

LONG ISLAND CHILDREN'S MUSEUM

**Financial Statements
and
Supplementary Information
for the years ended
June 30, 2022
and
June 30, 2021**

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Independent Auditor's Report

The Board of Trustees
Long Island Children's Museum

Opinion

We have audited the accompanying financial statements of Long Island Children's Museum (the "Museum"), which comprise the statements of financial position as of June 30, 2022 and June 30, 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 our opinion, the financial statements present fairly, in all material respects, the financial position of the Museum as of June 30, 2022 and June 30, 2021 and the result 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Museum and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 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

Our 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 and *Government 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 override of internal control. Misstatements 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 and *Government Auditing Standards*, we:

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

We are 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2023 on our consideration of the Museum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Museum's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control over financial reporting and compliance.

Condon O'Meara McGinty + Donnelly LLP

January 16, 2023

(Except as to the supplementary information on pages 19-27, which is as of March 14, 2023)

LONG ISLAND CHILDREN'S MUSEUM

Statements of Financial Position

Assets

	June 30	
	2022	2021
Cash and cash equivalents	\$ 675,387	\$ 251,776
Investments, at fair value	1,227,927	905,941
Grants receivable	494,456	319,759
Accounts receivable	14,813	23,801
Employee retention credits receivable	199,683	99,085
Inventory	37,967	29,163
Prepaid expenses	184,134	-
Property and equipment, net	<u>163,702</u>	<u>467,414</u>
Total assets	<u>\$ 2,998,069</u>	<u>\$ 2,096,939</u>

Liabilities and Nets Assets

Liabilities

Accounts payable and accrued expenses	\$ 288,009	\$ 213,986
Deferred membership revenue	330,998	151,621
Loans payable	<u>1,119,448</u>	<u>769,448</u>
Total liabilities	<u>1,738,455</u>	<u>1,135,055</u>

Net assets

Without donor restrictions (deficit)	(398,842)	(226,971)
With donor restrictions	<u>1,658,456</u>	<u>1,188,855</u>
Total net assets	<u>1,259,614</u>	<u>961,884</u>
Total liabilities and net assets	<u>\$ 2,998,069</u>	<u>\$ 2,096,939</u>

See notes to financial statements.

LONG ISLAND AND CHILDREN'S MUSEUM

Statements of Activities

	Year Ended June 30					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Public support:						
Individuals	\$ 140,508	\$ -	\$ 140,508	\$ 170,008	\$ -	\$ 170,008
Corporations	48,799	200,000	248,799	187,853	-	187,853
Foundations	488,022	320,000	808,022	106,000	370,000	476,000
Government:						
Federal	53,000	299,449	352,449	33,227	149,485	182,712
State	5,500	-	5,500	84,000	-	84,000
County	1,804	-	1,804	29,997	-	29,997
Government grants	779,003	-	779,003	619,500	-	619,500
Employee retention credits	222,375	-	222,375	99,085	-	99,085
Special events, net	602,916	-	602,916	815,269	-	815,269
Contributions of nonfinancial assets	263,997	-	263,997	299,007	-	299,007
Total support	2,605,924	819,449	3,425,373	2,443,946	519,485	2,963,431
Revenue:						
Admissions	1,533,852	-	1,533,852	543,474	-	543,474
Memberships	223,522	-	223,522	247,496	-	247,496
Corporate membership	-	-	-	10,000	-	10,000
Retail sales (net of cost of goods sold of \$108,397 and \$29,461 and for 2022 and 2021, respectively)						
Birthday parties	129,594	-	129,594	40,570	-	40,570
Education fees	151,535	-	151,535	13,103	-	13,103
Theatre performances	160,518	-	160,518	110,624	-	110,624
Museum rentals	29,249	-	29,249	2,237	-	2,237
Vending machines	26,202	-	26,202	10,751	-	10,751
Investment return, net	3,693	-	3,693	736	-	736
Total revenue	(253,764)	-	(253,764)	123,285	-	123,285
Total public support and revenue before release from restrictions	2,004,401	-	2,004,401	1,102,276	-	1,102,276
Net assets released from restrictions	4,610,325	819,449	5,429,774	3,546,222	519,485	4,065,707
Total public support and revenue	349,848	(349,848)	-	260,815	(260,815)	-
Expenses:	4,960,173	469,601	5,429,774	3,807,037	258,670	4,065,707
Program services	3,929,684	-	3,929,684	2,867,784	-	2,867,784
Supporting activities						
Management and general	641,015	-	641,015	522,112	-	522,112
Fundraising	561,345	-	561,345	406,428	-	406,428
Total supporting services	1,202,360	-	1,202,360	928,540	-	928,540
Total expenses	5,132,044	-	5,132,044	3,796,324	-	3,796,324
Increase (decrease) in net assets	(171,871)	469,601	297,730	10,713	258,670	269,383
Net assets (deficit), beginning of year	(226,971)	1,188,855	961,884	(237,684)	930,185	692,501
Net assets (deficit), end of year	\$ (398,842)	\$ 1,658,456	\$ 1,259,614	\$ (226,971)	\$ 1,188,855	\$ 961,884

