenses and other current assets	23,761	21,725
Property and equipment, at cost (net of accumulated depreciation and amortization) (Notes 1f and 6)	241,914	145,903
Museum exhibits (Note 1g)	-	-
	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$3,999,713</u></u>	<u><u>\$3,380,186</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 274,164	\$ 354,415
Deferred revenue (Note 1i)	55,425	-
Loans payable (Note 7)	141,250	178,700
Total Liabilities	<u>470,839</u>	<u>533,115</u>
Commitments and Contingencies (Notes 9, 11 and 13)		
Net Assets (Note 3)		
Without Donor Restrictions		
Operating	463,506	294,202
Property and equipment	241,914	145,903
Board designated educational initiative reserve fund	2,611,446	2,129,541
Total Without Donor Restrictions	<u>3,316,866</u>	<u>2,569,646</u>
With Donor Restrictions		
Subject to time and program restrictions	161,924	227,341
Perpetual in nature (Note 10)	50,084	50,084
Total With Donor Restrictions	<u>212,008</u>	<u>277,425</u>
Total Net Assets	<u>3,528,874</u>	<u>2,847,071</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$3,999,713</u></u>	<u><u>\$3,380,186</u></u>

See notes to financial statements.

## STATEN ISLAND CHILDREN'S MUSEUM

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Operations		
Revenue, Gains and Other Support		
Grants and Contributions (Note 1e)		
Government (Notes 8 and 12b)	\$1,093,299	\$1,011,604
Individuals	42,439	28,560
Foundations and corporations	102,093	273,437
Fundraising events	-	57,324
Less: Direct benefit expenses	-	(7,835)
Parties and facility income	-	87,368
Admissions	18,748	129,900
Membership dues	8,627	58,473
Program income	130,414	243,195
Concession sales	2,053	14,823
Net investment income (Note 5)	2,696	5,660
	<u>1,400,369</u>	<u>1,902,509</u>
Appropriation from endowment to operations (Note 10)	4,851	4,693
Net assets released from restrictions		
Satisfaction of time and program restrictions	206,750	120,675
	<u>1,611,970</u>	<u>2,027,877</u>
Total Revenue, Gains and Other Support from Operations		
Expenses		
Program Services	1,063,523	1,444,902
Supporting Services		
Management and general	182,899	279,693
Fundraising	134,095	209,525
Total Supporting Services	<u>316,994</u>	<u>489,218</u>
Total Expenses	<u>1,380,517</u>	<u>1,934,120</u>
Increase in Net Assets Without Donor Restrictions from Operations	231,453	93,757
Non-Operating		
Net investment income (Note 5)	<u>515,767</u>	<u>175,935</u>
Increase in Net Assets Without Donor Restrictions (carried forward)	<u>747,220</u>	<u>269,692</u>

See notes to financial statements.

## STATEN ISLAND CHILDREN'S MUSEUM

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Increase in Net Assets Without Donor Restrictions (brought forward)	\$ 747,220	\$ 269,692
<b>Changes in Net Assets With Donor Restrictions</b>		
Grants and contributions (Note 1e)	129,000	206,750
Net investment income (Note 5)	17,184	6,323
Appropriation from endowment to operations (Note 10)	(4,851)	(4,693)
Net assets released from restrictions	<u>(206,750)</u>	<u>(120,675)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(65,417)</u>	<u>87,705</u>
Increase in net assets	681,803	357,397
Net assets, beginning of year	<u>2,847,071</u>	<u>2,489,674</u>
<b>Net Assets, End of Year</b>	<u><u>\$3,528,874</u></u>	<u><u>\$2,847,071</u></u>

See notes to financial statements.

## STATEN ISLAND CHILDREN'S MUSEUM

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021				2020	
	Program Services	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$ 381,545	\$ 50,872	\$ 76,309	\$127,181	\$ 508,726	\$ 866,978
Payroll taxes and fringe benefits	168,770	22,503	33,754	56,257	225,027	268,231
Exhibits and public programs	270,256	-	-	-	270,256	287,076
Office supplies	22,939	866	2,375	3,241	26,180	39,800
Insurance	14,121	533	1,462	1,995	16,116	25,651
Occupancy	43,810	1,655	4,535	6,190	50,000	50,000
Telephone	12,603	476	1,305	1,781	14,384	13,588
Automotive	-	-	-	-	-	740
Postage	491	1,880	26	1,906	2,397	4,345
Professional fees	5,149	51,357	-	51,357	56,506	145,202
Advertising and promotion	14,870	2,054	1,350	3,404	18,274	26,954
Hospitality	427	177	4	181	608	4,188
Concession expense	1,462	607	13	620	2,082	8,844
Travel	16	-	2	2	18	1,244
Repairs and maintenance	112,459	4,249	11,641	15,890	128,349	113,104
Printing and reproduction	351	14	36	50	401	7,696
Dues and subscriptions	1,549	5,491	-	5,491	7,040	9,065
Indirect benefit expenses	-	-	-	-	-	8,708
Credit card fees	588	2,925	-	2,925	3,513	8,598
Depreciation and amortization	9,649	34,208	-	34,208	43,857	27,498
Miscellaneous	2,468	3,032	1,283	4,315	6,783	16,610
Total Expenses, 2021	<u>\$1,063,523</u>	<u>\$ 182,899</u>	<u>\$ 134,095</u>	<u>\$316,994</u>	<u>\$1,380,517</u>	
Total Expenses, 2020	<u>\$1,444,902</u>	<u>\$ 279,693</u>	<u>\$ 209,525</u>	<u>\$489,218</u>		<u>\$1,934,120</u>

