

**ExpERIEncE Children's
Museum**

AUDITED FINANCIAL STATEMENTS

June 30, 2020 and 2019



***Coleman
& Co, P.C.***

Certified Public Accountants

ExpERIEnce Children's Museum

AUDITED FINANCIAL STATEMENTS

June 30, 2020 and 2019

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C E R T I F I E D P U B L I C A C C O U N T A N T S

INDEPENDENT AUDITORS' REPORT

Board of Directors
ExpERIENCE Children's Museum

We have audited the accompanying financial statements of ExpERIENCE Children's Museum (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activity, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 judgement, 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 ExpERIENCE Children's Museum as of June 30, 2020 and 2019, 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.

Report on Summarized Comparative Information

We have previously audited Experience Children's Museum's 2019 financial statements, and our report dated January 23, 2020 expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Coleman & Co, P.C.

COLEMAN & CO., PC
December 15, 2020

STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 662,891 | \$ 243,095 |
| Receivables: | | |
| Pledges Receivable, net (Note 2) | 260,891 | 67,392 |
| Accounts Receivable | 2,995 | 3,418 |
| Inventory | 8,441 | 7,817 |
| Prepaid Expenses | 1,418 | 2,603 |
| Total Current Assets | <u>936,636</u> | <u>324,325</u> |
| PLEDGES RECEIVABLE (Note 2) | 508,886 | 158,424 |
| PROPERTY AND EQUIPMENT, Net (Note 3) | 587,863 | 500,135 |
| OTHER ASSETS | | |
| Beneficial Interest in a Perpetual Trust (Note 7) | 52,161 | 55,256 |
| Interest in a Pooled Investment Fund (Note 7) | 106,796 | 109,602 |
| Total Other Assets | <u>158,957</u> | <u>164,858</u> |
| TOTAL ASSETS | <u>\$ 2,192,342</u> | <u>\$ 1,147,742</u> |
| LIABILITIES and NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Current Portion of Long-Term Debt (Note 9) | \$ 4,182 | \$ 3,945 |
| Accounts Payable | 46,120 | 12,720 |
| Accrued Payroll and Related | (2,219) | 2,849 |
| Deferred Revenue | 12,111 | 65,066 |
| Total Current Liabilities | <u>60,194</u> | <u>84,580</u> |
| LONG-TERM DEBT | | |
| Note Payable (Note 9) | 55,062 | 59,450 |
| CRB Bluevine SBA Loan (Note 10) | 69,352 | 0 |
| Total Long-Term Debt | <u>124,414</u> | <u>59,450</u> |
| NET ASSETS | | |
| Without Donor Restriction | 713,435 | 668,160 |
| Without Donor Restriction - Board Designated | 27,825 | 27,825 |
| With Donor Restriction (Note 4) | 1,266,474 | 307,727 |
| Total Net Assets | <u>2,007,734</u> | <u>1,003,712</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,192,342</u> | <u>\$ 1,147,742</u> |

