

STATEN ISLAND MUSEUM
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022, and 2021

STATEN ISLAND MUSEUM
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FOR THE YEARS ENDED JUNE 30, 2022, and 2021

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Independent Auditors' Report

The Board of Directors
Staten Island Museum

Opinion

I have audited the accompanying financial statements of the Staten Island Museum (the Organization) a nonprofit organization, which comprise the statements of financial position as of June 30, 2022 and 2021 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 my 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, 2022 and 2021, and the changes in 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of The Staten Island Museum and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 the Staten Island Museum's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's 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

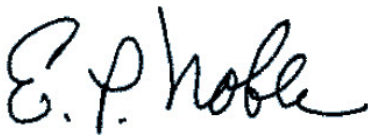
Edward P. Noble, CPA

override of internal control. Misstatements, including omissions, 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, I:

- 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 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 Museum's ability to continue as a going concern for a reasonable period of time.

I am 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.



Edward P Noble CPA
Seaside Park, NJ

April 18, 2023

STATEN ISLAND MUSEUM
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Assets:		
Cash	\$ 250,375	\$ 550,713
Investments	1,180,079	1,371,766
Accounts and pledges receivable (net)	360,553	404,132
Inventory	23,039	23,881
Prepaid expenses	32,743	50,590
Construction In Progress	112,630	117,366
Property and Equipment (net)	<u>1,698,828</u>	<u>1,603,639</u>
 TOTAL ASSETS	 <u>\$ 3,658,247</u>	 <u>\$ 4,122,087</u>

COLLECTIONS

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 376,215	\$ 401,309
Deferred revenue	4,095	4,200
Notes payable	<u>-</u>	<u>195,800</u>
 Total Liabilities	 <u>380,310</u>	 <u>601,309</u>
 Net Assets:		
Without donor restrictions	1,767,845	1,569,251
With donor restrictions		
Purpose restrictions	884,359	1,325,794
Perpetual in nature	<u>625,733</u>	<u>625,733</u>
 Total Net Assets	 <u>3,277,937</u>	 <u>3,520,778</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,658,247</u>	 <u>\$ 4,122,087</u>

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

STATEN ISLAND MUSEUM
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	2022 Total	Without Donor Restrictions	With Donor Restrictions	2021 Total
Operating Support and Revenue						
Support						
Government grants	\$ 1,786,354	\$ 174,447	\$ 1,960,801	\$ 1,405,569	\$ 77,857	\$ 1,483,426
Individual contributions	74,436	-	74,436	75,402	-	75,402
Corporations and Foundations	19,750	168,500	188,250	3,400	431,000	434,400
Donated materials and services	-	-	-	-	-	0
Total Support	1,880,540	342,947	2,223,487	1,484,371	508,857	1,993,228
Revenue						
Program income	50,939	-	50,939	13,469	-	\$ 13,469
Fundraising events	91,005	-	91,005	20,825	-	20,825
Museum gift shop	4,294	-	4,294	1,965	-	1,965
Membership dues	10,450	-	10,450	2,515	-	2,515
Admissions	20,085	-	20,085	6,774	-	6,774
Investment appreciation (depreciation) net of fees		(243,268)	(243,268)	769	337,121	337,890
Investment income	47,954		47,954	20,772		20,772
Other income	10,132	-	10,132		-	0
Net assets released from restrictions	541,114	(541,114)	-	347,358	(347,358)	0
Total Revenue	775,973	(784,382)	(8,409)	414,447	(10,237)	404,210
Total Operating Support and Revenue	2,656,513	(441,435)	2,215,078	1,898,818	498,620	2,397,438
Operating Expenses						
Programs						
Collections and exhibitions	808,601	-	808,601	687,399	-	687,399
Visitor services and membership	414,402	-	414,402	351,717	-	351,717
Public programs and education	516,942	-	516,942	400,288	-	400,288
Total Programs	1,739,945	-	1,739,945	1,439,404	-	1,439,404
Management and support services	435,720	-	435,720	342,324	-	342,324
Fundraising and development	282,254	-	282,254	203,485	-	203,485
Total Operating Expenses	2,457,919	-	2,457,919	1,985,213	-	1,985,213
Changes in Net Assets	198,594	(441,435)	(242,841)	(86,395)	498,620	412,225
Net Assets-Beginning of Year	1,569,251	1,951,527	3,520,778	1,655,646	1,452,907	3,108,553
Net Assets-End of Year	\$ 1,767,845	\$ 1,510,092	\$ 3,277,937	\$ 1,569,251	\$ 1,951,527	\$ 3,520,778

