

STATEN ISLAND CHILDREN'S MUSEUM

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024



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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Staten Island Children's Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Staten Island Children's Museum's ability to continue as a going concern for a reasonable period of time.

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

Lotz + Carr, LLP

New York, New York
February 23, 2026

STATEN ISLAND CHILDREN'S MUSEUM

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$1,513,781	\$1,163,303
Certificates of deposit	384,036	373,813
Investments	3,161,580	2,819,514
Unconditional promises to give		
Without donor restrictions	16,614	255,718
Accounts receivable	130,659	210,009
Prepaid expenses and other current assets	41,045	35,295
Property and equipment, at cost (net of accumulated depreciation and amortization)	190,404	183,575
Museum exhibits	-	-
	<u> </u>	<u> </u>
Total Assets	<u><u>\$5,438,119</u></u>	<u><u>\$5,041,227</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 388,404	\$ 324,247
Deferred revenue	107,497	87,566
Total Liabilities	<u>495,901</u>	<u>411,813</u>
Commitments and Contingencies		
Net Assets		
Without Donor Restrictions		
Operating	1,528,919	1,464,854
Property and equipment	77,902	183,575
Board designated educational initiative reserve fund	3,091,934	2,752,961
Total Without Donor Restrictions	<u>4,698,755</u>	<u>4,401,390</u>
With Donor Restrictions		
Subject to time and program restrictions	193,379	177,940
Perpetual in nature	50,084	50,084
Total With Donor Restrictions	<u>243,463</u>	<u>228,024</u>
Total Net Assets	<u>4,942,218</u>	<u>4,629,414</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u><u>\$5,438,119</u></u>	<u><u>\$5,041,227</u></u>

See notes to financial statements.

STATEN ISLAND CHILDREN'S MUSEUM

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Changes in Net Assets Without Donor Restrictions		
Operations		
Revenue, Gains and Other Support		
Grants and Contributions		
Government	\$1,041,223	\$ 957,774
Individuals	33,293	282,742
Foundations and corporations	107,195	95,778
Parties and facility income	18,494	21,250
Admissions	132,092	229,100
Membership dues	48,486	74,528
Program income	334,370	465,202
Concession sales	21,228	23,011
Net investment income	138,608	99,931
	<u>1,874,989</u>	<u>2,249,316</u>
Appropriation from endowment to operations	4,712	5,024
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>158,378</u>	<u>199,500</u>
Total Revenue, Gains and Other Support from Operations	<u>2,038,079</u>	<u>2,453,840</u>
Expenses		
Program Services	<u>1,678,781</u>	<u>1,625,190</u>
Supporting Services		
Management and general	226,158	269,484
Fundraising	93,141	297,936
Total Supporting Services	<u>319,299</u>	<u>567,420</u>
Total Expenses	<u>1,998,080</u>	<u>2,192,610</u>
Increase in Net Assets Without Donor Restrictions from Operations	39,999	261,230
Non-Operating		
Net investment income	<u>257,366</u>	<u>203,570</u>
Increase in Net Assets Without Donor Restrictions (carried forward)	<u>\$ 297,365</u>	<u>\$ 464,800</u>

See notes to financial statements.

STATEN ISLAND CHILDREN'S MUSEUM

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Increase in Net Assets Without Donor Restrictions (brought forward)	<u>\$ 297,365</u>	<u>\$ 464,800</u>
Changes in Net Assets With Donor Restrictions		
Grants and contributions	168,500	163,378
Net investment income	10,029	8,117
Appropriation from endowment to operations	(4,712)	(5,024)
Net assets released from restrictions	<u>(158,378)</u>	<u>(199,500)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>15,439</u>	<u>(33,029)</u>
Increase in net assets	312,804	431,771
Net assets, beginning of year	<u>4,629,414</u>	<u>4,197,643</u>
Net Assets, End of Year	<u><u>\$4,942,218</u></u>	<u><u>\$4,629,414</u></u>

See notes to financial statements.

