

THE STATEN ISLAND MUSEUM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018, AND 2017

THE STATEN ISLAND MUSEUM
INDEX TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

	<u>Page(s)</u>
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-17

Zoltan Kemeny LLC35 N 6th Avenue

Highland Park, NJ 08904

zkemeny@kemenycpa.com

kemenycpa.com

718-675-4550

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Staten Island Museum
Staten Island, NY

We have audited the accompanying financial statements of The Staten Island Institute of Arts and Sciences, d/b/a The Staten Island Museum (the "Museum") which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements.

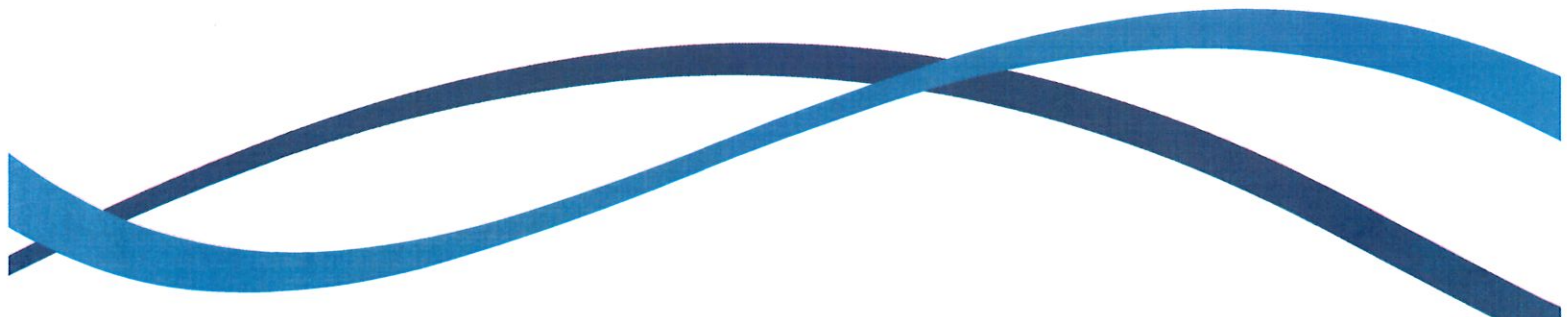
Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 of our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Staten Island Museum, as of June 30, 2018, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Staten Island Museum's June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the financial statements from which it has been derived.



Highland Park, NJ

February 5, 2019

THE STATEN ISLAND MUSEUM
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Assets:		
Cash	\$ 207,047	\$ 125,310
Investments	1,271,814	1,745,938
Accounts and pledges receivable (net)	123,244	138,607
Inventory	19,943	22,887
Prepaid expenses	23,956	5,725
Property and Equipment (net)	<u>1,699,704</u>	<u>1,776,420</u>
TOTAL ASSETS	<u><u>\$ 3,345,708</u></u>	<u><u>\$ 3,814,887</u></u>

COLLECTIONS

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 221,888	\$ 232,568
Deferred revenue	22,221	9,295
Notes payable	<u>541</u>	<u>553,061</u>
 Total Liabilities	 <u>244,650</u>	 <u>794,924</u>
Net Assets:		
Unrestricted	1,635,586	1,233,622
Temporarily restricted	1,031,505	1,352,374
Permanently restricted	<u>433,967</u>	<u>433,967</u>
 Total Net Assets	 <u>3,101,058</u>	 <u>3,019,963</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,345,708</u></u>	<u><u>\$ 3,814,887</u></u>

The accompanying notes are an integral part of these financial statements.

