

MUSEUM OF THE CITY OF NEW YORK, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

MUSEUM OF THE CITY OF NEW YORK, INC.

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INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Museum of the City of New York, Inc.
New York, New York

Opinion

We have audited the accompanying financial statements of Museum of the City of New York, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Museum of the City of New York, Inc. as of June 30, 2022 and 2021, and the changes in its net assets 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Museum of the City of New York, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Museum of the City of New York, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 Auditors' 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 Museum of the City of New York, Inc.'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 Museum of the City of New York, Inc.'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.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
February 27, 2023

MUSEUM OF THE CITY OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 5,950,892	\$ 6,555,764
Investments	31,538,590	36,726,074
Contributions and grants receivable, net	4,736,980	2,883,636
Prepaid expenses and other assets	48,429	43,294
Inventory	218,607	226,784
Property and equipment, net	19,862,429	20,417,270
Collections (Note 2)	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 62,355,927</u>	 <u>\$ 66,852,822</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 409,424	\$ 337,914
Deferred revenue	108,135	110,265
Deferred rent	262,965	262,685
Paycheck Protection Program loan payable	<u>-</u>	<u>1,759,145</u>
Total Liabilities	<u>780,524</u>	<u>2,470,009</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions:		
Operating	7,734,226	4,403,571
Board-designated endowment	5,953,944	6,083,173
Plant	<u>19,862,429</u>	<u>20,417,270</u>
Total Net Assets Without Donor Restrictions	<u>33,550,599</u>	<u>30,904,014</u>
With donor restrictions:		
Purpose and time restricted	4,225,411	5,314,212
Perpetual in nature	<u>23,799,393</u>	<u>28,164,587</u>
Total Net Assets With Donor Restrictions	<u>28,024,804</u>	<u>33,478,799</u>
Total Net Assets	<u>61,575,403</u>	<u>64,382,813</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 62,355,927</u>	 <u>\$ 66,852,822</u>

The accompanying notes are an integral part of these financial statements.

MUSEUM OF THE CITY OF NEW YORK, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions			Total
		Purpose and Time Restricted	Perpetual in Nature	Total	
OPERATING REVENUES, GAINS AND OTHER SUPPORT:					
Membership	\$ 327,814	\$ -	\$ -	\$ -	\$ 327,814
Rental fees and other sales	1,853,992				
Cost of sales	<u>(44,906)</u>	1,809,086	-	-	1,809,086
Licensing and other fees		535,833	-	-	535,833
Museum shop	564,180				
Cost of sales	<u>(258,961)</u>	305,219	-	-	305,219
Investment Loss	(4,306,779)				
Management fees	<u>(178,475)</u>	(1,009,441)	(245,217)	(3,230,596)	(4,485,254)
Educational programs		146,144	-	-	146,144
Admissions		640,825	-	-	640,825
Contributions and other grants:					
New York City - Department of Cultural Affairs		1,588,922	-	-	1,588,922
New York State - Council on the Arts		50,010	-	-	50,010
Other grants and contributions		4,188,960	478,461	-	4,667,421
In-kind contributions		599,613	-	-	599,613
Special events	1,730,357				
Direct expenses of special events	<u>(280,796)</u>	1,449,561	-	-	1,449,561
Net assets released from restrictions		<u>2,456,643</u>	<u>(1,322,045)</u>	<u>(1,134,598)</u>	<u>-</u>
Total operating revenues gains and other support		<u>13,089,189</u>	<u>(1,088,801)</u>	<u>(4,365,194)</u>	<u>7,635,194</u>
OPERATING EXPENSES:					
Program services:					
Museum shop		390,842	-	-	390,842
Collection care		2,508,604	-	-	2,508,604
Educational programs		1,204,552	-	-	1,204,552
Exhibition and publications		<u>5,452,227</u>	<u>-</u>	<u>-</u>	<u>5,452,227</u>
Total program services expenses		<u>9,556,225</u>	<u>-</u>	<u>-</u>	<u>9,556,225</u>
Supporting services:					
Management and general		1,626,082	-	-	1,626,082
Membership and development		<u>2,293,306</u>	<u>-</u>	<u>-</u>	<u>2,293,306</u>
Total supporting services expenses		<u>3,919,388</u>	<u>-</u>	<u>-</u>	<u>3,919,388</u>
Total operating expenses		<u>13,475,613</u>	<u>-</u>	<u>-</u>	<u>13,475,613</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(386,424)	(1,088,801)	(4,365,194)	(5,453,995)	(5,840,419)
NON-OPERATING REVENUES:					
Forgiveness of debt		1,759,145	-	-	1,759,145
Government grant		1,260,494	-	-	1,260,494
Other non-operating revenues		<u>13,370</u>	<u>-</u>	<u>-</u>	<u>13,370</u>
CHANGE IN NET ASSETS	2,646,585	(1,088,801)	(4,365,194)	(5,453,995)	(2,807,410)
NET ASSETS, BEGINNING OF YEAR	<u>30,904,014</u>	<u>5,314,212</u>	<u>28,164,587</u>	<u>33,478,799</u>	<u>64,382,813</u>
NET ASSETS, END OF YEAR	<u>\$ 33,550,599</u>	<u>\$ 4,225,411</u>	<u>\$ 23,799,393</u>	<u>\$ 28,024,804</u>	<u>\$ 61,575,403</u>

The accompanying notes are an integral part of these financial statements.

