

**THE STUDIO MUSEUM
IN HARLEM
AND SUBSIDIARY**

**Consolidated Financial Statements
for the year ended
June 30, 2020
(with summarized comparative
information for 2019)**

Independent Auditor's Report

To the Board of Trustees
The Studio Museum in Harlem

We have audited the accompanying consolidated financial statements of The Studio Museum in Harlem (the "Museum") and its wholly owned subsidiary, the SMH Support Corp. (the "Corp.") which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the financial position of The Studio Museum in Harlem and SMH Support Corp. in Harlem as of June 30, 2020 and the results of their activities and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Museum's 2019 consolidated financial statements, and in our report dated September 24, 2020, expressed an unmodified opinion on those audited consolidated 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 consolidated financial statements from which it has been derived.

Condon O'Heara McGinty + Donnelly LLP

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Consolidated Statement of Financial Position
June 30, 2020
(With Summarized Comparative Information as of June 30, 2019)**

	Assets			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Current assets				
Cash and cash equivalents	\$ 7,709,680	\$ -	\$ 7,709,680	\$ 7,959,845
Accounts receivable	6,541	-	6,541	6,019
Current portion of contributions receivable (Note 4)	204,141	1,425,692	1,629,833	500,002
Leverage loan interest receivable (Note 5)	-	18,498	18,498	18,498
Investments, at fair value (Note 6)	-	19,499,527	19,499,527	16,413,314
Museum store inventory	77,883	-	77,883	77,883
Prepaid insurance, security deposits and other	257,590	-	257,590	266,579
Due (to) from	4,056,396	(4,056,396)	-	-
Total current assets	<u>12,312,231</u>	<u>16,887,321</u>	<u>29,199,552</u>	<u>25,242,140</u>
Leverage loan receivable (Note 5)	-	6,702,733	6,702,733	6,702,733
Contributions receivable, net (Note 5)	-	232,703	232,703	636,781
Assets designated for facility plan (Note 4)				
Cash and cash equivalents	-	26,280,835	26,280,835	35,619,533
Investments at fair value (Note 6)	-	16,734,045	16,734,045	2,704,460
Contributions receivable, net (Note 4)	-	15,061,667	15,061,667	27,349,244
Total assets designated for facility plan	-	58,076,547	58,076,547	65,673,237
Property, equipment and leasehold improvements, at cost, net (Note 7)	<u>33,147,127</u>	<u>-</u>	<u>33,147,127</u>	<u>23,082,542</u>
Total assets	<u>\$ 45,459,358</u>	<u>\$ 81,899,304</u>	<u>\$ 127,358,662</u>	<u>\$ 121,337,433</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 719,198	\$ -	\$ 719,198	\$ 670,770
Contracts payable (Note 12)	3,989,333	-	3,989,333	2,127,153
Total current liabilities	4,708,531	-	4,708,531	2,797,923
Long-term debt, net (Note 8)	<u>8,806,504</u>	<u>-</u>	<u>8,806,504</u>	<u>8,013,671</u>
Total liabilities	<u>13,515,035</u>	<u>-</u>	<u>13,515,035</u>	<u>10,811,594</u>
Net assets				
Without donor restrictions	31,944,323	-	31,944,323	21,481,610
With donor restrictions (Note 19)				
Purpose/time restricted	-	61,396,502	61,396,502	68,572,227
Perpetual	-	20,502,802	20,502,802	20,472,002
Total net assets	<u>31,944,323</u>	<u>81,899,304</u>	<u>113,843,627</u>	<u>110,525,839</u>
Total liabilities and net assets	<u>\$ 45,459,358</u>	<u>\$ 81,899,304</u>	<u>\$ 127,358,662</u>	<u>\$ 121,337,433</u>

See notes to consolidated financial statements.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Consolidated Statement of Activities
For year ended June 30, 2020
(With Summarized Comparative Information for the Year Ended June 30, 2019)**

