

Madison Children's Museum, Inc. and Affiliate

Consolidated Financial Report

June 30, 2022

MADISON CHILDREN'S MUSEUM, INC., AND AFFILIATE

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Consolidated statements of financial position	3
Consolidated statements of activities	4
Consolidated statements of functional expenses	5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Madison Children's Museum, Inc. and Affiliate
Madison, WI

Opinion

We have audited the accompanying financial statements of Madison Children's Museum, Inc. and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated 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 Madison Children's Museum, Inc. and Affiliate as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Madison Children's Museum, Inc. and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of Error

As discussed in Note Q to the financial statements, certain errors resulting in overstatements and understatements of amounts previously reported for pledges receivable, net assets with donor restrictions and net assets without donor restrictions as of June 30, 2021, were discovered by management of the organization during the current year as it relates to the Charitable Lead Annuity Trust. Accordingly, amounts reported for pledges receivable, net assets with donor restrictions and net assets without donor restrictions have been restated in the 2022 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2020, to correct the error. Our opinion is not modified with respect to that matter.

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 Madison Children's Museum, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 on the effectiveness of Madison Children's Museum, Inc. and Affiliate'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 Madison Children's Museum, Inc. and Affiliate'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.

SVA Certified Public Accountants, S.C.

Madison, Wisconsin
October 24, 2022

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	Restated 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,850,480	\$ 729,957
Cash restricted for capital expansion project	0	1,519,956
Pledges receivable	459,214	477,227
Grants receivable	326,680	0
Accounts receivable	97,686	209,017
Inventories	969,680	367,783
Prepaid expenses	30,678	25,511
Total current assets	4,734,418	3,329,451
LONG-TERM ASSETS		
Property and equipment, net	13,225,058	11,535,508
Construction in progress	47,423	1,312,783
Pledges receivable, net	720,687	863,448
Cash designated and restricted for building system replacements and maintenance	184,327	176,762
Cash and investments restricted for endowment purposes	0	5,995
Total long-term assets	14,177,495	13,894,496
TOTAL ASSETS	\$ 18,911,913	\$ 17,223,947
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 68,880	\$ 63,773
Construction payables	0	322,434
Due to American Girl's Fund For Children	415,745	180,450
Accrued expenses	190,483	128,874
Accrued interest payable	8,250	4,125
Current maturities of notes payable	943,521	35,628
Line of credit	400,000	400,000
Contract liabilities	307,573	309,705
Total current liabilities	2,334,452	1,444,989
LONG-TERM LIABILITIES		
Notes payable, less current maturities	152,158	1,489,117
TOTAL LIABILITIES	2,486,610	2,934,106
NET ASSETS		
Without donor restrictions	15,074,939	12,779,122
With donor restrictions	1,350,364	1,510,719
Total net assets	16,425,303	14,289,841
TOTAL LIABILITIES AND NET ASSETS	\$ 18,911,913	\$ 17,223,947

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

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended June 30, 2022 and 2021

	2022	Restated 2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public support, revenue, and gains:		
Donated inventory, services, and materials	\$ 546,216	\$ 244,825
Annual benefit sale	465,645	311,350
Contributions and grants	2,625,513	1,602,110
Visitor services	483,986	53,720
Other income	22,137	36,998
Endowment distributions	227,683	214,501
Membership dues	382,048	32,004
Other events	82,578	32,377
Gain on forgiveness of debt	394,786	395,600
Investment return	505	1,327
	5,231,097	2,924,812
Expenses:		
Program services:		
Exhibit programs	933,522	578,245
Education	336,485	162,989
Marketing and visitor services	808,569	178,792
	2,078,575	920,026
Supporting activities:		
Administration	636,715	356,800
Fundraising	170,413	115,489
Annual Benefit Sale	295,403	363,832
Capital expansion project	182,887	190,509
	1,285,418	1,026,630
Total expenses	3,363,993	1,946,656
Net assets released from restrictions	428,713	1,552,448
Change in net assets without donor restrictions	2,295,817	2,530,604
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and grants	268,358	498,280
Net assets released from restrictions	(428,713)	(1,552,448)
Change in net assets with donor restrictions	(160,355)	(1,054,168)
Change in net assets	2,135,462	1,476,436
Net assets, beginning	14,289,841	12,813,405
Net assets, ending	\$ 16,425,303	\$ 14,289,841

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

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years ended June 30, 2022 and 2021