THE STATEN ISLAND MUSEUM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018, WITH COMPARATIVE TOTALS FOR 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Operating Support and Revenue					
Support					
Government grants	\$ 1,137,431	\$ 257,762	\$ -	\$ 1,395,193	\$ 1,384,275
Individual contributions	33,472	15,405	-	48,877	42,080
Corporations and Foundations	24,200	229,471	-	253,671	154,375
Donated materials and services	30,455	-	-	30,455	14,514
Total Support	<u>1,225,558</u>	<u>502,638</u>	<u>-</u>	<u>1,728,196</u>	<u>1,595,244</u>
Revenue					
Program income	77,406	-	-	77,406	92,347
Fundraising events	112,149	-	-	112,149	122,621
Museum gift shop	6,063	-	-	6,063	13,998
Membership dues	29,722	-	-	29,722	23,374
Admissions	20,613	-	-	20,613	34,340
Net investment appreciation	3,257	119,858	-	123,115	115,282
Other income	11,845	-	-	11,845	17,123
Net assets released from restrictions	943,365	(943,365)	-	-	-
Total Revenue	<u>1,204,420</u>	<u>(823,507)</u>	<u>-</u>	<u>380,913</u>	<u>419,085</u>
Total Operating Support and Revenue	2,429,978	(320,869)	-	2,109,109	2,014,329
Operating Expenses					
Programs					
Collections and exhibitions	561,023	-	-	561,023	730,379
Visitor services and membership	366,212	-	-	366,212	421,009
Public programs and education	474,181	-	-	474,181	464,773
Total Programs	<u>1,401,416</u>	<u>-</u>	<u>-</u>	<u>1,401,416</u>	<u>1,616,161</u>
Management and support services	314,084	-	-	314,084	363,684
Fundraising and development	312,514	-	-	312,514	251,691
Total Operating Expenses	<u>2,028,014</u>	<u>-</u>	<u>-</u>	<u>2,028,014</u>	<u>2,231,536</u>
Changes in Net Assets	401,964	(320,869)	-	81,095	(217,207)
Net Assets-Beginning of Year	<u>1,233,622</u>	<u>1,352,374</u>	<u>433,967</u>	<u>3,019,963</u>	<u>3,237,170</u>
Net Assets-End of Year	<u>\$ 1,635,586</u>	<u>\$ 1,031,505</u>	<u>\$ 433,967</u>	<u>\$ 3,101,058</u>	<u>\$ 3,019,963</u>

The accompanying notes are an integral part of these financial statements.