	<u>2020</u>		<u>2019</u>	
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
Support and revenue				
Support				
City of NY Dept. of Cultural Affairs	\$ 1,034,004	\$ -	\$ 1,034,004	\$ 944,440
Other Government grants	1,171,204	55,000	1,226,204	-
Contributions	<u>2,381,991</u>	<u>6,815,186</u>	<u>9,197,177</u>	<u>15,566,795</u>
Total support	<u>4,587,199</u>	<u>6,870,186</u>	<u>11,457,385</u>	<u>16,511,235</u>
Revenue				
Fundraising events	2,972,216	-	2,972,216	3,899,903
Membership fees	507,436	-	507,436	89,984
Rental	-	-	-	-
Museum sales	16,583	-	16,583	44,403
Investment return, net	261	847,004	847,265	742,515
Admission fees and other	<u>19,557</u>	<u>-</u>	<u>19,557</u>	<u>46,196</u>
Total revenue	<u>3,516,053</u>	<u>847,004</u>	<u>4,363,057</u>	<u>4,823,001</u>
Sub-total	<u>8,103,252</u>	<u>7,717,190</u>	<u>15,820,442</u>	<u>21,334,236</u>
Net assets released from restrictions	<u>14,862,115</u>	<u>(14,862,115)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>22,965,367</u>	<u>(7,144,925)</u>	<u>15,820,442</u>	<u>21,334,236</u>
Expenses				
Program services				
Curatorial	785,619	-	785,619	1,324,881
Exhibitions	1,698,706	-	1,698,706	1,736,908
Education and public programs	<u>1,014,183</u>	<u>-</u>	<u>1,014,183</u>	<u>2,297,563</u>
Total program services	<u>3,498,508</u>	<u>-</u>	<u>3,498,508</u>	<u>5,359,352</u>
Supporting activities				
Management and general	3,979,212	-	3,979,212	469,000
Development	2,540,115	-	2,540,115	5,281,554
Building operations	1,084,304	-	1,084,304	427,510
Capital campaign	<u>1,400,515</u>	<u>-</u>	<u>1,400,515</u>	<u>-</u>
Total supporting activities	<u>9,004,146</u>	<u>-</u>	<u>9,004,146</u>	<u>6,178,064</u>
Total expenses	<u>12,502,654</u>	<u>-</u>	<u>12,502,654</u>	<u>11,537,416</u>
Increase (decrease) in net assets				
before loss on disposal of assets	10,462,713	(7,144,925)	3,317,788	9,796,820
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,679,582)</u>
Increase (decrease) in net assets	<u>10,462,713</u>	<u>(7,144,925)</u>	<u>3,317,788</u>	<u>8,117,238</u>
Net assets, beginning of year	<u>21,481,610</u>	<u>89,044,229</u>	<u>110,525,839</u>	<u>102,408,601</u>
Net assets, end of year	<u>\$31,944,323</u>	<u>\$81,899,304</u>	<u>\$113,843,627</u>	<u>\$110,525,839</u>

See notes to consolidated financial statements.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Consolidated Statement of Functional Expenses
For year ended June 30, 2020
(With Summarized Comparative Information for the Year Ended June 30, 2019)**

	2020						2019					
	Program Services			Supporting Activities			Management and			Capital Campaign		
	Curatorial	Exhibitions	Education and Public Programs	Total	General	Development	Building Operations	Total		Total		Total
Personnel expenses												
Salaries and wages	\$ 301,633	\$ 473,855	\$ 665,621	\$ 1,441,109	\$ 1,774,492	\$ 1,098,752	\$ 268,403	\$ 3,193,058	\$ 51,411	\$ 4,634,167	\$ 4,026,975	
Payroll taxes and fringe benefits	17,789	273,159	235,208	526,156	548,191	209,065	104,333	869,040	7,451	1,395,196	1,193,795	
Total personnel expenses	319,422	747,014	900,829	1,967,265	2,322,683	1,307,817	372,736	4,062,098	58,862	6,029,363	5,220,770	
Other than personnel expenses												
Administrative services	-	4,107	6,575	10,682	192,439	75,355	-	371,691	103,897	382,373	259,141	
Advertising	175	635	890	1,700	26,288	8,261	-	34,549	-	36,249	57,009	
AIR Stipends	-	47,110	7,000	54,110	-	-	-	-	-	54,110	28,846	
Art costs and storage	388,428	716,964	-	1,105,392	-	-	-	28,000	28,000	1,133,392	975,500	
Bad debt expense	-	-	-	-	12,951	-	-	12,951	-	12,951	60,068	
Communication	-	724	-	724	116,146	5,380	-	121,526	-	122,250	59,923	
Development consultant	-	-	-	-	3,000	-	-	198,408	195,408	198,408	190,608	
Equipment costs and maintenance (non-capital)	-	17,442	-	17,442	208,302	20,524	6,262	235,088	-	252,530	321,023	
Events and entertainment	-	6,337	-	6,337	14,564	7,415	-	29,672	7,693	36,009	49,038	
Graphic design	-	-	-	-	-	-	-	-	-	-	63,012	
Honorariums	-	20,715	30,750	51,465	500	500	-	1,000	-	52,465	38,510	
Insurance	-	9,725	-	9,725	59,200	-	-	59,200	-	68,925	77,918	
Interest, bank, credit card fees and other	-	-	111	111	143,219	45,561	200	209,499	20,519	209,610	160,609	
Meetings and staff development	-	229	1,563	1,792	79,641	3,284	-	83,042	117	84,834	43,172	
Occupancy and utilities	22,369	1,654	-	24,023	-	19,368	692,456	977,169	265,345	1,001,192	1,136,558	
Other stipends	-	35,020	-	35,020	-	-	-	-	-	-	10,000	
Other program services (archivist)	-	-	-	-	-	-	-	-	-	35,020	44,734	
Other technical services	-	-	-	-	-	-	-	-	-	-	165,725	
Postage, shipping and messenger	65	2,770	342	3,177	20,899	29,189	-	50,088	-	53,265	87,444	
Printing and duplication	-	11,455	957	12,412	77,745	15,127	-	92,872	-	105,284	151,882	
Professional fees	-	-	204	204	220,259	4,648	-	224,907	-	225,111	414,895	
Public program performers	-	-	400	400	-	15,350	-	15,350	-	15,750	850	
Special events (catering, gala venue and other)	-	-	-	-	-	389,819	-	389,819	-	389,819	1,168,477	
Store supplies and maintenance	-	-	-	-	4,001	-	-	4,001	-	4,001	1,856	
Supplies	5,086	23,462	45,965	74,513	46,461	478,117	11,013	536,335	744	610,848	205,900	
Technology contracted services	-	32,499	10	32,509	90,101	107,922	-	198,023	-	230,532	-	
Temporary employment agency	-	-	-	-	164,954	-	-	164,954	-	164,954	178,528	
Travel	74	20,844	8,587	29,505	64,635	6,478	1,637	81,344	8,594	110,849	219,799	
Wein Prize Stipend	50,000	-	10,000	60,000	974	-	-	974	-	60,974	50,000	
Total other than personnel expenses	466,197	951,692	113,354	1,531,243	1,546,279	1,232,298	711,568	4,120,462	630,317	5,651,705	6,221,025	
Depreciation and amortization of closing costs	-	-	-	-	110,250	-	-	821,586	711,336	821,586	95,621	
Total	\$ 785,619	\$ 1,698,706	\$ 1,014,183	\$ 3,498,508	\$ 3,979,212	\$ 2,540,115	\$ 1,084,304	\$ 9,004,146	\$ 1,400,515	\$12,502,654	\$11,537,416	