STATEN ISLAND CHILDREN'S MUSEUM

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025 WITH COMPARATIVE TOTALS FOR 2024

	2025				2024	
	Supporting Services					
	Program Services	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$ 584,450	\$ 102,279	\$ 43,834	\$146,113	\$ 730,563	\$ 838,140
Payroll taxes and fringe benefits	163,870	28,677	12,290	40,967	204,837	264,031
Exhibits and public programs	306,046	-	-	-	306,046	411,406
Office supplies	39,044	5,864	2,932	8,796	47,840	57,688
Insurance	29,714	7,429	-	7,429	37,143	23,865
Occupancy	7,438	27,362	15,200	42,562	50,000	50,000
Telephone	12,219	2,165	1,083	3,248	15,467	14,415
Postage	-	-	-	-	-	2,495
Professional fees	161,159	28,973	667	29,640	190,799	166,458
Advertising and promotion	17,231	-	-	-	17,231	15,147
Hospitality	10,463	2,616	-	2,616	13,079	9,649
Concession expense	13,925	-	-	-	13,925	8,245
Travel	-	-	-	-	-	72
Repairs and maintenance	279,260	-	-	-	279,260	254,010
Dues and subscriptions	14,205	4,090	100	4,190	18,395	17,444
Credit card fees	-	2,986	11,945	14,931	14,931	16,697
Depreciation and amortization	34,513	8,627	-	8,627	43,140	41,348
Miscellaneous	5,244	5,090	5,090	10,180	15,424	1,500
Total Expenses, 2025	<u>\$1,678,781</u>	<u>\$ 226,158</u>	<u>\$ 93,141</u>	<u>\$319,299</u>	<u>\$1,998,080</u>	
Total Expenses, 2024	<u>\$1,625,190</u>	<u>\$ 269,484</u>	<u>\$ 297,936</u>	<u>\$567,420</u>		<u>\$2,192,610</u>

See notes to financial statements.

STATEN ISLAND CHILDREN'S MUSEUM

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$ 573,994	\$ 77,987	\$ 186,159	\$264,146	\$ 838,140
Payroll taxes and fringe benefits	180,820	24,567	58,644	83,211	264,031
Exhibits and public programs	411,406	-	-	-	411,406
Office supplies	56,100	-	1,588	1,588	57,688
Insurance	-	23,865	-	23,865	23,865
Occupancy	7,438	27,362	15,200	42,562	50,000
Telephone	12,397	1,297	721	2,018	14,415
Postage	1,247	-	1,248	1,248	2,495
Professional fees	66,671	86,794	12,993	99,787	166,458
Advertising and promotion	15,147	-	-	-	15,147
Hospitality	-	9,649	-	9,649	9,649
Concession expense	8,245	-	-	-	8,245
Travel	-	72	-	72	72
Repairs and maintenance	254,010	-	-	-	254,010
Dues and subscriptions	4,636	4,783	8,025	12,808	17,444
Credit card fees	-	3,339	13,358	16,697	16,697
Depreciation and amortization	33,079	8,269	-	8,269	41,348
Miscellaneous	-	1,500	-	1,500	1,500
Total Expenses	<u>\$1,625,190</u>	<u>\$ 269,484</u>	<u>\$ 297,936</u>	<u>\$567,420</u>	<u>\$2,192,610</u>

See notes to financial statements.

