

The logo for Hudson River Museum features the words "HUDSON RIVER" stacked above "MUSEUM". A vertical blue line is positioned to the left of the text, extending from above "HUDSON" down to below "MUSEUM".

HUDSON
RIVER
MUSEUM

Audited Financial Statements

June 30, 2021

Independent Auditor's Report

To the Board of Trustees of
The Hudson River Museum of Westchester

Report on the Financial Statements

We have audited the accompanying financial statements of The Hudson River Museum of Westchester (the "Museum"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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.

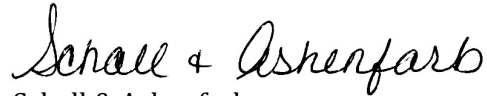
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Hudson River Museum of Westchester as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Museum's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

February 17, 2022

THE HUDSON RIVER MUSEUM OF WESTCHESTER
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2021
(With comparative totals at June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Assets		
Cash and cash equivalents	\$658,101	\$398,609
Pledges receivable, net	177,684	84,448
Government grants receivable	415,155	180,039
Prepaid expenses and other current assets	96,429	51,389
Inventory	32,741	35,382
Fixed assets, net (Note 2)	89,962	60,999
Investments held for endowment (Notes 3 and 7)	<u>2,760,243</u>	<u>2,369,666</u>
 Total assets	 <u><u>\$4,230,315</u></u>	 <u><u>\$3,180,532</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$212,970	\$150,826
Accrued compensation and vacation	172,547	135,244
Paycheck Protection Program loan (Note 4)	255,625	282,800
Loans payable (Note 5)	<u>654,663</u>	<u>673,606</u>
 Total liabilities	 <u><u>1,295,805</u></u>	 <u><u>1,242,476</u></u>
Net assets:		
Without donor restrictions	623,003	(49,105)
With donor restrictions (Notes 6 and 7)	<u>2,311,507</u>	<u>1,987,161</u>
 Total net assets	 <u><u>2,934,510</u></u>	 <u><u>1,938,056</u></u>
 Total liabilities and net assets	 <u><u>\$4,230,315</u></u>	 <u><u>\$3,180,532</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

THE HUDSON RIVER MUSEUM OF WESTCHESTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/21	Total 6/30/20*
Revenue and public support:				
Paycheck Protection Program grant (Note 4)	\$282,800		\$282,800	\$0
Government grants	1,298,390		1,298,390	1,305,301
In-kind rent (Note 2j)	557,230		557,230	557,230
Contributions	689,194	\$52,390	741,584	542,273
Special events revenue (net of expenses with a direct benefit to donors) (Note 9)	306,755		306,755	0
Admissions	41,869		41,869	190,358
Membership	45,680		45,680	54,235
Facility rental	352,295		352,295	11,078
Auxiliary activities	28,292		28,292	34,501
Interest, dividends and other income	11,350	45,324	56,674	54,665
	<u>3,613,855</u>	<u>97,714</u>	<u>3,711,569</u>	<u>2,749,641</u>
Net assets released from restrictions and transfers from endowment:				
Endowment appropriations	94,993	(94,993)	0	0
Satisfaction of time and program restrictions	46,448	(46,448)	0	0
	<u>3,755,296</u>	<u>(43,727)</u>	<u>3,711,569</u>	<u>2,749,641</u>
Total revenue and public support				
	<u>3,755,296</u>	<u>(43,727)</u>	<u>3,711,569</u>	<u>2,749,641</u>
Expenses:				
Program services	2,473,056		2,473,056	2,609,769
Supporting services:				
Management and general	418,192		418,192	412,604
Fundraising	284,110		284,110	194,978
Total supporting services	<u>702,302</u>	<u>0</u>	<u>702,302</u>	<u>607,582</u>
Total expenses	<u>3,175,358</u>	<u>0</u>	<u>3,175,358</u>	<u>3,217,351</u>
Change in net assets from operations	579,938	(43,727)	536,211	(467,710)
Non-operating activities:				
Investment gains	92,170	368,073	460,243	18,173
Change in net assets	672,108	324,346	996,454	(449,537)
Net assets - beginning of year	(49,105)	1,987,161	1,938,056	2,387,593
Net assets - end of year	<u>\$623,003</u>	<u>\$2,311,507</u>	<u>\$2,934,510</u>	<u>\$1,938,056</u>

*Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

THE HUDSON RIVER MUSEUM OF WESTCHESTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	Program Services							Supporting Services			Total Expenses 6/30/21	Total Expenses 6/30/20	
	Exhibition and Curatorial	Planetarium	Education	Public Programs	Maintenance	Security	Auxiliary Services	Total	Management and General	Fundraising			Total Supporting Services
Salaries	\$454,561	\$67,037	\$300,125	\$381,577	\$18,600	\$28,640	\$64,789	\$1,315,329	\$99,263	\$162,050	\$261,313	\$1,576,642	\$1,541,614
Payroll taxes and benefits	76,328	11,257	50,396	64,073	3,123	4,809	10,879	220,865	16,668	27,211	43,879	264,744	273,372
In-kind rent (Note 2j)	217,877	26,190	54,051	132,621			76,341	507,080	41,792	8,358	50,150	557,230	557,230
Professional fees	7,271	5,550	6,673	43,906	9,473	2,127	10,714	85,714	78,002	18,805	96,807	182,521	200,376
Travel	111		1,002	37			466	1,616	2,736	195	2,931	4,547	7,453
Supplies	751	75	5,599	1,826	20,322	1,987	802	31,362	1,748	367	2,115	33,477	23,621
Repairs and maintenance	1,654	1,088	3,836	13,625	67,631	10,632	6,827	105,293	33,773	604	34,377	139,670	162,274
Telephone				523				523	4,864		4,864	5,387	6,057
Printing	3,425			500			2,349	6,274	125	13,317	13,442	19,716	28,789
Postage and shipping	35,575	28	28	39	133		4,030	39,833	2,939	3,951	6,890	46,723	39,768
Exhibits	80,965							80,965			0	80,965	179,239
Insurance	9,235							9,235	55,716		55,716	64,951	60,319
Events	1,645			732			4,299	6,676		65,752	65,752	72,428	11,355
Advertising								0	13,532		13,532	13,532	17,678
Dues and subscriptions	549						5,664	6,213	8,067	2,068	10,135	16,348	11,975
Interest and investment fees								0	24,328		24,328	24,328	33,232
Other expenses	15,865	100	3,367	342			7,879	27,553	34,639	1,992	36,631	64,184	20,947
Total expenses before depreciation and amortization	905,812	111,325	425,077	639,801	119,282	48,195	195,039	2,444,531	418,192	304,670	722,862	3,167,393	3,175,299
Depreciation and amortization		2,874		25,651				28,525			0	28,525	42,052
Total expenses	905,812	114,199	425,077	665,452	119,282	48,195	195,039	2,473,056	418,192	304,670	722,862	3,195,918	3,217,351
Less: direct special event expenses netted with revenue								0		(20,560)	(20,560)	(20,560)	0
Total expenses for statement of activities	\$905,812	\$114,199	\$425,077	\$665,452	\$119,282	\$48,195	\$195,039	\$2,473,056	\$418,192	\$284,110	\$702,302	\$3,175,358	\$3,217,351

The attached notes and auditor's report are an integral part of these financial statements.

THE HUDSON RIVER MUSEUM OF WESTCHESTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	6/30/21	6/30/20
Cash flows from operating activities:		
Change in net assets	\$996,454	(\$449,537)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation and amortization	28,525	42,052
Realized gain on investments	(181,716)	(54,318)
Unrealized (gain)/loss on investments	(309,870)	8,129
Changes in assets and liabilities:		
Pledges receivable	(93,236)	121,992
Government grants receivable	(235,116)	67,656
Prepaid expenses and other current assets	(45,040)	61,901
Inventory	2,641	(3,399)
Accounts payable and accrued expenses	62,144	(113,372)
Accrued compensation and vacation	37,303	18,709
Paycheck Protection Program loan	(27,175)	282,800
Total adjustments	(761,540)	432,150
Net cash provided by/(used for) operating activities	234,914	(17,387)
Cash flows from investing activities:		
Fixed asset purchases	(57,488)	0
Sale of investments	924,880	833,540
Purchase of investments	(823,871)	(687,621)
Net cash provided by investing activities	43,521	145,919
Cash flows from financing activities:		
Repayments from loan payable	(89,160)	(86,400)
Proceeds from loan payable/interest charges	70,217	85,346
Net cash used for financing activities	(18,943)	(1,054)
Net increase in cash and cash equivalents	259,492	127,478
Cash and cash equivalents - beginning of year	398,609	271,131
Cash and cash equivalents - end of year	\$658,101	\$398,609
Supplemental data:		
Interest paid	\$15,133	\$25,396
Taxes paid	\$0	\$0