THE STATEN ISLAND MUSEUM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018, WITH COMPARATIVE TOTALS FOR 2017

	PROGRAMS					Management and General	Development and Fundraising	Total 2018	Total 2017
	Visitor Services, Public Affairs			Public Programs and Education	Total				
	Collections and Exhibitions	Membership							
Salaries and Wages	\$ 214,703	\$ 169,134	\$ 217,924	\$ 601,761	\$ 123,326	\$ 122,394	\$ 847,481	\$ 932,594	
Payroll Taxes	16,488	12,712	16,126	45,326	9,309	9,408	64,043	72,443	
Fringe Benefits	67,686	65,370	46,799	179,855	65,002	21,181	266,038	237,057	
Pension	24,628	17,428	20,636	62,692	11,231	13,326	87,249	113,465	
Advertising and Marketing	2,441	5,907	856	9,204	406	3,012	12,622	8,409	
Interest and Bank Charges	-	-	-	-	17,599	-	17,599	14,699	
Collections Management	27,764	-	-	27,764	-	-	27,764	19,176	
Museum Store	-	2,751	-	2,751	-	-	2,751	6,216	
Depreciation	36,214	11,701	17,992	65,907	6,133	4,676	76,716	80,292	
Dues, Subscriptions, & Organization fees	2,031	672	1,263	3,966	3,357	123	7,446	10,275	
Bad Debt	-	-	-	-	4,630	-	4,630	-	
Equipment	28,852	10,502	19,324	58,678	3,310	3,009	64,997	72,947	
Fundraising Cost of Direct Benefits to Donors	-	-	-	-	-	57,397	57,397	33,455	
Special Programs and Promotions	-	-	-	-	-	8,316	8,316	12,959	
Insurance Expense	12,807	6,689	9,394	28,890	5,825	6,198	40,913	38,472	
Office Expense	5,527	5,011	6,662	17,200	4,173	4,496	25,869	25,744	
Postage and Shipping	2,090	882	1,981	4,953	292	894	6,139	10,357	
Printing and Publications	2,912	2,051	8,273	13,236	213	623	14,072	17,300	
Photography/Framing/Production Costs	29,610	-	-	29,610	-	-	29,610	18,893	
Artistic services	8,800	-	5,110	13,910	-	-	13,910	20,798	
Audit and legal fees	1,023	726	792	2,541	18,330	429	21,300	28,025	
Contracted operation services	6,774	2,407	4,691	13,872	39	-	13,911	67,817	
Contracted administrative services	4,662	4,094	5,293	14,049	3,408	17,745	35,202	91,534	
Supplies	2,655	2,854	21,043	26,552	643	801	27,996	35,896	
Information technology	6,697	4,902	5,184	16,783	2,157	2,808	21,748	17,844	
Occupancy	30,765	16,112	24,703	71,580	10,061	10,926	92,567	111,446	
Hospitality	74	10	483	567	2,304	1,796	4,667	6,182	
Utilities	25,061	23,808	32,579	81,448	21,302	22,555	125,305	117,009	
Automobile Expense/Bus Rental	759	489	7,073	8,321	1,034	401	9,756	10,232	
Total Expenses in 2018	\$ 561,023	\$ 366,212	\$ 474,181	\$ 1,401,416	\$ 314,084	\$ 312,514	\$ 2,028,014		
Total Expenses in 2017	\$ 730,379	\$ 421,009	\$ 464,773	\$ 1,616,161	\$ 363,684	\$ 251,691		\$ 2,231,536	

The accompanying notes are an integral part of these financial statements.



THE STATEN ISLAND MUSEUM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018, AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 81,095	\$ (217,207)
Adjustments to Reconcile Change in		
Net Assets to Net Cash Provided by		
Operating Activities:		
Depreciation	76,715	80,292
Unrealized (gain) loss on investments	(37,264)	(65,068)
Realized (gain) loss on sale of investments	(32,007)	(6,224)
(Increase) Decrease in Operating Assets:		
Accounts receivable	15,363	153,664
Inventory	2,944	2,878
Prepaid expenses	(18,231)	6,755
Increase (Decrease) in Operating Liabilities:		
Accounts payable and accrued expenses	(10,680)	(37,655)
Deferred revenue	12,926	(4,430)
Total Cash Flows Provided (Used) by Operating Activities	<u>90,861</u>	<u>(86,995)</u>
Cash Flows from Investing Activities:		
Purchases of investments	(998,970)	(243,897)
Proceeds from sale of marketable securities	1,542,365	273,295
Purchases of property and equipment	-	(102,930)
Total Cash Flows (Used in) Investing Activities	<u>543,395</u>	<u>(73,532)</u>
Cash Flows from Financing Activities:		
Borrowings on loans	-	53,084
Repayments on loans	(552,519)	(23)
Total Cash Flows Provided by Financing Activities	<u>(552,519)</u>	<u>53,061</u>
(Decrease) in Cash and Cash Equivalents	81,737	(107,466)
Cash and Cash Equivalents-Beginning of Year	<u>125,310</u>	<u>232,776</u>
Cash and Cash Equivalents-End of Year	<u><u>\$ 207,047</u></u>	<u><u>\$ 125,310</u></u>
Supplementary Disclosure		
Interest paid	<u>\$ 17,482</u>	<u>\$ 14,619</u>
Income tax paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

THE STATEN ISLAND MUSEUM

NOTES TO FINANCIAL STATEMENTS

Note A-The Organization

The Staten Island Institute of Arts and Sciences d/b/a The Staten Island Museum (the "Museum") is a non-profit organization. Founded in 1881, the Staten Island Museum, New York City's only general interest museum, engages visitors with interdisciplinary exhibitions and educational programs that explore the dynamic connections between natural science, art and history, based on its diverse collections. The Museum is dedicated to making its current and future collections broadly accessible for educators, students, researchers and the general public by providing authentic experiences in the field and at the Museum.