	Program services				Supporting services					Total expenses
	Exhibit programs	Education	Marketing and visitor services	Total program services	Administration	Fundraising	Annual benefit sale	Capital expansion project	Total supporting services	
2022										
Expenses:										
Cost of sales	\$ 0	\$ 0	\$ 12,784	\$ 12,784	\$ 0	\$ 0	\$ 146,320	\$ 0	\$ 146,320	\$ 159,104
Depreciation	314,578	11,221	11,221	337,020	157,289	0	0	0	157,289	494,309
Dues and subscriptions	2,462	475	198	3,135	5,878	167	150	0	6,195	9,330
Events, meetings, travel and training	6,268	1,214	2,562	10,044	6,835	3,584	0	0	10,419	20,463
Insurance	0	0	0	0	33,775	0	0	0	33,775	33,775
Interest and bank charges	28,483	1,016	8,693	38,192	46,760	0	15,722	1	62,483	100,675
Loss on Asset Disposal	9,328	333	333	9,993	4,664	0	0	0	4,664	14,657
Maintenance and repairs	20,459	510	510	21,479	7,140	0	0	0	7,140	28,619
Occupancy	62,674	2,232	2,977	67,883	31,460	983	52,951	0	85,394	153,277
Office supplies	19,600	1,250	4,596	25,446	15,580	3,687	2,099	0	21,366	46,812
Personnel	326,658	285,286	717,966	1,329,910	148,165	112,111	59,567	182,886	502,729	1,832,639
Printing, postage and copying	182	408	5,616	6,206	6,212	11,770	5,072	0	23,054	29,260
Professional services	87,061	15,885	10,510	113,456	118,994	10,000	4,417	0	133,411	246,867
Program supplies	47,454	16,491	7,418	71,363	34,346	4,895	8,371	0	47,612	118,975
Publicity	0	48	7,297	7,345	14,152	10,095	0	0	24,247	31,592
Technology	8,315	116	15,888	24,319	5,465	13,121	734	0	19,320	43,639
Total expenses	\$ 933,522	\$ 336,485	\$ 808,569	\$ 2,078,575	\$ 636,715	\$ 170,413	\$ 295,403	\$ 182,887	\$ 1,285,418	\$ 3,363,993
2021										
Expenses:										
Cost of sales	\$ 0	\$ 0	\$ 77	\$ 77	\$ 0	\$ 0	\$ 278,405	\$ 0	\$ 278,405	\$ 278,482
Depreciation	288,190	10,280	10,280	308,750	144,096	0	0	0	144,096	452,846
Dues and subscriptions	147	173	393	713	2,921	135	1,888	0	4,944	5,657
Events, meetings, travel and training	2,712	90	0	2,802	1,097	369	232	0	1,698	4,500
Insurance	0	0	0	0	26,064	0	0	0	26,064	26,064
Interest and bank charges	20,363	727	5,892	26,982	32,786	13,250	2,253	7,625	55,914	82,896
Maintenance and repairs	11,885	402	402	12,689	5,640	0	15	0	5,655	18,344
Occupancy	39,011	1,391	1,391	41,793	19,499	0	47,016	0	66,515	108,308
Office supplies	668	36	1,958	2,662	821	46	1,409	0	2,276	4,938
Personnel	107,150	137,091	128,951	373,192	79,030	35,707	27,824	182,884	325,445	698,637
Printing, postage and copying	3,001	557	1,567	5,125	4,837	671	654	0	6,162	11,287
Professional services	60,426	2,274	261	62,961	31,455	0	2,094	0	33,549	96,510
Program supplies	40,355	9,849	3,258	53,462	6,666	7,284	1,114	0	15,064	68,526
Publicity	0	0	3,279	3,279	0	40,510	0	0	40,510	43,789
Technology	4,337	119	21,083	25,539	1,888	17,517	928	0	20,333	45,872
Total expenses	\$ 578,245	\$ 162,989	\$ 178,792	\$ 920,026	\$ 356,800	\$ 115,489	\$ 363,832	\$ 190,509	\$ 1,026,630	\$ 1,946,656

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

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30, 2022 and 2021

	2022	Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,135,462	\$ 1,476,436
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	494,309	452,846
Net realized and unrealized gain on investments	0	(769)
Gain on forgiveness of debt	(394,786)	(395,600)
Loss on disposal of asset	14,657	0
Change in contributed inventory	(601,897)	213,839
Donated investments	(101,418)	(307,633)
Proceeds from sale of donated investments	101,418	308,402
Increase (decrease) in cash due to changes in:		
Pledges receivable	160,774	1,073,320
Grants receivable	(326,680)	0
Accounts receivable	111,331	(208,165)
Prepaid expenses	(5,167)	(5,939)
Accounts payable	5,107	43,998
Due to American Girl's Fund For Children	235,295	(106,914)
Accrued expenses	61,609	34,005
Accrued interest	4,125	2,116
Security deposits payable	0	(8,600)
Contract liabilities	(2,132)	(38,119)
Net cash provided by operating activities	1,892,007	2,533,223
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(60,726)	(8,700)
Development of property and equipment	(872,430)	(990,349)
Payment of construction payables	(322,434)	0
Net cash used in investing activities	(1,255,590)	(999,049)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	0	394,786
Payments on notes payable	(34,280)	(10,158)
Net cash provided by (used in) financing activities	(34,280)	384,628
Change in cash and cash equivalents, and restricted cash	602,137	1,918,802
Cash and cash equivalents, and restricted cash:		
Beginning	2,432,670	513,868
Ending	\$ 3,034,807	\$ 2,432,670
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH TO STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 2,850,480	\$ 729,957
Restricted cash for building system replacements	184,327	176,762
Restricted cash for capital expansion project	0	1,519,956
Restricted cash for endowment purposes	0	5,995
Total cash, cash equivalents, and restricted cash	\$ 3,034,807	\$ 2,432,670

