

LONG ISLAND CHILDREN'S MUSEUM

**Financial Statements
for the years ended
June 30, 2023
and
June 30, 2022**

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, 2023 and June 30, 2022 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 referred to above present fairly, in all material respects, the financial position of the Museum as of June 30, 2023 and June 30, 2022 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. 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 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, 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.

Condon O'Meara McGinty + Donnelly LLP

March 8, 2024

LONG ISLAND CHILDREN'S MUSEUM

Statements of Financial Position

Assets

	June 30	
	2023	2022
Cash and cash equivalents	\$ 675,111	\$ 675,387
Investments, at fair value	1,915,024	1,227,927
Grants receivable	295,684	494,456
Accounts receivable	23,633	14,813
Employee retention credits receivable	180,295	199,683
Inventory	51,651	37,967
Prepaid expenses	189,400	184,134
Property and equipment, net	283,481	163,702
Total assets	\$ 3,614,279	\$ 2,998,069

Liabilities and Nets Assets

Liabilities

Accounts payable and accrued expenses	\$ 357,972	\$ 288,009
Deferred membership revenue	294,935	330,998
Loans payable	491,530	1,119,448
Total liabilities	1,144,437	1,738,455

Net assets

Without donor restrictions (deficit)	434,158	(398,842)
With donor restrictions	2,035,684	1,658,456
Total net assets	2,469,842	1,259,614
Total liabilities and net assets	\$ 3,614,279	\$ 2,998,069

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM
Statements of Activities

	Year Ended June 30					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Public support:						
Individuals	87,237	-	\$ 87,237	\$ 140,508	\$ -	\$ 140,508
Corporations	142,510	100,000	242,510	48,799	200,000	248,799
Foundations	262,000	575,000	837,000	488,022	320,000	808,022
Government:						
Federal	-	201,489	201,489	53,000	299,449	352,449
State	77,500	90,000	167,500	5,500	-	5,500
County	150,000	-	150,000	1,804	-	1,804
Government grants	619,547	-	619,547	779,003	-	779,003
Employee retention credits	471,912	-	471,912	222,375	-	222,375
Special events	726,658	-	726,658	602,916	-	602,916
Other	600	-	600	-	-	-
Contributions of nonfinancial assets	250,009	-	250,009	263,997	-	263,997
Total support	<u>2,787,973</u>	<u>966,489</u>	<u>3,754,462</u>	<u>2,605,924</u>	<u>819,449</u>	<u>3,425,373</u>
Revenue:						
Admissions	2,190,937	-	2,190,937	1,533,852	-	1,533,852
Memberships	458,842	-	458,842	223,522	-	223,522
Corporate membership	-	-	-	-	-	-
Retail sales (net of cost of goods sold of \$164,007 and \$108,397 for 2023 and 2022, respectively)	-	-	-	-	-	-
Birthday parties	155,605	-	155,605	129,594	-	129,594
Education fees	320,924	-	320,924	151,535	-	151,535
Theatre performances	207,978	-	207,978	160,518	-	160,518
Museum rentals	144,625	-	144,625	29,249	-	29,249
Vending machines	93,896	-	93,896	26,202	-	26,202
Investment return, net	5,395	-	5,395	3,693	-	3,693
(Loss) on disposal of assets	168,210	-	168,210	(253,764)	-	(253,764)
Total revenue	<u>(9,073)</u>	<u>-</u>	<u>(9,073)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue before release from restrictions	<u>3,737,339</u>	<u>-</u>	<u>3,737,339</u>	<u>2,004,401</u>	<u>-</u>	<u>2,004,401</u>
Net assets released from restrictions	6,525,312	966,489	7,491,801	4,610,325	819,449	5,429,774
Total public support and revenue	<u>589,261</u>	<u>(589,261)</u>	<u>-</u>	<u>349,848</u>	<u>(349,848)</u>	<u>-</u>
Expenses:						
Program services	7,114,573	377,228	7,491,801	4,960,173	469,601	5,429,774
Supporting activities						
Management and general	4,725,946	-	4,725,946	3,929,684	-	3,929,684
Fundraising	568,891	-	568,891	641,015	-	641,015
Total supporting services	986,736	-	986,736	561,345	-	561,345
Total expenses	<u>1,555,627</u>	<u>-</u>	<u>1,555,627</u>	<u>1,202,360</u>	<u>-</u>	<u>1,202,360</u>
Increase (decrease) in net assets	6,281,573	-	6,281,573	5,132,044	-	5,132,044
Net assets (deficit), beginning of year	833,000	377,228	1,210,228	(171,871)	469,601	297,730
Net assets (deficit), end of year	<u>(398,842)</u>	<u>1,658,456</u>	<u>1,259,614</u>	<u>(226,971)</u>	<u>1,188,855</u>	<u>961,884</u>
	<u>434,158</u>	<u>2,035,684</u>	<u>2,469,842</u>	<u>(398,842)</u>	<u>1,658,456</u>	<u>1,259,614</u>