See notes to financial statements.

**STATEN ISLAND CHILDREN'S MUSEUM**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2020**

	<b>Program Services</b>	<b>Supporting Services</b>			<b>Total Expenses</b>
		<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	
Salaries	\$ 650,235	\$ 86,696	\$ 130,047	\$216,743	\$ 866,978
Payroll taxes and fringe benefits	201,173	26,823	40,235	67,058	268,231
Exhibits and public programs	287,076	-	-	-	287,076
Office supplies	34,873	1,317	3,610	4,927	39,800
Insurance	22,475	849	2,327	3,176	25,651
Occupancy	43,810	1,655	4,535	6,190	50,000
Telephone	11,906	450	1,232	1,682	13,588
Automotive	19	721	-	721	740
Postage	889	3,408	48	3,456	4,345
Professional fees	20,822	124,380	-	124,380	145,202
Advertising and promotion	21,932	3,030	1,992	5,022	26,954
Hospitality	2,941	1,220	27	1,247	4,188
Concession expense	6,210	2,577	57	2,634	8,844
Travel	1,090	41	113	154	1,244
Repairs and maintenance	99,102	3,743	10,259	14,002	113,104
Printing and reproduction	6,743	255	698	953	7,696
Dues and subscriptions	2,031	7,034	-	7,034	9,065
Indirect benefit expenses	-	-	8,708	8,708	8,708
Credit card fees	1,439	7,159	-	7,159	8,598
Depreciation and amortization	24,093	911	2,494	3,405	27,498
Miscellaneous	6,043	7,424	3,143	10,567	16,610
<b>Total Expenses</b>	<b>\$1,444,902</b>	<b>\$ 279,693</b>	<b>\$ 209,525</b>	<b>\$489,218</b>	<b>\$1,934,120</b>

See notes to financial statements.

**STATEN ISLAND CHILDREN'S MUSEUM**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$681,803	\$357,397
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Net realized gains on investments	(61,715)	(558,015)
Net unrealized (gains) losses on investments	(444,870)	401,234
Depreciation and amortization	43,857	27,498
Forgiveness of loans payable	(178,700)	-
(Increase) decrease in:		
Unconditional promises to give	91,966	(349,296)
Accounts receivable	82,618	7,660
Prepaid expenses and other current assets	(2,036)	(6,563)
Increase (decrease) in:		
Accounts payable and accrued expenses	(80,251)	105,957
Deferred revenue	55,425	(55,316)
Net Cash Provided (Used) By Operating Activities	188,097	(69,444)
<b>Cash Flows From Investing Activities</b>		
Acquisition of property and equipment	(139,868)	(63,647)
Purchases and sales of investments and certificates of deposit, net	73,660	(88,570)
Net Cash Used By Investing Activities	(66,208)	(152,217)
<b>Cash Flows From Financing Activities</b>		
Proceeds from loans payable	141,250	178,700
Net increase (decrease) in cash and cash equivalents	263,139	(42,961)
Cash and cash equivalents, beginning of year	320,268	363,229
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$583,407</b>	<b>\$320,268</b>

See notes to financial statements.

**STATEN ISLAND CHILDREN'S MUSEUM****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****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 8).

**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. Interest, dividends and gains and losses on investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is 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 increases in net assets without donor restrictions if the restrictions are met in the same fiscal year in which the gains and other investment income are recognized. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**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, 2021 AND 2020****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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been met.

The Museum uses the allowance method to determine uncollectible unconditional promises to give. The allowance, if any, is based on management's analysis of specific promises made.

**f - Property and Equipment**

Property and equipment are being depreciated and amortized 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 6).

**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 net assets with donor restrictions until acquisitions are made. The cost of these items is reported as a separate program expense.