Major funding for the operation of the Museum is through government grants mostly from the City of New York.

Note B-Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Museum have been prepared on the accrual basis.

Financial Statement Presentation

The Museum is required to report 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. In addition, the Museum is required to present a statement of cash flows.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. In addition, the Museum has received contributions with donor-imposed restrictions that result in temporarily and permanently restricted net assets.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Museum considers all highly liquid debt instruments with maturity of three months or less to be cash equivalents.

THE STATEN ISLAND MUSEUM

NOTES TO FINANCIAL STATEMENTS

Investments

The Museum's investments in marketable securities are classified as available for sale. These investments are recorded at fair value in the statements of financial position.

The Museum maintains an investment account for its permanently restricted, temporarily restricted, and board designated funds that can be invested without affecting the short term cash flows of the Museum. The Museum's finance committee monitors investment performance. Investments are diversified among various asset classes. It is anticipated that earnings on such investments are adequate to meet donor requirements. The investment account is maintained at a brokerage firm with the oversight of the Board.

Bequests and Endowments

The Museum has received bequests and endowments from various donors over the years. The funds from these gifts have been held as part of the investment account. The investments generate income that is restricted by the purpose of the donor intent. The Board reviews the income that is generated and releases the funds as they determine in keeping with the stated restrictions.

Accounts Receivable

Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts, as needed. The Museum uses the allowance method to account for uncollectible trade receivable balances. Under the allowance method, if needed, an estimate of uncollectible balances is made based upon specific account balances that are considered uncollectible. Factors used to establish an allowance include credit quality and whether the balance is significant. Accounts are considered past due once the unpaid balance is 90 days or more outstanding. When an account balance is past due, and attempts have been made to collect the receivable through legal and other means, the amount may be deemed uncollectible and written off.

Inventory

The Museum maintains inventory in its museum gift shop. Inventory is recorded at the lower of cost or market. Cost is determined under the specific identification method.

Property and Equipment

The Museum owns the building at 75 Stuyvesant Place, Staten Island, which is located on land owned by the City of New York. The Museum's flagship location is Building A, 1000 Richmond Terrace, Staten Island, located on City owned grounds of Snug Harbor Cultural Center. The buildings are assigned without cost to the Museum in perpetuity as long as the facility is utilized for museum purposes. The Museum is assessed common charges for the maintenance of the facilities at Snug Harbor that have been funded through allocations from the City of New York.

THE STATEN ISLAND MUSEUM

NOTES TO FINANCIAL STATEMENTS

The Museum's policy is to capitalize all fixed assets with a cost in excess of \$2,500. Fixed asset additions are capitalized as assets at cost if purchased, or at their fair market value if donated, and depreciated under the straight-line method over their estimated useful lives as follows:

Building Improvements	39 Years
Programmatic Equipment	5 Years
Office Equipment	5 Years
Intangible Assets	5 Years

Collections

The Museum's Collection is in three broad categories. The Science Collection includes many "type specimens," which are individual specimens used as the basis for determining the characteristics of a species. The Entomology Collection includes 60,000 cicadas representing 450 species, which is North America's largest cicada collection. In addition, the Science Collection includes the Herbarium, Zoology, Ornithology, Conchology, Marine Invertebrate, Geology, Archeology, and Wet Collections. The History Archives and Library contains important collections of historical photographs, documents, and other material relating to the people and history of Staten Island. The Art Collection includes the 19th and 20th century portraits of prominent Staten Islanders as well as landscapes by Staten Islanders. European and American artwork is present, including a portion of the Kress Collection of the Italian Renaissance. In addition, the collection includes African, Asian, and Native American Art from antiquity to the present.