MUSEUM OF THE CITY OF NEW YORK, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions			Total
		Purpose and Time Restricted	Perpetual in Nature	Total	
OPERATING REVENUES, GAINS AND OTHER SUPPORT:					
Membership	\$ 345,075	\$ -	\$ -	\$ -	\$ 345,075
Rental fees and other sales	936,708				
Cost of sales	<u>(12,406)</u>	924,302	-	-	924,302
Licensing and other fees		294,398	-	-	294,398
Museum shop	280,441				
Cost of sales	<u>(171,973)</u>	108,468	-	-	108,468
Investment income (loss)	8,306,621				
Management fees	<u>(124,983)</u>	1,940,481	613,180	5,627,977	6,241,157
Educational programs		101,088	-	-	101,088
Admissions		213,021	-	-	213,021
Contributions and other grants					
New York City - Department of Cultural Affairs		1,474,959	-	-	1,474,959
New York State - Council on the Arts		37,500	-	-	37,500
Other grants and contributions		2,741,509	2,951,518		5,693,027
In-kind contributions		517,786	-	-	517,786
Special events	1,176,223				
Direct expenses of special events	<u>(94,473)</u>	1,081,750	-	-	1,081,750
Net assets released from restrictions		<u>2,643,586</u>	<u>(1,363,136)</u>	<u>(1,280,450)</u>	<u>-</u>
Total operating revenues gains and other support	12,423,923	2,201,562	4,347,527	6,549,089	18,973,012
OPERATING EXPENSES:					
Program services:					
Museum shop	281,610	-	-	-	281,610
Collection care	2,388,184	-	-	-	2,388,184
Educational programs	859,233	-	-	-	859,233
Exhibition and publications	<u>4,236,395</u>	-	-	-	<u>4,236,395</u>
Total program expenses	7,765,422	-	-	-	7,765,422
Supporting services:					
Management and general	1,418,066	-	-	-	1,418,066
Membership and development (fundraising)	<u>1,931,214</u>	-	-	-	<u>1,931,214</u>
Total supporting services expenses	3,349,280	-	-	-	3,349,280
Total operating expenses	11,114,702	-	-	-	11,114,702
CHANGE IN NET ASSETS FROM OPERATIONS	1,309,221	2,201,562	4,347,527	6,549,089	7,858,310
NON-OPERATING REVENUES:					
Forgiveness of debt	1,737,755	-	-	-	1,737,755
Other non-operating revenues	<u>199,152</u>	-	-	-	<u>199,152</u>
CHANGE IN NET ASSETS	3,246,128	2,201,562	4,347,527	6,549,089	9,795,217
NET ASSETS, BEGINNING OF YEAR	27,657,886	3,112,650	23,817,060	26,929,710	54,587,596
NET ASSETS, END OF YEAR	\$ 30,904,014	\$ 5,314,212	\$ 28,164,587	\$ 33,478,799	\$ 64,382,813

The accompanying notes are an integral part of these financial statements.

MUSEUM OF THE CITY OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services			
	Museum Shop	Collection Care	Educational Programs	Exhibition and Publications	Total	Management and General	Membership and Development	Special Events	Total
Salaries and related expenses	\$ 236,290	\$ 1,341,642	\$ 867,655	\$ 3,149,759	\$ 5,595,346	\$ 1,075,845	\$ 1,562,204	\$ -	\$ 8,233,395
Outside services	14,036	88,202	147,329	557,755	807,322	131,715	437,948	-	1,376,985
Legal and accounting	193	10,385	741	1,586	12,905	132,934	55	-	145,894
Depreciation and amortization	62,262	169,161	62,703	167,497	461,623	68,179	83,229	-	613,031
Public relations	3,000	-	1,500	132,292	136,792	1,147	6,800	-	144,739
Design, shipping and fabrication	9,166	43,260	4,422	584,905	641,753	13,908	42,741	-	698,402
Printing	944	12,747	11,204	31,095	55,990	3,270	29,159	-	88,419
Occupancy	15,693	641,101	55,971	391,557	1,104,322	73,792	59,914	-	1,238,028
Supplies and expenses	10,343	67,529	10,890	135,531	224,293	22,930	11,016	124,981	383,220
Computing services	4,586	60,583	17,697	121,058	203,924	13,726	18,573	-	236,223
Cost of sales	258,301	-	-	-	258,301	44,906	-	-	303,207
Insurance	3,120	42,117	11,179	78,500	134,916	9,879	11,959	-	156,754
Miscellaneous	31,209	32,322	13,476	100,692	177,699	78,757	29,708	155,815	441,979
Total Expenses	649,143	2,509,049	1,204,767	5,452,227	9,815,186	1,670,988	2,293,306	280,796	14,060,276
Less direct cost of special events deducted from revenue on the statement of activities	-	-	-	-	-	-	-	(280,796)	(280,796)
Less cost of sales netted against rental fees and other sales	-	-	-	-	-	(44,906)	-	-	(44,906)
Less cost of sales netted against museum shop income	(258,301)	(445)	(215)	-	(258,961)	-	-	-	(258,961)
Total expenses reported by function on the statement of activities	\$ 390,842	\$ 2,508,604	\$ 1,204,552	\$ 5,452,227	\$ 9,556,225	\$ 1,626,082	\$ 2,293,306	\$ -	\$ 13,475,613

The accompanying notes are an integral part of these financial statements.

