

LONG ISLAND CHILDREN'S MUSEUM

**Financial Statements
for the years ended
June 30, 2021
and
June 30, 2020**

Independent Auditor's Report

The Board of Trustees
Long Island Children's Museum

We have audited the accompanying financial statements of Long Island Children's Museum which comprise the statements of financial position as of June 30, 2021 and June 30, 2020 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Island Children's Museum as of June 30, 2021 and June 30, 2020 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty + Donnelly LLP

December 21, 2021

LONG ISLAND CHILDREN'S MUSEUM

Statements of Financial Position

Assets

	June 30	
	2021	2020
Cash and cash equivalents	\$ 251,776	\$ 391,520
Investments, at fair value	905,941	510,185
Contributions receivable	319,759	395,049
Accounts receivable	23,801	-
Employee retention tax credits receivable	99,085	-
Inventory	29,163	42,400
Prepaid expenses	-	5,025
Property and equipment, net	467,414	903,391
Total assets	\$ 2,096,939	\$ 2,247,570

Liabilities and Nets Assets

Liabilities

Accounts payable and accrued expenses	\$ 213,986	\$ 426,465
Deferred membership revenue	151,621	359,204
Loans payable	769,448	769,400
Total liabilities	1,135,055	1,555,069

Net assets

Without donor restrictions (deficit)	(226,971)	(237,684)
With donor restrictions	1,188,855	930,185
Total net assets	961,884	692,501
Total liabilities and net assets	\$ 2,096,939	\$ 2,247,570

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Statements of Activities

	Year Ended June 30			
	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Public support and revenue:				
Public support:				
Individuals	\$ 170,008	\$ -	\$ 170,008	\$ 250,000
Corporations	187,853	-	187,853	49,500
Foundations	106,000	370,000	476,000	2,500
Government:				
Federal	33,227	149,485	182,712	377,564
State	84,000	-	84,000	110,000
County	29,997	-	29,997	-
Government grant	619,500	-	619,500	75,000
Employee retention tax credits	99,085	-	99,085	-
Special events, net	815,269	-	815,269	-
Contributed goods and services	299,007	-	299,007	-
Total support	<u>2,443,946</u>	<u>519,485</u>	<u>2,963,431</u>	<u>789,564</u>
Revenue:				
Admissions	543,474	-	543,474	-
Memberships	247,496	-	247,496	-
Corporate membership	10,000	-	10,000	-
Retail sales (net of cost of goods sold of \$29,461 and \$82,854 and for 2021 and 2020, respectively)	40,570	-	40,570	-
Birthday parties	13,103	-	13,103	-
Education fees	110,624	-	110,624	-
Theatre performances	2,237	-	2,237	-
Museum rentals	10,751	-	10,751	-
Vending machines	736	-	736	-
Interest revenue, net	123,285	-	123,285	-
Total revenue	<u>1,102,276</u>	<u>-</u>	<u>1,102,276</u>	<u>869</u>
Total public support and revenue before release from restrictions	3,546,222	519,485	4,065,707	789,564
Net assets released from restrictions	<u>260,815</u>	<u>(260,815)</u>	<u>-</u>	<u>(201,666)</u>
Total public support and revenue	<u>3,807,037</u>	<u>258,670</u>	<u>4,065,707</u>	<u>587,898</u>
Expenses:				
Program services	2,867,784	-	2,867,784	-
Supporting activities				
Management and general	522,112	-	522,112	-
Fundraising	406,428	-	406,428	-
Total supporting services	928,540	-	928,540	-
Total expenses	3,796,324	-	3,796,324	-
Increase (decrease) in net assets	<u>10,713</u>	<u>258,670</u>	<u>269,383</u>	<u>587,898</u>
Net assets (deficit), beginning of year	<u>(237,684)</u>	<u>930,185</u>	<u>692,501</u>	<u>342,287</u>
Net assets (deficit), end of year	<u>\$ (226,971)</u>	<u>\$ 1,188,855</u>	<u>\$ 961,884</u>	<u>\$ 930,185</u>

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Statement of Functional Expenses Year Ended June 30, 2021 (with summarized information for June 30, 2020)