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Statement of Functional Expenses Year Ended June 30, 2022 (with summarized information for June 30, 2021)

	Program Services			Support Services			Totals	
	Exhibitions	Education	Visitors Services	Total Program Services	Management and General	Fundraising	Support Services	
Salaries	\$ 467,098	\$ 1,119,184	\$ 435,738	\$ 2,022,020	\$ 300,889	\$ 283,717	\$ 584,606	\$ 2,606,626
Payroll taxes and benefits	69,583	166,854	65,606	302,043	49,245	35,692	84,937	386,980
Promotions	1,481	-	111,900	113,381	35,041	1,520	36,561	149,942
Banking and credit card charges	-	63,904	-	63,904	2,600	3,448	6,048	69,952
Professional fees	71,281	242,199	20,634	334,114	66,970	141,498	208,468	542,582
Food and catering	32	11,348	1,090	12,470	2,013	328	2,341	14,811
Traveling exhibitions	64,707	-	-	64,707	-	-	-	64,707
Miscellaneous	1,417	31,512	29	32,958	393	67	460	33,418
Repairs and maintenance	71,196	4,267	90	75,553	300	-	300	75,853
Telephone	941	-	31,017	31,958	10,339	-	10,339	42,297
Postage and printing	10,066	-	98	10,164	4,091	20,873	24,964	35,128
Dues, licenses and permits	75	614	1,091	1,780	14,138	1,688	15,826	17,606
Office expense	-	593	55	648	3,399	-	3,399	4,047
Custodial services	104,688	-	16,035	120,723	-	-	-	120,723
Materials and supplies	68,458	38,598	22,350	129,406	756	16,502	17,258	146,664
Conferences and training	705	2,997	1,404	5,106	4,561	2,539	7,100	12,206
Insurance	-	-	-	-	110,495	-	110,495	110,495
Furniture and equipment rental	15,026	3,602	-	18,628	3,603	3,062	6,665	25,293
Utilities	79,199	79,199	79,199	237,597	13,200	13,200	26,400	263,997
Technology	22,995	14,988	4,547	42,530	2,639	20,868	23,507	66,037
Subtotal	1,048,948	1,779,859	790,883	3,619,690	624,672	545,002	1,169,674	4,789,364
Depreciation and amortization	-	196,110	113,884	309,994	16,343	16,343	32,686	342,680
Total functional expenses	\$ 1,048,948	\$ 1,975,969	\$ 904,767	\$ 3,929,684	\$ 641,015	\$ 561,345	\$ 1,202,360	\$ 5,132,044
								\$ 3,796,324

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Statement of Functional Expenses Year Ended June 30, 2021