See notes to consolidated financial statements.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

Consolidated Statement of Cash Flows

	Year Ended June 30	
	2020	2019
Cash flows from operating activities		
Increase in net assets	\$ 3,317,788	\$ 8,117,238
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	92,050	95,621
Amortization of closing costs	729,536	-
Net realized and unrealized (gain) on investments	(144,247)	(366,404)
Non-cash contributions of stock	(1,255,230)	(269,151)
Proceeds from sale of donated stock	1,360,376	169,867
Loss on disposal of assets	-	1,679,582
Permanently restricted contributions	(30,800)	(148,785)
(Increase) decrease in assets		
Accounts receivable	(522)	(6,019)
Contributions receivable	11,561,824	7,184,497
Leverage loan interest receivable	-	(18,498)
Prepaid insurance, security deposits and other	8,989	169,354
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	48,428	(317,679)
Net cash provided by operating activities	<u>15,688,192</u>	<u>16,289,623</u>
Cash flows from investing activities		
Proceeds from sales of investments	6,450,190	5,129,699
Purchases of investments	(8,210,546)	(14,369,552)
Net change in money market funds (cost)	(15,316,341)	7,184,223
Additions to property and equipment	(10,156,635)	(8,602,065)
Change in contracts payable	1,862,180	1,692,007
Leverage loan receivable	-	(6,702,733)
Net cash (used in) investing activities	<u>(25,371,152)</u>	<u>(15,668,421)</u>
Cash flows from financing activities		
Proceeds from building loan	603,967	193,567
Repayment of building loan	(540,670)	-
Proceeds from notes payable	-	9,800,000
Loan closing costs	-	(2,009,320)
Permanently restricted contributions	30,800	148,785
Net cash provided by financing activities	<u>94,097</u>	<u>8,133,032</u>
Net increase (decrease) in cash and cash equivalents	(9,588,863)	8,754,234
Cash and cash equivalents, beginning of year	<u>43,579,378</u>	<u>34,825,144</u>
Cash and cash equivalents, end of year	<u>\$ 33,990,515</u>	<u>\$ 43,579,378</u>
Consist of:		
Without donor restrictions	\$ 7,709,680	\$ 7,959,845
With donor restrictions	<u>26,280,835</u>	<u>35,619,533</u>
Total	<u>\$ 33,990,515</u>	<u>\$ 43,579,378</u>
Supplemental disclosure of cash flows information:		
Cash paid for interest	<u>\$ 19,593</u>	<u>\$ 28,271</u>

See notes to consolidated financial statements.

THE STUDIO MUSEUM IN HARLEM AND SUBSIDIARY

Notes to Consolidated Financial Statements June 30, 2020

Note 1 – Nature of organization

The accompanying financial statements reflect the consolidated operations of The Studio Museum in Harlem (the “Museum”) and the SMH Support Corp. (the “Support Corp.”) an affiliate controlled by the Museum. The Museum and the Support Corp. have interrelated directors/officers. All intercompany accounts and transactions have been eliminated in consolidation.

The Museum is the nexus for black artists locally, nationally, and internationally and for work that has been inspired and influenced by black culture. It is a site for the dynamic exchange of ideas about art and society and for 50 years the Museum has been at the Vanguard of arts and culture.

Since opening in a rented loft at Fifth Avenue and 125th Street in 1968, the Museum has earned recognition for its catalytic role in promoting the works of artists of African descent. The Museum’s Curatorial *Artists-In-Residence* (“AIR”) program has supported over 90 graduates who have gone on to establish highly regarded careers. A wide variety of *Education and Public Programs* have brought the African American experience alive for the public by means of lectures, dialogues, panel discussions, and performances, as well as interpretive programs both on-site and off-site for students and teachers. The *Exhibitions* program has also expanded the scope of art historical literature through the production of scholarly catalogues, brochures and pamphlets.

In 1979, the New York Bank for Savings donated a 60,000 square foot facility at 144 West 125th Street to The Studio Museum in Harlem. Renovated and opened in 1982, the Museum was comprised of three floors of gallery space, workshop and studio spaces, library and archival space, art storage, an outdoor court and the Museum Store. After a major expansion and renovation of the 125th Street facility, completed in 2008, the Museum included a new glass façade and entry court, a 100-seat auditorium, an educational workshop space, expanded cloakroom and 3,000 square feet of additional gallery space for the Museum permanent collection.