In conformity with accounting policies generally followed by museums, collections acquired by purchases or donations are excluded from the statement of financial position and expensed in the statement of activities. Collection acquisition and maintenance costs amounted to \$557 and \$19,176 for the years ended June 30, 2018 and 2017, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Tax

The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Museum has been determined not to be a private foundation within the meaning of Section 509(a) of said Code.

The Museum regularly reviews and evaluates its tax positions taken on current and previously filed tax returns and as reflected in its financial statements, with regard to issues affecting its not-

THE STATEN ISLAND MUSEUM

NOTES TO FINANCIAL STATEMENTS

for-profit status. The Museum believes that in the event of an examination by taxing authorities, the Museum's position would prevail based on technical merits.

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.

Use of 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 these estimates.

Donated Materials and Services

The contributions of services are recognized in the financial statements if the services received: (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In addition, contributions of materials and assets are received from various sources.

Donated materials and services are recorded based upon the estimated fair market value of the item contributed. The Museum recorded \$30,456 and \$14,514 of contributed services and donated materials for the years ended June 30, 2018 and 2017, respectively.

By arrangement with the Power Authority of the State of New York, the City of New York provides electricity to the Museum. This contribution, which was \$125,304 and \$117,010 for the years ended June 30, 2018 and 2017, respectively, is recorded as both government support and expense in the accompanying financial statements.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended June 30, 2017, from which the summarized information was derived. In addition, certain prior year amounts have been reclassified to conform to the current presentation.

THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

Note C-Investments

The fair value of investments in marketable equity and debt securities is based on quoted market prices.

Investment balances for the years ended June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Stocks	\$ 269,292	\$ 277,208
Fixed Income	3,562	46,856
Exchange Traded Products	219,400	330,099
Mutual Funds, REITs, & UT	779,560	1,091,775
Total	<u>\$ 1,271,814</u>	<u>\$ 1,745,938</u>

Investment income for the years ended June 30, 2018 and 2017 is comprised of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 67,178	\$ 57,790
Realized gain	32,007	6,224
Unrealized gain	37,264	65,068
Investment expense	(13,334)	(13,800)
Total gain	<u>\$ 123,115</u>	<u>\$ 115,282</u>

Note D-Restricted Funds

The Museum maintains an endowment fund that consists of permanently and temporarily restricted assets. The income the restricted funds generate is spendable for the purposes that have been restricted by donors:

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>
Balance on July 1, 2017	\$ 433,967	\$ 1,352,374
Interest and Dividends	18,736	46,863
Additions	-	502,638
Realized gain	9,602	21,445
Unrealized gain	11,179	24,967
Investment expense	(4,000)	(8,934)
Expenditures	-	(943,365)
Reclassification	(35,517)	35,517
Balance on June 30, 2018	<u>\$ 433,967</u>	<u>\$ 1,031,505</u>

THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

Note E-Fair Value Measurements

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market income or cost approach are used to measure fair value.

The fair value accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying value of cash, accounts and pledges receivable, prepaid expenses, accounts payable and accrued expenses, and note payable at carrying cost at June 30, 2018 and 2017, which approximates fair value due to the relatively short maturity of these instruments. The following tables set forth by level, within the fair value hierarchy, the Museum's investment assets at fair value for the years ended June 30, 2018 and 2017:

	<u>Fair Value</u>	Quoted Price in Active Markets for Identical Assets (<u>Level 1</u>)
	<u>June 30, 2018</u>	
Stocks	\$ 277,208	\$ 277,208
Fixed Income	3,562	3,562
Exchange Traded Products	219,400	219,400
Mutual Funds & REITs	<u>779,560</u>	<u>779,560</u>
Total	<u>\$ 1,271,814</u>	<u>\$ 1,271,814</u>

THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Stocks	\$	269,292	\$	269,292
Fixed Income		46,856		46,856
Exchange Traded Products		330,099		330,099
Mutual Funds & REITs		<u>1,091,775</u>		<u>1,091,775</u>
Total	\$	<u>1,745,938</u>	\$	<u>1,745,938</u>