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

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
SUPPLEMENTAL DISCLOSURE(S) OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 61,308</u>	<u>\$ 50,186</u>
SUPPLEMENTAL SCHEDULE(S) OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Donated investments	<u>\$ 101,418</u>	<u>\$ 307,633</u>
Gain on forgiveness of debt	<u>\$ 394,786</u>	<u>\$ 395,600</u>
Construction payables capitalized into construction in progress	<u>\$ 0</u>	<u>\$ 322,434</u>

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

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A -- Nature of business and significant accounting policies

Nature of business

Madison Children's Museum, Inc. (the Museum), located in Madison, Wisconsin is a non-profit organization dedicated to discovery learning for children and families. Hands-on exhibits and special events allow children to explore culture, science, technology, and art. The Museum stimulates creativity and curiosity through its exhibits and programs, encourages the potential found within all children, and enhances family activities and classroom study. The Museum's affiliate, Madison Children's Museum Foundation, Inc. (Foundation) was organized in 2002 for the benefit of the Museum. The Foundation receives, manages, and disburses funds intended to benefit the Museum in accordance with the terms of the agreement between the two organizations. The Museum and its affiliate are collectively referred to herein as "the organization".

A summary of significant accounting policies follows:

Basis of accounting

The financial statements of the organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of consolidation

The financial statements include the accounts of the Museum and Foundation. The Foundation is consolidated since the Museum has both an economic interest in the Foundation and control of the Foundation through a majority voting interest in its governing body. All material intra-entity transactions have been eliminated.

Basis of presentation

Under accounting principles generally accepted in the United States of America (U.S. GAAP), the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Designations are voluntary board-approved segregations of net assets without donor restrictions for specific purposes, projects, or investments.

Net assets with donor restrictions have been limited by donor-imposed time restrictions, purpose restrictions or are maintained by the Foundation in perpetuity. Unless restricted by the donor, income earned on these funds are considered without restriction and may be used at the Foundation's discretion.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A -- Nature of business and significant accounting policies (Continued)

Exempt status

The Museum and Foundation are exempt from income taxes under Internal Revenue Code Section 501(c)(3) as public charities and not private foundations. The Foundation is a supporting organization of the Museum. Both entities are also exempt from Wisconsin income tax.

Cash and cash equivalents

For purposes of reporting cash flows, the organization considers all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the organization due to restrictions placed on it.

The organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Purchased investments are recorded at fair value, and donated investments are recorded as contributions at fair value on the date of receipt. Realized gains and losses on sales of investments are determined on the basis of specific identification of the cost of the security sold. Investment return is reported in the consolidated statement of activities and consists of interest income and realized and unrealized gains and losses. There are no material investment expenses.

Pledges receivable

Unconditional pledges are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges are those that contain a measurable performance or other barrier and a right of return and are not recognized until the conditions on which they depend on have been met.

Accounts receivable

The organization considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been developed. If amounts become uncollectible, they will be charged to operations when that determination is made. Accounts receivable are not interest bearing. A receivable is considered past due if payments have not been received by the organization after 30 days.

Inventories

Inventories consist of donated items that are sold in the Annual Benefit Sale (see Note N) and items sold at the gift counter of the Museum.

The donated items are recognized as inventory and revenue when they are in a saleable condition and stated at its estimated selling price.

The gift counter inventory is stated at lower of cost or net realizable value, with cost determined by the average cost method.

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A -- Nature of business and significant accounting policies (Continued)

Property and equipment

Property and equipment are stated at cost if purchased or fair value on date of receipt if received as a gift or bequest, less accumulated depreciation. Depreciation of property and equipment is computed by the straight-line method based on the following estimated useful lives.

	<u>Years</u>
Building, improvements, and exhibits	3 - 40
Leasehold improvements	7 - 10
Equipment	3 - 7

Maintenance and repairs of property and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of equipment, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Depreciation expense amounted to \$494,309 and \$452,846 for the years ended June 30, 2022 and 2021, respectively.

Capitalization policy

The organization's policy is to capitalize property and equipment with a unit cost in excess of \$2,500 and a useful life of more than a year.

Impairment of long-lived assets

The organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Due to American Girl's Fund for Children

Due to American Girl's Fund for Children was recorded at 50% of the ending balance of benefit sale inventory as the Museum is obligated to pay 50% of sales from the Annual Benefit Sale to the American Girl's Fund for Children up until March 1, 2022. After March 1, 2022, Due to American Girl's Fund for Children was recorded at 100% of the first \$100,000 gross receipts. After \$450,000 of revenue earned, the Museum is obligated to pay 50% of sales from the Annual Benefit Sale to the American Girl's Fund for Children (see Note N).