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

STATEMENTS OF ACTIVITY
For the years ended June 30, 2020 and 2019

| | Without Donor Restrictions | With Donor Restrictions | 2020 | 2019 |
|---------------------------------------|-------------------------------|----------------------------|----------------------------|----------------------------|
| SUPPORT AND REVENUE | | | | |
| Admissions | \$ 100,880 | \$ 0 | \$ 100,880 | \$ 157,970 |
| Gift Shop Revenue | 21,631 | 0 | 21,631 | 31,437 |
| Memberships | 76,768 | 0 | 76,768 | 80,485 |
| Earned Income | 36,763 | 0 | 36,763 | 77,210 |
| Contributions | 262,077 | 964,649 | 1,226,726 | 430,285 |
| Grants | 101,454 | 0 | 101,454 | 78,099 |
| Endowment Income | 5,777 | (5,902) | (125) | 7,900 |
| Program Income | 79,648 | 0 | 79,648 | 69,646 |
| Donated Services and Goods | 18,440 | 0 | 18,440 | 21,084 |
| Other Income | 4,909 | 0 | 4,909 | 533 |
| Interest Income | 1,353 | 0 | 1,353 | 915 |
| Total Support and Revenue | <u>709,700</u> | <u>958,747</u> | <u>1,668,447</u> | <u>955,564</u> |
| Net Assets Released From Restrictions | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| | 709,700 | 958,747 | 1,668,447 | 955,564 |
| EXPENSES | | | | |
| FUNCTIONAL EXPENSES | | | | |
| Program | 324,261 | 0 | 324,261 | 364,023 |
| Supporting | 195,982 | 0 | 195,982 | 213,749 |
| Membership and Fundraising | 144,182 | 0 | 144,182 | 207,333 |
| Total Functional Expenses | <u>664,425</u> | <u>0</u> | <u>664,425</u> | <u>785,105</u> |
| INCREASE (DECREASE) IN NET ASSETS | 45,275 | 958,747 | 1,004,022 | 170,459 |
| NET ASSETS, BEGINNING OF YEAR | 695,985 | 307,727 | 1,003,712 | 833,253 |
| NET ASSETS, END OF YEAR | <u>\$ 741,260</u> | <u>\$ 1,266,474</u> | <u>\$ 2,007,734</u> | <u>\$ 1,003,712</u> |

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

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (Decrease) in Net Assets | \$ 1,004,022 | \$ 170,459 |
| Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operations: | | |
| Depreciation | 74,504 | 84,022 |
| Increase (Decrease) in Endowment Funds | 5,901 | (2,513) |
| Changes in Operating Assets and Liabilities: | | |
| (Increase) Decrease in Pledges Receivable | (543,961) | (225,816) |
| (Increase) Decrease in Receivables | 423 | (3,418) |
| (Increase) Decrease in Inventory | (624) | 3,763 |
| (Increase) Decrease in Prepaid Expenses | 1,185 | (605) |
| Increase (Decrease) in Accounts Payable | 5,775 | 94 |
| Increase (Decrease) in Accrued Payroll and Related | (5,068) | (1,419) |
| Increase (Decrease) in Deferred Revenue | (52,955) | 14,795 |
| Net Cash Flows Provided (Used) by Operating Activities | <u>489,202</u> | <u>39,362</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Property and Equipment | (134,607) | (32,458) |
| Net Cash Flows Provided (Used) by Investing Activities | <u>(134,607)</u> | <u>(32,458)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayments of Long-Term Debt | (4,151) | (3,980) |
| Proceeds from New Borrowings | 69,352 | 0 |
| Net Cash Flows Provided (Used) by Financing Activities | <u>65,201</u> | <u>(3,980)</u> |
| NET INCREASE (DECREASE) IN CASH | 419,796 | 2,924 |
| CASH, BEGINNING OF THE YEAR | <u>243,095</u> | <u>240,171</u> |
| CASH, END OF THE YEAR | <u>\$ 662,891</u> | <u>\$ 243,095</u> |

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

ExpERIENCE Children's Museum

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

| | Program Services | Supporting Services | Membership and Fundraising | Total |
|-------------------------------------|--------------------------|--------------------------|-------------------------------|--------------------------|
| Salaries | \$ 175,038 | \$ 24,818 | \$ 68,071 | \$ 267,927 |
| Payroll Taxes | 15,037 | 2,132 | 5,848 | 23,017 |
| Employee Benefits | 1,319 | 187 | 513 | 2,019 |
| Total Salaries and Related Expenses | <u>191,394</u> | <u>27,137</u> | <u>74,432</u> | <u>292,963</u> |
| Occupancy | 0 | 61,759 | 0 | 61,759 |
| Advertising | 0 | 35,724 | 0 | 35,724 |
| Office Supplies | 0 | 5,019 | 132 | 5,151 |
| Postage and Shipping | 0 | 2,669 | 0 | 2,669 |
| Dues | 0 | 2,945 | 0 | 2,945 |
| Finance Charges | 0 | 6,191 | 0 | 6,191 |
| Supplies | 29,083 | 2,684 | 0 | 31,767 |
| Depreciation | 50,438 | 24,066 | 0 | 74,504 |
| Professional Fees | 0 | 7,391 | 66,623 | 74,014 |
| Taxes | 0 | 2,792 | 0 | 2,792 |
| Gift Shop | 13,105 | 0 | 0 | 13,105 |
| Miscellaneous | 26,181 | 6,836 | 2,995 | 36,012 |
| Repair and Maintenance | 9,515 | 8,077 | 0 | 17,592 |
| Volunteers | 4,545 | 0 | 0 | 4,545 |
| Interest | 0 | 2,692 | 0 | 2,692 |
| TOTAL EXPENSES | <u>\$ 324,261</u> | <u>\$ 195,982</u> | <u>\$ 144,182</u> | <u>\$ 664,425</u> |