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services				Support Services			Totals	
	Exhibitions	Education	Visitors Services	Total Program Services	Management and General	Fundraising	Total Support Services	2022	2023
Salaries	\$ 575,887	\$ 1,504,327	\$ 638,774	\$ 2,718,988	\$ 267,981	\$ 422,544	\$ 690,525	\$ 3,409,513	\$ 2,606,626
Payroll taxes and benefits	86,659	218,766	108,595	414,020	48,712	57,845	106,557	520,577	386,980
Promotions	29,759	38,305	30,647	98,711	29,438	58,719	88,157	186,868	149,942
Banking and credit card charges	24,478	24,478	24,478	73,434	27,350	26,992	54,342	127,776	69,952
Professional fees	157,659	132,392	77,087	367,138	77,380	269,833	347,213	714,351	542,582
Food and catering	1,007	15,286	1,785	18,078	733	849	1,582	19,660	14,811
Traveling exhibitions	26,185	26,185	26,185	78,555	4,364	4,364	8,728	87,283	64,707
Miscellaneous	1,856	1,856	1,856	5,568	1,856	1,856	3,712	9,280	33,418
Repairs and maintenance	24,328	29,519	30,519	84,366	29,626	28,481	58,107	142,473	75,853
Telephone	7,329	7,329	8,006	22,664	7,329	7,329	14,658	37,322	42,297
Postage and printing	1,347	11,042	2,185	14,574	4,258	13,570	17,828	32,402	35,128
Dues, licenses and permits	457	16,772	1,202	18,431	7,784	1,496	9,280	27,711	17,606
Office expense	982	1,504	1,597	4,083	947	960	1,907	5,990	4,047
Custodial services	35,639	35,639	40,022	111,300	5,940	5,940	11,880	123,180	120,723
Materials and supplies	92,121	56,136	54,615	202,872	3,779	13,905	17,684	220,556	146,664
Conferences and training	2,722	24,597	256	27,575	1,178	4,635	5,813	33,388	12,206
Insurance	47,821	47,821	47,821	143,463	7,970	7,970	15,940	159,403	110,495
Furniture and equipment rental	7,994	605	12,257	20,856	10,057	2,015	12,072	32,928	25,293
Utilities	75,003	75,003	75,003	225,009	12,500	12,500	25,000	250,009	263,997
Technology	8,920	22,482	10,590	41,992	5,567	30,792	36,359	78,351	66,037
Subtotal	1,208,153	2,290,044	1,193,480	4,691,677	554,749	972,595	1,527,344	6,219,021	4,789,364
Depreciation and amortization	11,423	11,423	11,423	34,269	14,142	14,141	28,283	62,552	342,680
Total functional expenses	\$ 1,219,576	\$ 2,301,467	\$ 1,204,903	\$ 4,725,946	\$ 568,891	\$ 986,736	\$ 1,555,627	\$ 6,281,573	\$ 5,132,044

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Statement of Functional Expenses Year Ended June 30, 2022

	Program Services				Support Services			Total
	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

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Statements of Cash Flows

	Year Ended	
	June 30	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Increase in net assets	\$ 1,210,228	\$ 297,730
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	62,552	342,680
Realized and unrealized (gain) loss on investments	(159,431)	254,430
Loss on disposal of assets	9,073	-
Forgiveness of Payroll Protection Program loan	(619,547)	-
Donation with perpetual donor restrictions	(575,000)	(265,000)
Changes in:		
Grants receivable	198,772	(174,697)
Accounts receivable	(8,820)	8,988
Employee retention credits receivable	19,388	(100,598)
Inventory	(13,684)	(8,804)
Prepaid expenses	(5,266)	(184,134)
Accounts payable and accrued expenses	69,963	74,023
Deferred membership revenue	(36,063)	179,377
Net cash provided by operating activities	<u>152,165</u>	<u>423,995</u>
Cash flows from investing activities		
Purchases of property and equipment	(195,004)	(38,968)
Sale of assets	3,600	-
Purchases of investments	(588,497)	(826,416)
Proceeds from sale of investments	60,831	250,000
Net cash (used in) investing activities	<u>(719,070)</u>	<u>(615,384)</u>
Cash flows from financing activities		
Proceeds from loan payable	-	350,000
Payments to loan payable	(8,371)	-
Donation with perpetual donor restriction	575,000	265,000
Net cash provided by financing activities	<u>566,629</u>	<u>615,000</u>
Net increase (decrease) in cash and cash equivalents	(276)	423,611
Cash and cash equivalents, beginning of year	<u>675,387</u>	<u>251,776</u>
Cash and cash equivalents, end of year	<u>\$ 675,111</u>	<u>\$ 675,387</u>

See notes to financial statements.

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements June 30, 2023 and June 30, 2022

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 and unrealized gains or (losses) on the 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, 2023 and June 30, 2022****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.

All grants receivable are expected to be paid during the 2024 fiscal year.