Contract liabilities

Contract liabilities represent fees for facility rental or registrations/ticket sales for events that will take place in the next fiscal year and membership dues that will be recognized over the related period.

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A -- Nature of business and significant accounting policies (Continued)

Revenue recognition – contracts with customers

Annual benefit sale

The annual benefit sale contracts have single performance obligations, as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contract, and therefore, is not distinct. Revenue from the sale is recognized in the period in which the sale is held (point in time). The organization does not have any significant financing components as payment is received at or shortly after the point of sale.

Visitor services

The visitor contracts have single performance obligations, as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contract, and therefore, is not distinct. Revenue from visitor services is recognized in the period in which the customer visited the museum (point in time). The organization does not have any significant financing components as payment is received at or shortly after the point of sale.

Membership dues

Membership dues are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The contribution portion of revenue included in membership dues on the statement of activities is not material to the financial statements. The benefits provided to the members are unlimited admission to the Museum, discounts on products and services sold at the Museum, and guest passes. Revenue from membership dues is recognized over time based on the periods which dues relate. The portion of dues related to redemption of guest passes, which would be recognized at a point in time, is not material to the financial statements. The organization does not have any significant financing components as payment is received at or shortly after the point of sale. Amounts received for membership dues for future years are recorded as a contract liability.

Other events

The organization sells tickets and offers sponsorships for its special events. Ticket sales and sponsorships are nonrefundable and are comprised of an exchange element based on the value of benefits provided to the donors, and a contribution element for the difference between total ticket sales and sponsorships paid and the exchange element. The Museum recognizes the exchange portion of these events in the year the event takes place (point in time), and the contribution portion immediately. The contribution portion of revenue included in other events on the statement of activities is not material to the financial statements.

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A -- Nature of business and significant accounting policies (Continued)

Revenue recognition – contributions and grants

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished, such as the payment of expenses related to the restriction), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as net assets without donor restrictions.

Revenue recognition - donated services and materials

Donated services that create or enhance non-financial assets or that require specialized skill, are performed by people with those skills, and would otherwise be purchased, are recognized as contributions at their estimated fair value in the period received. Volunteers also perform a variety of tasks that assist the organization with various programs and activities that are not recognized as contributions in the financial statements since the recognition criteria were not met. Donated materials received that are not related to the Annual Benefit Sale are recorded at their estimated fair value in the period received.

Revenue recognition – investment transactions

Investment return is reported as an increase or decrease in net assets without donor restrictions unless explicitly restricted by donors.

Sales tax

The State of Wisconsin (the State) and Dane County impose a combined sales tax of 5.5% on the organization's sales to nonexempt customers. The organization collects that sales tax from customers and remits the entire amount to the State. The organization's accounting policy is to exclude the tax collected and remitted to the State from revenue and cost of sales.

Recognition of recoveries

Recoveries of payroll expenses through the Employee Retention Tax Credit under the Consolidated Appropriations Act of 2021 (CAA) are recorded as assets when receipt is deemed probable.

Expense allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Each employee of the organization works in a primary program area. Salaries and benefits are allocated on the basis of the department assignments of the employees. Occupancy costs and depreciation are allocated on a square footage basis. Other non-personnel expenses are attributed to individual programs or supporting function. In certain instances, a portion of the expense is identifiable with a specific program, while the remaining amount is allocated to management and general and/or fundraising.

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A -- Nature of business and significant accounting policies (Continued)

Program services

The organization's significant program services consist of the following:

Exhibit programs

Exhibit programs are a primary means by which the organization accomplishes its tax-exempt mission. Exhibit programs comprise research development of interactive exhibits and the physical design, construction, installation, maintenance, and evaluation of exhibits. The organization actively solicits community input to ensure that information and issues presented are current, factual, and developmentally appropriate. Exhibit programs are integrated with education initiatives and are based on accepted learning theories, employing a broad range of educational methodologies to stimulate curiosity and motivate learning. The organization collaborates with its community to ensure that education initiatives and exhibits meet community needs and provide quality educational resources and experiences for children, their families, teachers, and care givers. Exhibit programs are developed in conjunction with Education and Marketing and Visitor Services.

Education

Education programs comprise the organization's education programming and visitor/participant experience. Education programs are designed and implemented to advance the organization's tax- exempt purpose, mission, and values. The Education Department works closely with the Exhibit and Marketing and Visitor Services programs to assure integrated, educationally rich, visitor-focused environments and experiences. The Education Department helps the organization reach its institutional goals by facilitating visitor learning and enjoyment within the organization and in community outreach activities.

Marketing and visitor services

The marketing and visitor services program provides the organization's constituencies with convenient ways to access a broad range of museum educational exhibits, programs, and services. The program comprises areas of public relations, media relations, advertising, promotion, outreach, and publications. Rental of the facility for private gatherings helps to extend the reach of the mission to a wide age range, supporting lifelong learning and strengthening social bonds. Programs are designed and implemented to make the museum accessible and attractive to the broadest possible audience.

