

**LONG ISLAND CHILDREN'S MUSEUM**

**Financial Statements  
for the years ended  
June 30, 2020  
and  
June 30, 2019**

**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, 2020 and June 30, 2019 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, 2020 and June 30, 2019 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*

January 12, 2021

# LONG ISLAND CHILDREN'S MUSEUM

## Statements of Financial Position

### Assets

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 391,520	\$ 520,637
Investments, at fair value	510,185	-
Accounts receivable	-	164,907
Contributions receivable	395,049	259,100
Inventory	42,400	38,992
Prepaid expenses	5,025	6,760
Property and equipment, net	<u>903,391</u>	<u>1,348,620</u>
<b>Total assets</b>	<b><u>\$ 2,247,570</u></b>	<b><u>\$ 2,339,016</u></b>

### Liabilities and Nets Assets

#### Liabilities

Accounts payable and accrued expenses	\$ 426,465	\$ 500,043
Deferred membership revenue	359,204	378,149
Loans payable	<u>769,400</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>1,555,069</u></b>	<b><u>878,192</u></b>

#### Net assets (deficit)

Without donor restrictions (deficit)	(237,684)	1,118,537
With donor restrictions	<u>930,185</u>	<u>342,287</u>
<b>Total net assets</b>	<b><u>692,501</u></b>	<b><u>1,460,824</u></b>

<b>Total liabilities and net assets</b>	<b><u>\$ 2,247,570</u></b>	<b><u>\$ 2,339,016</u></b>
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## LONG ISLAND CHILDREN'S MUSEUM

## Statements of Activities

	Year Ended June 30			
	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>Public support and revenue:</b>				
Public support:				
Individuals	\$ 472,596	250,000	\$ 446,972	\$ -
Corporations	184,599	49,500	240,967	35,000
Foundations	118,874	2,500	70,700	-
Government:				
Federal	-	377,564	3,750	-
State	-	110,000	-	55,500
County	75,000	-	-	-
Special events, net	222,500	-	100,000	-
Contributed goods and services	237,317	-	637,141	-
Total support	1,310,886	789,564	251,935	251,935
Revenue:			1,751,465	90,500
Admissions	1,270,285	-	1,791,787	-
Memberships	274,014	-	458,354	-
Corporate membership	65,000	-	32,500	-
Retail sales (net of cost of goods sold of \$82,854 and \$124,655 for 2020 and 2019, respectively)				32,500
Birthday parties	60,920	-	81,627	-
Education fees	206,399	-	280,467	-
Theatre performances	87,088	-	180,960	-
Museum rentals	61,571	-	113,402	-
Vending machines	25,400	-	26,700	-
Interest return, net	4,623	-	10,534	-
Total revenue	869	-	505	1,176
Total public support and revenue before release from restrictions	2,056,169	-	2,976,836	1,176
Net assets released from restrictions	3,367,055	789,564	4,728,301	91,676
Total public support and revenue	201,666	(201,666)	80,000	(80,000)
Expenses:				
Program services	3,568,721	587,898	4,808,301	11,676
Supporting activities				
Management and general	3,666,102	-	3,872,229	-
Fundraising	890,610	-	924,507	-
Total supporting services	368,223	-	396,588	-
Total expenses	1,258,833	-	1,321,095	-
Increase (decrease) in net assets	4,924,942	-	5,193,324	-
Net assets, beginning of year	(1,356,221)	587,898	(385,023)	11,676
Net assets (deficit), end of year	1,118,537	342,287	1,503,560	330,611
	\$ (237,684)	\$ 930,185	\$ 1,118,537	\$ 342,287
				\$ 1,460,824

