

LONG ISLAND CHILDREN'S MUSEUM

**Financial Statements
June 30, 2019
and
June 30, 2018**

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, 2019 and June 30, 2018 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, 2019 and June 30, 2018 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

October 8, 2019

LONG ISLAND CHILDREN'S MUSEUM

Statements of Financial Position

Assets

	June 30	
	2019	2018
Cash and cash equivalents	\$ 520,637	\$ 452,198
Accounts receivable	164,907	72,961
Contributions receivable, net	259,100	282,727
Inventory	38,992	54,691
Prepaid expenses	6,760	2,658
Property and equipment, net	1,351,592	1,792,340
Total assets	\$ 2,341,988	\$ 2,657,575

Liabilities and Nets Assets

Liabilities

Accounts payable and accrued expenses	\$ 503,015	\$ 492,268
Deferred membership revenue	378,149	331,136
Total liabilities	881,164	823,404

Net assets

Without donor restrictions	1,118,537	1,503,560
With donor restrictions	342,287	330,611
Total net assets	1,460,824	1,834,171
Total liabilities and net assets	\$ 2,341,988	\$ 2,657,575

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Statements of Activities

	Year Ended June 30					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Public support:						
Individuals	\$ 446,972	\$ -	\$ 446,972	\$ 921,630	\$ -	\$ 921,630
Corporations	240,967	35,000	275,967	135,732	-	135,732
Foundations	70,700	-	70,700	75,000	25,000	100,000
Government:						
Federal	3,750	-	3,750	131,201	-	131,201
State	-	55,500	55,500	-	55,000	55,000
County	100,000	-	100,000	100,000	-	100,000
Special events, net	637,141	-	637,141	506,448	-	506,448
Contributed goods and services	251,935	-	251,935	285,435	-	285,435
Total support	<u>1,751,465</u>	<u>90,500</u>	<u>1,841,965</u>	<u>2,155,446</u>	<u>80,000</u>	<u>2,235,446</u>
Revenue:						
Admissions	1,791,787	-	1,791,787	1,806,504	-	1,806,504
Memberships	458,354	-	458,354	535,291	-	535,291
Corporate membership	32,500	-	32,500	-	-	-
Retail sales (net of cost of goods sold of \$120,498 and \$97,877 for 2019 and 2018, respectively)	81,627	-	81,627	102,373	-	102,373
Birthday parties	280,467	-	280,467	270,048	-	270,048
Education fees	180,960	-	180,960	166,150	-	166,150
Theatre performances	113,402	-	113,402	106,307	-	106,307
Museum rentals	26,700	-	26,700	29,533	-	29,533
Vending machines	10,534	-	10,534	7,825	-	7,825
Interest and other	505	1,176	1,681	896	494	1,390
Total revenue	<u>2,976,836</u>	<u>1,176</u>	<u>2,978,012</u>	<u>3,024,927</u>	<u>494</u>	<u>3,025,421</u>
Total public support and revenue before release from restrictions	4,728,301	91,676	4,819,977	5,180,373	80,494	5,260,867
Net assets released from restrictions	80,000	(80,000)	-	305,000	(305,000)	-
Total public support and revenue	<u>\$ 4,808,301</u>	<u>\$ 11,676</u>	<u>\$ 4,819,977</u>	<u>\$ 5,485,373</u>	<u>\$ (224,506)</u>	<u>\$ 5,260,867</u>
Expenses:						
Program services	\$ 3,872,229	\$ -	\$ 3,872,229	\$ 4,070,586	\$ -	\$ 4,070,586
Supporting activities	-	-	-	-	-	-
Management and general	924,507	-	924,507	735,032	-	735,032
Fundraising	396,588	-	396,588	393,972	-	393,972
Total supporting services	<u>1,321,095</u>	<u>-</u>	<u>1,321,095</u>	<u>1,129,004</u>	<u>-</u>	<u>1,129,004</u>
Total expenses	<u>5,193,324</u>	<u>-</u>	<u>5,193,324</u>	<u>5,199,590</u>	<u>-</u>	<u>5,199,590</u>
Increase (decrease) in net assets	<u>(385,023)</u>	<u>11,676</u>	<u>(373,347)</u>	<u>285,783</u>	<u>(224,506)</u>	<u>61,277</u>
Net assets, beginning of year	<u>1,503,560</u>	<u>330,611</u>	<u>1,834,171</u>	<u>1,217,777</u>	<u>555,117</u>	<u>1,772,894</u>
Net assets, end of year	<u>\$ 1,118,537</u>	<u>\$ 342,287</u>	<u>\$ 1,460,824</u>	<u>\$ 1,503,560</u>	<u>\$ 330,611</u>	<u>\$ 1,834,171</u>