The Museum is currently undertaking a capital campaign to design and build a new state-of-the-art facility for its current location. As a result, during the 2019 fiscal year, the 60,000 square foot facility was demolished and many of the programs the Museum offered were limited.

The Museum's *Permanent Collection*, another important component of the Curatorial department includes over 1,600 paintings, sculptures, watercolors, drawings, pastels, prints, photographs, mixed media works, and installations. These works have been acquired through donation and purchase, and in 2001, the Museum inaugurated an Acquisitions Committee, which, donates funds for purchases to the collection. Featured in the *Collection* are work by artists such as Terry Adkins, Romare Bearden, Robert Colescott, Melvin Edwards, Richard Hunt, Lois Mailou Jones, Jacob Lawrence, Norman Lewis, Betye Saar, Nari Ward, and Hale Woodruff. The Museum is also the custodian of an extensive archive of the work of photographer James VanDerZee, the quintessential chronicler of the Harlem community from 1906 to 1983. Building on the existing *Collection* – which was inaugurated in 1977 with an acquisition policy put in place in 1979 – the Museum embarked on an initiative to expand its holdings with the opening of expanded gallery space in 2008.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 1 – Nature of organization (continued)

The Museum Store is a unique education resource featuring catalogues, logo items, cards and other products published by the Museum along with a diverse selection of books on the art and culture of African America and the African Diaspora and related crafts, jewelry, videos and compact discs that relate to the core mission of the Museum. In connection with the facility being demolished, the Museum Store was vacated and dismantled, all inventory was stored at an offsite facility (see note 10).

The Support Corp. is a non-for-profit 501(c)(3) organization that was incorporated in New York on July 24, 2018 and is organized and will be operated at all times exclusively for the benefit of the Museum.

The Support Corp. was created to separate certain considerations from the Museum's general operations, including isolating certain real estate activities and liabilities from the Museum's overall charitable activities and assets.

The Support Corp.'s only currently contemplated activities are to (i) lease property in New York, New York, currently leased by the Museum for the capital project (the "Project"), (ii) borrow low-interest rate funds, (iii) contract to rehabilitate and expand facilities at the Project, and (iv) lease the Project to the Museum to operate as The Studio Museum in Harlem.

The Support Corp.'s sole member is the Museum, and the Museum has sole authority to appoint a majority of the Support Corp.'s Board of Directors, with the minority elected by the appointed Directors. The minority directors must be Trustees, Directors, Officers or Employees of the Museum.

Note 2 – Summary of significant accounting policies

Net assets

The Museum's and Support Corp.'s 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 net assets without donor restrictions and net asset with donor restrictions.

Without donor restrictions – These net assets are not subject to donor-imposed restrictions and amounts can be spent at the discretion of the Museum and the Support Corp.

With donor restrictions

Net assets with temporary donor restrictions

- Net assets with temporary donor restrictions consist of investment return and contributions with donor-imposed stipulations that may or will be met either by actions of the Museum/Support Corp. and/or the passage of time.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 2 – Summary of significant accounting policies (continued)

Net assets (continued)

With donor restrictions (continued)

Net assets with perpetual donor restrictions

- The Museum also has net assets with donor restrictions that consist of contributions that are restricted by the donor in that the principal must remain in perpetuity but that the investment return earned on such contributions may be spent in accordance with the donor's terms and are classified as either with temporary or without donor restrictions.

Contributions

Contributions are reported as an increase in net assets without donor restrictions if the restrictions are satisfied within the same fiscal year the contributions are received. The Museum reports contributions as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a designated restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Temporarily restricted contributions for items relating to property and equipment additions are being released from restrictions when the expenditures have been incurred. Bequests and wills are recorded as revenue when a legally binding obligation is received and when a fair value can reasonably be determined.

Donated services and in-kind support

Organizations are required to recognize contributions of services if they create or enhance non-financial assets, or require specialized skills, are provided by individuals possessing those skills and typically would have been purchased if not provided in-kind. Board members and other individuals volunteer their time and perform a variety of tasks that assist the Museum. These services do not meet the criteria to be recorded and have not been included in the accompanying consolidated financial statements.

During the 2020 and 2019 fiscal years, the Museum recorded donated utilities totaling \$3,737 and \$100,765, respectively, in connection with space utilized primarily for the various programs of the Museum. These amounts are included in the support line item under the City of New York Department of Cultural Affairs on the consolidated statement of activities and the corresponding expense is included in the occupancy and utility line item on the consolidated statement of functional expenses.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 2 – Summary of significant accounting policies (continued)

Cash equivalents

Operating cash equivalents include cash in bank accounts and money market funds with original maturities of three months or less from the date of acquisition. Cash equivalents that are part of the Museum's investment portfolio are reported as investments and included in note 6.

Investments

The Museum reports investments at fair value in the consolidated statement of financial position. The fair value of the investments is based on publicly quoted prices. Interest, dividends, realized and unrealized gains and losses are included in the consolidated statement of activities as investment returns in net assets with donor restrictions.

Allowance for doubtful accounts

The Museum does not have an allowance for doubtful accounts for any potentially uncollectible contributions receivable. Such estimate is based on management's experience, the aging of the receivable, subsequent receipts and current economic conditions.

Inventory

The Museum's store inventory is stated at cost.