See notes to financial statements

# LONG ISLAND CHILDREN'S MUSEUM

## Statement of Functional Expenses Year Ended June 30, 2020 (with summarized information for June 30, 2019)

	Program Services				Support Services			Totals	
	Exhibitions	Education	Visitors Services	Total Program Services	Management and General	Fundraising	Total Support Services	2020	2019
Salaries	\$ 434,137	\$ 1,058,871	\$ 490,471	\$ 1,983,479	\$ 333,353	\$ 168,060	\$ 501,413	\$ 2,484,892	\$ 2,637,531
Payroll taxes and benefits	54,520	191,965	48,003	294,488	95,208	25,919	121,127	415,615	418,794
Promotions	-	3,306	-	3,306	108,641	2,857	111,498	114,804	140,791
Banking and credit card charges	-	50,162	-	50,162	6,346	-	6,346	56,508	79,747
Professional fees	85,523	94,118	8,514	188,155	114,559	134,323	248,882	437,037	415,357
Food and catering	693	12,103	33,768	46,564	1,613	160	1,773	48,337	55,888
Traveling exhibitions	62,160	-	-	62,160	-	-	-	62,160	81,315
Miscellaneous	3,173	18,597	213	21,983	179	-	179	22,162	37,577
Repairs and maintenance	68,630	1,272	-	69,902	-	-	-	69,902	53,705
Telephone	1,503	2,357	-	3,860	32,356	-	32,356	36,216	36,922
Postage and printing	3,057	17,883	21,346	42,286	7,584	772	8,356	50,642	50,993
Dues, licenses and permits	344	4,368	36	4,748	7,028	691	7,719	12,467	18,783
Office expense	236	863	-	1,099	3,101	140	3,241	4,340	3,140
Custodial services	85,790	330	-	86,120	-	-	-	86,120	101,099
Materials and supplies	24,407	19,525	52,720	96,652	859	118	977	97,629	136,208
Conferences and training	1,206	9,091	-	10,297	9,204	-	9,204	19,501	22,723
Insurance	-	-	-	-	115,945	-	115,945	115,945	112,699
Furniture and equipment rental	9,750	843	-	10,593	10,722	500	11,222	21,815	25,937
Utilities	68,513	68,513	68,513	205,539	11,419	11,419	22,838	228,377	248,085
Technology	7,611	8,504	35,761	51,876	9,229	-	9,229	61,105	41,185
Subtotal	911,253	1,562,671	759,345	3,233,269	867,346	344,959	1,212,305	4,445,574	4,718,479
Depreciation and amortization	153,686	279,154	-	432,840	23,264	23,264	46,528	479,368	474,845
Total functional expenses	\$ 1,064,939	\$ 1,841,825	\$ 759,345	\$ 3,666,109	\$ 890,610	\$ 368,223	\$ 1,258,833	\$ 4,924,942	\$ 5,193,324

See notes to financial statements

# LONG ISLAND CHILDREN'S MUSEUM

## Statement of Functional Expenses Year Ended June 30, 2019

	Program Services			Support Services			Totals
	Exhibitions	Education	Visitors Services	Total Program Services	Management and General	Fundraising	Total Support Services
Salaries	\$ 454,317	\$ 1,117,569	\$ 534,874	\$ 2,106,760	\$ 331,825	\$ 198,946	\$ 530,771
Payroll taxes and benefits	53,980	179,798	72,757	306,535	80,597	31,662	112,259
Promotions	-	2,713	-	2,713	138,078	-	138,078
Banking and credit card charges	-	74,015	-	74,015	5,692	40	5,732
Professional fees	71,226	73,480	13,328	158,034	129,171	128,152	257,323
Food and catering	390	18,601	34,840	53,831	1,932	125	2,057
Traveling exhibitions	81,315	-	-	81,315	-	-	-
Miscellaneous	1,014	34,176	1,280	36,470	847	260	1,107
Repairs and maintenance	51,554	444	-	51,998	1,707	-	1,707
Telephone	892	28	-	920	36,002	-	36,002
Postage and printing	3,078	18,007	21,494	42,579	7,637	777	8,414
Dues, licenses and permits	75	9,727	-	9,802	8,108	873	8,981
Office expense	23	534	184	741	2,399	-	2,399
Custodial services	101,099	-	-	101,099	-	-	-
Materials and supplies	53,845	54,817	19,507	128,169	7,727	312	8,039
Conferences and training	3,753	11,998	1,795	17,546	5,177	-	5,177
Insurance	-	666	-	666	112,033	-	112,033
Furniture and equipment rental	11,914	110	-	12,024	13,913	-	13,913
Utilities	74,426	74,426	74,426	223,278	12,404	12,403	24,807
Technology	5,130	5,732	24,103	34,965	6,220	-	6,220
Subtotal	968,031	1,676,841	798,588	3,443,460	901,469	373,550	1,275,019
Depreciation and amortization	152,329	276,440	-	428,769	23,038	23,038	46,076
Total functional expenses	\$ 1,120,360	\$ 1,953,281	\$ 798,588	\$ 3,872,229	\$ 924,507	\$ 396,588	\$ 1,321,095
							\$ 5,193,324

