

**ExpERIEnce Children's
Museum**

AUDITED FINANCIAL STATEMENTS

June 30, 2022 and 2021



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

Certified Public Accountants

ExpERIEnce Children's Museum

AUDITED FINANCIAL STATEMENTS

June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
ExpERIEncE Children's Museum

Opinion

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, 2022 and 2021, and the related statements of activity, 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 ExpERIEncE Children's Museum 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 audit 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 ExpERIEncE Children's Museum 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 ExpERIEncE Children's Museum'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 in error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control. Misstatements, including omissions, 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 of the effectiveness of ExpERIENCE Children’s Museum’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ExpERIENCE Children’s Museum’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited ExpERIENCE Children’s Museum’s June 30, 2021 financial statements, and our report dated October 22, 2021 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



COLEMAN & CO., PC
December 22, 2022

ExpERIENCE Children's Museum

STATEMENTS OF FINANCIAL POSITION June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,306,343	\$ 895,455
Receivables:		
Promises to Give, net (Note 2)	2,353,219	382,786
Accounts Receivable	52,970	101,478
Inventory	5,488	6,100
Prepaid Expenses	1,112	1,418
Total Current Assets	<u>5,719,132</u>	<u>1,387,237</u>
PROMISES TO GIVE, net (Note 2)	6,450,504	558,143
PROPERTY AND EQUIPMENT, Net (Note 3)	2,689,183	844,348
OTHER ASSETS		
Beneficial Interest in a Perpetual Trust (Note 7)	51,577	62,959
Interest in a Pooled Investment Fund (Note 7)	129,057	133,673
Total Other Assets	<u>180,634</u>	<u>196,632</u>
TOTAL ASSETS	<u>\$ 15,039,453</u>	<u>\$ 2,986,360</u>
LIABILITIES and NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt (Note 9)	\$ 0	\$ 4,434
Accounts Payable	91,083	18,766
Accrued Payroll and Related	(4,976)	(2,007)
Deferred Revenue	62,594	60,122
Total Current Liabilities	<u>148,701</u>	<u>81,315</u>
LONG-TERM DEBT		
Note Payable (Note 9)	0	50,459
CRB Bluevine SBA Loan (Note 10)	0	66,920
Total Long-Term Debt	<u>0</u>	<u>117,379</u>
NET ASSETS		
Without Donor Restriction	1,195,309	879,220
Without Donor Restriction - Board Designated	27,825	27,825
With Donor Restriction (Note 4)	13,667,618	1,880,621
Total Net Assets	<u>14,890,752</u>	<u>2,787,666</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,039,453</u>	<u>\$ 2,986,360</u>

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

ExpERIENCE Children's Museum

STATEMENTS OF ACTIVITY For the years ended June 30, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
SUPPORT AND REVENUE				
Admissions	\$ 143,095	\$ 0	\$ 143,095	\$ 52,949
Gift Shop Revenue	37,249	0	37,249	17,763
Memberships	88,078	0	88,078	25,514
Earned Income	82,634	0	82,634	24,156
Contributions	156,029	11,802,994	11,959,023	777,332
Grants	360,343	0	360,343	210,486
Endowment Income (Loss)	2,112	(15,997)	(13,885)	43,768
Program Income	86,891	0	86,891	10,274
Donated Services and Goods	16,231	0	16,231	0
Other Income	6,860	0	6,860	46,661
Interest Income	324	0	324	516
Total Support and Revenue	<u>979,846</u>	<u>11,786,997</u>	<u>12,766,843</u>	<u>1,209,419</u>
Net Assets Released From Restrictions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	979,846	11,786,997	12,766,843	1,209,419
EXPENSES				
FUNCTIONAL EXPENSES				
Program	371,959	0	371,959	192,154
Supporting	221,205	0	221,205	155,113
Membership and Fundraising	70,593	0	70,593	96,987
Total Functional Expenses	<u>663,757</u>	<u>0</u>	<u>663,757</u>	<u>444,254</u>
INCREASE (DECREASE) IN NET ASSETS	316,089	11,786,997	12,103,086	765,165
NET ASSETS, BEGINNING OF YEAR	907,045	1,880,621	2,787,666	2,022,501
NET ASSETS, END OF YEAR	<u>\$ 1,223,134</u>	<u>\$ 13,667,618</u>	<u>\$ 14,890,752</u>	<u>\$ 2,787,666</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, 2022