	Program Services				Support Services		
	Exhibitions	Education	Visitors Services	Total Program Services	Management and General	Fundraising	Total Support Services
Salaries	\$ 308,181	\$ 786,665	\$ 254,283	\$ 1,349,129	\$ 127,317	\$ 218,691	\$ 346,008
Payroll taxes and benefits	46,848	147,553	38,524	232,925	33,523	28,573	62,096
Promotions	842	64,809	-	65,651	140	1,300	1,440
Banking and credit card charges	-	20,435	-	20,435	4,775	695	5,470
Professional fees	100,609	119,772	1,725	222,106	120,188	90,940	211,128
Food and catering	-	446	973	1,419	-	-	-
Traveling exhibitions	-	-	-	-	-	-	-
Miscellaneous	72	850	-	922	10,601	-	10,601
Repairs and maintenance	52,078	845	-	52,923	2,591	6,237	8,828
Telephone	1,569	20,516	-	22,085	20,316	-	20,316
Postage and printing	1,717	2,213	330	4,260	2,453	11,156	13,609
Dues, licenses and permits	75	4,904	149	5,128	5,036	610	5,646
Office expense	2,185	-	178	2,363	2,185	63	2,248
Custodial services	60,737	-	-	60,737	-	-	-
Materials and supplies	30,769	29,379	24,973	85,121	1,355	3,922	5,277
Conferences and training	527	20	1,795	2,342	188	528	716
Insurance	-	-	-	-	145,606	-	145,606
Furniture and equipment rental	11,831	-	-	11,831	3,693	-	3,693
Utilities	89,703	89,702	89,702	269,107	14,950	14,950	29,900
Technology	3,958	2,487	20,181	26,626	3,941	5,509	9,450
Subtotal	711,701	1,290,596	432,813	2,435,110	498,858	383,174	882,032
Depreciation and amortization	153,632	279,042	-	432,674	23,254	23,254	46,508
Total functional expenses	\$ 865,333	\$ 1,569,638	\$ 432,813	\$ 2,867,784	\$ 522,112	\$ 406,428	\$ 928,540
							\$ 3,796,324

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Statements of Cash Flows

	Year Ended June 30	
	2022	2021
Cash flows from operating activities		
Increase in net assets	\$ 297,730	\$ 269,383
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	342,680	479,182
Realized (gain) on investments	(34,535)	(13,489)
Unrealized (gain) loss on investments	288,965	(117,015)
Forgiveness of Payroll Protection Program loan	-	(619,500)
Changes in:		
Grants receivable	(174,697)	75,290
Accounts receivable	8,988	(23,801)
Employee retention credits receivable	(100,598)	(99,085)
Inventory	(8,804)	13,237
Prepaid expenses	(184,134)	5,025
Accounts payable and accrued expenses	74,023	(212,479)
Deferred membership revenue	179,377	(207,583)
Net cash provided by (used in) operating activities	<u>688,995</u>	<u>(450,835)</u>
Cash flows from investing activities		
Purchases of property and equipment	(38,968)	(43,205)
Purchases of investments	(826,416)	(587,573)
Proceeds from sale of investments	250,000	322,321
Net cash (used in) investing activities	<u>(615,384)</u>	<u>(308,457)</u>
Cash flows from financing activities		
Proceeds from loan payable	350,000	-
Proceeds from Payroll Protection Program loan	-	619,548
Net cash provided by financing activities	<u>350,000</u>	<u>619,548</u>
Net increase (decrease) in cash and cash equivalents	423,611	(139,744)
Cash and cash equivalents, beginning of year	\$ 251,776	\$ 391,520
Cash and cash equivalents, end of year	<u>\$ 675,387</u>	<u>\$ 251,776</u>

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements June 30, 2022 and June 30, 2021

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 gains or (losses) 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, 2022 and June 30, 2021****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, 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.

Grants and grants receivable

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

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.

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)
June 30, 2022 and June 30, 2021****Note 2 – Summary of significant accounting policies (continued)**Revenue recognitionMembership 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 nonfinancial assets

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 2022 and 2021 fiscal-years, the total number of hours donated by volunteers amounted to approximately 2,900 and 900, respectively.

The Museum receives other contributed nonfinancial assets, 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 nonfinancial assets 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.

Advertising costs

Advertising costs are expensed as incurred.

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)
June 30, 2022 and June 30, 2021****Note 2 – Summary of significant accounting policies (continued)****Concentrations of credit risk**

The Museum's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. The Museum places its cash with what it believes to be a quality financial institution. At times during the year, the balances in Museum's accounts exceeded the FDIC insurance limit. However, the Museum has not experienced any losses in these accounts to date. The Museum's investments are exposed to various risks, such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the aforementioned risks, it is at least reasonably possible that changes in these risks could have a material effect on the amounts reported in the statements of financial position at June 30, 2022. The Museum's receivables consist principally of grants from individual donors and amounts due from the employee retention credit. The Museum's receivables are deemed collectible by management. The Museum believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and receivables.