Property, equipment and leasehold improvements

Property, equipment and leasehold improvements are recorded at cost. The Museum capitalizes, as property, equipment and leasehold improvements, expenditures for assets over a nominal amount and a useful life of greater than one year. Property, equipment and leasehold improvements are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 30 years.

Effective with the 2004 fiscal year, the City of New York issued a directive that all City-funded capital expenditures and improvements are the property of the City and are treated as fixed assets in the City's financial records for accounting purposes. In order to represent the City's ownership of the assets, and to avoid duplicative accounting, the City has directed the Cultural Institutions, including the Museum, not to include these assets in an organization's audited financial statements.

Prior to the capital campaign, from the 1998 fiscal year through the 2014 fiscal year, the City have made improvements totaling \$9,899,605 to the Museum's completed facilities. These assets were owned by The City of New York. As a result of the Museum's capital campaign (see note 12), the Museum's current facility has been vacated and dismantled.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 2 – Summary of significant accounting policies (continued)

Property, equipment and leasehold improvements (continued)

During the 2020 fiscal year, the City of New York has paid \$292,766 for the renovation for the new Facility Plan (see note 12).

The City of New York's investment of capital expenditures obligated the Museum to operate the facility during the respective term as a non-profit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational or artistic uses and/or related purposes approved by the City of New York.

Museum collections and exhibits

The Museum's collections are made up of artifacts of historical significance and art objects that are held for educational, exhibit, and curatorial purposes. Proceeds from the sales of the collection are used to acquire other items for the collection. Contributions for the purchase of items for the collections and exhibits are classified as net assets with donor restrictions until acquisitions are made. The Museum's collections and exhibits are not capitalized in the consolidated statement of financial position. Purchases of items are expensed in the year in which the items are acquired. The cost of these items purchased is reported as a separate program expense. Contributed collection items are not reflected in the consolidated financial statements.

Functional expenses

The costs of providing the various programs and other supporting activities have been summarized on a functional basis in the accompanying consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated between the program services and supporting activities benefited. Expenses attributable to more than one functional category are allocated based on time and effort.

Summarized comparative information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 2 – Summary of significant accounting policies (continued)

Deferred loan closing costs

The deferred loan closing costs were incurred in connection with the notes payable (see note 9) and are being amortized over the period of the notes. The unamortized portion is netted with the related long-term debt on the consolidated statement of financial position.

Concentrations of credit risk

The Museum's and the Support Corp.'s financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments, contributions and a loan receivable. The Museum and the Support Corp. places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the fiscal year, cash balances exceeded the FDIC insurance limit; however, the Museum and Support Corp. have not experienced losses on these cash and cash equivalents accounts. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the consolidated statement of financial position at June 30, 2020. The Museum routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. Contributions receivable consist of amounts due from individuals, foundations and corporations. The Museum's management monitors the collectability of the contribution's receivable on an ongoing basis. The loan receivable is due from an LLC created in connection with a new market tax credit program agreement. The Museum believes no significant risk of loss exists with respect to its cash, cash equivalents, investments and receivables.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from these estimates.

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The Museum's investments have been classified in the highest level of hierarchy (Level 1). These quoted prices in active markets for identical assets.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 2 – Summary of significant accounting policies (continued)

Risks and uncertainty

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the coronavirus pandemic. The coronavirus pandemic has significantly impacted the economic conditions in the U.S. as federal, state and local governments react to the public health crisis, creating significant uncertainties in the U.S. economy. The extent to which the coronavirus may impact the Museum/Support Corp.'s operations and programs will depend on future developments, which are uncertain and cannot prudently be predicted. Management is closely monitoring developments, including new information which may emerge concerning the severity of the coronavirus and the governmental actions required to contain the coronavirus or treat its impact, and related factors. In addition, the impact of the coronavirus has delayed the construction of the new facility plan.

Subsequent events

The Museum and Support Corp. have evaluated events and transactions for potential recognition or disclosure through August 24, 2021, which is the date the consolidated financial statements were available to be issued.

Note 3 – Financial assets and liquidity resources

The Museum's and Support Corp.'s working capital and cash flows have seasonal variations during the year attributable to cash receipts from contributions, fundraising events and other revenue items.

As of June 30, 2020 and June 30, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 33,990,515	\$ 43,579,378
Current receivables	16,698,041	27,855,265
Investments, at fair value	<u>36,233,572</u>	<u>19,117,774</u>
Total financial assets	86,922,128	90,552,417
Less: Net assets with permanent donor restrictions	20,502,802	20,472,002
Reserves	<u>8,313,507</u>	<u>8,333,100</u>
Financial assets available for general expenditures	<u>\$ 58,105,819</u>	<u>\$ 61,747,315</u>

As a condition of a building loan agreement, (see note 8), the Museum has a reserve totaling \$2,430,407 to be used for the payment of interest, mortgage recording tax and/or other purposes as determined by the lender and defined in the loan documents. In addition, pursuant to a city grant agreement, the Museum set up an initial reserve in the amount of \$5,883,100 for certain construction costs of the new museum, to be reimbursed by the City of New York.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 4 – Contributions receivable

The estate of a donor was granted an order extending the duration of the trust for another five years after February 18, 2010. The remaining balance is approximately \$315,000 and is reflected as part of the contributions receivable in net assets with donor restrictions on the consolidated statement of financial position.