The attached notes and auditor's report are an integral part of these financial statements.

THE HUDSON RIVER MUSEUM OF WESTCHESTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

The Hudson River Museum of Westchester (the "Museum") operates a museum in Yonkers, New York, providing cultural and educational activities to the residents of the community.

The Museum is a not-for-profit organization that has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

The following are the major programs offered by the Museum:

Exhibition and Curatorial: Staff compensation, fringe benefits and direct costs that support the mounting of exhibitions, interpretation and research of collections, maintenance, interpretation and research of Glenview, the Museum's 1876 historic home.

Planetarium: Staff compensation, fringe benefits and direct costs that support the live and pre-recorded programs offered to visitors and school and other groups as well as the maintenance of the state-of-the-art digital equipment.

Education: Staff compensation, fringe benefits and direct costs associated with the development of programs that provide educational experiences for school children (in-person and virtually), in-service training for teachers and develop curriculum with partner schools. Also, maintains a dedicated leadership training program for public high school students that focuses on skill development, college readiness, and includes mentorships at the museum.

Public Programs: Staff compensation, fringe benefits and direct costs that support virtual and onsite programs (lectures, workshops, concerts, seminars, performances, presentations) to visitors as well as working with underserved community groups to develop programs of significant interest to those communities and provide access to them.

Maintenance and Security: Staff compensation, fringe benefits and direct costs necessary to operate the Museum's programs on a 7-day-a-week basis including maintenance of exhibitions and security of exhibitions and collections, together with activities related to the upgrade and expansion of galleries and program facilities.

Auxiliary Services: Staff compensation, fringe benefits and direct costs for front of house functions including Visitor Services and retail operations.

b. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

c. Basis of Presentation

The Museum reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use. Under this category, the Museum maintains certain net assets designated by the Board for specific purposes. Board designated net assets totaled \$560,529 and \$489,706 at June 30, 2021 and June 30, 2020, respectively,

	June 30, 2021		
	Board Designated <u>Endowment</u>	Accumulated Designated <u>Reserve</u>	<u>Total</u>
Beginning balance	\$474,571	\$15,135	\$489,706
Endowment income (Note 7)	103,520		103,520
Appropriations	<u>(31,347)</u>	<u>(1,350)</u>	<u>(32,697)</u>
Ending balance	<u>\$546,744</u>	<u>\$13,785</u>	<u>\$560,529</u>

	June 30, 2020		
	Board Designated <u>Endowment</u>	Accumulated Designated <u>Reserve</u>	<u>Total</u>
Beginning balance	\$535,516	\$147,656	\$683,172
Endowment income (Note 7)	15,562		15,562
Appropriations	<u>(76,507)</u>	<u>(132,521)</u>	<u>(209,028)</u>
Ending balance	<u>\$474,571</u>	<u>\$15,135</u>	<u>\$489,706</u>

- *Net Assets with Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

d. Revenue Recognition

The Museum follows the requirements of Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 606 for recognizing revenue from contracts with customers. Admissions, memberships, and auxiliary activities fall under ASC 606. Each different source of revenue is analyzed to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete. Revenue that has been earned but not paid at year end is recognized as a related receivable. Cash that has been received but not earned at year end is recognized as deferred revenue.

Admissions consist of fees charged to the public for admission to the museum or to various shows and exhibits held at the museum. The performance obligation is met once the customer has been admitted to the museum or exhibition, at which time revenue is recognized.