See notes to financial statements

# LONG ISLAND CHILDREN'S MUSEUM

## Statements of Cash Flows

	Year Ended June 30	
	2020	2019
<b>Cash flows from operating activities</b>		
(Decrease) in net assets	\$ (768,323)	\$ (373,347)
Adjustments to reconcile (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	479,368	474,845
Unrealized loss on investments	10,214	-
Bad debt expense	-	10,000
Changes in:		
Accounts receivable	164,907	(91,946)
Contributions receivable	(135,949)	13,627
Inventory	(3,408)	15,699
Prepaid expenses	1,735	(4,102)
Accounts payable and accrued expenses	(73,578)	10,747
Deferred membership revenue	(18,945)	47,013
Proceeds from Payroll Protection Program loan	619,500	-
Net cash provided by operating activities	<u>275,521</u>	<u>102,536</u>
<b>Cash flows (used in) investing activities</b>		
Purchases of property and equipment	(34,139)	(34,097)
Purchases of investments	<u>(520,399)</u>	<u>-</u>
Net cash (used in) investing activities	<u>(554,538)</u>	<u>(34,097)</u>
<b>Cash flows from financing activities</b>		
Proceeds from loan payable	<u>149,900</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(129,117)</b>	<b>68,439</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>520,637</u></b>	<b><u>452,198</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 391,520</u></b>	<b><u>\$ 520,637</u></b>

See notes to financial statements

## LONG ISLAND CHILDREN'S MUSEUM

### Notes to Financial Statements June 30, 2020 and June 30, 2019

#### **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, 2020 and June 30, 2019****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 restrictionsOperating

Represent resources 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 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 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, 2020 and June 30, 2019****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 2020 and 2019 fiscal-years, the total number of hours donated by volunteers amounted to approximately 9,800 and 13,700, 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, 2020 and June 30, 2019****Note 2 – Summary of significant accounting policies (continued)****Advertising costs**

Advertising costs are expensed as incurred.

**Reclassification**

Certain items in the fiscal year 2019 financial statements have been reclassified for comparative purposes only.

**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 coronavirus 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 January 12, 2021, which is the date the financial statements were available to be issued.

**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.

# LONG ISLAND CHILDREN'S MUSEUM

## Notes to Financial Statements (continued) June 30, 2020 and June 30, 2019

### Note 3 – Liquidity and availability of financial assets (continued)

The following is a summary of the Museum's financial assets as of June 30, 2020 and June 30, 2019, 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 391,520	\$ 520,637
Investments, at fair value	510,185	-
Accounts receivable	-	164,907
Contributions receivable	<u>395,049</u>	<u>259,100</u>
Total financial assets	1,296,754	944,644
Less: contractual or donor-imposed restrictions:		
Endowment funds	(500,000)	(251,787)
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>\$ 546,754</u>	<u>\$ 442,857</u>

### Note 4 – Investments, at fair value

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

	<u>Cost</u>	<u>Fair Value</u>
Fixed income – corporate bond	\$ 156,397	\$ 163,218
Exchange traded fund – U.S. large cap	102,752	102,067
Equities	<u>261,250</u>	<u>244,900</u>
	<u>\$ 520,399</u>	<u>\$ 510,185</u>

### Note 5 – Contributions receivable

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

**LONG ISLAND CHILDREN'S MUSEUM**

**Notes to Financial Statements (continued)**  
**June 30, 2020 and June 30, 2019**

**Note 6 – Property and equipment**

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

	<u>June 30</u>	
	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 8,593,809	\$ 8,574,764
Exhibits	3,944,040	3,944,040
Furniture and fixtures	460,215	460,215
Equipment	<u>589,399</u>	<u>574,305</u>
Total property and equipment	13,587,463	13,553,324
Less: accumulated depreciation and amortization	<u>(12,684,072)</u>	<u>(12,204,704)</u>
Total property and equipment, net	<u>\$ 903,391</u>	<u>\$ 1,348,620</u>

Depreciation and amortization expense for fiscal-years 2020 and 2019 was \$479,368 and \$474,845, respectively.