Capital expansion project

The capital expansion project is part of a master plan to renovate and expand the museum. The current year's activity consists primarily of contribution revenue and expenses related to contracted services for fundraising and building/exhibits design.

Advertising

The organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense was \$31,592 and \$43,789 for the years ended June 30, 2022 and 2021, respectively.

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A -- Nature of business and significant accounting policies (Continued)

New accounting standard adopted

In September 2020, FASB issued Accounting Standards Update (ASU) No. 2020-07, Not-for-Profit Entities (*Topic 958*): *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*, which provides more transparency and consistency to the presentation and disclosure of contributed nonfinancial assets.

The organization was required to adopt this new accounting standard during its fiscal year ended June 30, 2022. The adoption of this new standard requires the entity to apply presentation and disclosure changes retrospectively to all periods presented. The adoption of this new standard did not have a material impact on the entity's financial statements.

Subsequent events

These financial statements have not been updated for subsequent events occurring after October 24, 2022, which is the date these financial statements were available to be issued. The organization has no responsibility to update these financial statements for events and circumstances occurring after this date

NOTE B -- Investments

The following is a summary of the organization's investment return for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Interest	505	558
Net realized and unrealized gains	<u>0</u>	<u>769</u>
Investment return	<u>\$ 505</u>	<u>\$ 1,327</u>

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE C -- Pledges receivable

Pledges receivable at June 30 consisted of the following:

	<u>2022</u>	<u>Restated 2021</u>
Pledges - operating	\$ 692,916	\$ 771,671
Pledges - capital campaign	<u>550,100</u>	<u>651,117</u>
Pledges receivable	<u>\$ 1,243,016</u>	<u>\$ 1,422,788</u>
Receivable in less than one year	\$ 463,954	\$ 481,863
Receivable in one to five years	<u>779,062</u>	<u>940,925</u>
Pledges receivable	\$ 1,243,016	\$ 1,422,788
Discount to net present value	(58,375)	(77,477)
Provision for uncollectible pledges receivable	<u>(4,740)</u>	<u>(4,636)</u>
Pledges receivable - net	<u>\$ 1,179,901</u>	<u>\$ 1,340,675</u>

Pledges receivable in one year or more are discounted to net present value using a discount rate of 2.5%. Pledges receivable in less than one year are measured at net realizable value, which approximates fair value. The organization routinely assesses the financial strength of its contributors and patrons and, as a consequence, believes the majority of its receivables to be fully collectible.

Split-interest agreement (Charitable Lead Annuity Trust)

Split-interest agreements are trusts or other arrangements under which donors have designated beneficiaries. The organization is one of twenty beneficiaries of the John H. Lussier Charitable Lead Annuity Trust (CLAT). Under the CLAT, the organization receives fixed annual annuity payments during the term of the trust, 10 years. The final distribution will be made in 2028. The organization was notified it was a beneficiary of the CLAT in 2019. Any changes in the discounted value of the CLAT are adjusted through the remaining unconditional promise to give balance and contribution revenue. The unconditional promise to give, net of the discount to present value, was \$576,060 and \$654,227 as of June 30, 2022 and 2021, respectively.

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE D -- Property and equipment, net

Property and equipment, net is comprised of the following:

	2022	2021
Building, improvements, and exhibits	\$ 18,516,364	\$ 16,372,425
Leasehold improvements	19,064	19,064
Equipment	192,125	160,676
	18,727,553	16,552,165
Less accumulated depreciation	5,502,495	5,016,657
	\$ 13,225,058	\$ 11,535,508

NOTE E -- Contract liabilities

Contract liabilities as of June 30, consisted of the following:

	2022	2021	2020
Contract liabilities:			
Deferred facility rental deposits and AGBS tickets	\$ 3,650	\$ 12,400	\$ 52,238
Unused gift cards	10,230	965	11,551
Unused admission tickets	0	706	5,353
Deferred membership dues	293,693	295,634	278,682
Total	\$ 307,573	\$ 309,705	\$ 347,824

NOTE F -- Notes payable

Notes payable consist of the following:

	2022	2021
Park Bank; original amount of \$1,000,000; monthly interest-only payments at 5.5% through original due date of May 15, 2020; renewed in May 2020; monthly interest-only payments at 4.00% through September 2020 then monthly principal and interest payments at 4.00% starting December 2020; due May 15, 2023; collateralized by a mortgage on the organization's building and assignment of rents thereon; prepayment allowed through May 15, 2020 the penalty ranges from 1.00% - 3.00%.	\$ 938,453	\$ 971,288
Balance carried forward	\$ 938,453	\$ 971,288

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE F -- Notes payable (Continued)