Auxiliary activities consist mainly of museum shop revenue and facility rentals. Revenue is recognized when the sales take place and products are provided to customers.

Rental income consists of leases with third parties for the use of space and falls under the scope of ASC 840: *Leases*.

The Museum follows FASB's ASC 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Government grants have been evaluated and are considered to be non-reciprocal; therefore, they are also treated as conditional contributions under ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. The difference between cash received and revenue recognized is reflected as government grants receivable or refundable advances.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. At year end, all receivables are due in less than one year.

The Museum periodically reviews specific account balances and makes an assessment of the collectability based upon historical trends and the age of the receivable. Based on this review, an allowance for uncollectible receivables of \$52,200 and \$22,000 has been established as of June 30, 2021 and 2020, respectively. Any uncollectable receivables will be written off in the year they are deemed uncollectable.

e. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Museum considers all highly liquid investments purchased with initial maturities of three months or less to be cash and cash equivalents excluding those held in investment accounts as part of the endowment.

- f. Concentration of Credit Risk
Financial instruments which potentially subject the Museum to a concentration of credit risk consist of cash, money market accounts and investment securities which have been placed with financial institutions that management deems to be creditworthy. Investments are subject to market fluctuations and principal is not guaranteed. The Museum feels its investment policy is suitable to preserve principal and provide for growth. At times and at year end, cash and investment balances may exceed federally insured limits; however, they have not experienced any losses due to the failure of any financial institution.
- g. Investments
Investments are reflected at fair value which is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are reflected in the statement of activities.
- h. Inventory
Inventory consists of items held for resale in the Museum’s gift shop and has been valued at the lower of cost (first-in, first-out method) or market.
- i. Fixed Assets
Property, equipment, and leasehold improvements that have a useful life greater than one year are capitalized at cost. Depreciation and amortization expense is provided on a straight-line basis over the estimated lives of the assets.
- j. In-kind Contributions
The Museum recognizes contributions of services that create or enhance non-financial assets or require specialized skills, are performed by those who possess those skills, and that would have been purchased if not donated. Many individuals volunteer their time and perform a variety of services that assist the Museum; however, these volunteer services have not been recognized in the financial statements as they do not meet the criteria outlined above.
- The Museum leases the land and building in which it operates from the City of Yonkers for \$1 per year. The cost of using these facilities, estimated at \$557,230, has been recorded as an in-kind donation and related expense on the statement of activities in both the years ended June 30, 2021 and 2020.
- k. Advertising
Advertising costs are charged to operations when the advertising takes place.
- l. Art Collection
The Museum has not capitalized its art collection since it is held for public exhibition rather than financial gain. Proceeds from the sale of any collection items are required to be used to acquire other items for the collection.
- m. Management Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

n. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis:

- Salaries
- Payroll taxes and benefits

The following expense was allocated using square footage as the basis:

- In-kind rent

All other expenses have been charged directly to the applicable program or supporting services.

o. Comparative Financial Information

The Financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

p. Accounting for Uncertainty of Income Taxes

The Museum does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2018 and later are subject to examination by applicable taxing authorities.

q. New Accounting Pronouncements

FASB issued Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

The Museum is in the process of evaluating the impact these standards will have on future financial statements.

Note 2 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/21</u>	<u>6/30/20</u>
Leasehold improvements (10 years)	\$1,454,726	\$1,397,238
Other equipment (3-10 years)	<u>206,453</u>	<u>206,453</u>
	1,661,179	1,603,691
Less: accumulated depreciation and amortization	<u>(1,571,217)</u>	<u>(1,542,692)</u>
Total fixed assets, net	<u>\$89,962</u>	<u>\$60,999</u>

Note 3 - Investments

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Museum has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments consist of the following:

	<u>June 30, 2021</u>		
	<u>Market</u>	<u>Level 1</u>	<u>Level 2</u>
Equities – large cap	\$1,845,763	\$1,845,763	\$0
Government securities	498,911	0	498,911
Corporate bonds	149,472	0	149,472
Mutual funds - Equity	<u>191,913</u>	<u>191,913</u>	<u>0</u>
	2,686,059	2,037,676	648,383
Money funds	<u>74,184</u>	<u>0</u>	<u>74,184</u>
Total	<u>\$2,760,243</u>	<u>\$2,037,676</u>	<u>\$722,567</u>
	<u>June 30, 2020</u>		
	<u>Market</u>	<u>Level 1</u>	<u>Level 2</u>
Equities – large cap	\$1,506,295	\$1,506,295	\$0
Government securities	442,898	0	442,898
Corporate bonds	148,265	0	148,265
Mutual funds - Equity	<u>191,664</u>	<u>191,664</u>	<u>0</u>
	2,289,122	1,697,959	591,163
Money funds	<u>80,544</u>	<u>0</u>	<u>80,544</u>
Total	<u>\$2,369,666</u>	<u>\$1,697,959</u>	<u>\$671,707</u>

Investment return is summarized as follows:

	<u>6/30/21</u>	<u>6/30/20</u>
Unrealized gain/(loss) on investments	\$309,870	(\$8,129)
Realized gain on investments	181,716	54,318
Less: investment fees	<u>(31,343)</u>	<u>(28,016)</u>
Total	<u>\$460,243</u>	<u>\$18,173</u>

Note 4 - Paycheck Protection Program Loan

During the year ended June 30, 2020, the Museum obtained a loan of \$282,800 from the Small Business Administration (“SBA”) through the Paycheck Protection Program (“PPP”). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were not less than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven.

The Museum accounts for the PPP loan in accordance with ASC 958-605 as a conditional contribution. During the year ended June 30, 2021, the Museum met all conditions for forgiveness and recognized the loan as revenue. On July 29, 2021, the loan was formally forgiven by the SBA.

During the year ended June 30, 2021, the Museum obtained a second loan from the SBA in the amount of \$255,625 through the Paycheck Protection Program that had similar terms as the first loan. The Museum met the conditions for full forgiveness subsequent to year-end and it is expected that this will be recognized as revenue in fiscal year 2022.

Note 5 - Loans Payable

The Museum has a revolving line of credit with Merrill Lynch for up to \$1,271,194, with a variable interest rate which was 2.10% and 2.19% at June 30, 2021 and June 30, 2020, respectively. The line of credit is collateralized by a portion of the Museum’s investments.

Note 6 - Net Assets With Donor Restrictions

During the years ended June 30, 2021 and 2020, net assets were released from restriction for the following:

	<u>6/30/21</u>	<u>6/30/20</u>
Yonkers Private, Parochial and Public School Outreach	\$0	\$50,000
ArtBridges	5,000	34,598
Planetarium	20,100	0
Exhibits:		
Derrick Adams: Buoyant	16,966	57,284
Landscape Art & Virtual Travel	4,382	0
Appropriation of endowments	<u>94,993</u>	<u>94,993</u>
Total	<u>\$141,441</u>	<u>\$236,875</u>

At June 30, 2021 and 2020, net assets were restricted by donors for the following:

	<u>6/30/21</u>	<u>6/30/20</u>
Program restrictions:		
Glenview improvements	\$50,000	\$50,000
Planetarium	0	20,100
ArtBridges	0	5,000
“Museums on Us”	2,500	0
Exhibits:		
Derrick Adams: Buoyant	0	16,966
Landscape Art & Virtual Travel	15,508	0
Wall Power!	25,000	0
Summer Exhibitions	<u>5,000</u>	<u>0</u>
Total program	98,008	92,066
Endowment fund (Note 7)	<u>2,213,499</u>	<u>1,895,095</u>
Total	<u>\$2,311,507</u>	<u>\$1,987,161</u>

Note 7 - Endowment

The Museum’s endowment includes five specific permanently restricted funds to be held indefinitely. The income from these investments can be used to support the Museum’s general activities. Additionally, the endowment includes funds designated by the Board of Directors to be retained for future appropriation. The Museum has elected to pool both donor restricted and board-designated investments.