	Program Services				Support Services			Totals	
	Exhibitions	Education	Visitors Services	Total Program Services	Management and General	Fundraising	Total Support Services	2021	2020
Salaries	\$ 308,181	\$ 786,665	\$ 254,283	\$ 1,349,129	\$ 127,317	\$ 218,691	\$ 346,008	\$ 1,695,137	\$ 2,484,892
Payroll taxes and benefits	46,848	147,553	38,524	232,925	33,523	28,573	62,096	295,021	415,615
Promotions	842	64,809	-	65,651	140	1,300	1,440	67,091	114,804
Banking and credit card charges	-	20,435	-	20,435	4,775	695	5,470	25,905	56,508
Professional fees	100,609	119,772	1,725	222,106	120,188	90,940	211,128	433,234	437,037
Food and catering	-	446	973	1,419	-	-	-	1,419	48,337
Traveling exhibitions	-	-	-	-	-	-	-	-	62,160
Miscellaneous	72	850	-	922	10,601	-	10,601	11,523	22,162
Repairs and maintenance	52,078	845	-	52,923	2,591	6,237	8,828	61,751	69,902
Telephone	1,569	20,516	-	22,085	20,316	-	20,316	42,401	36,216
Postage and printing	1,717	2,213	330	4,260	2,453	11,156	13,609	17,869	50,642
Dues, licenses and permits	75	4,904	149	5,128	5,036	610	5,646	10,774	12,467
Office expense	2,185	-	178	2,363	2,185	63	2,248	4,611	4,340
Custodial services	60,737	-	-	60,737	-	-	-	60,737	86,120
Materials and supplies	30,769	29,379	24,973	85,121	1,355	3,922	5,277	90,398	97,629
Conferences and training	527	20	1,795	2,342	188	528	716	3,058	19,501
Insurance	-	-	-	-	145,606	-	145,606	145,606	115,945
Furniture and equipment rental	11,831	-	-	11,831	3,693	-	3,693	15,524	21,815
Utilities	89,703	89,702	89,702	269,107	14,950	14,950	29,900	299,007	228,377
Technology	3,958	2,487	20,181	26,626	3,941	5,509	9,450	36,076	61,105
Subtotal	711,701	1,290,596	432,813	2,435,110	498,858	383,174	882,032	3,317,142	4,445,574
Depreciation and amortization	153,632	279,042	-	432,674	23,254	23,254	46,508	479,182	479,368
Total functional expenses	\$ 865,333	\$ 1,569,638	\$ 432,813	\$ 2,867,784	\$ 522,112	\$ 406,428	\$ 928,540	\$ 3,796,324	\$ 4,924,942

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Statement of Functional Expenses Year Ended June 30, 2020

	Program Services			Support Services			Totals
	Exhibitions	Education	Visitors Services	Total Program Services	Management and General	Fundraising	
Salaries	\$ 434,137	\$ 1,058,871	\$ 490,471	\$ 1,983,479	\$ 333,353	\$ 168,060	\$ 501,413
Payroll taxes and benefits	54,520	191,965	48,003	294,488	95,208	25,919	121,127
Promotions	-	3,306	-	3,306	108,641	2,857	111,498
Banking and credit card charges	-	50,162	-	50,162	6,346	-	6,346
Professional fees	85,523	94,118	8,514	188,155	114,559	134,323	248,882
Food and catering	693	12,103	33,768	46,564	1,613	160	1,773
Traveling exhibitions	62,160	-	-	62,160	-	-	-
Miscellaneous	3,173	18,597	213	21,983	179	-	179
Repairs and maintenance	68,630	1,272	-	69,902	-	-	-
Telephone	1,503	2,357	-	3,860	32,356	-	32,356
Postage and printing	3,057	17,883	21,346	42,286	7,584	772	8,356
Dues, licenses and permits	344	4,368	36	4,748	7,028	691	7,719
Office expense	236	863	-	1,099	3,101	140	3,241
Custodial services	85,790	330	-	86,120	-	-	-
Materials and supplies	24,407	19,525	52,720	96,652	859	118	977
Conferences and training	1,206	9,091	-	10,297	9,204	-	9,204
Insurance	-	-	-	-	115,945	-	115,945
Furniture and equipment rental	9,750	843	-	10,593	10,722	500	11,222
Utilities	68,513	68,513	68,513	205,539	11,419	11,419	22,838
Technology	7,611	8,504	35,761	51,876	9,229	-	9,229
Subtotal	911,253	1,562,671	759,345	3,233,269	867,346	344,959	1,212,305
Depreciation and amortization	153,686	279,154	-	432,840	23,264	23,264	46,528
Total functional expenses	\$ 1,064,939	\$ 1,841,825	\$ 759,345	\$ 3,666,109	\$ 890,610	\$ 368,223	\$ 1,258,833
							\$ 4,924,942