Balance brought forward	\$ 938,453	\$ 971,288
City of Madison; original amount of \$21,679 for assessment of property improvements; interest at 2.5%; annual payments of principal of \$1,445 through 2027; no collateral provided.	7,226	8,671
The Park Bank; Paycheck Protection Program (PPP) loan through the Small Business Administration (SBA); original amount of \$394,786 including interest at 1%; no payments due until the earlier of forgiveness or 10 months after the expiration of the organization's covered period (which can be no later than December 31, 2021); due February 12, 2026; portion of loan can be forgiven; no collateral required; loan was forgiven on May 31, 2022.	0	394,786
SBA; Economic Injury Disaster Loan (EIDL); original amount of \$150,000 to alleviate economic injury caused by disaster occurring due to the COVID-19 pandemic; interest at 2.75%; monthly payments of principal of \$641 beginning 18 months from the date of the note (May 20, 2020); due May 20, 2050; collateralized by inventory, equipment, promissory notes, deposit accounts, general intangibles, etc.	<u>150,000</u>	<u>150,000</u>
	1,095,679	1,524,745
Less current maturities	<u>943,521</u>	<u>35,628</u>
	<u>\$ 152,158</u>	<u>\$ 1,489,117</u>

Interest expense incurred on notes payable totaled \$39,466 and \$37,724 during the years ended June 30, 2022 and 2021, respectively.

Repayment of principal on the notes payable as of June 30, 2022, is as follows:

Year ending June 30,

2023	\$ 943,521
2024	5,169
2025	5,273
2026	5,379
2027	5,490
Thereafter	<u>130,847</u>
	<u>\$ 1,095,679</u>

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G -- Line of credit

A line of credit of \$400,000 is available from Park Bank and carries interest at prime plus 0.50 percentage points, but never less than 4.00% (5.00% as of June 30, 2022). The line of credit expires in August 2022 (See Note R), is secured by all business assets of the organization, and was drawn in full as of June 30, 2022.

NOTE H -- Net assets

Board designated net assets without donor restrictions

Board designations included in net assets without donor restrictions are for the following purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Building system replacements and maintenance	\$ 13,800	\$ 13,800
Capital expansion project	<u>68,206</u>	<u>68,206</u>
Total board designated net assets	<u>\$ 82,006</u>	<u>\$ 82,006</u>

Net assets with donor restrictions

Net assets with donor restrictions include assets set aside in accordance with donor restrictions. Net assets with donor restrictions are available for the following purposes or periods as of June 30:

	<u>2022</u>	<u>Restated 2021</u>
Purpose restricted:		
Building system replacements and maintenance	\$ 162,963	\$ 162,963
Time restricted:		
Pledges receivable due in subsequent years	1,187,401	1,341,759
Investments in perpetuity, which once appropriated, are expendable to support:		
Madison Children's Museum Foundation, Inc. Endowment	<u>0</u>	<u>5,995</u>
Net assets with donor restrictions	<u>\$ 1,350,364</u>	<u>\$ 1,510,719</u>

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE I -- Contributions and grants

Contributions and grants during the years ended June 30, consisted of the following:

	<u>2022</u>	<u>Restated 2021</u>
Individual	\$ 1,060,204	\$ 1,141,539
Foundations	1,174,046	332,380
Corporations	33,208	234,231
Government	<u>626,413</u>	<u>392,242</u>
Contributions and grants	<u>\$ 2,893,871</u>	<u>\$ 2,100,390</u>

NOTE J -- In-kind contributions

The organization received the following in-kind contributions for the years ended June 30:

	<u>2022</u>	<u>2021</u>
American Girl Dolls and accessories	\$ 513,486	\$ 171,492
Advertising services	24,295	41,260
Professional services	2,915	25,000
Goods	<u>5,520</u>	<u>7,073</u>
	<u>\$ 546,216</u>	<u>\$ 244,825</u>

The organization's policy related to in-kind contributions is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow the organization to utilize it in its normal course of business, the asset will be disposed or the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The museum receives donated American Girl Dolls and American Girl Doll accessories, which are recorded as revenue in the year received based on the estimated fair market value. In-kind donated American Girl Dolls and accessories was \$513,486 and \$171,492 for the years ended June 30, 2022 and 2021, respectively.

The museum received donated professional services from Findorff Construction with an estimated fair market value of \$2,800 and \$25,000 for the years ended June 30, 2022 and 2021, respectively. These services were provided for the capital expansion project. The organization received donated services from volunteers who assisted in the American Girl Doll sale and other services from volunteers that do not require a specialized skill. No amounts have been reflected in the financial statements for these donated services since the value cannot be quantified by management.

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE J -- In-kind contributions (Continued)

The museum received donated goods to be used throughout the museum. The organization has elected to value the goods at the estimated fair market value. In-kind donated goods for the years ended June 30, 2022 and 2021 totaled \$5,520 and \$7,073, respectively.

All in-kind contributions received by the organization for the years ended June 30, 2022 and 2021 were considered without donor restrictions and able to be used by the organization as determined by the board of directors and management.