MUSEUM OF THE CITY OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services					Supporting Services			Total
	Museum Shop	Collection Care	Educational Programs	Exhibition and Publications	Total	Management and General	Membership and Development	Special Events	
Salaries and related expenses	\$ 152,895	\$ 1,333,375	\$ 683,744	\$ 2,534,763	\$ 4,704,777	\$ 981,475	\$ 1,473,896	\$ -	\$ 7,160,148
Outside services	10,732	30,779	23,141	382,392	447,044	45,272	164,990	-	657,306
Legal and accounting	82	1,105	293	10,446	11,926	105,070	314	-	117,310
Depreciation and amortization	61,786	175,534	64,055	182,077	483,452	69,134	84,368	-	636,954
Public relations	-	-	-	163,832	163,832	18,398	-	-	182,230
Design, shipping and fabrication	2,701	48,692	2,872	314,482	368,747	12,627	69,048	-	450,422
Printing	739	9,981	3,649	23,240	37,609	2,441	31,788	-	71,838
Occupancy	13,556	588,444	48,577	340,027	990,604	87,913	51,966	-	1,130,483
Supplies and expenses	4,490	55,156	3,994	60,582	124,222	2,114	5,467	22,296	154,099
Computing services	4,911	57,814	15,179	112,145	190,049	13,453	16,287	-	219,789
Cost of sales	171,973	-	-	-	171,973	12,406	-	-	184,379
Insurance	2,175	44,796	7,793	59,995	114,759	6,887	8,337	-	129,983
Miscellaneous	27,543	42,508	5,936	52,414	128,401	73,282	24,753	72,177	298,613
Total Expenses	453,583	2,388,184	859,233	4,236,395	7,937,395	1,430,472	1,931,214	94,473	11,393,554
Less direct cost of special events deducted from revenue on the statement of activities	-	-	-	-	-	-	-	(94,473)	(94,473)
Less cost of sales netted against rental fees and other sales	-	-	-	-	-	(12,406)	-	-	(12,406)
Less cost of sales netted against museum shop income	(171,973)	-	-	-	(171,973)	-	-	-	(171,973)
Total expenses reported by function on the statement of activities	\$ 281,610	\$ 2,388,184	\$ 859,233	\$ 4,236,395	\$ 7,765,422	\$ 1,418,066	\$ 1,931,214	\$ -	\$ 11,114,702

The accompanying notes are an integral part of these financial statements.

MUSEUM OF THE CITY OF NEW YORK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,807,410)	\$ 9,795,217
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	613,031	636,954
Deferred rent	280	10,945
Forgiveness of debt	(1,759,145)	(1,737,755)
Investment (gains) losses	4,743,199	(7,997,164)
Interest and dividends restricted for long-term investment	(139,163)	(139,163)
(Increase) decrease in assets:		
Contributions and grants receivable	(2,123,344)	(156,054)
Prepaid expenses and other assets	(5,135)	19,954
Inventory	8,177	38,619
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	71,510	(24,352)
Deferred revenue	(2,130)	(18,185)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(1,400,130)</u>	<u>429,016</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(58,190)	(50,684)
Purchase of investments	(12,942,746)	(13,834,478)
Proceeds from sale of investments	13,387,031	13,387,031
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>386,095</u>	<u>(498,131)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term investment	270,000	270,000
Interest and dividends restricted for long-term investment	139,163	139,163
Proceeds from loans payable	-	1,759,145
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>409,163</u>	<u>2,168,308</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(604,872)	2,099,193
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,555,764</u>	<u>4,456,571</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,950,892</u>	<u>\$ 6,555,764</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:		
Forgiveness of debt	<u>\$ 1,759,145</u>	<u>\$ 1,737,755</u>

The accompanying notes are an integral part of these financial statements.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 1 - Nature of Organization

Museum of the City of New York, Inc. (the “Museum”) celebrates and interprets New York City (the “City”), educating the public about its distinctive character, especially its heritage of diversity, opportunity, and perpetual transformation. Founded in 1923 as a private, non-profit corporation, the Museum connects the past, present, and future of the City. It serves the people of New York and visitors from around the world through exhibitions, school and public programs, publications, and collections.

The Museum is located at 1220 Fifth Avenue, New York, N.Y.

The Museum’s primary sources of revenues are contributions and grants as well as net revenue from special events. The Museum also operates a gift shop that earns additional revenues.

The Museum is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Museum is subject to federal income tax on any unrelated business taxable income.

Note 2 - Summary of Significant Accounting Policies

Change in Accounting Principles

Effective July 1, 2021, the Museum adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets a nonprofit has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of enhanced disclosure.