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

STATEN ISLAND MUSEUM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Visitor						
	Collections & Exhibits	Public Affairs, Services, Membership	Public Programs & Education	Total	Management and General	Development & Fundraising	Total 2022
Salaries & Wages	\$ 286,367	\$ 198,416	\$ 193,267	\$ 678,049	\$ 172,390	\$ 112,667	\$ 963,107
Payroll Taxes	20,858	14,535	14,094	49,487	12,637	8,853	70,977
Fringe Benefits	77,251	73,001	45,053	195,305	55,563	29,633	280,501
Pension	34,185	18,616	18,925	71,726	19,586	9,878	101,191
Advertising and Marketing	2,607	10,650	1,683	14,939	331	1,047	16,317
Interest and bank charges	-	0	0	-	3,491	-	3,491
Collections Management	21,206	0	0	21,206	-	-	21,206
Museum Store	-	0	0	-	2,306	-	2,306
Depreciation	35,300	12,602	23,582	71,484	2,869	2,319	76,672
Dues, Subscriptions & Fees	3,268	2,598	1,330	7,196	7,160	32,919	47,275
Bad Debt	-	0	0	-	11,909	-	11,909
Equipment Purchase/Lease/Svc	28,279	7,639	11,544	47,462	4,033	3,295	54,790
Collections acquisition in kind	-	0	0	-	-	-	-
Fundraising Cost of Direct Benefit to	-	0	0	-	-	41,947	41,947
Insurance Expense	21,414	6,423	9,289	37,125	2,878	2,665	42,668
Office Expense/Software/Technology	8,378	4,804	4,296	17,478	3,515	3,518	24,511
Postage & Shipping	7,181	1,098	2,044	10,323	932	1,093	12,348
Printing & Publications	5,494	2,612	8,656	16,762	298	1,652	18,712
Photography/Framing/Production Costs	27,899	0	1,396	29,295	-	600	29,895
Contracted Services - Artistic/Programs	19,473	913	53,401	73,787	-	-	73,787
Professional Fees, Audit & Legal	828	761	794	2,383	17,196	430	20,010
Contracted Services Operations	28,303	8,491	19,812	56,606	-	-	56,606
Contracted Services Administrative	33,237	9,633	11,151	54,021	62,010	24,077	140,108
Supplies/General	3,980	1,519	8,478	13,977	1,758	1,263	16,997
Telephone/Internet	4,699	3,970	4,146	12,815	2,723	2,366	17,904
Occupancy/Common Charges	55,130	14,109	30,896	100,135	50,000	364	150,499
Hospitality/Entertainment	7,776	185	2,371	10,332	1,723	1,422	13,476
Utilities - Energy	70,706	21,212	49,495	141,413	-	-	141,413
Automobile expense/bus rental/Travel	4,783	615	1,239	6,638	412	246	7,296
Prior Year Income/expense							-
Total Expenses in 2022	\$ 808,601	\$ 414,402	\$ 516,942	\$ 1,739,945	\$ 435,720	\$ 282,254	\$ 2,457,919