**STATEN ISLAND CHILDREN'S MUSEUM****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Principles (continued)****h - Advertising Costs**

Advertising costs are charged to operations when the cost is incurred. Advertising and promotion costs were \$18,274 and \$26,954 for the years ended June 30, 2021 and 2020, respectively.

**i - Revenue Recognition**

The Museum has multiple revenue streams that are accounted for as exchange transactions including parties and facility income, admissions, membership dues, program income and concession sales. With the exception of memberships, which can be for a period of approximately one year, all of the Museum's revenue from contracts with customers are from performance obligations with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. The Museum records deferred revenue in situations when amounts are collected, but the performance obligations have not yet been met.

Membership revenue is collected at the commencement of the membership period. Membership revenue is primarily contribution revenue, and a portion represents an exchange transaction and entitles members to certain discounts and events over the course of the membership period. The Museum recognizes membership revenue as contribution revenue in the year received since the substantial portion of the Museum's performance obligations is completed by the end of each year and the value related to other membership benefits is de minimus.

**j - Financial Statement Presentation**

The financial statements of the Museum have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Museum to report information regarding its financial position and activities according to the following net asset classifications:

**Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Museum. These net assets may be used at the discretion of the Museum's management and Board of Trustees.

**Net Assets With Donor Restrictions**

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Museum or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**STATEN ISLAND CHILDREN'S MUSEUM****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Principles (continued)****k - Functional Allocation of Expenses**

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Expenses are allocated directly to programs, where applicable, or allocated on a reasonable and consistent basis. A substantial portion of the Museum's expenses are directly related to program activities. The expenses that are allocated include salaries, depreciation and amortization, interest, insurance, general office expenses, and occupancy costs, which are allocated on a basis of time and effort.

**l - 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.

**m - 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.

**n - Subsequent Events**

The Museum has evaluated subsequent events through December 10, 2021, the date that the financial statements are considered available to be issued.

**Note 2 - Information Regarding Liquidity and Availability**

The Museum operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of the Museum's general expenditures during a given year are funded with contributions and program revenue raised during the current year. The Museum considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Museum regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of available funds. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain liquid financial assets sufficient to cover expenditures as they arise.

**STATEN ISLAND CHILDREN'S MUSEUM**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**Note 2 - Information Regarding Liquidity and Availability (continued)**

The Museum's financial assets as of June 30, 2021 and 2020 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 583,407	\$ 320,263
Certificates of deposit	131,326	230,785
Investments	2,682,121	2,149,742
Unconditional promises to give	331,113	423,079
Accounts receivable	<u>6,071</u>	<u>88,689</u>
Total Financial Assets	3,734,038	3,212,558
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(161,924)	(227,341)
Plus: Net assets with donor restrictions expected to be met in less than one year	161,924	227,341
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(50,084)	(50,084)
Plus: Amounts appropriated for use within one year	4,500	4,500
Net assets restricted by Board, subject to spending policy and appropriation	<u>(2,611,446)</u>	<u>(2,129,541)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$1,077,008</u>	<u>\$1,037,433</u>

In addition to these financial assets available within one year, the Museum maintains board designated funds of \$2,611,446, which are invested for long-term appreciation and current income. Although the Museum does not intend to spend these funds, these funds could be made available at any time to meet cash needs for general expenditures at the discretion of the Board. The Museum also has available a \$250,000 line of credit from which it may draw upon, the terms of which are described in Note 9c.

**STATEN ISLAND CHILDREN'S MUSEUM**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**Note 3 - Net Assets**

a - Net Assets Without Donor Restrictions - Board Designated Net Assets

The Board has established an education fund to be used to further the Museum's educational programs.

b - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

- Subject to time and program restrictions
- Perpetual in nature - endowment for programs and exhibits

**Note 4 - 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. Through June 30, 2021, the Museum received the full awarded amount.

**Note 5 - 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>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 59,902	\$ 59,902	\$ 83,694	\$ 83,694
Mutual Funds:				
Equity	878,300	876,694	1,338,709	1,362,119
Fixed income	<u>1,274,024</u>	<u>1,745,525</u>	<u>702,314</u>	<u>703,929</u>
Total	<u>\$2,212,226</u>	<u>\$2,682,121</u>	<u>\$2,124,717</u>	<u>\$2,149,742</u>

**STATEN ISLAND CHILDREN'S MUSEUM**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**Note 5 - Investments (continued)**

Net investment income consists of the following:

	<u>2021</u>	<u>2020</u>
Net realized gains on investments	\$ 61,715	\$558,015
Net unrealized gains (losses)	444,870	(401,234)
Interest and dividends	46,668	44,707
Investment management fee	<u>(17,606)</u>	<u>(13,570)</u>
	<u>\$535,647</u>	<u>\$187,918</u>