See notes to financial statements

LONG ISLAND CHILDREN'S MUSEUM

**Statement of Functional Expenses
Year Ended June 30, 2019 (with summarized information for June 30, 2018)**

	Program Services				Support Services			Totals	
	Exhibitions	Education	Visitors Services	Total Program Services	Management and General	Fundraising	Total Support Services	2019	2018
Salaries	\$ 454,317	\$ 1,117,569	\$ 534,874	\$ 2,106,760	\$ 331,825	\$ 198,946	\$ 530,771	\$ 2,637,531	\$ 2,581,782
Payroll taxes and benefits	53,980	179,798	72,757	306,535	80,597	31,662	112,259	418,794	387,876
Promotions	-	2,713	-	2,713	138,078	-	138,078	140,791	164,040
Banking and credit card charges	-	74,015	-	74,015	5,692	40	5,732	79,747	76,240
Professional fees	71,226	73,480	13,328	158,034	129,171	128,152	257,323	415,357	450,037
Food and catering	390	18,601	34,840	53,831	1,932	125	2,057	55,888	60,494
Traveling exhibitions	81,315	-	-	81,315	-	-	-	81,315	74,258
Miscellaneous	1,014	34,176	1,280	36,470	847	260	1,107	37,577	50,183
Repairs and Maintenance	51,554	444	-	51,998	1,707	-	1,707	53,705	59,685
Telephone	892	28	-	920	36,002	-	36,002	36,922	36,014
Postage and printing	3,078	18,007	21,494	42,579	7,637	777	8,414	50,993	65,345
Dues, licenses and permits	75	9,727	-	9,802	8,108	873	8,981	18,783	13,414
Office expense	23	534	184	741	2,399	-	2,399	3,140	4,436
Custodial services	101,099	-	-	101,099	-	-	-	101,099	97,243
Materials and supplies	53,845	54,817	19,507	128,169	7,727	312	8,039	136,208	148,462
Conferences and training	3,753	11,998	1,795	17,546	5,177	-	5,177	22,723	22,743
Insurance	-	666	-	666	112,033	-	112,033	112,699	100,840
Furniture and equipment rental	11,914	110	-	12,024	13,913	-	13,913	25,937	25,876
Utilities	74,426	74,426	74,426	223,278	12,404	12,403	24,807	248,085	253,504
Technology	5,130	5,732	24,103	34,965	6,220	-	6,220	41,185	46,788
Subtotal	968,031	1,676,841	798,588	3,443,460	901,469	373,550	1,275,019	4,718,479	4,719,260
Depreciation and amortization	152,329	276,440	-	428,769	23,038	23,038	46,076	474,845	480,330
Total functional expenses	\$ 1,120,360	\$ 1,953,281	\$ 798,588	\$ 3,872,229	\$ 924,507	\$ 396,588	\$ 1,321,095	\$ 5,193,324	\$ 5,199,590