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Statements of Cash Flows

	Year Ended June 30	
	2021	2020
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 269,383	\$ (768,323)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Depreciation and amortization	479,182	479,368
Realized (gain) on investments	(13,489)	-
Unrealized (gain) loss on investments	(117,015)	10,214
Forgiveness of Payroll Protection Program loan	(619,500)	-
Changes in:		
Contributions receivable	75,290	(135,949)
Accounts receivable	(23,801)	164,907
Employee retention tax credits receivable	(99,085)	-
Inventory	13,237	(3,408)
Prepaid expenses	5,025	1,735
Accounts payable and accrued expenses	(212,479)	(73,578)
Deferred membership revenue	(207,583)	(18,945)
Net cash (used in) operating activities	<u>(450,835)</u>	<u>(343,979)</u>
Cash flows from investing activities		
Purchases of property and equipment	(43,205)	(34,139)
Purchases of investments	(587,573)	(520,399)
Proceeds from sale of investments	322,321	-
Net cash (used in) investing activities	<u>(308,457)</u>	<u>(554,538)</u>
Cash flows from financing activities		
Proceeds from loan payable	-	149,900
Proceeds from Payroll Protection Program loan	619,548	619,500
Net cash provided by financing activities	<u>619,548</u>	<u>769,400</u>
Net (decrease) in cash and cash equivalents	(139,744)	(129,117)
Cash and cash equivalents, beginning of year	\$ 391,520	520,637
Cash and cash equivalents, end of year	\$ 251,776	\$ 391,520

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements June 30, 2021 and June 30, 2020

Note 1 – Nature of organization

The Long Island Children's Museum (the "Museum") is an education institution incorporated in 1990 in the State of New York. The Museum presents exhibits and programs for families from all of Long Island, Queens and the New York City metropolitan area, as well as schoolchildren from pre-school through eighth grade from throughout Long Island. The Museum also provides in-depth educational enrichment programs to high need schools and community agencies serving low-income children and families. The Museum connects all our communities' children, and those who care for them, to one another and to a life of wonder, imagination and exploration. Here, children discover their passions and their relationship to the world we share.

The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

Note 2 – Summary of significant accounting policies

Basis of accounting

The financial statements of the Museum have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Functional allocation of expenses

The cost of providing the Museum's program and supporting services has been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the program and supporting services in ratios determined by management.

Cash equivalents

For financial reporting purposes, the Museum considers all highly liquid investments with maturities of three months or less when purchased, to be cash equivalents.

Investments

Investments are recorded at fair value based on publicly quoted market prices. Net realized gains or losses on the sale of investments and changes in unrealized gain (loss) on investments are recorded in the statements of activities as increases or decreases in net assets.

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020****Note 2 – Summary of significant accounting policies (continued)****Fair value measurements**

For assets measured at fair value on a recurring basis, accounting standards require quantitative disclosure about the fair value measurement separately for each major class of assets. The Museum's investments have been classified in the highest level of hierarchy (Level 1). The fair value of the investments are based on quoted prices in active markets for identical assets.

Financial reporting

The Museum reports information regarding its financial position and activities in two classes of net assets, which are as follows:

Without donor restrictions**Operating**

Represent resources, if any, that are not subject to donor-imposed restrictions.

Board-designated reserve fund

The Museum was the recipient of two unrestricted gifts from two Trustees that totaled \$250,000. The Board voted to classify these funds as a board-designated reserve fund governed by specific procedures as described in the related Board adopted policy. The purpose of this fund is to assist the Museum to manage operations during periods of low cash levels.

With donor restrictions

Represent those resources the use of which has been restricted by donors for specific purposes and/or the passage of time. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Included in this category are net assets subject to donor-imposed restrictions to be maintained in perpetuity by the Museum.