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

STATEN ISLAND MUSEUM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Visitor						
	Collections & Exhibits	Services, Public Affairs, Membership	Public Programs & Education	Total	Management and General	Development & Fundraising	Total 2021
Salaries & Wages	\$ 252,140	\$ 160,353	\$ 164,032	\$ 576,525	\$ 142,980	\$ 107,065	\$ 826,570
Payroll Taxes	18,679	11,371	12,209	42,259	10,809	8,555	61,623
Fringe Benefits	71,776	68,847	38,987	179,610	62,703	25,212	267,525
Pension	57,253	14,649	10,141	82,043	16,060	2,644	100,747
Advertising and Marketing	290	4,482	453	5,225	-	-	5,225
Interest and bank charges	-	-	-	-	2,403	-	2,403
Collections Management	23,858	-	-	23,858	-	-	23,858
Museum Store	-	1,093	-	1,093	-	-	1,093
Depreciation	33,073	12,155	23,201	68,429	3,011	3,188	74,628
Dues, Subscriptions & Fees	1,071	1,801	1,068	3,940	2,981	802	7,723
Bad Debt	-	-	-	-	13,100	-	13,100
Equipment Purchase/Lease/Svc	36,550	12,302	21,792	70,644	5,759	4,511	80,914
Collections acquisition in kind	-	-	-	-	-	-	-
Fundraising Cost of Direct Benefit to	-	-	-	-	-	3,990	3,990
Insurance Expense	17,469	5,825	9,203	32,497	2,219	1,923	36,639
Office Expense/Software/Technology	6,491	5,897	6,842	19,230	4,276	4,147	27,653
Postage & Shipping	861	418	443	1,722	303	307	2,332
Printing & Publications	2,564	3,290	4,049	9,903	294	255	10,452
Photography/Framing/Production Costs	11,674	-	38	11,712	-	-	11,712
Contracted Services - Artistic/Programs	150	2,840	9,887	12,877	-	-	12,877
Professional Fees, Audit & Legal	770	708	738	2,216	17,162	400	19,778
Contracted Services Operations	8,174	2,452	5,867	16,493	-	-	16,493
Contracted Services Administrative	5,587	4,333	4,828	14,748	3,305	36,758	54,811
Supplies/General	2,303	1,791	4,048	8,142	1,130	1,002	10,274
Telephone/Internet	3,341	3,192	3,260	9,793	2,932	1,940	14,665
Occupancy/Common Charges	58,665	13,047	30,079	101,791	50,101	95	151,987
Hospitality/Entertainment	1,107	10	48	1,165	754	647	2,566
Utilities - Energy	67,802	20,341	47,462	135,605	-	-	135,605
Automobile expense/bus rental/Travel	5,751	520	1,613	7,884	42	44	7,970
Prior Year Income/expense	-	-	-	-	-	-	-
Total Expenses in 2021	\$ 687,399	\$ 351,717	\$ 400,288	\$ 1,439,404	\$ 342,324	\$ 203,485	\$ 1,985,213

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

STATEN ISLAND MUSEUM
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ (242,841)	\$ 412,225
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	76,672	74,628
Unrealized (gain) loss on investments	134,051	(223,876)
Realized (gain) loss on sale of investments Asset disposal	93,715	(93,156)
(Increase) Decrease in Operating Assets:		
Accounts receivable and Pledges Receivable	43,579	(163,368)
Inventory	842	798
Prepaid expenses	17,847	11,177
Increase (Decrease) in Operating Liabilities:		
Accounts payable and accrued expenses	(25,092)	78,244
Deferred revenue	(105)	(4,950)
Total Cash Flows Provided (Used) by Operating Activities	<u>98,668</u>	<u>91,722</u>
Cash Flows from Investing Activities:		
Purchases of investments	(518,290)	(244,916)
Proceeds from sale of marketable securities	482,211	507,537
Purchases of property and equipment	(171,863)	(39,760)
Construction In Progress	4,736	(117,366)
Total Cash Flows (Used in) Investing Activities	<u>(203,206)</u>	<u>105,495</u>
Cash Flows from Financing Activities:		
Borrowings on loans	-	-
Repayments on loans	(195,800)	-
Total Cash Flows Provided by Financing Activities	<u>(195,800)</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	(300,338)	197,217
Cash and Cash Equivalents-Beginning of Year	<u>550,713</u>	<u>353,496</u>
Cash and Cash Equivalents-End of Year	<u>\$ 250,375</u>	<u>\$ 550,713</u>
Supplementary Disclosure		
Interest paid	<u>\$ -</u>	<u>-</u>
Income tax paid	<u>\$ -</u>	<u>\$ -</u>

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

Staten Island Museum
Notes to Financial Statements

Note 1-The Organization

The Staten Island Institute of Arts and Sciences d/b/a Staten Island Museum (the “Museum”) is a non-profit organization. Founded in 1881 the Staten Island Museum engages visitors with interdisciplinary exhibitions, public programs, and educational activities for all ages. It is the mission of the Staten Island Museum to spark curiosity and generate meaningful shared experiences through natural science, art, and history to deepen understanding of our environment, ourselves, and each other.

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

Note 2-Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Museum are 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.

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.

Investments

The Museum records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of

Staten Island Museum
Notes to Financial Statements

Note 2-Summary of Significant Accounting Policies

Investments

interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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 historical experience, an assessment of economic conditions, a review of subsequent collections, 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

Staten Island Museum
Notes to Financial Statements

Note 2-Summary of Significant Accounting Policies

Property and Equipment

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 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 for June 30, 2022 and 2021 were \$ 21,206 and \$ 23,858 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. Expenses that are allocable include occupancy, depreciation, and insurance which are allocated on a square foot basis, as well as salaries and wages, benefits and payroll taxes which are allocated on the basis of estimates of time and effort.