Contributions receivable are unconditional promises to make donations to the Museum. Except for contributions receivable due within one year, the Museum discounts its receivables to their present value using a rate of 3.25% per annum. The contributions receivable consist of the following as of June 30, 2020 and June 30, 2019:

	<u>2020</u>	<u>2019</u>
Due within one year (2021)	\$11,137,832	\$17,955,989
Due in one to five years (2022-2026)	<u>6,110,021</u>	<u>11,552,403</u>
Sub-total	17,247,853	29,508,392
Less: amount to reduce contributions receivable due in more than one year to their present value (discount rate – 3.25%, per annum)	<u>323,650</u>	<u>1,022,365</u>
Total	<u>\$16,924,203</u>	<u>\$28,486,027</u>

Note 5 – Leverage loan receivable

During December 2018, in connection with the facility plan outlined in Note 12, the Museum entered into a leverage loan agreement (“Loan”) with Studio Museum in Harlem NMTC Investment Fund, LLC (the “Borrower”). The Museum loaned the Borrower \$6,702,733 which matures on December 27, 2048 (the “Maturity Date”), when all outstanding principal and accrued and unpaid interest shall be received by the Museum. The Loan is also evidenced by a promissory note. The interest rate of the Loan is 1.1% per annum. Interest only payments are due quarterly (January, April, July and October) commencing on April 10, 2019 and ending on October 10, 2025. On December 27, 2025 the Borrower shall make an interest only payment for the period accrued from October 10, 2025 through December 27, 2025. On April 10, 2026, the Borrower shall make a one-time payment of principal and interest accrued on the Loan from December 28, 2025 through March 31, 2026. Thereafter, until and including the Maturity Date, quarterly installments of principal and interest in the amount of \$93,488 each based upon a 156-month amortization schedule shall be due and payable. The Loan is secured by a continuing security interest in all the Borrower’s rights, title and interest, as defined in the Loan agreement.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 6 – Investments

The following is a summary of the Museum's investments held and the Level under the fair value hierarchy as of June 30, 2020 and June 30, 2019:

	2020			2019		
	Level	Cost	Fair Value	Level	Cost	Fair Value
Money market funds	(1)	\$16,008,226	\$16,017,295	(1)	\$ 691,885	\$ 691,885
Government obligations	(1)	3,366,949	3,646,936	(1)	3,594,451	3,708,882
Corporate obligations	(1)	3,819,913	4,022,774	(1)	3,373,177	3,459,317
Mortgage backed	(1)	246,774	259,443		173,761	180,580
Equities						
Domestic	(1)	1,941,430	2,082,086	(1)	1,017,249	1,075,155
International	(1)	604,210	567,695	(1)	359,895	387,307
Mutual funds						
Equities						
Domestic	(1)	4,711,128	5,362,841	(1)	4,182,607	4,585,460
International	(1)	806,800	904,943	(1)	1,981,865	2,193,064
Fixed income						
Domestic	(1)	1,540,000	1,471,246	(1)	792,010	775,179
International bond	(1)	1,004,892	972,011	(1)	1,269,261	1,302,815
Real assets funds	(1)	1,006,090	926,302	(1)	518,115	514,858
Real estate inv. trusts	(1)	-	-	(1)	236,125	243,272
Total		<u>\$35,056,412</u>	<u>36,233,572</u>		<u>\$18,190,401</u>	<u>\$19,117,774</u>
Unrealized gain			<u>1,177,160</u>			<u>\$ 927,373</u>
Change in unrealized value of investments			<u>249,787</u>			<u>\$ 460,485</u>
Investments consist of:						
Operations			19,499,527			\$16,413,314
Designated for facility plan			<u>16,734,045</u>			<u>2,704,460</u>
Total			<u>\$36,233,572</u>			<u>\$19,117,774</u>

The summary of the investment return for the years ended June 30, 2020 and June 30, 2019 are as follows:

	2020	2019
Interest and dividends	\$ 783,798	\$ 452,195
Realized (loss) on the sale of investments	(105,540)	(94,081)
Unrealized gain on investment	249,787	460,485
Investment fees	<u>(80,780)</u>	<u>(76,084)</u>
Total investment return	<u>\$ 847,265</u>	<u>\$ 742,515</u>

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 7 – Property, equipment and leasehold improvements

As of June 30, 2020 and June 30, 2019, property, equipment and leasehold improvements consist of the following:

	<u>2020</u>	<u>2019</u>
Building and leasehold improvements	\$ 227,056	\$ 227,056
Furniture, fixtures and equipment	1,257,510	1,257,510
Construction in progress (Support Corp.)	2,340,748	1,965,125
Construction in progress	<u>30,501,486</u>	<u>20,720,474</u>
Sub-total	34,326,800	24,170,165
Less: accumulated depreciation and amortization	<u>1,179,673</u>	<u>1,087,623</u>
Net property and equipment	<u>\$ 33,147,127</u>	<u>\$ 23,082,542</u>

During the 2019 fiscal year, in connection with a new facility plan, property and equipment with an original cost of \$7,415,893 and an accumulated depreciation of \$5,736,311 were disposed of, resulting in a loss of \$1,679,582. The 2020 and 2019 depreciation and amortization expense were \$92,080 and \$95,621, respectively.