Contributions and contributions receivable

Contributions are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions are considered available for general use, unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Government grants require the Museum to request reimbursement of funds for expenditures made, accordingly, the Museum recognizes revenue as the related expense is incurred.

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020****Note 2 – Summary of significant accounting policies (continued)****Contributions and contributions receivable (continued)**

Funding contracts are often subject to audit by the applicable granting agencies. The possible disallowances by the granting agencies of any item charged to the program cannot be determined until such time when and if an audit occurs. Therefore, no provision for any potential disallowances that may result from such audits has been made in the accompanying financial statements. Management is of the opinion that any potential disallowances will not be material to the accompanying financial statements.

Revenue recognition**Membership revenue**

Membership revenue is recognized as revenue over the year-long term of the membership. Deferred membership revenue consists of memberships that will be earned in future periods.

Admissions and all other sources of revenue

Revenue from admissions and all other sources of revenue are recognized when earned.

Inventory

Inventory consists of educational retail products that further the mission of the Museum and are reported at the lower of cost or market value using an average cost method.

Property and equipment

Property and equipment are recorded at their original costs, or if contributed, at their appraised values at the dates of contribution. Depreciation of exhibits, furniture, fixtures and equipment is provided using the straight-line method over estimated useful lives of three to seven years. Leasehold improvements are being amortized on the straight-line method, over the lesser of the life of the lease or the estimated useful lives of the assets.

Contributed goods and services

The Museum receives labor services rendered by volunteers who support the Museum's programs and activities. These amounts have not been reflected in the financial statements as they do not meet the requirements for recognition under generally accepted accounting principles. During the 2021 and 2020 fiscal-years, the total number of hours donated by volunteers amounted to approximately 900 and 9,800, respectively.

The Museum receives other contributed services, which are an integral part of the activities of the Museum and would have had to be purchased by the Museum if they had not been donated. Other contributed services have been recorded at their estimated fair value based on what it would have cost if purchased independently and have been reflected as support and corresponding expenses in the accompanying statements of activities.

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements (continued) June 30, 2021 and June 30, 2020

Note 2 – Summary of significant accounting policies (continued)

Advertising costs

Advertising costs are expensed as incurred.

Risks and uncertainties

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the coronavirus. The economic impact of the ongoing coronavirus pandemic on the Museum's future financial operations is not readily determinable.

Subsequent events

The Museum has evaluated events and transactions for potential recognition or disclosure through December 21, 2021, which is the date the financial statements were available to be issued.

During the 2022 fiscal year, the Museum received a "Shuttered Venue Operations Grant" from the United States Small Business Administration. The grant is to be used primarily for salary and benefits for the period July 12, 2021 through December 31, 2021.

Note 3 – Liquidity and availability of financial assets

The Museum's working capital and cash flow is subject to variations during the year due to the seasonal nature of cash receipts for admissions and other earned income and the concentration of contributions near the end of the fiscal year due to the timing of its fundraising gala event. In order to manage liquidity, the Museum's Board of Trustees designated funds of \$250,000 as a working capital reserve. With varying levels of authorization requirements, management is able to withdraw monies from this fund in amounts up to \$250,000 to meet cash flow needs. The funds must be paid under terms ranging from 60 to 180 days, depending upon the withdrawal amount.

The following is a summary of the Museum's financial assets as of June 30, 2021 and June 30, 2020, reduced by amounts not available for general use within one year of the statements of financial position date due to donor-imposed restrictions or internal designations:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 251,776	\$ 391,520
Investments, at fair value	905,941	510,185
Contributions receivable	319,759	395,049
Accounts receivable	23,801	-
Employee retention tax credits receivable	<u>99,085</u>	<u>-</u>
Total financial assets	1,600,362	1,296,754
Less: contractual or donor-imposed restrictions:		
Endowment funds	(800,000)	(500,000)
Board-designations:		
Working capital reserve fund	<u>(250,000)</u>	<u>(250,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 550,362</u>	<u>\$ 546,754</u>

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements (continued) June 30, 2021 and June 30, 2020

Note 4 – Investments, at fair value

Investments consist of the following as of June 30, 2021 and June 30, 2020:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Fixed income – corporate bond	\$ 178,906	\$ 179,813	\$ 156,397	\$ 163,218
Exchange traded fund – U.S. large cap	109,487	148,965	102,752	102,067
Equities	260,747	327,163	261,250	244,900
Money Fund	250,000	250,000	-	-
	<u>\$ 799,140</u>	<u>\$ 905,941</u>	<u>\$ 520,399</u>	<u>\$ 510,185</u>

Note 5 – Contributions receivable

All contributions receivable balances have been estimated to be due within 12 months of each fiscal-year.