Staten Island Museum
Notes to Financial Statements

Note 2-Summary of Significant Accounting Policies

Federal Income Tax

The Museum is organized as a New York nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under Section 501(a) as an organization described in IRC section 501 (C) (3), qualifies for the charitable contributions deduction and has been determined to not be a private foundation.

The Museum annually files a Return of Organization Exempt from Income Tax (form 990) with the IRS. The Museum has determined they are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (form 990T) with the IRS.

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-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, 2021, 2020 and 2019.

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.

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.

By arrangement with the Power Authority of the State of New York, the City of New York provides electricity to the Museum. Contributions were \$ 141,413 and \$ 135,605 for the years ended

Staten Island Museum
Notes to Financial Statements

Note 2-Summary of Significant Accounting Policies

Donated Materials and Services

June 30, 2022 and 2021 respectively. Donated amounts are recorded as both government support and expense in the accompanying financial statements.

Financial Instruments and Credit Risk

The Museum manages deposit concentration risk by placing cash, and cash equivalents with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Museum has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by management and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Museum.

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.

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 3-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:

Staten Island Museum
Notes to Financial Statements

Note 3-Liquidity and Availability

	2022	2021
Cash	\$ 250,375	\$ 550,713
Investments	1,180,079	1,371,766
Accounts and pledges receivable	360,553	404,132
Total Financial Assets	<u>1,791,007</u>	<u>2,326,611</u>

Less those unavailable for general expenditures within one year:

Contractual or donor imposed restrictions:		
Perpetual restrictions	625,733	625,733
Restrictions other than perpetual	884,359	1,325,794
	<u>1,510,092</u>	<u>1,951,527</u>

Financial assets available to meet cash needs for general expenditures within one year	\$ <u>280,915</u>	\$ <u>375,084</u>
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The Museum's endowment fund consists of donor-restricted 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 and a Margin account on its investments.

Note 4-Fair Value Measurements

The Museum reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted

Staten Island Museum
Notes to Financial Statements

Note 4-Fair Value Measurements

Level 2 – prices for identical or similar assets in markets that are not active, inputs other than quoted prices that for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances. In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

The following table presents assets measured at fair value on a recurring basis.

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
June 30, 2022				
Cash equivalents	\$ 0	\$ 0	\$	\$
Stock Mutual Funds	29,952	29,952		
Bond Mutual Funds	0	0		
Exchange Traded Products	803,966	803,966		
Common Stock	346,161	346,161		
Bonds	0	0		
	<u>\$ 1,180,079</u>	<u>\$ 1,180,079</u>	<u>\$ 0</u>	<u>\$ 0</u>
June 30, 2021				
Cash equivalents	\$ 0	\$ 0	\$	\$
Stock Mutual Funds	67,190	67,190		
Bond Mutual Funds	271,739	271,739		
Exchange Traded Products	679,623	679,623		
Common Stock	349,641	349,641		
Bonds	3,573	3,573		
	<u>\$ 1,371,766</u>	<u>\$ 1,371,766</u>	<u>\$ 0</u>	<u>\$ 0</u>

Staten Island Museum
Notes to Financial Statements

Note 4-Fair Value Measurements

Investment income for the years ended June 30, 2022 and 2021 are comprised of the following:

	2022	2021
Interest and dividend income, net of fees	\$ 47,954	\$ 21,541
Realized and unrealized gain (loss)	<u>(243,268)</u>	<u>337,121</u>
	<u>\$ (195,314)</u>	<u>\$ 358,662</u>

Note 5 - Endowments

The Museum's endowments consist of approximately five individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Museum to function as endowments. Board designated endowments represent commitments by the Organization to fund future operations, As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Museum to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

ASC958 Not for Profit Entities provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) which was enacted in the State of New York in September 2010.

Interpretation of relevant law -The Museum interprets UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Also classified as net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standards of prudence prescribed by UPMIFA.

The Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Museum, (7) where appropriate and circumstances warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Museum and (8) the Museum's investment policies.