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

ExpERIENCE Children's Museum

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

| | Program Services | Supporting Services | Membership and Fundraising | Total |
|-------------------------------------|--------------------------|--------------------------|-------------------------------|--------------------------|
| Salaries | \$ 186,523 | \$ 27,567 | \$ 76,780 | \$ 290,870 |
| Payroll Taxes | 16,139 | 2,325 | 6,477 | 24,941 |
| Employee Benefits | 3,699 | 547 | 1,522 | 5,768 |
| Total Salaries and Related Expenses | <u>206,361</u> | <u>30,439</u> | <u>84,779</u> | <u>321,579</u> |
| Occupancy | 0 | 61,141 | 0 | 61,141 |
| Advertising | 0 | 37,252 | 1,000 | 38,252 |
| Office Supplies | 0 | 10,407 | 0 | 10,407 |
| Postage and Shipping | 0 | 2,268 | 0 | 2,268 |
| Dues | 0 | 3,588 | 0 | 3,588 |
| Finance Charges | 0 | 8,195 | 0 | 8,195 |
| Supplies | 36,346 | 2,534 | 0 | 38,880 |
| Depreciation | 56,975 | 27,047 | 0 | 84,022 |
| Professional Fees | 0 | 7,062 | 119,002 | 126,064 |
| Taxes | 0 | 4,088 | 0 | 4,088 |
| Gift Shop | 21,155 | 0 | 0 | 21,155 |
| Miscellaneous | 27,266 | 11,141 | 2,552 | 40,959 |
| Repair and Maintenance | 9,086 | 5,723 | 0 | 14,809 |
| Volunteers | 6,834 | 0 | 0 | 6,834 |
| Interest | 0 | 2,864 | 0 | 2,864 |
| TOTAL EXPENSES | <u>\$ 364,023</u> | <u>\$ 213,749</u> | <u>\$ 207,333</u> | <u>\$ 785,105</u> |

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of ExpERIEncE Children's Museum ("Organization") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization and Nature of Activities

The ExpERIEncE Children's Museum is a non-profit organization established to operate a museum for the benefit of the children of Erie County, Pennsylvania and its neighboring counties. The Organization provides educational and cultural experiences in art, humanities and science. The organization is funded mainly through admissions, contributions and grants.

Basis of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual basis for financial statement presentation. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is paid.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers time deposits, certificates of deposit, and all other highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Organization had no cash equivalents at June 30, 2020 and 2019.

Concentration of Credit Risk

The Organization maintains cash balances at several local financial institutions. The cash accounts at these financial institutions are insured by the FDIC for up to \$250,000. The balances, at times, may exceed federally insured limits. At June 30, 2020 and 2019, the Organization was within FDIC limits.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is deemed necessary at June 30, 2020 and 2019.

Inventory

Inventory is valued at cost and consists of gift shop items.

ExpERIEncE Children's Museum

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

The Organization follows the practice of capitalizing expenditures for capital assets at cost. Depreciation is computed based on the expected useful lives of the assets using the straight-line method. Maintenance and repairs are charged to operations when incurred. Donated assets are capitalized at an estimated fair value upon receipt. Collections are not depreciated.