STATEN ISLAND CHILDREN'S MUSEUM

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 312,804	\$ 431,771
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized gains on investments	(59,222)	(14,805)
Net unrealized gains on investments	(220,200)	(208,477)
Depreciation and amortization	43,140	41,348
(Increase) decrease in:		
Unconditional promises to give	239,104	(212,255)
Accounts receivable	79,350	(79,491)
Prepaid expenses and other current assets	(5,750)	3,716
Increase (decrease) in:		
Accounts payable and accrued expenses	64,157	43,540
Deferred revenue	19,931	(4,038)
Net Cash Provided By Operating Activities	<u>473,314</u>	<u>1,309</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(49,969)	(22,839)
Purchases and sales of investments and certificates of deposit, net	<u>(72,867)</u>	<u>(54,181)</u>
Net Cash Used By Investing Activities	<u>(122,836)</u>	<u>(77,020)</u>
Net increase (decrease) in cash and cash equivalents	350,478	(75,711)
Cash and cash equivalents, beginning of year	<u>1,163,303</u>	<u>1,239,014</u>
Cash and Cash Equivalents, End of Year	<u><u>\$1,513,781</u></u>	<u><u>\$1,163,303</u></u>

See notes to financial statements.

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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 7).

b - Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

c - 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.

d - 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.

e - 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, 2025 AND 2024

Note 1 - Organization and Summary of Significant Accounting Principles (continued)

f - Grants, 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.

g - Current Expected Credit Loss

Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Museum separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the statement of financial position date, the Museum develops a loss rate for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.

h - 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).

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 1 - Organization and Summary of Significant Accounting Principles (continued)

i - 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.

j - Advertising and Promotion

Advertising costs are charged to operations when the cost is incurred. Advertising and promotion costs were \$17,231 and \$15,147 for the years ended June 30, 2025 and 2024, respectively.

k - 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.

l - Financial Statement Presentation

The financial statements of the Museum have been prepared in accordance with U.S. GAAP, which require the Museum to report information regarding its financial position and activities according to the following net asset classifications:

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 1 - Organization and Summary of Significant Accounting Principles (continued)

I - Financial Statement Presentation (continued)

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.

m - 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 and related costs, office supplies, insurance, occupancy, telephone, professional fees, hospitality, dues and subscription, depreciation and amortization, and miscellaneous expenses which are allocated on a basis of time and effort.

n - Estimates

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

o - 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.

p - Prior Year Information

For comparability, certain 2024 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2025.

q - Subsequent Events

The Museum has evaluated subsequent events through February 23, 2026, the date that the financial statements are considered available to be issued.

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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.

The Museum's financial assets as of June 30, 2025 and 2024 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2025</u>	<u>2024</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$1,513,781	\$1,163,303
Certificates of deposit	384,036	373,813
Investments	3,161,580	2,819,514
Unconditional promises to give	16,614	255,718
Accounts receivable	<u>130,659</u>	<u>210,009</u>
Total Financial Assets	5,206,670	4,822,357
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	(193,379)	(177,940)
Plus: Net assets with donor restrictions expected to be met in less than one year	168,500	177,940
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	4,712	5,024
Net assets restricted by Board, subject to spending policy, and appropriation	<u>(3,091,934)</u>	<u>(2,752,961)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$2,044,485</u>	<u>\$2,024,336</u>

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 2 - Information Regarding Liquidity and Availability (continued)

In addition to these financial assets available within one year, the Museum maintains board designated funds of \$3,091,934, 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 8c.

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 - Unconditional Promises to Give

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

Note 5 - Accounts Receivable

Accounts receivable are due within one year. Uncollectible grants receivable are expected to be insignificant.

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 6 - 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>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 55,437	\$ 55,437	\$ 46,326	\$ 46,326
Mutual Funds:				
Equity	1,454,000	1,052,852	1,330,944	1,764,779
Fixed income	<u>1,085,756</u>	<u>2,053,291</u>	<u>1,096,057</u>	<u>1,008,409</u>
Total	<u>\$2,595,193</u>	<u>\$3,161,580</u>	<u>\$2,473,327</u>	<u>\$2,819,514</u>

Net investment income consists of the following:

	<u>2025</u>	<u>2024</u>
Net realized gains on investments	\$ 59,222	\$ 14,805
Net unrealized gains	220,200	208,477
Interest and dividends	148,900	108,048
Investment management fee	<u>(22,319)</u>	<u>(19,712)</u>
	<u>\$406,003</u>	<u>\$311,618</u>