	Program Services	Supporting Services	Membership and Fundraising	Total
Salaries	\$ 233,585	\$ 46,142	\$ 40,528	\$ 320,255
Payroll Taxes	21,576	4,262	3,744	29,582
Employee Benefits	1,019	201	177	1,397
Total Salaries and Related Expenses	<u>256,180</u>	<u>50,605</u>	<u>44,449</u>	<u>351,234</u>
Occupancy	0	66,457	0	66,457
Advertising	0	26,970	1,800	28,770
Office Supplies	0	10,373	658	11,031
Postage and Shipping	0	2,496	0	2,496
Dues	0	3,050	0	3,050
Finance Charges	0	10,852	0	10,852
Supplies	32,815	1,255	0	34,070
Depreciation	21,591	18,115	0	39,706
Professional Fees	0	10,444	17,755	28,199
Gift Shop	21,202	0	0	21,202
Miscellaneous	34,597	9,910	1,060	45,567
Repair and Maintenance	5,574	9,269	4,871	19,714
Interest	0	1,409	0	1,409
TOTAL EXPENSES	<u>\$ 371,959</u>	<u>\$ 221,205</u>	<u>\$ 70,593</u>	<u>\$ 663,757</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, 2021

	Program Services	Supporting Services	Membership and Fundraising	Total
Salaries	\$ 114,471	\$ 19,778	\$ 55,739	\$ 189,988
Payroll Taxes	10,176	1,758	4,955	16,889
Employee Benefits	1,410	244	686	2,340
Total Salaries and Related Expenses	126,057	21,780	61,380	209,217
Occupancy	0	58,469	0	58,469
Advertising	0	19,312	0	19,312
Office Supplies	0	8,432	267	8,699
Postage and Shipping	0	1,565	0	1,565
Dues	0	2,575	0	2,575
Finance Charges	0	4,530	0	4,530
Supplies	8,036	1,324	0	9,360
Depreciation	34,384	19,288	0	53,672
Professional Fees	0	6,988	34,340	41,328
Gift Shop	9,239	0	0	9,239
Miscellaneous	12,520	4,369	1,000	17,889
Repair and Maintenance	1,918	4,000	0	5,918
Interest	0	2,481	0	2,481
TOTAL EXPENSES	\$ 192,154	\$ 155,113	\$ 96,987	\$ 444,254

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

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 12,103,086	\$ 731,296
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operations:		
Depreciation	39,706	53,672
(Gain) Loss on Disposal of Asset	0	(11,801)
(Increase) Decrease in Endowment Funds	15,998	(37,675)
Debt Forgiveness Income	(66,920)	(69,352)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Pledges Receivable	(7,862,794)	(171,152)
(Increase) Decrease in Receivables	48,508	(49,847)
(Increase) Decrease in Inventory	612	2,341
(Increase) Decrease in Prepaid Expenses	306	0
Increase (Decrease) in Accounts Payable	72,317	(27,354)
Increase (Decrease) in Accrued Payroll and Related	(2,969)	212
Increase (Decrease) in Deferred Revenue	2,472	48,011
Net Cash Flows Provided (Used) by Operating Activities	<u>4,350,322</u>	<u>468,351</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(1,884,541)	(298,356)
Net Cash Flows Provided (Used) by Investing Activities	<u>(1,884,541)</u>	<u>(298,356)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Long-Term Debt	(54,893)	(4,351)
Proceeds from New Borrowings	0	66,920
Net Cash Flows Provided (Used) by Financing Activities	<u>(54,893)</u>	<u>62,569</u>
NET INCREASE (DECREASE) IN CASH	2,410,888	232,564
CASH, BEGINNING OF THE YEAR	<u>895,455</u>	<u>662,891</u>
CASH, END OF THE YEAR	<u>\$ 3,306,343</u>	<u>\$ 895,455</u>

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

ExpERIEncE Children's Museum

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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, 2022 and 2021.