Staten Island Museum
Notes to Financial Statements

Note 5 - Endowments

Investment Return Objectives, Risk Parameters and Strategies. The Museum has adopted investment and spending policies, for endowment assets that attempt to support the Museum's current and future operating needs, while preserving intergenerational equity. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity or for donor specified periods as well as Museum designated funds. Under these policies, the endowment assets are invested in a manner intended to produce returns that exceed both the annual spending rate and Museum inflation.

Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which approximates the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities.

Spending policy and how investment objectives relate to spending policy. Each year, the Trustees decide upon an amount to be spent from the endowment for the following fiscal year. In their deliberations, the Trustees use a spending framework designed to enable amounts to be spent in a relatively stable fashion, while allowing for reinvestment sufficient to preserve purchasing power in perpetuity. The framework targets annual spending rates of between 4.0 percent and 7.0 percent.

The endowment must seek investment returns sufficient to meet spending policy targets, as well as to maintain future purchasing power without deterioration of corpus resulting from Museum inflation.

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Museum to retain as a fund of perpetual duration. There were no funds with deficiencies at June 30, 2022 and 2021. Deficiencies may result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions while continued appropriations are deemed prudent by the Trustees.

In accordance with the terms of the donor gift instruments, the Museum is permitted to reduce the balance of restricted endowments below the original amount of the gift. Subsequent investment gains then are used to restore the balance up to the fair market value of the original amount of the gift. Both fund deficiencies and subsequent gains above the that amount are recorded in net assets with donor restrictions.

Staten Island Museum
Notes to Financial Statements

Note 5 - Endowments

Endowment net asset composition by type of fund and change in endowment net assets as of June 30, 2022 and 2021 are as follows:

Endowment net asset composition by type of fund as of June 30, 2022, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds with donor restrictions		\$625,733	\$625,733
Board designated endowment funds without donor restrictions	\$306,159		306,159
Total endowment funds	<u>\$306,159</u>	<u>\$625,733</u>	<u>\$931,892</u>

Change in endowment net assets as of June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$344,556	\$625,733	\$970,289
Contributions	0	0	0
Investment income, net of fees	10,939	11,678	22,617
Net appreciation (depreciation)	(49,336)	(73,013)	(122,349)
Net loss on perpetual trusts	0		0
Amounts available for distribution	0	61,335	61,335
Endowment net assets, end of year	<u>306,159</u>	<u>625,733</u>	<u>\$931,892</u>

Endowment net asset composition by type of fund and change in net assets as of June 30, 2021, is as follows:

Endowment net asset composition by type of fund as of June 30, 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds with donor restrictions		\$625,733	\$625,733
Board designated endowment funds without donor restrictions	\$344,556		344,556
Total endowment funds	<u>\$344,556</u>	<u>\$625,733</u>	<u>\$970,289</u>

Change in endowment net assets as of June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$306,704	\$625,733	\$932,437
Contributions	0	0	0
Investment income, net of fees	2,943	16,587	19,530
Net appreciation (depreciation)	57,063	157,367	214,430
Net loss on perpetual trusts	0		0
Amounts available for distribution	(22,154)	(173,954)	(196,108)
Endowment net assets, end of year	<u>\$344,556</u>	<u>\$625,733</u>	<u>\$970,289</u>

Staten Island Museum
Notes to Financial Statements

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

For the years ended June 30, 2022 and 2021, the City of New York, Department of Cultural Affairs made the following appropriations to the Museum:

	2022	2021
Operational Support	\$ 1,112,156	\$ 921,551
Energy Appropriations	141,413	135,605
Pension Plan Appropriation	83,479	70,975
Program Support	40,000	40,000
	<u>\$ 1,377,048</u>	<u>\$ 1,168,131</u>

Note 7-Property and Equipment

Property and equipment at June 30, 2022 and 2021 are as follows:

Building	\$ 1,908,803	\$ 1,791,437
Building Improvements	121,149	108,789
Office Equipment	28,818	28,818
Website & Software	35,960	16,060
Program Equipment	87,400	72,400
Vehicles	39,913	0
Furniture & Fixtures	116,204	109,120
	<u>2,338,247</u>	<u>2,126,624</u>
Less: Accumulated Depreciation	<u>(562,745)</u>	<u>(488,117)</u>
Property and Equipment, Net	<u>\$ 1,775,502</u>	<u>\$ 1,638,507</u>

Depreciation expense for 2021 and 2020 were \$ 74,628 and \$ 78,067 respectively.