The following is a summary of the corpus of donor restricted endowments:

Lifflander Endowment	\$100,000
Hearst Endowment	200,000
Delany Sisters Endowment	70,000
Capital Campaign Endowment	919,191
Education Endowment	<u>96,825</u>
Total	<u>\$1,386,016</u>

Interpretation of Relevant Law

The Museum follows the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). The Board of Directors of the Museum has interpreted NYPMIFA as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the Museum will preserve the fair value of the original gift as of the gift date for all donor-restricted endowment funds. However, under certain circumstances, the Museum has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, the Museum classifies as endowment corpus (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Spending Policies

The Board of Directors makes an appropriation annually for each specific endowment to use in operations and includes it in the annual budget.

In accordance with NYPMIFA, the Museum considers the following factors in making that determination:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Museum and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Museum;
- (7) The investment policies of the Museum;
- (8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Museum.

Changes in endowment net assets were as follows:

	<u>June 30, 2021</u>			
	<u>Board Designated</u>	<u>Donor restricted</u>		<u>Total</u>
		<u>Accumulated Earnings</u>	<u>Corpus</u>	
Endowment and reserve fund net assets, beginning of year	\$474,571	\$509,079	\$1,386,016	\$2,369,666
Activities 2021:				
Interest and dividends	11,350	45,324	0	56,674
Investment gains net of				
Investment fees	92,170	368,073	0	460,243
Appropriations for expenditure	<u>(31,347)</u>	<u>(94,993)</u>	<u>0</u>	<u>(126,340)</u>
Endowment and reserve fund net assets, end of year	<u>\$546,744</u>	<u>\$827,483</u>	<u>\$1,386,016</u>	<u>\$2,760,243</u>
	<u>June 30, 2020</u>			
	<u>Board Designated</u>	<u>Donor restricted</u>		<u>Total</u>
		<u>Accumulated Earnings</u>	<u>Corpus</u>	
Endowment and reserve fund net assets, beginning of year	\$535,516	\$547,864	\$1,386,016	\$2,469,396
Activities 2020:				
Interest and dividends	11,622	41,975	0	53,597
Investment gains net of				
Investment fees	3,940	14,233	0	18,173
Appropriations for expenditure	<u>(76,507)</u>	<u>(94,993)</u>	<u>0</u>	<u>(171,500)</u>
Endowment and reserve fund net assets, end of year	<u>\$474,571</u>	<u>\$509,079</u>	<u>\$1,386,016</u>	<u>\$2,369,666</u>

Endowment Investment Policies

The Museum has adopted an investment policy for endowment assets that relies on the accumulation of interest, dividends, and other market value gains for future appropriation.

Treatment of Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Museum to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021 or June 30, 2020.

Note 8 - Employee Benefits

The Museum sponsors a tax deferred annuity plan under IRS section 403(b) of the Internal Revenue Code for all full-time employees. There were no payments made to the plan by the Museum for the years ended June 30, 2021 or June 30, 2020.

Note 9 - Special Events

The Museum hosts an annual fundraising event. Due to the COVID-19 pandemic, the event scheduled for June 30, 2020 was postponed.

A summary of the special events for the year ended June 30, 2021 is as follows:

Gross revenue	\$327,315
Less: expenses with a direct benefit to donors	<u>(20,560)</u>
	306,755
Less: other event expenses	<u>(45,192)</u>
Total	<u>\$261,563</u>

Note 10 - Availability and Liquidity

The Museum maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. The Museum operates its programs within a board approved budget. As detailed in Note 5, the Museum has access to a \$1,271,194 revolving line of credit.

In addition, the Museum maintains an endowment fund that consists of donor restricted and Board designated balances. The endowment is held in investment accounts and is available for general-purpose use based on appropriations made annually with Board approval.

The following reflects the Museum's financial assets at June 30, 2021 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:	
Cash and cash equivalents	\$658,101
Pledges and government grants receivable due within one year	<u>592,839</u>
Total financial assets	\$1,250,940
Less amounts not available for general expenditures:	
Donor restricted net assets – program restrictions	(98,008)
Board designated reserve	<u>(13,785)</u>
Total amounts not available for general expenditures	(111,793)
Add back: board funds appropriated for spending in the following year	<u>122,700</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,261,847</u>

Note 11 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Museum operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted, however, supply changes remain impacted. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact cannot be quantified.

Note 12 - Subsequent Events

Subsequent events have been evaluated through February 17, 2022, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.