See notes to financial statements

LONG ISLAND CHILDREN'S MUSEUM

**Statement of Functional Expenses
Year Ended June 30, 2018**

	Program Services				Support Services			Totals
	Exhibitions	Education	Visitors Services	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	\$ 449,880	\$ 1,191,399	\$ 468,038	\$ 2,109,317	\$ 278,263	\$ 194,202	\$ 472,465	\$ 2,581,782
Payroll taxes and benefits	49,098	178,452	59,359	286,909	76,276	24,691	100,967	387,876
Promotions	90	2,350	-	2,440	161,600	-	161,600	164,040
Banking and credit card charges	-	70,010	-	70,010	6,230	-	6,230	76,240
Professional fees	67,160	113,142	14,592	194,894	126,056	129,087	255,143	450,037
Food and catering	-	19,823	38,607	58,430	1,784	280	2,064	60,494
Traveling exhibitions	74,258	-	-	74,258	-	-	-	74,258
Miscellaneous	274	39,899	758	40,931	9,206	46	9,252	50,183
Repairs and Maintenance	58,336	472	-	58,808	877	-	877	59,685
Telephone	11,702	10,455	10,393	32,550	1,732	1,732	3,464	36,014
Postage and printing	2,814	21,976	30,570	55,360	9,455	530	9,985	65,345
Dues, licenses and permits	41	7,833	-	7,874	3,928	1,612	5,540	13,414
Office expense	250	525	487	1,262	3,131	43	3,174	4,436
Custodial services	97,243	-	-	97,243	-	-	-	97,243
Materials and supplies	54,830	75,560	14,243	144,633	3,767	62	3,829	148,462
Conferences and training	454	18,134	-	18,588	4,132	23	4,155	22,743
Insurance	30,353	30,020	30,353	90,726	5,056	5,058	10,114	100,840
Furniture and equipment rental	17,372	3,675	3,621	24,668	604	604	1,208	25,876
Utilities	76,051	76,052	76,051	228,154	12,675	12,675	25,350	253,504
Technology	<u>7,045</u>	<u>3,565</u>	<u>29,245</u>	<u>39,855</u>	<u>6,933</u>	<u>-</u>	<u>6,933</u>	<u>46,788</u>
Subtotal	997,251	1,863,342	776,317	3,636,910	711,705	370,645	1,082,350	4,719,260
Depreciation and amortization	<u>153,760</u>	<u>139,958</u>	<u>139,958</u>	<u>433,676</u>	<u>23,327</u>	<u>23,327</u>	<u>46,654</u>	<u>480,330</u>
Total functional expenses	<u>\$ 1,151,011</u>	<u>\$ 2,003,300</u>	<u>\$ 916,275</u>	<u>\$ 4,070,586</u>	<u>\$ 735,032</u>	<u>\$ 393,972</u>	<u>\$ 1,129,004</u>	<u>\$ 5,199,590</u>

See notes to financial statements

LONG ISLAND CHILDREN'S MUSEUM

Statements of Cash Flows

	Year Ended	
	June 30	
	2019	2018
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (373,347)	\$ 61,277
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	474,845	480,330
Bad debt expense	10,000	-
Changes in:		
Accounts receivable	(91,946)	14,740
Contributions receivable	13,627	243,173
Inventory	15,699	3,312
Prepaid expenses	(4,102)	11,658
Accounts payable and accrued expenses	10,747	65,622
Deferred membership revenue	47,013	(53,717)
Net cash provided by operating activities	<u>102,536</u>	<u>826,395</u>
Cash flows (used in) investing activities		
Purchase of property and equipment	<u>(34,097)</u>	<u>(28,426)</u>
Cash flows provided by financing activities		
Repayment of notes payable	-	(300,000)
Repayment of line of credit	-	(350,000)
Net cash (used in) financing activities	<u>-</u>	<u>(650,000)</u>
Net increase in cash and cash equivalents	68,439	147,969
Cash and cash equivalents, beginning of year	<u>452,198</u>	<u>304,229</u>
Cash and cash equivalents, end of year	<u>\$ 520,637</u>	<u>\$ 452,198</u>
Supplemental disclosure of cash flows information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ 24,444</u>

See notes to financial statements

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements June 30, 2019 and June 30, 2018

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.

LONG ISLAND CHILDREN'S MUSEUM

**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018**

Note 2 – Summary of significant accounting policies (continued)

Financial reporting

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

Without donor restriction

Operating

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 restriction

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, temporarily restricted net assets are reclassified to unrestricted net assets 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 permanently by the Museum.

Recent accounting pronouncement

Not-for-Profit Financial Statement Presentation

Effective for the 2019 fiscal year, the Museum adopted Accounting Standards Update *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows.

The following is a summary of the net asset reclassifications as required by the adoption of the Standard as of June 30, 2017:

<u>Net asset classifications</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As previously presented			
Unrestricted	\$ 1,217,777	\$ -	\$ 1,217,777
Temporarily restricted	-	305,117	305,117
Permanently restricted	-	250,000	250,000
Net assets, as reclassified			
June 30, 2017	<u>\$ 1,217,777</u>	<u>\$ 555,117</u>	<u>\$ 1,772,894</u>

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018****Note 2 – Summary of significant accounting policies (continued)**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.