Note 8-Margin Account and Line of Credit

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, 2022 and 2021, the outstanding loan on this line of credit was \$0.

The Museum has an unsecured line of credit with a bank, in the amount of \$ 50,000. Borrowings under the line bear interest at the bank's rate of 6%. Accrued interest and principal are due at maturity. At June 30, 2022 and 2021 there were no amounts due under the Line of Credit. The agreement requires the Museum to comply with certain financial and non-financial covenants.

Staten Island Museum
Notes to Financial Statements

Note 9- PPP Loan

Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) provided the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after then end of the covered period. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

On April 24, 2020, the Museum received loan proceeds (PPP draw 1) in the amount of \$ 195,800 under the Paycheck Protection Program (“PPP”). The Museum recorded a note payable at June 30, 2020 for PPP draw 1. The Museum used the PPP loan proceeds for purposes consistent with the terms and conditions of PPP and applied for forgiveness for PPP Draw 1 on March 24, 2021. Full forgiveness was recorded on April 6, 2021 upon being legally released from the loan obligation and the funds were recognized as government grant income for operations for the year ended June 30, 2021.

On January 24, 2021, the Museum received additional loan proceeds (PPP draw 2) also in the amount of \$195,800. The Museum used the PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness for PPP Draw 2 on October 4, 2021. Full forgiveness was recorded on October 7, 2021 upon being legally released from the loan obligation and the funds will be recognized as government grant income for operations for the year ended June 30, 2022.

To the extent that the Museum is not granted forgiveness, the Museum will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date of January 24, 2026. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

Note 10-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, 2022 and 2021 were as follows:

Staten Island Museum
Notes to Financial Statements

Note 10-Pension Plan

June 30, 2022 expense was \$ 101,191 of which \$ 83,479, was financed by an appropriation from the City of New York. The Museum's contribution to the savings plan during the year ended June 30, 2022, was \$ 17,712.

June 30, 2021 expense was \$ 100,747 of which \$ 70,975, was financed by an appropriation from the City of New York. The Museum's contribution to the savings plan during the year ended June 30, 2021, was \$ 29,772.

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 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 11-Commitments

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 \$ 744,892 and \$ 117,960 for capital expenses for renovation in the years 2022 and 2021 respectively. Historically, the City of New York has spent \$ 29,381,358 on capital expenses from 2005 to 2022.

In addition to amounts expended directly by The City of New York, the Museum also expended \$ 124,450 and \$ 9,460 in 2022 and 2021 respectively and \$ 2,299,922 since inception related to the Snug Harbor capital improvement project.

Note 12 Government Grants

Government grants for the years ended June 30, 2022 and 2021, consisted of the following:

Staten Island Museum
Notes to Financial Statements

Note 12 Government Grants

	2022	2021
Federal	\$ 304,439	\$ 209,230
New York State	231,928	83,427
New York City	<u>1,424,433</u>	<u>1,190,769</u>
	<u>\$ 1,960,800</u>	<u>\$ 1,483,426</u>

For the years ended June 30, 2022 and 2021, revenue and support from the City of New York were 54% and 49% of total revenue and support. Total governmental support was 74% and 61% of total revenue and support for the years ended June 30, 2022 and 2021.

Note 13 Net Assets with Donor Restrictions

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

	2022	2021
Subject to expenditure for specific purpose:		
Natural Sciences	\$ 646,206	\$ 840,369
Humanities Fund	68,127	169,375
Programming	<u>170,000</u>	<u>316,050</u>
	<u>\$ 884,333</u>	<u>\$ 1,325,794</u>
Endowments subject to appropriation and expenditure		
Natural Sciences	\$ 92,808	\$ 92,808
Humanities Fund	<u>532,925</u>	<u>532,925</u>
	<u>\$ 625,733</u>	<u>\$ 625,733</u>

Note 14 Subsequent Events and Other Matters

Management has further evaluated subsequent events through April 18, 2023, the date that the financial statements were available for issue and has determined that there were no additional adjustments and/or disclosures required.

The United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Museum is closely monitoring their investment portfolio and its liquidity and are actively working to minimize the impact of these declines. The financial statements do not include adjustments to fair value that have resulted from these declines.

See Note 9 PPP Loan for forgiveness of the outstanding balance of the PPP Loan on October 7, 2021.

Certain amounts from the prior year have been reclassified to conform with current year reporting.