Net investment income has been allocated as follows:

	<u>2025</u>	<u>2024</u>
Without donor restrictions		
Operations	\$138,608	\$ 99,931
Non-operating	257,366	203,570
With donor restrictions - endowment	<u>10,029</u>	<u>8,117</u>
	<u>\$406,003</u>	<u>\$311,618</u>

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 7 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2025</u>	<u>2024</u>
Furniture and fixtures	5 Years	\$113,232	\$109,433
Capital and leasehold improvements	7-20 Years	632,832	586,662
Website	3 Years	<u>13,000</u>	<u>13,000</u>
		759,064	709,095
Less: Accumulated depreciation and amortization		<u>(568,660)</u>	<u>(525,520)</u>
		<u>\$190,404</u>	<u>\$183,575</u>

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:

	<u>2025</u>	<u>2024</u>
Department of Cultural Affairs		
Operational support	\$820,538	\$788,070
Cultural Institution Retirement program	42,235	58,086
Program support	60,000	60,000
Staten Island Boro President	11,000	-
Discretionary Fund	49,700	-
Emergency Funding	5,750	9,227
Emergency Management	<u>2,500</u>	<u>2,500</u>
	<u>\$991,723</u>	<u>\$917,883</u>

Note that Operational support also includes Energy appropriations.

In fiscal year 2017, the Museum was awarded \$1 million in capital funding towards the upgrade of its HVAC systems from their City Council delegation. In fiscal year 2019 and fiscal year 2022, the City awarded \$3.1 million and an additional \$2 million, respectively, towards this project, for a total allocation of \$6.1 million. This grant is not reflected in the accounts of the Museum because all capital expenditures belong to the City of New York and are not included in these financial statements. The City of New York paid \$4,541,032 toward capital projects of the Museum (Note 8a).

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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, 2025.

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- During 2025, the Museum temporarily closed to complete a major infrastructure upgrade. The project included replacing the heating and cooling system, improving water remediation, resurfacing playground areas, upgrading interior flooring, and modernizing and enhancing the Museum's security systems.
- c - Government supported projects are subject to audit by the applicable granting agency.
- d - The Museum has a \$250,000 line of credit with a bank, renewable annually, with interest at prime plus one percent. As of Jun 30, 2025 and 2024, there was no balance outstanding.
- e - 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, 2025 in the amount of \$24,178. 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.

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 10 - Endowment Funds (continued)

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.

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 2025 and 2024 are summarized as follows:

	2025		
	Investment Income Above Original Gift Amount	Investment in Perpetuity	Total
Endowment funds, beginning of year	\$19,562	\$50,084	\$69,646
Net investment gain, net of investment fees	10,029	-	10,029
Appropriation of endowment assets for expenditure	<u>(4,712)</u>	<u>-</u>	<u>(4,712)</u>
Endowment Funds, End of Year	<u>\$24,879</u>	<u>\$50,084</u>	<u>\$74,963</u>

STATEN ISLAND CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 10 - Endowment Funds (continued)

	2024		
	Investment Income Above Original Gift Amount	Investment in Perpetuity	Total
Endowment funds, beginning of year	\$16,469	\$50,084	\$66,553
Net investment loss, net of investment fees	8,117	-	8,117
Appropriation of endowment assets for expenditure	<u>(5,024)</u>	<u>-</u>	<u>(5,024)</u>
Endowment Funds, End of Year	<u>\$19,562</u>	<u>\$50,084</u>	<u>\$69,646</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, 2025 AND 2024****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. For the years ended June 30, 2025 and 2024 pension expense was \$49,733 and \$64,456, which was financed, in part, by an appropriation from the City of New York (Note 8).

Note 12 - Concentrations

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.

For the year ended June 30, 2025, contributions from one government agency represented approximately 69% of total grants and contributions. For the year ended June 30, 2024, contributions from one government agency and one individual donor represented approximately 72% of total grants and contributions.