Note 6 – Property and equipment

At each fiscal year end, property and equipment consisted of the following:

	June 30	
	2021	2020
Leasehold improvements	\$ 8,637,014	\$ 8,593,809
Exhibits	3,944,040	3,944,040
Furniture and fixtures	460,215	460,215
Equipment	<u>589,399</u>	<u>589,399</u>
Total property and equipment	13,630,668	13,587,463
Less: accumulated depreciation and amortization	<u>(13,163,254)</u>	<u>(12,684,072)</u>
Total property and equipment, net	<u>\$ 467,414</u>	<u>\$ 903,391</u>

Depreciation and amortization expense for fiscal years 2021 and 2020 was \$479,182 and \$479,368, respectively.

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements (continued) June 30, 2021 and June 30, 2020

Note 7 – Net assets with donor restrictions

Net assets with donor-imposed restrictions consists of net asset with temporary and perpetual donor restrictions.

Net assets with temporary donor restrictions

At June 30, 2021, net assets with donor restrictions, consisted of the following:

	Balance At June 30, 2020	Support	Released from Restrictions	Balance At June 30, 2021
LICM4all	\$ 143,969	\$ -	\$ (86,580)	\$ 57,389
Saltwater Stories	126,716	16,770	(88,735)	54,751
Succession Planning & Leadership Development	-	132,715	-	132,715
The Edith Glick Shoolman Foundation	-	70,000	(35,000)	35,000
CARES Act for staff	5,000	-	(5,000)	-
Theater Capital	99,000	-	-	99,000
Restricted for Time	55,500	-	(45,500)	10,000
Total	<u>\$ 430,185</u>	<u>\$ 219,485</u>	<u>\$ (260,815)</u>	<u>\$ 388,855</u>

Net assets with perpetual donor restrictions

At June 30, 2021 and 2020, net assets with perpetual donor restrictions totaled \$800,000 and \$500,000, respectively.

Note 8 – Endowment funds

The endowment

The Museum's endowment is composed of one fund established for purposes to be defined by the donor.

Return objectives and risk parameters

The Board of Trustees has adopted investment and spending policies for the Museum's endowment assets that seek to provide a predictable stream of funding to programs supported by its endowment, and maintain purchasing power of the endowment over time.

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020****Note 8 – Endowment funds (continued)****Strategies employed for achieving objectives**

To satisfy its long-term rate of return objectives, the Museum's investment policy calls for the reliance on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum targets a diversified asset allocation with prudent risk constraints. The Museum's current endowment fund contains provisions within the gift instrument that supersede the Museum's investment policy.

Spending policy and relationship to investment objectives

Appropriations from the endowment funds will be made on a fund-by-fund basis and in accordance with any specific directives on spending that the donor has imposed. The Museum will establish a spending rate that will balance the need for resources for the Museum with the objective of growing the endowment fund.

Note 9 – Contributed land, services and goods**Contributed use of land**

In January 2002, the Museum took occupancy of its Mitchell Field, Garden City, New York exhibit and office space. The Museum has entered into a 20-year renewable lease for this space, which is owned by the County of Nassau (the "County"), and was unoccupied prior to the County permitting the Museum to utilize the space. Due to the Museum serving the public interest by constructing and maintaining a museum within the formerly unoccupied premises, and in consideration of the benefit to the County from the operation of the facility, and for special rates offered to school children, youth groups, etc., the amount of rent to be collected as a rental fee shall be reduced to zero. Accordingly, the Museum has not recorded any rental value in the accompanying financial statements. Also pursuant to the lease, the County has agreed to provide all utilities that are required for the operation of the Museum, excluding telephone service, free of charge. The Museum recorded revenue and corresponding expense for these contributed utilities totaling \$299,007 for 2021 and \$228,377 for 2020. During December 2021, the lease was renewed for 20 years effective June 15, 2018.