Basis of Accounting

The financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the amount of revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Cash and Cash Equivalents

The Museum considers all liquid investments with original maturities of three months or less to be cash equivalents. Operating and deposit accounts restricted internally by the board are considered to be cash and cash equivalents on the statements of financial position and cash flows. Uninvested cash and cash equivalents held in accounts managed by professional fund advisors are included within investments.

Investments

Investments in marketable securities are stated at fair value, based on quoted market prices. Investments in hedge funds are recorded at net asset value (NAV), as a practical expedient. Investment income, which consists of gains and losses on the sale of investments, unrealized gains and losses, and interest and dividends, net of investment fees, are recorded as operating activities and are recognized as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a framework for measuring fair value is used which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under FASB Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*, are described as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Museum's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Refer to Note 4 for assets measured at fair value at June 30, 2022 and 2021 in accordance with FASB ASC Topic 820.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Allowance for Doubtful Accounts

The Museum determines whether an allowance for doubtful accounts should be provided for contributions and grants receivable. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions and historical information. The allowance for doubtful accounts is adjusted based upon management's assessment of the collectability of the contributions and grants receivable. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables.

At June 30, 2022 and 2021, the Museum did not have any allowance for doubtful accounts.

Inventory

Inventory, which consists of finished goods held for sale in connection with the Museum's gift shop operation, is valued at the lower of cost and net realizable value, with cost determined using the first in, first out (FIFO) method and with net realizable value defined as the estimated selling prices in the ordinary course of business.

Property and Equipment

Property and equipment acquisitions over \$5,000 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building improvements	50 years
Furniture and equipment	5 years
Computer equipment	2-3 years
Leasehold improvements	10 years

The buildings occupied by the Museum are constructed on properties owned by the City and the Museum. Title to the buildings are held by the City; however, under an agreement with the City, the Museum has exclusive rights to use the facility.

The City, as owner of certain of the Museum's land and of all its buildings, also at times directly contracts for, manages, and pays the cost of certain capital projects. Those costs are not reflected in the financial statements.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Long-Lived Asset Impairment

The Museum evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2022 and 2021.

Collections

The Museum's collections, which were acquired through purchases and contributions since its inception, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. As a matter of policy, proceeds from deaccessions shall be used to fund the purchase of other images or objects or the direct care of collections and are reflected as increases in the appropriate net asset classes. Detailed inventory records, however, are maintained for collections. The value of the collection is not readily determinable, and the Museum is not fully insured for the cost of its replacement. The Museum strives to preserve and maintain its collection.

Contract Liabilities

Revenue from rental fees for events occurring in future periods is deferred and recognized according to the rental agreement. All contract liabilities are expected to be recognized into revenue in the following year.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and are not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

MUSEUM OF THE CITY OF NEW YORK, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022 AND 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions

Contributions are provided to the Museum either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restrictions</i>	
Gifts that depend on the Museum overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

MUSEUM OF THE CITY OF NEW YORK, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022 AND 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

In-kind Contributions

The organization receives various forms of gift-in-kind (GIK) including utilities and legal services. GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. GIK are valued based upon appraisal reports received from third parties. Donated GIK are not sold and goods are only utilized for program use.

Non-financial contributions by category	Type of contributions for beneficiaries	Valuation	2022	2021
Utilities	Utilities from the New York Department of Cultural Affairs ("DCA")	Appraisal reports received from independent third parties	\$ 517,441	\$ 463,351
Legal services	Outside legal services	Appraisal reports received from independent third parties	82,172	54,435
			\$ 599,613	\$ 517,786

Government Grants

Support funded by grants is recognized as the Museum performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Revenue Recognition

As referenced in Note 10, licensing, rental and other fees, museum shop and admissions, educational programs, and special events revenues are recognized as the Museum satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price or amount that reflects the consideration the Museum expects to receive in exchange for providing goods or services. The Museum determines the transaction price based on standard charges for goods and services provided.

Special Events

The Museum conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenues in the accompanying financial statements.

Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes collected from customers and remitted to governmental authorities are presented in the accompanying statements of activities on a net basis.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Functional Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and membership and development categories based on estimated time spent by employees, square footage and other methods.

Operating Leases

Operating leases are straight-lined over the term of the lease. Deferred rent is recorded when there are material differences between the fixed payment and rent expense.

Advertising

Advertising costs are expensed as incurred and included in public relations.

Measure of Operations

The Museum includes in its measure of operations all revenues and expenses that are an integral part of its program and supporting activities and excludes other nonoperating revenues, including forgiveness of debt.

Accounting for Uncertainty in Income Taxes

The Museum has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Museum is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Museum believes it is no longer subject to income tax examinations for years prior to 2019.

New Accounting Pronouncement

ASU No. 2016-02

In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board (“IASB”) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards (“IFRS”). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB ASC Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncement (cont'd.)

ASU No. 2016-02 (cont'd.)

For nonpublic entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022, based on the decision in ASU No. 2020-05 to defer the implementation dates.

The Museum has not yet determined if this ASU will have a material effect on its financial statements.

Note 3 - Concentration of Credit Risk

The Museum maintains cash balances in several financial institutions. Such balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. At June 30, 2022, and periodically throughout the years ended June 30, 2022 and 2021, the Museum's balances exceeded these limits.