NOTE K -- Operating lease

The organization leases warehouse space to store donated inventory and for use as the location for its annual benefit sale. The lease expired October 2017 with two automatic 5-year renewal terms through September 2027, provided the Museum has not given prior notice of vacating or is in default under the lease agreement. The Museum has not given prior notice, therefore, the first automatic renewal term commenced October 2017. The lease required monthly rent payments of \$4,245 (commencing October 2012), subject to annual increases equal to the change in the Consumer Price Index over the previous year. In addition, the lease required additional rent as reimbursement for the organization's share of the warehouse real estate taxes and operating expenses. The lease was terminated in March 2020 and a new lease at a smaller location began in April 2020. The lease requires monthly rent payments of \$2,344 (commencing April 2020), subject to annual increases of 3% (current monthly rent payments of \$2,486 as of June 30, 2022). In addition, the new lease also requires additional rent as reimbursement for the organization's share of the warehouse real estate taxes and operating expenses.

Total rent expense, including the additional rent for the organization's share of real estate taxes and operating expenses, was \$55,024 and \$51,278 during the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments under these leases are as follows:

Year ending June 30.

2023

\$ 22,378

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE L -- Commitments and contingencies

Contracts

The organization has entered into contracts with various firms and a children's museum to provide architectural services and exhibit design development for a capital expansion project. The contracts totaled \$1,930,714 and \$1,674,681 as of June 30, 2022 and 2021, respectively. The balance of the uncompleted contracts approximated \$254,135 and \$459,612 as of June 30, 2022 and 2021, respectively.

Paycheck Protection Program

On April 17, 2020, the organization qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$395,600 (the "PPP Loan"). PPP Loan proceeds are used to pay expenses permitted by PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the organization. The organization obtained forgiveness of the PPP loan on December 8, 2020 and recognized the entire amount as a gain on forgiveness of debt in the statements of activities.

On February 12, 2021, the organization qualified for and received a second loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$394,786 (the "PPP Loan"). The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the organization. The organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum and commencing in December 2021 principal and interest payments will be required through the maturity date in February 2026. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default. The organization obtained forgiveness on the PPP loan on May 31, 2022 and recognized the entire amount as a gain on forgiveness of debt in the statements of activities.

The SBA retains the right to review the eligibility of any borrower, regardless of the size of the loan. If the SBA subsequently determines the borrower was ineligible for the PPP loans after forgiveness, the borrower must immediately repay the loans to the lender.

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE M -- Endowment funds held at Madison Community Foundation

The organization has four Endowment Funds (Funds) that are operated as a component part of Madison Community Foundation (MCF), numbered 1030590, 1030591, 1030592, and 1030772. Fund 1030590, the Fund for the Future, holds gifts to an endowment that were matched dollar for dollar by a board member, up to \$500,000. Fund 1030772, the Pleasant Rowland Great Performance Fund, is a challenge grant fund that was matched dollar for dollar, up to \$2,000,000. Fund 1030591 holds the original donations toward the Great Performance Fund which were matched as described above. Fund 1030592 holds all gifts to endowment outside of the three funds mentioned.

Annual distributions of up to 4.75% of a rolling twenty-quarter average are available for operations. All other interest and appreciation are reinvested into the Funds. Principal may not be drawn from the Funds except with approval from MCF's Board of Governors. The MCF has variance power that allows it to modify the donors' stipulations under certain circumstances. Due to these restrictions, the Funds have not been recorded in the organization's financial statements.

The fair values as of June 30 were as follows:

	<u>2022</u>	<u>2021</u>
Fund 1030590	\$ 1,438,532	\$ 1,533,970
Fund 1030772	2,170,396	2,335,184
Fund 1030591	1,985,876	2,136,645
Fund 1030592	<u>57,728</u>	<u>62,112</u>
	<u>\$ 5,652,532</u>	<u>\$ 6,067,911</u>

Endowment distributions received and recognized in the financial statements during the years ended June 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Fund 1030590	\$ 56,528	\$ 52,747
Fund 1030772	88,157	83,319
Fund 1030591	80,653	76,218
Fund 1030592	<u>2,345</u>	<u>2,217</u>
	<u>\$ 227,683</u>	<u>\$ 214,501</u>

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE N -- Annual Benefit Sale

The organization has an agreement with American Girl Brands, LLC in connection with the organization's Annual Benefit Sale. Under this agreement, American Girl Brands, LLC will donate damaged, excess, and returned merchandise to the organization for repair and sale. The organization will organize a group of volunteers who will repair and organize the merchandise and implement a large-scale benefit sale. Revenue from the sale, less applicable sales taxes and bank charges, will be divided equally between the American Girl's Fund for Children Foundation and the organization. The organization treats this as an agency transaction. In the event net revenue from the Annual Benefit Sale exceeds \$1.5 million or if the organization's portion of net revenue comprises over 35% of their annual support and revenue, American Girl Brands, LLC shall have the option to reinstate the matching principles for future benefit sales as they had been applied during past sales. Either party can terminate the agreement with written notice. However, upon termination of this agreement, American Girl Brands, LLC shall continue adhering to these terms with the organization for an additional two years. Annual Benefit Sale revenue also includes income from ticket sales and sales of merchandise donated by other corporations directly to the organization.