Note 8 – Long-term debt

Building loan

During December 2018, the Museum entered into a \$58,831,000 Building Loan Agreement (the “Loan”) with a financial institution to obtain bridge financing to fund the Museum’s new building and new facility plan, subject to terms and conditions as outlined in the Loan. The Loan will bridge: (i) funds from the New York City Council, the Mayor’s office and the Department of Cultural Affairs (“City Funds”) and (ii) funds from private donor pledges (“Donor Funds”). The Museum is entitled to reimbursements for Loan advances from the City Funds’ reimbursable costs, as defined in the City Grant Agreement. During March 2020, another financial institution has been selected to service this Loan. The Loan is set to mature three years from the date of the Loan. The Museum has selected to amortize the closing costs related to this Loan and other financing over a three-year period.

Throughout the term of the Loan, the outstanding principal amount shall bear interest at adjusted LIBOR plus 300 basis points or at the bank’s prime rate. The Loan has an unused fee, payable quarterly, equal to .15% per annum of the difference between (i) the maximum amount outstanding and (ii) the actual average outstanding principal balance of the Loan during the quarter ended immediately prior to the payment date, as outlined in the Loan documents. Such fee is recorded as interest expense in the consolidated financial statements.

The Loan requires certain reserve balances totaling \$8,313,507, as defined in the Loan documents (see also note 2). Any loan closing costs were paid from the Museum’s operating reserve and were not deducted from the Loan proceeds, in accordance with the Loan Agreement.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 8 – Long-term debt (continued)

Note payable 1

On December 27, 2018, the Support Corp. obtained a 30-year \$6,702,733 note ("Note 1") maturing December 27, 2048. The proceeds of Note 1 are being used to partially fund a major capital project in which the Support Corp. along with the Museum intend to replace the existing Studio Museum in Harlem's building and outdoor sculpture court. Note 1 requires quarterly interest payments at the rate of 1% per annum through December 27, 2025. On April 1, 2026, the Support Corp. is required to make a one-time payment in the amount of \$81,646 of principal and interest accrued on Note 1 for the period beginning December 28, 2025 and ending March 31, 2026. Commencing on June 1, 2026, quarterly installments of principal and interest shall be payable each quarter such that the combined amount of interest and principal payable for each such quarter shall be equal to \$81,646, until the entire unpaid principal balance is fully paid.

Note payable 2

On December 27, 2018, the Support Corp. obtained a 30-year \$3,097,267 note ("Note 2") maturing December 27, 2048. The proceeds of Note 2 are being used to partially fund the capital project mentioned in the previous paragraph. Note 2 requires quarterly interest payments at the rate of 1% per annum through December 27, 2025. On April 1, 2026, the Support Corp. is required to make a one-time payment in the amount of \$37,728 of principal and interest accrued on Note 2 for the period beginning December 28, 2025 and ending March 31, 2026. Commencing on June 1, 2026, quarterly installments of principal and interest shall be payable each quarter such that the combined amount of interest and principal payable for each such quarter shall be equal to \$37,728 until the entire unpaid principal balance is fully paid.

The following is a summary of the required minimum annual principal payments on the notes as of June 30, 2020:

<u>Fiscal Year</u>	<u>Building Loan</u>	<u>Note 1</u>	<u>Note 2</u>	<u>Total</u>
2021	\$ -	\$ -	\$ -	\$ -
2022 – 2025	256,864	-	-	256,864
2026 and thereafter	-	6,702,733	3,097,267	9,800,000
Sub-total	256,864	6,702,733	3,097,267	10,056,864
Less: current portion	-	-	-	-
Long-term portion	256,864	6,702,733	3,097,267	10,056,864
Less: unamortized loan closing costs	(731,660)	(354,766)	(163,934)	(1,250,360)
Net long-term portion	\$ (474,796)	\$ 6,347,967	\$ 2,933,333	\$ 8,806,504

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 9 – Pension and retirement plans

The Museum participates in the employee Cultural Institutions Retirement System (“CIRS”), which covers all eligible employees. CIRS is a multi-employer plan administered by the City of New York, and its actuarial present value of vested and non-vested accumulated plan benefits and net assets available for plan benefits are not determinable on an individual institution basis. CIRS sponsors three employee benefit plans: a 401(k) savings plan, a defined benefit pension plan, and a group life insurance plan. The Museum makes contributions to these plans on behalf of all eligible employees. In addition, employees are allowed to contribute to the 401(k) plan.

The City of New York directly pays the cost for eligible employees who are on City-funded payrolls and the Museum pays the cost for eligible employees that are on non-City-funded payrolls. The value of City-paid costs is reported as public support and an employee benefit expense.

Total benefit and administration costs for the years ended June 30, 2020 and June 30, 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Paid by the City of New York	\$ 38,739	\$ 45,004
Paid by the Museum	<u>398,404</u>	<u>397,989</u>
Total expense	<u>\$ 437,143</u>	<u>\$ 442,993</u>

The risk of participating in the multiemployer plan is different from a single-employer plan in the following respects:

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

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 9 – Pension and retirement plans (continued)

The Museum's participation in these plans for the annual period ended June 30, 2020 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number. The next column lists the expiration dates of the collective-bargaining agreements to which the plans are subject. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2020 and 2019 is for the plan's year-end at June 30, 2019 and June 30, 2018, respectively. The zone status is based on information that the Museum received from the plans and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are between 65 percent and 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Expiration Date of Collective Bargaining Agreement</u>	<u>Pension Protection Act Zone Status</u>		<u>FIP/RP Pending Implemented</u>	<u>Status Surcharge Imposed</u>	<u>Contributions to Plan</u>	
			<u>Year Ended June 30</u>				<u>Year Ended June 30</u>	
			<u>2020</u>	<u>2019</u>			<u>2020</u>	<u>2019</u>
The Cultural Institution's Pension Plan	11-2001170 001	June 30, 2020	Green	Green	N/A	N/A	\$ 437,143	\$ 442,993

Note 10 – Lease agreements

Office space leases

In connection with the capital campaign, the Museum vacated their current premises and entered into various operating lease agreements and a permit for use of state-owned property.