Approximately 41% and 45% of all contributions and grants were received from two and one donor(s)/grantor(s) in 2022 and 2021, respectively. In addition, approximately 69% and 52% of all contributions and grants receivable as of June 30, 2022 and 2021 were due from two donors/grantors.

Note 4 - Fair Value Measurement

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2022 and 2021.

Equities, fixed income securities and mutual funds are stated at fair value using Level 1 inputs based on quoted market prices of identical securities in active markets.

Fixed income securities are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Alternative investments - Valued at NAV as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 4 - Fair Value Measurement (cont'd.)

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities:				
Domestic	\$ 21,173,654	\$ -	\$ -	\$ 21,173,654
Fixed income securities:				
U.S. government obligations	-	1,528,020	-	1,528,020
Corporate obligations	-	885,515	-	885,515
Foreign obligations	-	121,050	-	121,050
Mutual funds:				
Fixed income	1,121,930	-	-	1,121,930
Equities	360,470	-	-	360,470
Cash and cash equivalents	<u>720,126</u>	<u>-</u>	<u>-</u>	<u>720,126</u>
Total investments, at fair value	<u>\$ 23,376,180</u>	<u>\$ 2,534,585</u>	<u>\$ -</u>	25,910,765
Alternative investments (a):				
Equity long/short hedge funds measured at net asset value				3,961,038
Multi strategy hedge funds measured at net asset value				<u>1,666,787</u>
Total investments				<u>\$ 31,538,590</u>

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 4 - Fair Value Measurement (cont'd.)

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities:				
Domestic	\$ 12,491,006	\$ -	\$ -	\$ 12,491,006
Foreign	2,340,526	-	-	2,340,526
Fixed income securities:				
U.S. government obligations	-	1,371,261	-	1,371,261
Corporate obligations	-	1,834,332	-	1,834,332
Mutual funds:				
Fixed income	2,144,934	-	-	2,144,934
Equities	11,079,195	-	-	11,079,195
Cash and cash equivalents	332,552	-	-	332,552
Total investments, at fair value	<u>\$ 28,388,213</u>	<u>\$ 3,205,593</u>	<u>\$ -</u>	31,593,806
Alternative investments (a):				
Equity long/short hedge funds measured at net asset value				3,435,226
Multi strategy hedge funds measured at net asset value				<u>1,697,042</u>
Total investments				<u>\$ 36,726,074</u>

a) In accordance with FASB ASC Subtopic 820-10, certain investments that were measured at net asset value ("NAV") per share have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 4 - Fair Value Measurement (cont'd.)

Alternative Investments

Investments in certain entities measured at fair value using the net asset value per share as a practical expedient consist of the following:

	Fair Value 2022	Fair Value 2021	Redemption Frequency	Redemption Notice period
Equity Long/Short term Hedge Funds:				
King Street Capital, Ltd. (a)	\$ 92,674	\$ 96,670	Not Redeemable	Not Redeemable
Valinor Capital Partners Offshore, Ltd. (b)	120,614	129,055	Not Redeemable	Not Redeemable
Riva Ridge Overseas Fund (c)	2,026,913	1,419,322	Quarterly	90 days
Corre Partners Management, LLC (d)	1,720,837	1,790,179	Quarterly	90 days
Multistrategy Hedge Funds:				
Taconic Opportunity Offshore Fund (e)	1,666,787	1,697,042	Quarterly	60 days
	<u>\$5,627,825</u>	<u>\$ 5,132,268</u>		

There were no unfunded commitments at June 30, 2022 and 2021.

- a) King Street Capital, Ltd.: Investments include public equity and fixed-income markets globally with a focus in distressed companies, equity, bonds, foreign exchange, warrants and options. Although not redeemable directly by the Museum, the fund is in the process of redeeming the classes of shares held by the Museum. Timing of full redemption is unknown as of the date of this report.
- b) Valinor Capital Partners Offshore, Ltd. (“Valinor”): Valinor’s investment objective is to generate long-term, superior, risk-adjusted returns by investing primarily in publicly traded equity securities. Valinor will seek to achieve the investment objective by employing a strict fundamentals-based investment strategy. Although not redeemable directly by the Museum, the fund is in the process of redeeming the remainder of the classes of shares held by the Museum. Timing of full redemption is unknown as of the date of this report.
- c) Riva Ridge Overseas Fund: Small event-driven/distressed hedge fund with long/short positions. Short portfolio predominantly composed of larger single-name, high dollar priced, high yield bonds.
- d) Corre Partners Management, LLC: Deep value, event driven funds that aim to achieve equity-like returns while taking less risk by investing across the capital structure. Investors may also be charged a redemption fee of 5 percent of the amount redeemed if the redemption is not made at least one year from the date of purchase.
- e) Taconic Opportunity Offshore Fund: Multi-strategy fund with positions in arbitrage, credit, special situations and reorganizations. Additionally, portfolio hedging focuses on protecting the portfolio in a severe market dislocation.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 5 - Contributions and Grants Receivable

Contributions and grants receivable consisted of the following:

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 2,352,670	\$ 1,326,895	\$ 3,679,565
Due within one to five years	-	1,093,000	1,093,000
	2,352,670	2,419,895	4,772,565
Less: unamortized discount	-	(35,585)	(35,585)
	\$ 2,352,670	\$ 2,384,310	\$ 4,736,980
	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 436,086	\$ 728,382	\$ 1,164,468
Due within one to five years	-	1,754,753	1,754,753
	436,086	2,483,135	2,919,221
Less: unamortized discount	-	(35,585)	(35,585)
	\$ 436,086	\$ 2,447,550	\$ 2,883,636

The discount rates used ranged from 0.18% to 1.76% at June 30, 2022 and 2021.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 6 - Conditional Gifts and Grants and Future Commitments

The Museum receives conditional promises to give and grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. The following are commitments that extend beyond June 30, 2022 that are not recognized in the financial statements:

Conditional Promise to Give/Grant	Term	Amount	Earned through 2022	Available
If a certain endowment fund balance is less than a specified amount after an annual \$125,000 withdrawal	1/1/2019 - 12/31/2023	\$ 625,000	\$ (375,000)	\$ 250,000
New York State - Council of the Arts	1/1/2020 - 12/31/2022	<u>150,000</u>	<u>(115,000)</u>	<u>35,000</u>
		<u>\$ 775,000</u>	<u>\$ (490,000)</u>	<u>\$ 285,000</u>

Note 7 - Property and Equipment

Property and equipment at June 30, 2022 and 2021 consists of:

	<u>2022</u>	<u>2021</u>
Building	\$ 28,476,630	\$ 28,476,630
Furniture and equipment	3,711,039	3,711,039
Computer equipment	848,084	789,894
Leasehold improvements	64,506	64,506
Construction in progress	<u>4,105</u>	<u>4,105</u>
	33,104,364	33,046,174
Accumulated depreciation	(13,177,429)	(12,564,398)
Accumulated amortization	<u>(64,506)</u>	<u>(64,506)</u>
	<u>\$ 19,862,429</u>	<u>\$ 20,417,270</u>

Depreciation and amortization expense was \$613,031 and \$636,954 for the years ended June 30, 2022 and 2021, respectively.

MUSEUM OF THE CITY OF NEW YORK, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022 AND 2021

Note 8 - Paycheck Protection Program Loan Payable

In April 2020, the Museum entered into a \$1,737,755 loan agreement with a financial institution under the Paycheck Protection Program (“PPP”), established by the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, administered by the Small Business Administration (“SBA”) with support from the Department of the Treasury. In May 2021, the Museum was granted forgiveness by the full amount of the loan. As a result, the loan forgiveness is reported in the statement of activities for the year ended June 30, 2021.

In February 2021, the Museum received \$1,759,145 from a financial institution under a second draw PPP, administered by the SBA with support from the Department of the Treasury. The loan is unsecured, bears interest at 1% per annum and matures in February 2026; however, the PPP provides for the forgiveness of up to the entire amount of the loan (including interest) if certain conditions are met. In October 2021, the Museum was granted forgiveness for the full amount of the loan. As a result, loan forgiveness will be reported in the statement of activities for the year ending June 30, 2022.

Note 9 - Operating Leases

The Museum leases warehouse space to house part of its permanent collection under a 14-year lease which will expire September 30, 2028. Rental expense (including surcharges for utilities and maintenance) related to the warehouse lease was \$418,194 and \$416,379 for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments under operating leases are:

<u>Years Ending June 30:</u>	
2023	\$ 326,419
2024	337,844
2025	349,668
2026	361,907
2027	374,573
Thereafter	<u>485,430</u>
Total minimum lease payments	<u>\$ 2,235,841</u>

Note 10 - Revenue from Contracts

Membership, Licensing, Rental and Other Fees

Revenue from contracts with others is recognized as the Museum satisfies performance obligations under its contracts over time. Revenue is reported at the estimated transaction price or amount that reflects the consideration the Museum expects to receive in exchange for providing goods or services. The Museum determines the transaction price based on standard charges for goods and services provided. The Museum recognizes contract liabilities as they relate to the Museum’s obligation for goods or services to a customer when some consideration has already been received from the customer.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 10 - Revenue from Contracts (cont'd.)

Museum Shop and Admissions Revenue

Museum shop revenue is recognized as the performance obligation is satisfied at a point in time, generally when the goods are provided to customers and the Museum does not believe it is required to provide additional goods related to that sale.

Fees received in connection with the tours of exhibitions organized by the Museum are recognized as revenues when the exhibition is shown (admission). These fees are recognized at a point in time and when the Museum does not believe it is required to provide additional services related to that sale.

Educational Programs Revenue

Revenue from contracts with individuals for educational program services is reported at the amount that reflects the consideration the Museum expects to receive in exchange for providing instruction. These amounts are due from individuals who register for the event.

Revenue is recognized as performance obligations are satisfied, which is ratably over the course of the program. Generally, the Museum bills and collects the fees from the individuals upon registration for the course.

If an individual withdraws within three days of the registration date, the individual is entitled to a full refund. No refunds are awarded after the three days prior to the close of the registration period.

Special Events Revenue

Revenue from special events is reported at the amount that reflects the consideration the Museum expects to receive in exchange for the direct cost of the benefits received by the participant at the event. These revenues are recognized at the point in time that the event takes place.