Subsequent events

The Museum has evaluated events and transactions for potential recognition or disclosure through January 16, 2023, 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 grants 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, 2022 and June 30, 2021

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

The following is a summary of the Museum's financial assets as of June 30, 2022 and June 30, 2021, 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 675,387	\$ 251,776
Investments, at fair value	1,227,927	905,941
Grants receivable	494,456	319,759
Accounts receivable	14,813	23,801
Employee retention credits receivable	<u>199,683</u>	<u>99,085</u>
Total financial assets	2,612,266	1,600,362
Less: contractual or donor-imposed restrictions:		
Endowment funds	(1,065,000)	(800,000)
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>\$ 1,297,266</u>	<u>\$ 550,362</u>

Note 4 – Investments, at fair value

Investments consist of the following as of June 30, 2022 and June 30, 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income – corporate bond	\$ 435,145	\$ 397,214	\$ 178,906	\$ 179,813
Exchange traded fund – U.S. large cap	248,932	248,985	109,487	148,965
Equities	726,014	581,728	260,747	327,163
Money Fund	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
	<u>\$ 1,410,091</u>	<u>\$ 1,227,927</u>	<u>\$ 799,140</u>	<u>\$ 905,941</u>

For the years ended June 30, 2022 and June 30, 2021, investment return consisted of the following:

	<u>2022</u>	<u>2021</u>
Interest	\$ 666	\$ 1,496
Realized gain	34,535	13,489
Unrealized gain (loss)	<u>(288,965)</u>	<u>108,300</u>
Total	<u>\$ (253,764)</u>	<u>\$ 123,285</u>

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements (continued) June 30, 2022 and June 30, 2021

Note 5 – Grants receivable

All grants 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	
	2022	2021
Leasehold improvements	\$ 8,661,901	\$ 8,637,014
Exhibits	3,944,040	3,944,040
Furniture and fixtures	474,296	460,215
Equipment	589,399	589,399
Total property and equipment	13,669,636	13,630,668
Less: accumulated depreciation and amortization	(13,505,934)	(13,163,254)
Total property and equipment, net	\$ 163,702	\$ 467,414

Depreciation and amortization expense for fiscal years 2022 and 2021 was \$342,680 and \$479,182, 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, 2022, net assets with donor restrictions, consisted of the following:

	Balance At June 30, 2021	Support	Released from Restrictions	Balance At June 30, 2022
LICM4all	\$ 57,389	\$ -	\$ (49,187)	\$ 8,202
Saltwater Stories	54,751	249,475	(99,620)	204,606
Succession Planning & Leadership Development	132,715	-	(17,719)	114,996
The Edith Glick Shoolman Foundation	35,000	-	(35,000)	-
Theater Capital	99,000	-	-	99,000
Westbury STEM Partnership	-	249,974	(126,822)	123,152
Restricted for Time	10,000	55,000	(21,500)	43,500
Total	\$ 388,855	\$ 554,449	\$ (349,848)	\$ 593,456

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)
June 30, 2022 and June 30, 2021****Note 7 – Net assets with donor restrictions (continued)**Net assets with perpetual donor restrictions

At June 30, 2022 and June 30, 2021, net assets with perpetual donor restrictions totaled \$1,065,000 and \$800,000, respectively.

Note 8 – Endowment fundsThe 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.

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)
June 30, 2022 and June 30, 2021****Note 9 – Contributed nonfinancial assets****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 \$263,997 for 2022 and \$299,007 for 2021. During December 2021, the lease was renewed for 20 years effective June 15, 2018.

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 the 2022 and 2021 fiscal years. The Museum is disbursing semi-annual payments of \$12,500 to the employee which will continue until the accrued balance is fully paid.

Note 11 – Loans payable

At June 30, 2022, 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. During July 2022, the PPP Loan forgiveness application was confirmed by the SBA and as a result, the Museum will record \$618,458 as a government grant in the 2023 fiscal year statements of activities.

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements (continued) June 30, 2022 and June 30, 2021

Note 11 – Loans payable (continued)

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.

On July 27, 2021, the Museum applied for an amendment to the EIDL. The amendment was approved and the Museum received an additional \$350,000.