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, 2022 and 2021, the Organization exceeded the FDIC limit by \$2,776,798 and \$390,921, respectively.

Receivables

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, 2022 and 2021.

Promises to Give

Promises to give represent unconditional promises to give support over a period of time. Unconditional promises to give are recorded as received as an increase in net assets with or without donor restrictions, depending on the nature of the donor-imposed restriction, if any. The Organization recognizes promises to give at estimated net realizable value for promises due within one year. Promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value. Discount amortization is included in contribution revenue. The majority of the promises to give are received from a broad base of Erie County contributors. No allowance was deemed necessary for promises to give as they are deemed fully collectible.

Inventory

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

ExpERIENCE Children's Museum

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE I 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	5-40 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. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contribution is received. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activity as net assets released from restrictions.

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, payroll taxes 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, 2022 and 2021

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 June 30, 2020, 2021, and 2022 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 22, 2022, which is the date the financial statements were available for issuance.

NOTE 2 PROMISES TO GIVE

Promises to give at June 30, 2022 totaled \$8,803,723. Of that amount, \$2,353,219 is due in less than one year with the remaining \$6,450,504 due within three years. Unconditional promises to give due in more than one year are reflected at the present value of estimated cash flows using a discount rate of 7.5%. Gross unconditional promises to give at June 30, 2022 amounted to \$11,088,348 with unamortized discount of \$2,284,625.

NOTE 3 PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Land	\$ 15,749	\$ 0
Land Improvements	10,666	10,666
Buildings	374,400	374,400
Building Improvements	309,412	309,412
Construction in Progress	2,280,513	411,721
Equipment	108,216	108,216
Exhibits	853,311	853,311
Vehicles	23,138	23,138
Permanent Collection	<u>8,425</u>	<u>8,425</u>
	3,983,830	2,099,289
Less: Accumulated Depreciation	<u>1,294,647</u>	<u>1,254,941</u>
Net Property and Equipment	<u>\$ 2,689,183</u>	<u>\$ 844,348</u>

Depreciation expense for the year ended June 30, 2022 and 2021 was \$39,706 and \$53,672, respectively.

ExpERIENCE Children's Museum

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purposes:		
Capital Campaign	\$ 13,514,809	\$ 1,711,815
Interest in a Pooled Investment Fund	101,232	105,847
Beneficial Interest in Perpetual Trust (See Note 7)	<u>51,577</u>	<u>62,959</u>
Net Assets With Donor Restrictions	<u>\$ 13,667,618</u>	<u>\$ 1,880,621</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, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 3,306,343	\$ 895,455
Accounts Receivable	<u>52,970</u>	<u>101,478</u>
Total Financial assets available to meet general expenditures within one year	<u>\$ 3,359,313</u>	<u>\$ 996,933</u>

Additionally, the Organization has a \$100,000 line of credit from which it can draw in the event of an unanticipated liquidity need (See Note 6). At June 30, 2022, \$100,000 is the available amount that can be drawn on the line of credit.

NOTE 6 LINE OF CREDIT

On June 17, 2022, the Organization obtained a \$100,000 demand capital line of credit, secured by real property, with its principal depository. The rate of interest at June 30, 2022 was 5.75%. There were no borrowings against the line of credit at June 30, 2022.

ExpERIENCE Children's Museum

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

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.

Return Objectives and Risk Parameters

The Museum has adopted the investment policies employed by the community organizations that hold the related funds. The investment and spending policies for its endowment assets attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the primary objective of the endowment assets is the long-term growth of principal with generation of income, without an undue exposure to risk. Assets are invested in a manner that is intended to achieve a total return, net of fees, which produces results that meet or exceed various industry benchmarks. Actual returns may vary from those benchmarks in any given year.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-term objectives, the Museum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum targets a diversified asset allocation through investment policies utilized by the respective community organizations, as approved by the Board of Directors.

Spending Policy and How the Investment Objectives Relate to its Spending Policy

Assets available for distribution shall be determined by a total return calculation based upon the endowment fund's average fair value over a rolling three-year average. The amount to be distributed, if any, will be determined annually by the Board. In establishing this policy, the Museum considered the long-term expected return on its endowment. Accordingly, over the long-term, the Museum expects the current spending policy to allow its endowment to grow. This is consistent with the Museum's objective to maintain the purchasing power of the endowment assets held, as well as to provide additional real growth through new gifts and investment return.