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 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.

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018****Note 2 – Summary of significant accounting policies (continued)**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 2019 and 2018 fiscal-years, the total number of hours donated by volunteers amounted to approximately 13,700 and 12,300, 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.

Advertising costs

Advertising costs are expensed as incurred.

Subsequent events

The Museum has evaluated events and transactions for potential recognition or disclosure through October 8, 2019, 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, 2019 and June 30, 2018**

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

The following is a summary of the Museum's financial assets as of June 30, 2019, reduced by amounts not available for general use within one year of the statement of financial position due to donor-imposed restrictions or internal designations:

Cash and cash equivalents	\$ 520,637
Accounts receivable	164,907
Contributions receivable, net	<u>259,100</u>
Total financial assets	944,644
Less contractual or donor-imposed restrictions:	
Endowment funds	(251,787)
Board-designations:	
Working capital reserve fund	<u>(250,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 442,857</u>

Note 4 – Contributions receivable

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

Note 5 – Property and equipment

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

	<u>June 30</u>	
	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 8,574,764	\$ 8,541,678
Exhibits	3,944,044	3,944,044
Furniture and fixtures	460,215	460,216
Equipment	<u>574,305</u>	<u>573,293</u>
Total property and equipment	13,553,328	13,519,231
Less accumulated depreciation and amortization	<u>(12,201,736)</u>	<u>(11,726,891)</u>
Total property and equipment, net	<u>\$ 1,351,592</u>	<u>\$ 1,792,340</u>

Depreciation and amortization expense for fiscal-years 2019 and 2018 was \$474,845 and \$480,330, respectively.

LONG ISLAND CHILDREN'S MUSEUM

**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018**

Note 6 – Net assets with donor restrictions

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

Net assets with temporary donor restrictions

At June 30, 2019, net assets with donor restrictions, consist of the following:

	Balance At June 30, 2018	Support	Released from Restrictions	Balance At June 30, 2019
Powerful PSEG	\$ -	\$ 35,000	\$ -	\$ 35,000
Together to Kindergarten	25,000	-	25,000	-
Robert Lemle and Roni Kohen-Lemle Endowment Fund	611	1,176	-	1,787
Restricted for Time	<u>55,000</u>	<u>55,500</u>	<u>(55,000)</u>	<u>55,500</u>
Total	<u>\$ 80,611</u>	<u>\$ 91,676</u>	<u>\$ (80,000)</u>	<u>\$ 92,287</u>

Net assets with permanent donor restrictions

At June 30, 2019 and 2018, net assets with permanent donor restrictions totaled \$250,000.

Note 7 – 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.

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018****Note 7 – Endowment funds (continued)**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 8 – Contributed land, services and goodsContributed 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 \$241,313 for 2019 and \$253,504 for 2018.

Contributed services

The Museum has received donated services that include advertising and landscaping services. These services have been estimated at a value of \$1,850 and \$23,844 for fiscal-years 2019 and 2018, respectively and are reported as income and expense in the accompanying statements of activities.

Contributed goods

During fiscal-years 2019 and 2018, the Museum has received donated goods for its annual auction with estimated values of \$45,032 and \$60,134, respectively, and other donated goods utilized for its exhibits with estimated values of \$2,000 and \$8,087, respectively. These gifts have been recognized as revenue and expense in the accompanying statements of activities.

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018****Note 9 – 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 2019 and 2018 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 10 – Commitment

The Museum has a lease for office equipment which expires June 2020. Future minimum lease payments under this lease are \$10,860.

Note 11 – Related party transactions

An individual, who was a Trustee during the 2019 fiscal year, is a principal in the insurance firm used by the Museum. The indirect benefit to the Trustee is not material.

Note 12 – Results of activities

The operating activity of the Museum for the year ended June 30, 2019 was a deficit of \$385,023. Included in the deficit is \$474,845 of depreciation and amortization expense, a non-cash expense.

Accordingly, by adjusting for the depreciation and amortization noted above, the operations of the Museum would reflect an operating increase in net assets of \$89,822 for the year ended June 30, 2019.