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)
June 30, 2023 and June 30, 2022****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 accompanying financial statements as they do not meet the requirements for recognition under generally accepted accounting principles. During the 2023 and 2022 fiscal-years, the total number of hours donated by volunteers amounted to approximately 6,600 and 2,900, 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, 2023 and June 30, 2022****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, 2023. 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 March 8, 2024, 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, 2023 and June 30, 2022

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

The following is a summary of the Museum's financial assets as of June 30, 2023 and June 30, 2022, 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 675,111	\$ 675,387
Investments, at fair value	1,915,024	1,227,927
Grants receivable	295,684	494,456
Accounts receivable	23,633	14,813
Employee retention credits receivable	<u>180,295</u>	<u>199,683</u>
Total financial assets	3,089,747	2,612,266
Less: contractual or donor-imposed restrictions:		
Endowment funds	(1,640,000)	(1,065,000)
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>\$ 1,199,747</u>	<u>\$ 1,297,266</u>

Note 4 – Investments, at fair value

Investments consist of the following as of June 30, 2023 and June 30, 2022:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income – corporate bond	\$ 667,399	\$ 613,233	\$ 435,145	\$ 397,214
Exchange traded fund – U.S. large cap	466,497	526,617	248,932	248,985
Equities	507,076	775,174	726,014	581,728
Money Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,640,972</u>	<u>\$ 1,915,024</u>	<u>\$ 1,410,091</u>	<u>\$ 1,227,927</u>

For the years ended June 30, 2023 and June 30, 2022, investment return consisted of the following:

	<u>2023</u>	<u>2022</u>
Interest	\$ 8,779	\$ 666
Realized and unrealized gain (loss)	<u>159,431</u>	<u>(254,430)</u>
Total	<u>\$ 168,210</u>	<u>\$ (253,764)</u>

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements (continued)
June 30, 2023 and June 30, 2022

Note 5 – Property and equipment

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

	June 30	
	2023	2022
Leasehold improvements	\$ 8,702,286	\$ 8,661,901
Exhibits	3,950,836	3,944,040
Furniture and fixtures	608,038	474,296
Equipment	589,399	589,399
Total property and equipment	13,850,559	13,669,636
Less: accumulated depreciation and amortization	(13,567,078)	(13,505,934)
Total property and equipment, net	\$ 283,481	\$ 163,702

Depreciation and amortization expense for fiscal years 2023 and 2022 was \$62,552 and \$342,680, respectively.

Note 6 – 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, 2023, net assets with donor restrictions, consisted of the following:

	Balance At June 30, 2022	Support	Released from Restrictions	Balance At June 30, 2023
LICM4all	\$ 8,202	\$ -	\$ (8,202)	\$ -
Saltwater Stories	204,606	-	(136,198)	68,408
Succession Planning & Leadership Development	114,996	-	(94,872)	20,124
Theater Capital	99,000	-	(99,000)	-
Westbury STEM Partnership	123,152	-	(123,152)	-
Restricted for Time	43,500	-	(43,500)	-
NYSCA-General Operating	-	80,000	(40,000)	40,000
Westbury STEM4 All	-	301,489	(44,337)	257,152
New York Humanities	-	10,000	-	10,000
Total	\$ 593,456	\$ 391,489	\$ (589,261)	\$ 395,684

LONG ISLAND CHILDREN'S MUSEUM**Notes to Financial Statements (continued)****June 30, 2023 and June 30, 2022****Note 6 – Net assets with donor restrictions**Net assets with perpetual donor restrictions

At June 30, 2023 and June 30, 2022, net assets with perpetual donor restrictions totaled \$1,640,000 and \$1,065,000, respectively.

Note 7 – 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, 2023 and June 30, 2022****Note 8 – 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 \$250,009 for 2023 and \$263,997 for 2022. During December 2021, the lease was renewed for 20-years effective June 15, 2018.

Note 9 – Retirement plan

The Museum maintained a deferred compensation plan for a key employee of the Museum. The expense to the Museum was \$11,551 and \$12,525 for the 2023 and 2022 fiscal years, respectively.

Note 10 – Loans payable

At June 30, 2023, loans payable consisted of the following:

Paycheck Protection Program

During February 2021, the Museum received a Paycheck Protection Program loan, totaling \$619,547. During July 2022, the PPP Loan forgiveness was confirmed and as a result, the Museum recorded \$619,547 as a government grant in the 2023 fiscal year statements of activities.

Economic Injury Disaster Loan

During the 2020 fiscal year, the Museum applied for an Economic Injury Disaster Loan (“EIDL”) to provide disaster relief from the COVID-19 pandemic and on May 19, 2020, the loan was approved for \$150,000.

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 commenced 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. The EIDL is collateralized by a security interest, as defined in the EIDL documents.

LONG ISLAND CHILDREN'S MUSEUM

Notes to Financial Statements (continued)
June 30, 2023 and June 30, 2022

Note 10 – Loans payable (continued)

Economic Injury Disaster Loan (continued)

As of June 30, 2023, the required annual principal payments on the EIDL is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 13,125
2025	13,490
2026	13,866
2027	14,252
2028	14,649
2029 and thereafter	<u>422,148</u>
Total	<u>\$ 491,530</u>

Note 11 – 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, 2023 and June 30, 2022 totaled \$471,912 and \$222,375, respectively.

Note 12 – 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 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 fiscal year 2022 statements of activities.