Repayment of the EIDL commences November 2022 and requires monthly payments of \$2,206 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, 2022, 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, 2022, the required annual principal payments on the EIDL is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 8,552
2024	13,125
2025	13,490
2026	13,866
2027	14,252
2028 and thereafter	436,615
Total	<u>\$ 499,900</u>

Note 12 – Employee retention credits

In response to the coronavirus emergency, the Coronavirus Aid, Relief and Economic Security Act and subsequent acts (the “Acts”) were signed into law. The Acts provided, among other things, a refundable credit of certain qualified wages per employee for wages paid or incurred from March 13, 2020 through September 30, 2021. In connection therewith, such credits for the years ended June 30, 2022 and June 30, 2021 totaled \$222,375 and \$99,085, respectively.

Note 13 – Government grant

During July 2022, the Museum received a “Shuttered Venue Operations Grant” from the United States Small Business Administration for \$779,003. The grant was to be used primarily for salary and benefits for the period July 12, 2021 through December 31, 2021. The Museum elected to record the \$779,003 as a government grant in the 2022 fiscal year statements of activities.

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements (continued) June 30, 2022 and June 30, 2021

Note 14 – Commitment

The Museum has a lease for office equipment which expires May 2025. As of June 30, 2022, future minimum lease payments under this lease are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2023	\$ 9,578
2024	9,578
2025	<u>8,780</u>
Total	<u>\$ 27,936</u>

Note 15 – Results of activities

The operating activity of the Museum for the year ended June 30, 2022 was a decrease of \$171,871. Included in the decrease is \$342,680 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 \$170,809 for the year ended June 30, 2022.

**Independent Auditor's Report on
Internal Control Over Financial Reporting
and on Compliance and Other Matters
Based On An Audit of Financial Statements
Performed in Accordance With
*Government Auditing Standards***

The Board of Trustees
Long Island Children's Museum

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Long Island Children's Museum (the "Museum"), which comprise the statement of financial position as of June 30, 2022 and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Museum's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Museum's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Museum's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Condon O'Meara McGinty + Donnelly LLP

**Independent Auditor's Report on
Compliance for Each Major Program
and on Internal Control Over Compliance
Required by the Uniform Guidance**

**CONDON
O'MEARA
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The Board of Trustees
Long Island Children's Museum

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Long Island Children's Museum (the "Museum") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Museum's major federal programs for the year ended June 30, 2022. The Museum's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Museum complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Museum and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Museum's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Museum's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Museum's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Museum's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Museum's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Museum's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Condon O'Meara McGinty + Donnelly LLP

March 14, 2023

LONG ISLAND CHILDREN'S MUSEUM

Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

<u>Federal Grantor/Program Title</u>	Assistance <u>Listing</u> <u>Number</u>	<u>Contract Award Number</u>	<u>Total</u> <u>Expenditures</u>
National Endowment for the Arts	45.024	M9LZY7PPEX73	\$ 11,088
Institute of Museum & Library Services	45.301	MA249077OMS21	77,785
Institute of Museum & Library Services	45.301	MA10022419	47,891
Institute of Museum & Library Services	45.301	ME245537OMS20	43,934
Institute of Museum & Library Services	45.301	MA1019022719	32,947
Institute of Museum & Library Services	45.312	ARPML250626OMLS22	38,696
U.S. Small Business Administration – COVID-19 Shuttered Venue Operators Program	59.075	SBAHQ21SV008177	<u>779,003</u>
Total expenditures of federal awards			<u>\$ 1,031,344</u>

LONG ISLAND CHILDREN'S MUSEUM**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022****1. Basis of presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the activities in all the Federal programs of the Museum and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Indirect cost rate

The Museum has elected to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

LONG ISLAND CHILDREN'S MUSEUM

Schedule of Findings and Questioned Costs Year Ended June 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported

Type of auditor's report issued on compliance for major programs: UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ Yes _____ ☒ No

Identification of major program:

<u>A.L. Number</u>	<u>Program Name</u>
59.075	COVID-19 Shuttered Venue Operators Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes _____ ☒ No

LONG ISLAND CHILDREN'S MUSEUM

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

Section II – Financial statement findings

There were no findings for the current year.

Section III – Federal award findings and Questioned Costs

There were no findings or questioned costs for the current year.