Transaction Price and Recognition

The Museum determines the transaction price based on standard charges for goods and services provided. Consideration amounts are not variable, and the contracts do not have significant financing components. For the years ended June 30, 2022 and 2021, the Museum recognized revenue of \$2,818,877 and \$1,664,863, respectively, from goods and services that transfer to the customer over time. For the years ended June 30, 2022 and 2021, the Museum recognized revenue of \$1,226,841 and \$415,962, respectively, from goods and services that transfer to the customer at a point in time.

The Museum has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payers (for example, customer, governmental programs and others) that have different reimbursement and payment methodologies.
- Museum's line of business that provided the service.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 10 - Revenue from Contracts (cont'd.)

Accounting Policies and Practical Expedients Elected

The Museum has elected the practical expedient allowed under FASB ASC Subtopic 606-10-32-18 and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to the Museum's expectation that the period between the time the service is provided to a customer and the time the customer or a third-party payer pays for that service will be one year or less.

The Museum is also applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes the Museum collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

Note 11 - Multiemployer Pension Plan

The Museum contributes to a multiemployer defined benefit pension plan under the terms of an agreement that covers its union-represented employees. The risks of participating in the multiemployer plan are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Museum chooses to stop participating in a multiemployer plan, the Museum may be required to pay that plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Museum's participation in this plan for the years ended June 30, 2022 and 2021, is outlined in the table below.

- The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable.
- The most recent Pension Protection Act ("PPA") zone status available in 2022 is for the plan's year-end at June 30, 2022.
- The zone status is based on information the Museum received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are 65 percent to 80 percent funded, and plans in the green zone are at least 80 percent funded.
- The "FIP/RP Status Pending/Implemented" column indicates if a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.
- The last column lists the expiration date of the collective-bargaining agreement to which the plan is subject.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 11 - Multiemployer Pension Plan (cont'd.)

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/Implemented	Contributions for the Years Ended June 30,		Surcharge Imposed	Expiration Date of Agreement
		2022	2021		2022	2021		
The Cultural Institutions Pension Plan	11-2001170 001	Green	Green	N/A	\$ 477,970	\$ 492,260	No	6/30/2022

Note 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specified purpose:		
Exhibitions, collections and programs	\$ 3,878,257	\$ 4,725,520
Endowments:		
Perpetual in nature - endowment corpus:		
Louis Auchincloss Prize Endowment	651,747	751,508
Frederick AO Schwarz Family Endowment	1,699,812	1,995,933
Hearst Foundation - Education	254,435	304,072
Laura and Ray Johnson Fund	1,280,202	1,280,202
Mary Flagler Cary Endowment	100,000	100,000
Grace Mayer Conservation Fund	250,000	250,000
Charles E. Merrill - Education	50,000	50,000
Mary and Donald Oenslager Fund	200,000	200,000
Margareth and Stephen Ogden - Lecture series and exhibits for children and teenagers	365,042	406,374
Gallery Programming - Puffin Foundation	1,353,580	1,764,173
John and Barbara Robinson Fund - Education	1,482,716	1,667,797
Ronay Menschel Director/CEO of the Museum of the City of New York Endowment	3,004,519	3,525,192
Evelyn Spitalny - Music in Museum Concerts	37,539	42,812
Robert Jeffe - lecture series	287,098	337,113
Robert and Elizabeth Jeffe Endowment Chief Curator	2,519,155	2,725,589
Thompson Family Foundation Endowment - Education	10,263,548	12,763,822
Total perpetual in nature	23,799,393	28,164,587
Subject to NFP endowment spending policy and appropriation:		
Accumulated investment gains restricted by donors for programs	347,154	588,692
Total Endowments	24,146,547	28,753,279
	\$ 28,024,804	\$ 33,478,799

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 12 - Net Assets with Donor Restrictions (cont'd.)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2022	2021
Satisfaction of purpose restrictions:		
Exhibitions, collections and programs	\$ 1,322,045	\$ 1,363,136
Restricted purpose spending-rate distributions and appropriations	1,134,598	1,280,450
	\$ 2,456,643	\$ 2,643,586

Note 13 - Endowment Funds

The Museum’s governing body is subject to the State of New York Prudent Management of Institutional Funds Act (“NYPMIFA”). As a result, the Museum classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets are also subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with NYPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservations of the fund
2. Purpose of the Museum and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Museum
7. Investment policies of the Museum

The Museum’s endowment consists of approximately 16 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by U.S. GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 13 - Endowment Funds (cont'd.)

