

***THE STATEN ISLAND MUSEUM***  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019, AND 2018**

***THE STATEN ISLAND MUSEUM***  
**INDEX TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

	<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

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## **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") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

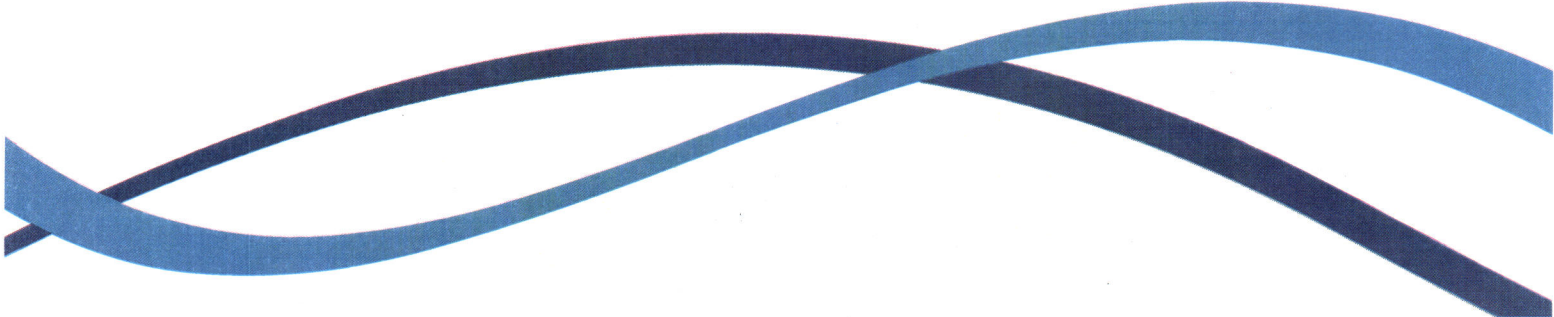
### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the financial statements from which it has been derived.



Highland Park, NJ  
January 21, 2020



***THE STATEN ISLAND MUSEUM***  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

ASSETS

	<u>2019</u>	<u>2018</u>
Assets:		
Cash	\$ 94,497	\$ 207,047
Investments	1,340,963	1,271,814
Accounts and pledges receivable (net)	260,985	123,244
Inventory	25,161	19,943
Prepaid expenses	4,942	23,956
Property and Equipment (net)	<u>1,666,979</u>	<u>1,699,704</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,393,527</u></u>	<u><u>\$ 3,345,708</u></u>

COLLECTIONS

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 210,270	\$ 221,888
Deferred revenue	13,620	22,221
Notes payable	<u>-</u>	<u>541</u>
<b>Total Liabilities</b>	<u>223,890</u>	<u>244,650</u>
Net Assets:		
Without donor restrictions	1,612,184	1,635,586
With donor restrictions		
Purpose restrictions	1,123,486	1,031,505
Perpetual in nature	<u>433,967</u>	<u>433,967</u>
<b>Total Net Assets</b>	<u>3,169,637</u>	<u>3,101,058</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,393,527</u></u>	<u><u>\$ 3,345,708</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, 2019, WITH COMPARATIVE TOTALS FOR 2018**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Operating Support and Revenue				
Support				
Government grants	\$ 1,346,440	\$ 61,110	\$ 1,407,550	\$ 1,395,193
Individual contributions	46,585	11,890	58,475	48,877
Corporations and Foundations	-	307,700	307,700	253,671
Donated materials and services	6,701	-	6,701	30,455
Total Support	1,399,726	380,700	1,780,426	1,728,196
Revenue				
Program income	99,687	-	99,687	77,406
Fundraising events	178,733	-	178,733	112,149
Museum gift shop	25,962	-	25,962	6,063
Membership dues	18,645	-	18,645	29,722
Admissions	38,708	-	38,708	20,613
Net investment appreciation	313	78,207	78,520	123,115
Other income	25,831	-	25,831	11,845
Net assets released from restrictions	366,926	(366,926)	-	-
Total Revenue	754,805	(288,719)	466,086	380,913
Total Operating Support and Revenue	2,154,531	91,981	2,246,512	2,109,109
Operating Expenses				
Programs				
Collections and exhibitions	617,346	-	617,346	561,023
Visitor services and membership	395,829	-	395,829	366,212
Public programs and education	524,808	-	524,808	474,181
Total Programs	1,537,983	-	1,537,983	1,401,416
Management and support services	347,693	-	347,693	314,084
Fundraising and development	292,257	-	292,257	312,514
Total Operating Expenses	2,177,933	-	2,177,933	2,028,014
Changes in Net Assets	(23,402)	91,981	68,579	81,095
Net Assets-Beginning of Year	1,635,586	1,465,472	3,101,058	3,019,963
Net Assets-End of Year	\$ 1,612,184	\$ 1,557,453	\$ 3,169,637	\$ 3,101,058