**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, 2020, net assets with donor restrictions, consisted of the following:

	Balance At June 30, <u>2019</u>	Support	Released from <u>Restrictions</u>	Balance At June 30, <u>2020</u>
Powerful PSEG	\$ 35,000	\$ -	\$ (35,000)	\$ -
LICM4all	-	212,365	(68,396)	143,969
Saltwater Stories	-	167,699	(40,983)	126,716
CARES Act for staff	-	5,000	-	5,000
Theater Capital	-	99,000	-	99,000
Robert Lemle and Roni Kohen-Lemle Endowment Fund	1,787	-	(1,787)	-
Restricted for Time	<u>55,500</u>	<u>55,500</u>	<u>(55,500)</u>	<u>55,500</u>
Total	<u>\$ 92,287</u>	<u>\$ 539,564</u>	<u>\$ (201,666)</u>	<u>\$ 430,185</u>

**Net assets with perpetual donor restrictions**

At June 30, 2020 and 2019, net assets with perpetual donor restrictions totaled \$500,000 and \$250,000, respectively.

**LONG ISLAND CHILDREN'S MUSEUM****Notes to Financial Statements (continued)  
June 30, 2020 and June 30, 2019****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.

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 \$228,377 for 2020 and \$248,085 for 2019.

**LONG ISLAND CHILDREN'S MUSEUM****Notes to Financial Statements (continued)  
June 30, 2020 and June 30, 2019****Note 9 – Contributed land, services and goods (continued)****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 and \$1,850 for fiscal-years 2020 and 2019, respectively and are reported as income and expense in the accompanying statements of activities.

**Contributed goods**

During fiscal-year 2019, the Museum has received donated goods for its annual auction with estimated value of \$45,032 and other donated goods utilized for its exhibits with estimated value of \$2,000. These gifts have been recognized as revenue and expense in the accompanying statements of activities. There were no donations during the 2020 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 both 2020 and 2019 fiscal years. During the subsequent period, the Museum has disbursed \$12,500 of the accrued deferred compensation to the employee and will continue to disburse semi-annual payments of \$12,500 until the accrued balance is fully paid.

**Note 11 – Loans payable**

At June 30, 2020, loans payable consisted of the following:

**Paycheck Protection Program**

During 2020, the Museum applied for and received \$619,500 under the Paycheck Protection Program (“PPP”) which is a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. The Museum has elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and the Museum is legally released. The Museum believes it has spent all of the proceeds in accordance with the terms of PPP loan program and expects to have the loan forgiven in its entirety during the 2021 fiscal year. Any amounts not forgiven are subject to interest at a fixed rate of 1% for a two year-term.

**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 statement of activities.

# LONG ISLAND CHILDREN'S MUSEUM

## Notes to Financial Statements (continued) June 30, 2020 and June 30, 2019

### Note 11 – Loans payable (continued)

#### Economic Injury Disaster Loan (continued)

Repayment of the EIDL commences 12 months after closing (May 2021) 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, 2020, 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, 2020, the required annual principal payments on the EIDL is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ -
2022	3,522
2023	3,620
2024	3,721
2025	3,825
2026 and thereafter	135,212
Total	<u>\$ 149,900</u>

### Note 12 – Commitment

The Museum has a lease for office equipment which expires May 2025. As of June 30, 2020, future minimum lease payments under this lease are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2021	\$ 9,578
2022	9,578
2023	9,578
2024	9,578
2025	8,780
Total	<u>\$ 47,092</u>

### Note 13 – Results of activities

The operating activity of the Museum for the year ended June 30, 2020 was a deficit of \$1,356,221. Included in the deficit is \$479,368 of depreciation and amortization expense, a non-cash expense. In addition, the Museum received forgivable loan proceeds totaling \$619,500 during the 2020 fiscal year in connection with the CARES Act (See note 11).

Accordingly, by adjusting for the depreciation and amortization and cash forgivable loan proceeds noted above, the operations of the Museum would reflect an operating decrease in net assets of \$257,353 for the year ended June 30, 2020.