The estimated useful lives for depreciation are:

| | |
|--------------------------------|-------------|
| Land and Building Improvements | 5 -10 years |
| Buildings | 40 years |
| Furniture and Fixtures | 7 years |
| Equipment | 3-5 years |
| Exhibits | 5 years |

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor, or certain grantor-imposed restrictions. Some donor-imposed 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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when a stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions

Contributions are generally available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. The majority of the promises to give are received from a broad base of Erie County contributors.

Contributions of donated noncash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

Expenses by Nature and Function

The financial statements report certain categories of expenses that are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort.

ExpERIENCE Children's Museum

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization is generally exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code and is not a private foundation. Contributions to the Organization qualify for deduction under the Internal Revenue Code.

The Organization's Form 990, *Return of Organization Exempt from Income Tax* for the years ending 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Date of Management's Review

Subsequent events were evaluated through December 15, 2020, which is the date the financial statements were available for issuance.

NOTE 2 RECEIVABLES

During the year ended June 30, 2019, the Organization commenced a \$15 million capital campaign. The funds received will be used for the design and expansion of the present facility. At June 30, 2020, \$769,777 has been pledged, of which \$260,891 is receivable at June 30, 2020. Pledges receivable subsequent to June 30, 2020 total \$508,886. No allowance for uncollectible promises to give is accounted for at June 30, 2020, as all pledges are believed to be collectible.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consists of the following:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|-------------------|------------------|
| Land Improvements | \$ 10,666 | 10,666 |
| Buildings | 374,400 | 374,400 |
| Building Improvements | 309,412 | 309,412 |
| Construction in Progress | 125,354 | 0 |
| Equipment | 103,366 | 101,865 |
| Exhibits | 853,311 | 817,934 |
| Vehicles | 23,942 | 23,942 |
| Permanent Collection | <u>8,425</u> | <u>8,425</u> |
| | 1,808,876 | 1,646,644 |
| Less: Accumulated Depreciation | <u>1,221,013</u> | <u>1,146,509</u> |
| Net Property and Equipment | <u>\$ 587,863</u> | <u>500,135</u> |

Depreciation expense for the year ended June 30, 2020 and 2019 was \$74,504 and \$84,022, respectively.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE 4 NET ASSETS WITH DONOR RESTRICTION

The Organization has received monies, through a Capital Campaign, the use of which has been restricted by the donors to be used for the design and expansion of the present facility. These amounts are recognized in the financial statements as net assets with donor restrictions, and as the donor restrictions are met by the expenditure of the funds in accordance with the donors' wishes, the amounts are "released" and reflected on the statements of activity as such.

Net assets with donor restrictions available at June 30, 2020 and 2019 are as follows:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|-------------------|
| Subject to expenditure for specific purposes: | | |
| Capital Campaign | \$ 1,135,343 | \$ 170,694 |
| Interest in a Pooled Investment Fund | 78,970 | 81,777 |
| Beneficial Interest in Perpetual Trust (See Note 7) | <u>52,161</u> | <u>55,256</u> |
| Net Assets With Donor Restrictions | <u>\$ 1,266,474</u> | <u>\$ 307,727</u> |

NOTE 5 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 and 2019, comprise the following:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Financial assets: | | |
| Cash | \$ 662,891 | \$ 243,095 |
| Accounts Receivable | <u>2,995</u> | <u>3,418</u> |
| Total Financial assets available to meet general expenditures within one year | <u>\$ 665,886</u> | <u>\$ 246,513</u> |

Additionally, the Organization has a \$50,000 line of credit from which it can draw in the event of an unanticipated liquidity need (See Note 6). At June 30, 2020 and 2019, available amounts that can be drawn on the line of credit total \$50,000.

NOTE 6 LINE OF CREDIT

The Organization obtained a \$50,000 working capital line of credit effective May 13, 2011 with its principal depository. This line of credit is secured by real property and continues in full force and effect until such time the Organization's loan in favor of their principal depositor has been paid in full (See Note 9). The rate of interest at June 30, 2020 was 4.50%. There were no borrowings against the line of credit at June 30, 2020 or 2019.