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, 2019, WITH COMPARATIVE TOTALS FOR 2018**

	PROGRAMS				Management and General	Development and Fundraising	Total 2019	Total 2018
	Collections and Exhibitions	Visitor Services, Public Affairs Membership	Public Programs and Education	Total				
Salaries and Wages	\$ 244,668	\$ 187,041	\$ 230,800	\$ 662,509	\$ 143,906	\$ 136,357	\$ 942,772	\$ 847,481
Payroll Taxes	17,308	14,236	17,826	49,370	10,733	10,542	70,645	64,043
Fringe Benefits	67,906	68,434	48,099	184,439	62,461	31,222	278,122	266,038
Pension	21,705	17,352	18,202	57,259	17,810	10,601	85,670	87,249
Advertising and Marketing	8,892	12,830	1,702	23,424	790	790	25,004	12,622
Interest and Bank Charges	-	-	-	-	7,935	-	7,935	17,599
Collections Management	28,859	-	-	28,859	-	-	28,859	27,764
Museum Store	-	13,601	-	13,601	-	-	13,601	2,751
Depreciation	35,211	11,745	24,860	71,816	2,360	2,499	76,675	76,716
Dues, Subscriptions, & Organization fees	1,102	708	936	2,746	8,922	230	11,898	7,446
Bad Debt	-	-	-	-	-	-	-	4,630
Equipment	33,312	12,578	21,369	67,259	3,888	3,017	74,164	64,997
Fundraising Cost of Direct Benefits to Donors	-	-	-	-	-	10,341	10,341	57,397
Special Programs and Promotions	-	-	-	-	-	55,154	55,154	8,316
Insurance Expense	10,872	5,711	8,179	24,762	5,426	5,928	36,116	40,913
Office Expense	6,043	5,358	7,019	18,420	4,296	4,674	27,390	25,869
Postage and Shipping	459	836	1,061	2,356	348	1,423	4,127	6,139
Printing and Publications	4,163	3,585	6,622	14,370	531	897	15,798	14,072
Photography/Framing/Production Costs	10,391	400	-	10,791	-	-	10,791	29,610
Artistic services	9,725	3,250	19,425	32,400	-	1,100	33,500	13,910
Audit and legal fees	1,024	726	793	2,543	18,330	429	21,302	21,300
Contracted operation services	8,562	2,569	7,325	18,456	-	-	18,456	13,911
Contracted administrative services	3,933	1,463	2,419	7,815	1,309	8,086	17,210	35,202
Supplies	3,240	2,579	31,925	37,744	2,803	1,158	41,705	27,996
Information technology	6,189	4,392	4,791	15,372	1,996	2,595	19,963	21,748
Occupancy	24,276	5,904	10,410	40,590	51,000	2,848	94,438	92,567
Hospitality	742	136	9,051	9,929	2,480	1,889	14,298	4,667
Utilities	66,871	20,061	46,809	133,741	-	-	133,741	125,305
Automobile Expense/Bus Rental	1,893	334	5,185	7,412	369	477	8,258	9,756
Total Expenses in 2019	\$ 617,346	\$ 395,829	\$ 524,808	\$ 1,537,983	\$ 347,693	\$ 292,257	\$ 2,177,933	
Total Expenses in 2018	\$ 561,023	\$ 366,212	\$ 474,181	\$ 1,401,416	\$ 314,084	\$ 312,514		\$ 2,028,014