The following summarizes the Annual Benefit Sale revenue amount included in the statements of activities:

	<u>2022</u>	<u>2021</u>
Gross receipts	\$ 698,193	\$ 555,218
Less: Sales tax and bank charges	<u>13,409</u>	<u>33,173</u>
Net sales	684,784	522,045
American Girl Fund for Children current year event distribution	<u>(242,530)</u>	<u>(284,404)</u>
Organization's portion of sales revenue	442,254	237,641
Shipping revenue	0	39,147
Ticket sales for benefit sale	18,395	32,552
Other benefit revenue	<u>4,996</u>	<u>2,010</u>
Annual Benefit Sale revenue	<u>\$ 465,645</u>	<u>\$ 311,350</u>

An amount payable to American Girl's Fund for Children Foundation is reported as Due to American Girl's Fund for Children in the statements of financial position. The payable of \$415,745 and \$180,450 as of June 30, 2022 and 2021, respectively, reflects an estimated amount that will be payable from the next benefit sale and is based on gross revenue and 50% of the estimated fair value of the donated merchandise held in inventory as of June 30, 2022 and 2021 and 50% of the estimated fair value of the donated merchandise held in inventory as of June 30, 2021.

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE O -- Availability of financial assets and liquidity

The organization has the following financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date:

	<u>2022</u>	<u>2021</u>
Cash	\$ 2,863,703	\$ 2,195,506
Pledges receivable	459,214	477,227
Accounts receivable	<u>97,686</u>	<u>209,017</u>
	<u>\$ 3,420,603</u>	<u>\$ 2,881,750</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. \$0 and \$1,519,956 of restricted cash is included in the available financial assets to meet cash needs for general expenditures due to the nature of the Our Future in Play program designation for the years ended June 30, 2022 and 2021, respectively. This program is to help the museum re-open after being closed for over a year due to the COVID-19 pandemic. The costs to re-open the museum is considered general expenditures. Pledges receivable are subject to implied time restrictions but are expected to be collected within one year. The balance of pledges receivable is restricted by donors for specific purposes or have a time restriction of more than a year and are not available for general expenditures.

The organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The organization considers financial assets whose use is limited by board designation for the building system replacements and maintenance to also be available for general expenditures, if needed. In addition, as part of its liquidity management, the organization has access to a \$400,000 available line of credit (see Note H) which is used to manage cash flow volatility throughout the year, of which \$400,000 was drawn upon as of June 30, 2022.

NOTE P -- Employee Retention Tax Credit

Under the CAA, the organization has claimed an Employee Retention Tax Credit in the amount of \$207,983 in 2021. \$98,568 and \$207,983 is included in the balance of accounts receivable as of June 30, 2022 and 2021, respectively. \$0 and \$207,983 was credited against payroll tax expenses reported in the statements of activities as of June 30, 2022 and 2021, respectively.

NOTE Q -- Prior period adjustment

Management determined that the final payment from the CLAT (see Note C) is a fixed amount rather than based on the remaining balance of the trust on the last payment date. This error resulted in an overstatement of the amount previously reported for pledges receivable, net, an overstatement of an amount previously reported as net assets with donor restrictions, and an overstatement of an amount previously reported as contribution revenue as of June 30, 2021.

MADISON CHILDREN'S MUSEUM, INC. AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE Q -- Prior period adjustment (Continued)

The effect of the prior period adjustments on the financial statements is summarized below.

Statement of financial position

As of June 30, 2021

	<u>As originally reported</u>	<u>As restated</u>	<u>Effect of change</u>
Assets:			
Pledges receivable, long-term, net	\$ 1,083,649	\$ 863,448	\$ (220,201)
Net assets:			
Net assets with donor restrictions	\$ 1,730,918	\$ 1,510,719	\$ (220,199)

Statement of activities

Year ended June 30, 2021

	<u>As originally reported</u>	<u>As restated</u>	<u>Effect of change</u>
Public support and revenues:			
Contributions and grants – with donor restrictions	\$ 450,189	\$ 498,280	\$ 48,091
Change in value of the CLAT - with donor restrictions (time/use)	\$ 268,292	\$ 0	\$ (268,292)
Net assets released from restrictions:			
Restrictions released by donor – without donor restrictions	\$ 1,600,541	\$ 1,552,448	\$ (48,093)
Restrictions released by donor – with donor restrictions (time/use)	\$ (1,600,541)	\$ (1,552,448)	\$ 48,093

Statement of cash flows

Year ended June 30, 2021

	<u>As originally reported</u>	<u>As restated</u>	<u>Effect of change</u>
Cash flows from operating activities:			
Change in net assets	\$ 1,696,637	\$ 1,476,436	\$ (220,201)
Pledges receivable	\$ 853,119	\$ 1,073,320	\$ 220,201

NOTE R -- Subsequent event

Effective August 5, 2022, the organization converted its Park Bank loan (Note F) and its line of credit (Note G) into a five-year mortgage note payable with Park Bank. The principal balance as of the same date was \$1,335,613 and the note bears interest at 4.8%.