Endowment Net Asset Composition by Type of Fund at June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unspent Accumulated Earnings	Original Gifts	
Board-designated endowment fund	\$ 5,953,944	\$ -	\$ -	\$ 5,953,944
Donor-restricted endowment fund	-	347,154	23,799,393	24,146,547
	<u>\$ 5,953,944</u>	<u>\$ 347,154</u>	<u>\$ 23,799,393</u>	<u>\$ 30,100,491</u>

Endowment Net Asset Composition by Type of Fund at June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unspent Accumulated Earnings	Original Gifts	
Board-designated endowment fund	\$ 6,083,173	\$ -	\$ -	\$ 6,083,173
Donor-restricted endowment fund	-	588,692	28,164,587	28,753,279
	<u>\$ 6,083,173</u>	<u>\$ 588,692</u>	<u>\$ 28,164,587</u>	<u>\$ 34,836,452</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unspent Accumulated Earnings	Original Gifts	
Endowment net assets, beginning of year	\$ 6,083,173	\$ 588,692	\$ 28,164,587	\$ 34,836,452
Investment loss	(634,250)	(234,248)	(3,230,596)	(4,099,094)
Contributions	2,899,251	-	-	2,899,251
Appropriation of endowment assets for expenditure	(2,394,230)	(7,290)	-	(2,401,520)
Released from restrictions	-	-	(1,134,598) *	(1,134,598)
Endowment net assets, end of year	<u>\$ 5,953,944</u>	<u>\$ 347,154</u>	<u>\$ 23,799,393</u>	<u>\$ 30,100,491</u>

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 13 - Endowment Funds (cont'd.)

Changes in Endowment Net Assets for the Year Ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unspent Accumulated Earnings	Original Gifts	
Endowment net assets, beginning of year	\$ 3,331,256	\$ 63,121	\$ 23,817,060	\$ 27,211,437
Investment income	1,158,889	608,330	5,627,977	7,395,196
Contributions	3,828,460	-	-	3,828,460
Appropriation of endowment assets for expenditure	(2,235,432)	(82,759)	-	(2,318,191)
Released from restrictions	-	-	(1,280,450) *	(1,280,450)
Endowment net assets, end of year	<u>\$ 6,083,173</u>	<u>\$ 588,692</u>	<u>\$ 28,164,587</u>	<u>\$ 34,836,452</u>

* Amounts were released based on spending rates and purposes instructed by the donors

Investment and Spending Policies

The objective of the Museum is to maintain the principal endowment funds at the original amount designated by the donor and to generate investment income for the specified purpose. The investments are summarized in Note 4. Income is distributed on a total return basis to either non-donor designated funds or donor designated funds as designated by the donor. Certain donors have specified that investment income and losses, net of investment fees, be added to the corpus of the endowment funds and have established criteria different from the Museum's spending rate formula of 5% of the prior 5-year average balance as measured on a quarterly basis.

Underwater Endowments

The governing body of the Museum has interpreted NYPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Museum considers a fund to be underwater if the fair value of the fund is less than the original value of initial and subsequent gift amounts donated to the fund.

Deficiencies of this nature exist in two donor-restricted endowment funds, which together have an original gift value of \$300,000, a current fair value of \$282,635, and a deficiency of \$17,365 as of June 30, 2022. Deficiencies of this nature exist in one donor-restricted endowment fund, which had an original gift value of \$100,000, a current fair value of \$97,442, and a deficiency of \$2,558 as of June 30, 2021. These deficiencies resulted from unfavorable market fluctuation.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 13 - Endowment Funds (cont'd.)

Underwater Endowments (cont'd.)

The Museum has interpreted NYPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Museum has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations. The governing board did not appropriate any expenditures from the underwater endowment funds during the years ended June 30, 2022 and 2021.

Note 14 - Expansion

The City has advised the Museum that it has paid \$634,976 and \$82,409 for the renovation or purchase of equipment for the years ended June 30, 2022 and 2021, respectively.

These purchases are not included in the financial statements.

Note 15 - Sale of Collection Material

In 2022 and 2021, the Museum deaccessioned a collection of books and other items that were determined to be off-mission. The books and other items belonging to the Museum were auctioned in 2022 and 2021. The net proceeds were \$13,370 and \$26,216 in 2022 and 2021, respectively, which are included in other nonoperating revenues on the statements of activities.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 16 - Available Resources and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 5,950,892	\$ 6,555,764
Investments	31,538,590	36,726,074
Contributions and grants receivable, net	<u>4,736,980</u>	<u>2,883,636</u>
Total financial assets	42,226,462	46,165,474
Less:		
Donor-imposed restrictions:		
Purpose and time restricted	(4,225,411)	(5,314,212)
Perpetual in nature	<u>(23,799,393)</u>	<u>(28,164,587)</u>
Net financial assets after donor-imposed restrictions	14,201,658	12,686,675
Internal designations:		
Board-designated endowment	<u>(5,953,944)</u>	<u>(6,083,173)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,247,714</u>	<u>\$ 6,603,502</u>

The Museum's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment is subject to an annual spending rate of 5% as described in Note 13. Although the Museum does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Museum manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Museum regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. To achieve this goal, the Museum forecasts its future cash flows and monitors its liquidity on a monthly basis. The Museum has various sources of liquidity at its disposal, including cash and cash equivalents and marketable securities.

MUSEUM OF THE CITY OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 17 - Contingencies

COVID-19

As a result of the spread of COVID-19, economic uncertainties have arisen which may impact the generation of contributions, attendance at special events and collections of receivables. Other financial impact could occur, though such potential impact is unknown at this time.

PPP

The SBA may elect to undertake an audit of the Company's PPP loans.

Note 18 - Subsequent Events

The Museum has evaluated all events or transactions that occurred after June 30, 2022 through February 27, 2023, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.