Contributed services

The Museum has received donated services that include advertising and landscaping services. These services have been estimated at a value of \$8,940 for fiscal year 2020 and are reported as income and expense in the accompanying statements of activities. There were no donated services during the 2021 fiscal year.

Note 10 – Retirement plan

The Museum maintains a deferred compensation plan for a key employee of the Museum. The expense to the Museum was \$12,525 for the 2020 fiscal year. The Museum is disbursing semi-annual payments of \$12,500 to the employee which will continue until the accrued balance is fully paid.

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements (continued) June 30, 2021 and June 30, 2020

Note 11 – Loans payable

At June 30, 2021, loans payable consisted of the following:

Payroll Protection Program

During April 2020, the Museum was approved for and received \$619,500 under the Paycheck Protection Program (the “PPP Loan”). The PPP Loan was created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (“SBA”). During the 2021 fiscal year, the Museum met the requirements and filed an application for PPP Loan forgiveness. During August 2021, the PPP Loan forgiveness application was confirmed by the SBA and as a result, the Museum elected to record the \$619,500 as a government grant in the 2021 fiscal year statements of activities.

During February 2021, the Museum received a second draw under the PPP loan, totaling \$619,548 at terms substantially similar to the first draw received in 2020. The Museum expects to meet the PPP requirements for loan forgiveness and will record the PPP Loan as government grant revenue when such forgiveness is confirmed by the SBA.

Economic Injury Disaster Loan

During the 2020 fiscal year, the Museum applied for an Economic Injury Disaster Loan (“EIDL”) with the U.S. Small Business Administration to provide disaster relief from the COVID-19 pandemic. On May 19, 2020, the loan was approved for \$150,000 and the Museum received that amount, less a \$100 third-party filing fee. In addition, the Museum received a \$10,000 non-refundable Economic Injury Disaster grant, which is recorded as revenue on the statements of activities.

Repayment of the EIDL commences 24 months after closing (May 2022) and requires monthly payments of \$641 applicable first to a fixed interest rate of 2.75% per annum and the balance to a reduction of principal. The EIDL will be amortized over 360 months, until May 2050, when the entire unpaid principal balance and all accrued and unpaid interest would be due and payable. As of June 30, 2021, the EIDL is in deferment status and interest is accruing on the amount the Museum has received. The EIDL is collateralized by a security interest, as defined in the EIDL documents.

As of June 30, 2021, the required annual principal payments on the EIDL is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 595
2023	3,624
2024	3,726
2025	3,829
2026	3,936
2027 and thereafter	134,190
Total	<u>\$ 149,900</u>

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements (continued) June 30, 2021 and June 30, 2020

Note 12 – Employee retention tax credits

In response to the coronavirus emergency, the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) was signed into law on March 27, 2020. The CARES Act provided, among other things, a refundable payroll tax credit of 50% of the first \$10,000 of qualified wages per employee for wages paid or incurred from March 13, 2020 through December 31, 2020. During 2021, the Consolidated Appropriations Act and the American Rescue Plan Act increased the payroll tax credit from 50% to 70% of up to \$10,000 of qualified wages per quarter per employee through December 31, 2021 for eligible employers. The Infrastructure Investment and Jobs Act signed in November 2021 retroactively terminated the employee retention payroll tax credits as of September 30, 2021. In connection therewith, such payroll tax credits through June 30, 2021 totaled \$99,085.

Note 13 – Commitment

The Museum has a lease for office equipment which expires May 2025. As of June 30, 2021, future minimum lease payments under this lease are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2022	\$ 9,578
2023	9,578
2024	9,578
2025	8,780
Total	<u>\$ 37,514</u>

Note 14 – Results of activities

The operating activity of the Museum for the year ended June 30, 2021 was an increase of \$10,713. Included in the increase is \$479,182 of depreciation and amortization expense, a non-cash expense.

Accordingly, by adjusting for the depreciation and amortization, the operations of the Museum would reflect an operating increase in net assets of \$489,895 for the year ended June 30, 2021.