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, 2019, AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 68,579	\$ 81,095
Adjustments to Reconcile Change in		
Net Assets to Net Cash Provided by		
Operating Activities:		
Depreciation	76,676	76,715
Unrealized (gain) loss on investments	(22,565)	(37,264)
Realized (gain) loss on sale of investments	16,423	(32,007)
(Increase) Decrease in Operating Assets:		
Accounts receivable	(137,741)	15,363
Inventory	(5,218)	2,944
Prepaid expenses	19,014	(18,231)
Increase (Decrease) in Operating Liabilities:		
Accounts payable and accrued expenses	(11,618)	(10,680)
Deferred revenue	(8,601)	12,926
Total Cash Flows Provided (Used) by Operating Activities	<u>(5,051)</u>	<u>90,861</u>
Cash Flows from Investing Activities:		
Purchases of investments	131,763	(998,970)
Proceeds from sale of marketable securities	(194,770)	1,542,365
Purchases of property and equipment	(43,951)	-
Total Cash Flows (Used in) Investing Activities	<u>(106,958)</u>	<u>543,395</u>
Cash Flows from Financing Activities:		
Borrowings on loans	-	-
Repayments on loans	(541)	(552,519)
Total Cash Flows Provided by Financing Activities	<u>(541)</u>	<u>(552,519)</u>
(Decrease) in Cash and Cash Equivalents	(112,550)	81,737
Cash and Cash Equivalents-Beginning of Year	<u>207,047</u>	<u>125,310</u>
Cash and Cash Equivalents-End of Year	<u><u>\$ 94,497</u></u>	<u><u>\$ 207,047</u></u>
Supplementary Disclosure		
Interest paid	<u>\$ 547</u>	<u>\$ 17,482</u>
Income tax paid	<u><u>\$ -</u></u>	<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**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

##### **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 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 \$5,000. 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 \$1,816 and \$557 for the years ended June 30, 2019 and 2018, 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.

The Museum's tax returns are generally subject to examination by the Internal Revenue Service for three years including June 30, 2019, 2018 and 2017.

#### *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 \$6,701 and \$30,456 of contributed services and donated materials for the years ended June 30, 2019 and 2018, 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 \$133,741 and \$125,304 for the years ended June 30, 2019 and 2018, 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 generally accepted in the United States of America (GAAP). Accordingly, such information should be read in

# **THE STATEN ISLAND MUSEUM**

## **NOTES TO FINANCIAL STATEMENTS**

conjunction with the Museum's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

### Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

### Subsequent Events

Management has further evaluated subsequent events through January 21, 2020, the date that the financial statements were available for issue and has determined that there were no additional adjustments and/or disclosures required.

### 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 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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Stocks	\$ 278,137	\$ 269,292
Fixed Income	3,648	3,652
Exchange Traded Products	235,407	219,400
Mutual Funds, REITs, & UT	823,771	779,560
Total	<u>\$ 1,340,963</u>	<u>\$ 1,271,814</u>

Investment income for the years ended June 30, 2019 and 2018 is comprised of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 82,493	\$ 67,178
Realized (loss) gain	(16,423)	32,007
Unrealized gain	22,565	37,264
Investment expense	(10,115)	(13,334)
Total gain	<u>\$ 78,520</u>	<u>\$ 123,115</u>



# ***THE STATEN ISLAND MUSEUM***

## **NOTES TO FINANCIAL STATEMENTS**

### **Note D-Donor Restricted Funds**

The Museum maintains an endowment fund that consists of donor restricted assets. Some funds are restricted for a specific purpose, and others are perpetual in nature with only the income available for expenditures, as defined by the donors:

	<u>Donor Restricted</u>
Balance on July 1, 2018	\$ 1,465,472
Interest and Dividends	82,282
Additions	380,700
Realized loss	(16,423)
Unrealized gain	22,565
Investment expense	(10,115)
Expenditures	<u>(367,028)</u>
Balance on June 30, 2019	<u>\$ 1,557,453</u>

### **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 STATEN ISLAND MUSEUM***  
**NOTES TO FINANCIAL STATEMENTS**

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, 2019 and 2018, 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, 2019 and 2018:

	<u>Fair Value</u>	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>
	<u>June 30, 2019</u>	
Stocks	\$ 278,137	\$ 278,137
Fixed Income	3,648	3,648
Exchange Traded Products	235,407	235,407
Mutual Funds & REITs	<u>823,771</u>	<u>823,771</u>
Total	<u>\$ 1,340,963</u>	<u>\$ 1,340,963</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>

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

For the years ended June 30, 2019 and 2018, the City of New York, Department of Cultural Affairs made the following appropriations to the Museum that are included in unrestricted public support:

	<u>2019</u>	<u>2018</u>
Operational Support	\$ 1,000,564	\$ 915,309
Energy Appropriations	133,741	125,304
Pension Plan Appropriations	84,385	85,566
Program Support	<u>35,000</u>	<u>35,000</u>
Total	<u>\$ 1,253,690</u>	<u>\$ 1,161,179</u>

***THE STATEN ISLAND MUSEUM***  
**NOTES TO FINANCIAL STATEMENTS**

**Note G-Property and Equipment**

Property and equipment for the years ended June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Building A - Capital Project	\$ 1,772,662	\$ 1,772,662
Building Improvements	202,316	158,365
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	\$ 2,588,377	\$ 2,544,426
Less: Accumulated Depreciation	<u>(921,938)</u>	<u>(844,722)</u>
Property and Equipment (Net)	<u>\$ 1,666,979</u>	<u>\$ 1,699,704</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$76,676 and \$76,716, respectively.