Interpretation of Relevant Law

The current relevant law for the investment and distribution of donor restricted endowment and trust funds in the Commonwealth of Pennsylvania is PA Act 141 (Act 141). Act 141 requires an organization to adopt and follow a "total return" investment policy to seek the best total return on the principal whether from capital appreciation, earnings, or both. Under Act 141, the Board is required to make an annual "spending" election between 2% and 7% of the value of the endowment assets. For the purposes of this provision, the value of the trust principal is the fair market value of the trust assets averaged over the past three or more years.

ExpERIENCE Children's Museum

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

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

The Museum considers the following factors in making a determination to spend or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the Museum's endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Museum
- The investment policies of the Museum

Losses of \$16,125 and gains of \$42,915 were recorded by the Museum at June 30, 2022 and 2021, respectively.

The Museum also recorded investment expense in 2022 and 2021 of \$2,296 and \$2,155, respectively. Total income distributed to the Museum in 2022 and 2021 from these funds was \$2,640 and \$6,621, respectively.

Endowment Reconciliation

Changes in Endowment net assets for the year ended June 30, 2022 and 2021 were as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Endowment Net Assets	\$ 0	\$ 196,632	\$ 196,632
Contributions	0	1,022	1,022
Investment Income, Net of Fees	0	1,745	1,745
Net Appreciation (Depreciation)-Realized and Unrealized	0	(16,125)	(16,125)
Appropriated for Expenditure	0	(2,640)	(2,640)
Ending Endowment Net Assets	<u>\$ 0</u>	<u>\$ 180,634</u>	<u>\$ 180,634</u>

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Endowment Net Assets	\$ 0	\$ 158,957	\$ 158,957
Contributions	0	1,000	1,000
Investment Income, Net of Fees	0	381	381
Net Appreciation (Depreciation)-Realized and Unrealized	0	42,915	42,915
Appropriated for Expenditure	0	(6,621)	(6,621)
Ending Endowment Net Assets	<u>\$ 0</u>	<u>\$ 196,632</u>	<u>\$ 196,632</u>

NOTE 8 DONATED SERVICES AND GOODS

Income from donated services and goods are allocated as follows:

	2022	2021
Personnel-Volunteers	\$ 0	\$ 0
Goods	16,231	0
	<u>\$ 16,231</u>	<u>\$ 0</u>

ExpERIENCE Children's Museum

NOTES TO FINANCIAL STATEMENTS (Continued) June 30, 2022 and 2021

NOTE 9 NOTE PAYABLE

Long-term debt consists of the following:

	<u>2022</u>	<u>2021</u>
Note payable to bank secured by real property. Principal and interest of \$558 is due monthly through May 2031. Interest is computed at a rate based on the five year Federal Home Loan Bank of Pittsburgh rate plus a margin of 2.75%. \$	0	\$ 54,893
	<u>0</u>	<u>54,893</u>
Less: Current Portion	0	4,434
Long-Term Debt	<u>\$ 0</u>	<u>\$ 50,459</u>

NOTE 10 COVID RELIEF FUNDING

On March 19, 2021, Experience Children's Museum was granted a loan in the aggregate amount of \$66,920 pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act, which was enacted March 27, 2020. On July 9, 2021 the entire loan amount was forgiven. As such \$66,920 is included in Grant Revenue on the Statements of Activity for the year ended June 30, 2022.

NOTE 11 STATEMENTS OF CASH FLOWS

Cash paid for interest amounted to \$1,409 and \$2,481 at June 30, 2022 and 2021, respectively.

NOTE 12 PRIOR PERIOD ADJUSTMENT

The June 30, 2020 and 2021 financial statements of Experience Children's Museum have been restated to include \$14,767 and \$33,869, respectively, of receivables as a result of Employee Retention Credits that will be applied for during the 2022-2023 fiscal year. The correction has no effect on the results of the current year's activities; however, the cumulative effect increased Net Assets as of June 30, 2021 by \$48,636.