ExpERIEnce Children's Museum

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE 7 BENEFICIAL INTEREST IN A PERPETUAL TRUST AND INTEREST IN A POOLED INVESTMENT FUND

The Museum has endowment funds invested with and controlled by two separate community organizations and identified on the Statements of Financial Position as a Beneficial Interest in a Perpetual Trust and an Interest in a Pooled Investment Fund. These are recorded at fair market value. Funds are donated by members of the community on behalf of the Museum and are held by each respective community organization. The Museum is entitled to income earned from endowment fund investments as long as the Museum continues in existence and follows current stated objectives. Losses of \$1,595 and gains of \$5,110 were recorded by the Museum at June 30, 2020 and 2019, respectively.

The Museum also recorded investment expense in 2020 and 2019 of \$1,511 and \$1,466, respectively. Total income distributed to the Museum in 2020 and 2019 from these funds were \$6,449 and \$5,957, respectively.

Endowment Reconciliation

Changes in Endowment net assets for the year ended June 30, 2020 and 2019 were as follows:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Beginning Endowment Net Assets | \$ 164,858 | \$ 162,345 |
| Contributions | 1,000 | 1,456 |
| Investment Income, Net of Fees | 1,143 | 1,904 |
| Net Appreciation (Depreciation)-Realized and Unrealized | (1,595) | 5,110 |
| Appropriated for Expenditure | (6,449) | (5,957) |
| Ending Endowment Net Assets | <u>\$ 158,957</u> | <u>\$ 164,858</u> |

NOTE 8 DONATED SERVICES AND GOODS

Income from donated services and goods are allocated as follows:

| | <u>2020</u> | <u>2019</u> |
|----------------------|------------------|------------------|
| Personnel-Volunteers | \$ 4,450 | \$ 6,476 |
| Goods | 13,990 | 14,608 |
| | <u>\$ 18,440</u> | <u>\$ 21,084</u> |

ExpERIEncE Children's Museum

NOTES TO FINANCIAL STATEMENTS (Continued) June 30, 2020 and 2019

NOTE 9 NOTE PAYABLE

Long-term debt consists of the following:

| | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| Note payable to bank secured by real property. Principal and interest of \$605 is due monthly through May 2031. Interest is computed at a rate based on the five year Federal Home Loan Bank of Pittsburgh plus a margin of 2.75%. | \$ 59,243 | \$ 63,395 |
| | 59,243 | 63,395 |
| Less: Current Portion | <u>4,182</u> | <u>3,945</u> |
| Long-Term Debt | <u>\$ 55,061</u> | <u>\$ 59,450</u> |

Principal payments on long-term debt due in future years is estimated as follows:

| | |
|------------------------------|------------------|
| For the year ending June 30, | |
| 2021 | \$ 4,182 |
| 2022 | 4,434 |
| 2023 | 4,701 |
| 2024 | 4,984 |
| 2025 | 5,284 |
| 2026 and thereafter | <u>35,658</u> |
| | <u>\$ 59,243</u> |

NOTE 10 COVID RELIEF FUNDING

On May 3, 2020, Experienc Children's Museum was granted a loan in the aggregate amount of \$69,352 pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act, which was enacted March 27, 2020. Under the terms of the loan, the entire amount may qualify for forgiveness if used for qualifying expenses. The Museum will apply for forgiveness as soon as the lender allows for such applications to be submitted. The entire amount of funding was used for qualifying expenses, therefore, it is expected the loan will be forgiven..

NOTE II STATEMENTS OF CASH FLOWS

Cash paid for interest amounted to \$2,692 and \$2,864 at June 30, 2020 and 2019, respectively.

The Museum had non-cash transactions at June 30, 2020 whereby they incurred accounts payable totaling \$27,625, to purchase fixed assets. This amount has been excluded from the operating and investing sections of the statements of cash flows.