**Note H-Pledges Receivable**

For the years ended June 30, 2019, and 2018, accounts receivable consisted of grants and other miscellaneous receivables and had balances in the amounts of \$255,226 and \$115,535 respectively. Pledges receivable were \$11,134 and \$18,874, for the years ended June 30, 2019, and 2018, respectively. As of June 30, 2019, and 2018, allowance for uncollectible accounts was stated at \$5,375 and \$11,165, respectively. Pledges are intended to be paid over the course of several years. The following is the schedule of anticipated receipts:

June 30, 2020	10,634
2021	<u>500</u>
Total Net Pledges	<u>\$ 11,134</u>

**Note I-Notes Payable**

The Museum 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, 2019, and 2018, the outstanding loan on this line of credit was \$0 and \$541, respectively.

***THE STATEN ISLAND MUSEUM***  
**NOTES TO FINANCIAL STATEMENTS**

**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, 2019 and 2018, was \$13,620 and \$22,221, respectively.

**Note K-Net Assets With Donor Restrictions**

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Subject to expenditure for specific purpose:		
Natural Sciences	\$ 440,867	\$ 435,724
Humanities Fund	494,248	496,691
Programming	183,723	92,094
Capital Project Fund	<u>4,550</u>	<u>6,996</u>
	<u>\$ 1,123,388</u>	<u>\$ 1,031,505</u>
Endowments:		
Subject to appropriation and expenditure of income:		
Natural Sciences	398,967	398,967
Humanities Fund	<u>35,000</u>	<u>35,000</u>
	<u>\$ 433,627</u>	<u>\$ 433,627</u>

**Note L-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, 2019, and 2018, was \$85,670 and \$87,250, 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, 2019, and 2018, totaled \$1,285 and \$1,684, 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 through June 30, 2009, has been previously accrued and is payable over a ten year installment plan.



**THE STATEN ISLAND MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**

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 M-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, 2020	\$ 28,666
2021	18,605
2022	<u>6,249</u>
Total	<u>\$ 53,520</u>

Rent for storage is on a month by month basis. The expense for the years ended June 30, 2019 and 2018 was \$27,043 and \$26,877, respectively.

**Note N-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 \$259,608 and \$746,025 for capital expenses for renovation in the years 2019 and 2018, respectively. Historically, the City of New York has spent \$27,641,109 on capital expenses from 2005 to 2019.

In addition to amounts expended directly by The City of New York, the Museum also expended \$29,451 and \$0 at June 30, 2019 and 2018, respectively, and \$2,147,507 since inception related to the Snug Harbor capital improvement project.

***THE STATEN ISLAND MUSEUM***  
**NOTES TO FINANCIAL STATEMENTS**

**Note O-Government Grants**

Government grants for the years ended June 30, 2019 and 2018, consisted of the following:

	<u>2019</u>	<u>2018</u>
Federal	\$ -	\$ 117,404
New York State	143,860	104,110
New York City	<u>1,263,690</u>	<u>1,173,679</u>
Total	<u>\$ 1,407,550</u>	<u>\$ 1,395,193</u>

For the years ended June 30, 2019 and 2018, support from the City of New York was 56.25% and 55.65%, respectively, of total revenue. Total governmental support was 62.65% and 66.15% of total revenue and support for the years ended June 30, 2019 and 2018, respectively.

**Note P-Liquidity and Availability**

The Staten Island Museum's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and Cash Equivalents	\$ 94,497
Accounts Receivable, current portion	249,851
Contributions receivable	<u>11,134</u>
	<u>\$ 355,482</u>

The Museum's endowment fund consists of donor-restricted endowments and quasi-endowments. Income from donor restricted endowments and quasi-endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

As part of the Museum's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Museum has a committed line of credit of approximately \$188,957 with an applicable interest rate of 3.5% as of June 30, 2019.

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