Note F-Public Support Appropriation from the City of New York

For the years ended June 30, 2018 and 2017, the City of New York, Department of Cultural Affairs made the following appropriations to the Museum that are included in unrestricted public support:

	<u>2018</u>	<u>2017</u>
Operational Support	\$ 915,309	\$ 884,243
Energy Appropriations	125,304	117,010
Pension Plan Appropriations	85,566	93,517
Program Support	<u>35,000</u>	<u>35,000</u>
Total	<u>\$ 1,161,179</u>	<u>\$ 1,129,770</u>

Note G-Property and Equipment

Property and equipment for the years ended June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Building A - Capital Project	\$ 1,772,662	\$ 1,772,662
Building Improvements	158,366	158,366
Office Equipment	227,949	227,949
Website and Software	54,315	54,315
Program Equipment	157,505	157,505
Vehicles	9,069	9,069
Furniture and Fixtures	<u>164,561</u>	<u>164,561</u>
Subtotal	\$ 2,544,426	\$ 2,544,426
Less: Accumulated Depreciation	<u>(844,722)</u>	<u>(768,006)</u>
Property and Equipment (Net)	<u>\$ 1,699,704</u>	<u>\$ 1,776,420</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$76,716 and \$80,292, respectively.

THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

Note H-Pledges Receivable

For the years ended June 30, 2018, and 2017, accounts receivable consisted of grants and other miscellaneous receivables and had balances in the amounts of \$115,535 and \$120,768 respectively. Pledges receivable were \$18,874 and \$30,095, for the years ended June 30, 2018, and 2017, respectively. As of June 30, 2018, and 2017, allowance for uncollectible accounts was stated at \$11,165 and \$12,257, respectively. Pledges are intended to be paid over the course of several years. The following is the schedule of anticipated receipts:

June 30, 2019	13,174
2020	5,200
2021	<u>500</u>
Total Net Pledges	<u>\$ 18,874</u>

Note I-Notes Payable

The Museum maintained a line of credit agreement with a financial institution in order to provide funding during the periods when the Museum is awaiting funds from its grantors. The maximum credit on this line is \$100,000, which matured on January 15, 2018. The line carries a variable rate of interest (5% at June 30, 2017). This line of credit is collateralized with the Museum's assets through a general security agreement. As of June 30, 2017, the amount outstanding on the line of credit was \$53,084. This loan was paid off in 2018, and there is no balance outstanding as of June 30, 2018.

The Museum also has established with Fidelity a margin account that has a revolving line of credit that provided for the cash flow needs of the Museum during the construction of Building A at Snug Harbor Cultural Center. The note is secured by the investment account of the Museum. Interest on the loan is the federal fund rate plus 1%. At present, Fidelity is charging the Museum 1.50%. Fidelity has made 50% of the value of the investments held in their portfolio available for loans. As of June 30, 2018, and 2017, the outstanding loan on this line of credit was \$541 and \$499,477, respectively.

Note J-Deferred Revenue

Deferred revenue represents monies received in the current fiscal year for activities taking place in the subsequent fiscal year. However, deferred revenue only pertains to monies received by individuals and groups for membership fees and program activities such as education classes, workshops, Summer Earth Camp, and advance sale of exhibit tickets. Deferred revenue for the years ended June 30, 2018 and 2017, was \$22,221 and \$9,295, respectively.

THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

Note K-Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

Note L-Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets have been designated by donors to the following funds for the years ended June 30, 2018 and 2017 as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<u>June 30, 2018</u>		
Natural Sciences	\$ 435,724	\$ 398,967
Humanities Fund	496,691	35,000
Programming	92,094	-
Capital Project Fund	6,996	-
Total 2018	<u>\$ 1,031,505</u>	<u>\$ 433,967</u>
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<u>June 30, 2017</u>		
Natural Sciences	\$ 891,456	\$ 398,967
Exhibit Development	5,000	-
Humanities Fund	426,146	35,000
Programming	691	-
Capital Project Fund	29,081	-
Total 2017	<u>\$ 1,352,374</u>	<u>\$ 433,967</u>

Note M-Pension Plan

All salaried employees who are employed a minimum of 21 hours a week are eligible to participate in the pension plan sponsored by the Cultural Institution Retirement System (CIRS) after they have completed three months of service and have reached age twenty-one. 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 \$87,250 and \$113,465, respectively, which was financed mostly by an appropriation from the City of New York. The Museum's contribution to the savings plan during the years ended June 30, 2018, and 2017, totaled \$1,684 and \$19,948, respectively.

In 2015, the City assessed the Museum \$16,840 for overpayment to CIRS by the City on behalf of the Museum. The assessment, based on discrepancies for the fiscal years ended June 30, 2007

THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

through June 30, 2009, has been previously accrued and is payable over a ten year installment plan.

The Museum also maintains through CIRS a 401(k) retirement plan which allows employees to defer up to 100% of their salaries on a pre-tax basis up to a maximum of \$18,500, or \$24,500 for employees age 50 and older. Employees are 100% invested in their accounts which include their contributions, employer matching contributions, and investment gains, if any.

Note N-Commitments

The Museum has entered into various lease agreements for various equipment. Such leases have been classified as operating leases, and the future minimum rental payments required on these lease agreements are as follows:

June 30, 2019	\$ 32,989
2020	24,724
2021	18,605
2022	6,249
Total	<u>\$ 82,567</u>

Rent for storage is on a month by month basis. The expense for the years ended June 30, 2018 and 2017 was \$28,335 and \$25,930, respectively.

Note O-Capital Improvements Funded by the City of New York

The Museum is currently involved in a capital improvement project to renovate and restore buildings at the Snug Harbor Cultural Center in Staten Island, New York. The Museum's flagship location, Building A, a triple landmarked, LEED certified building, opened in September 2015. Preliminary campaign funding is secured towards the restoration of the adjacent Building B, which will allow the Museum to reach its full potential with the restoration of a contiguous, second building.

The funds received for capital improvements are from the City of New York, Department of Cultural Affairs. The improvements made are to property owned by the City of New York with City appropriated funds, and these improvements are not recognized as assets on the Museum's financial statements.

The City of New York has paid \$746,025 and \$1,568,691 for capital expenses for renovation in the years 2018 and 2017, respectively. Historically, the City of New York has spent \$27,381,501 on capital expenses from 2005 to 2018.

In addition to amounts expended directly by The City of New York, the Museum also expended \$0 and \$102,930 at June 30, 2018 and 2017, respectively, and \$2,118,056 since inception related to the Snug Harbor capital improvement project.

THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

Note P-Related Party Transactions

For the years ended June 30, 2017, a board member was the president of a bank where the Museum maintains various bank accounts.

Note Q-Government Grants

Government grants for the years ended June 30, 2018 and 2017, consisted of the following:

	<u>2018</u>	<u>2017</u>
Federal	\$ 117,404	\$ 163,395
New York State	104,110	91,110
New York City	<u>1,173,679</u>	<u>1,129,770</u>
Total	<u>\$ 1,395,193</u>	<u>\$ 1,384,275</u>

For the years ended June 30, 2018 and 2017, support from the City of New York was 55.65% and 56.09%, respectively, of total revenue. Total governmental support was 66.15% and 68.72% of total revenue and support for the years ended June 30, 2018 and 2017, respectively.

Note R-Significant Concentration of Funding

The Museum is dependent upon continued funding from the City of New York. Should funding be discontinued from the City of New York, the operations of the Museum would be significantly affected.

Note S-Subsequent Events

Management has evaluated subsequent events through February 5, 2019, the date that these financial statements were available for issue and has determined that there were no additional adjustments and/or disclosures required.