Net investment income has been allocated as follows:

	<u>2021</u>	<u>2020</u>
Without donor restrictions		
Operations	\$ 2,696	\$ 5,660
Non-operating	515,767	175,935
With donor restrictions - endowment	<u>17,184</u>	<u>6,323</u>
	<u>\$535,647</u>	<u>\$187,918</u>

**Note 6 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2021</u>	<u>2020</u>
Furniture and fixtures	5 Years	\$ 83,824	\$281,385
Capital and leasehold improvements	7-20 Years	536,977	442,772
Website	3 Years	13,000	24,604
Museum lab	5 Years	<u>-</u>	<u>27,488</u>
		633,801	776,249
Less: Accumulated depreciation and amortization		<u>(391,887)</u>	<u>(630,346)</u>
		<u>\$241,914</u>	<u>\$145,903</u>

**STATEN ISLAND CHILDREN'S MUSEUM**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**Note 7 - Loans Payable**

On April 20, 2020, the Museum received a loan totaling \$178,700 under the Paycheck Protection Program administered by the U.S. Small Business Administration. On April 27, 2021 the loan was forgiven. On February 4, 2021 the Museum received a second loan of \$141,250 under the Paycheck Protection Program. On November 12, 2021, this loan was also forgiven.

**Note 8 - 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 public support:

	<b>2021</b>	<b>2020</b>
Department of Cultural Affairs		
Operational support	\$473,767	\$614,823
Cultural Institution Retirement program	48,729	60,204
Program support	72,000	38,000
Staten Island Boro President	10,000	-
Met Funds	229,024	229,024
Disability Forward Fund	2,042	28,000
	<b>\$835,562</b>	<b>\$970,051</b>

Note that Operational support also includes Energy appropriations.

The City of New York paid \$230,133 toward capital projects of the Museum (Note 9a).

**Note 9 - 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, 2021.

**STATEN ISLAND CHILDREN'S MUSEUM****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 9 - Commitments, Contingency and Other Matter (continued)**

a - (continued)

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, 2021, the line of credit was increased to \$250,000 and there was no balance outstanding.

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, 2021 in the amount of \$46,431. Due to the nature of the Trust, the balance is not reflected in the accompanying financial statements.

**Note 10 - 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 net assets with donor restrictions (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 perpetual in nature is classified as endowment subject to spending policy and appropriation until those amounts are appropriated for expenditure by the Museum.

**STATEN ISLAND CHILDREN'S MUSEUM**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**Note 10 - Endowment Funds (continued)**

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.

Changes in the Museum's endowment funds for the years ended June 30, 2021 and 2020 are summarized as follows:

	<u>2021</u>		
	<u>Investment Income Above Original Gift Amount</u>	<u>Investment in Perpetuity</u>	<u>Total</u>
Endowment funds, beginning of year	\$20,591	\$50,084	\$70,675
Net investment income, net of investment fees	17,184	-	17,184
Appropriation of endowment assets for expenditure	<u>(4,851)</u>	<u>-</u>	<u>(4,851)</u>
Endowment Funds, End of Year	<u>\$32,924</u>	<u>\$50,084</u>	<u>\$83,008</u>

**STATEN ISLAND CHILDREN'S MUSEUM**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**Note 10 - Endowment Funds (continued)**

	<b>2020</b>		
	<b>Investment Income Above Original Gift Amount</b>	<b>Investment in Perpetuity</b>	<b>Total</b>
Endowment funds, beginning of year	\$18,961	\$50,084	\$69,045
Net investment income, net of investment fees	6,323	-	6,323
Appropriation of endowment assets for expenditure	<u>(4,693)</u>	<u>-</u>	<u>(4,693)</u>
Endowment Funds, End of Year	<u>\$20,591</u>	<u>\$50,084</u>	<u>\$70,675</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.

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.

**STATEN ISLAND CHILDREN'S MUSEUM****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 11 - 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, 2021 and 2020 was \$51,559 and \$65,087, respectively, which was financed, in part, by an appropriation from the City of New York (Note 8).

**Note 12 - 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 year ended June 30, 2021, contributions from one government agency represented approximately 47% of total revenue, gains and other support. For the year ended June 30, 2020, contributions from the same government agency represented approximately 48% of total revenue, gains and other support.

**Note 13 - Risks and Uncertainties**

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, the Museum has suspended some of its activities at the direction of state and local governmental authorities. In April 2021, the Museum was able to reopen in a limited capacity, and in the summer of 2021, capacity was slightly increased and additional programs were able to take place. While management is currently evaluating the potential impact that the resulting economic uncertainties may have on the Museum, it believes that its current financial assets are sufficient to support the Museum's operations on an ongoing basis.