During December 2016, the Museum entered into a permit for use of state-owned property for office space at 163 West 125th Street, beginning on December 1, 2016 through November 30, 2019. The lease required an annual permit fee of \$76,260 payable in monthly installments of \$6,355. From December 2019 through June 2020, the permit fee for state-owned property was on a month-to-month basis under the latest terms. During July 2020, the permit for use of state-owned property was extended to July 2023 at an annual fee of \$94,054, payable in monthly installments of \$7,838.

During October 2017, the Museum entered into a lease for office space at 429 West 127th Street, beginning on January 1, 2018 through December 31, 2020. The lease required monthly base rent of \$13,238 increasing to \$14,594 in the third year of the lease. During February 2020, the Museum amended the term of the lease to June 30, 2023. The amended lease requires monthly base rent of \$17,513 increasing to \$19,308. The Museum is also required to pay as additional rent, certain operational costs, as outlined in the lease. The Museum has a \$13,238 security deposit with the landlord. This deposit is recorded with prepaid insurance, security deposits and other on the consolidated statement of financial position.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 10 – Lease agreements (continued)

Office space leases (continued)

During June 2018, the Museum entered another lease for office space at 310 Lenox Avenue, beginning on June 12, 2018 through June 30, 2021. The lease requires annual base rent of \$450,000, increasing to \$477,405 in the third year of the lease. The Museum has the option to renew the lease for a two-year period. The Museum exercised its option to renew the lease for two additional years expiring on June 30, 2023. The renewal option requires an annual base rent of \$491,727 and \$506,479 for the fiscal years ending June 30, 2022 and June 30, 2023, respectively. The Museum is also required to pay as additional rent, certain operational costs, as outlined in the lease. The Museum has paid \$200,000 as a security deposit in connection with this lease. This deposit is recorded with prepaid insurance, security deposits and other on the consolidated statement of financial position.

The total office space expense for the fiscal year ended June 30, 2020 was \$861,509 and it is recorded as occupancy and utilities in the consolidated statement of functional expenses.

<u>Fiscal Year</u>	<u>163 West 125th St.</u>	<u>423 West 127th St.</u>	<u>310 Lenox Avenue</u>	<u>Total</u>
2021	\$ 94,054	\$ 192,645	\$ 453,535	\$ 740,234
2022	94,054	215,413	491,727	801,194
2023	94,054	226,183	506,479	826,716
2024	7,838	-	-	7,838
Total	<u>\$ 290,000</u>	<u>\$ 634,241</u>	<u>\$ 1,451,741</u>	<u>\$ 2,375,982</u>

Storage spaces leases

During April 2015, the Museum entered into a storage lease agreement for some of its artwork. The lease, commenced on January 1, 2016 and expires December 31, 2025. The lease requires an annual minimum rent of \$336,000 in year 1 of the lease increasing to \$450,272 in the 10th year of the lease, as defined in the lease documents. Thereafter, it will continue on a month-to-month basis unless terminated by either party.

During May 2015, the Museum entered into a second storage lease agreement for some of its artwork that will expire May 2025. Thereafter, it will continue on a month-to-month basis unless terminated by either party. The lease requires an annual minimum rent of \$19,501.

The total storage space expense for the fiscal year ended June 30, 2020 was \$427,227 and it is recorded in art costs and storage in the consolidated statement of functional expenses. The required minimum amount of rent payments as of June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 381,121
2022	399,202
2023	418,187
2024	438,122
2025	457,427
2026	225,136
Total	<u>\$ 2,319,195</u>

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 11 – Sub-Sublease agreement

On December 27, 2018, the Support Corp. (“Sub-Sublessor”) entered into a Sub-Sublease Agreement with the Museum (“Sub-Sublessee”) for certain real property (including tenant initial improvements) to be used by the Sub-Sublessee for operation of a museum (“Sub-Sublessee”).

Sub-Sublessor holds a sub-leasehold interest in that certain real property where a new museum is being built with the City of New York, pursuant to the certain Sublease dated the same date between Sub-Sublessor, as sublessee, and Sub-Sublessee, as sublessor (the “Sublease”), which Sublease is subject and subordinate to that certain Amended and Restated Agreement of Lease dated as of December 14, 2018, (the “Lease”) between Sub-Sublessee, as tenant, and the City of New York, as landlord (the “Landlord”).

Sub-Sublessor and Sub-Sublessee entered the Sublease in connection with Sub-Sublessor’s construction and financing of the Tenant Initial Improvements (as defined in the Lease), which, following completion, will result in a new museum building. Sub-Sublessee is responsible hereunder for operation of the Museum.

The term of this Sub-Sublease Agreement shall commence immediately upon substantial completion of tenant’s initial improvements (effective date) and expire on August 31, 2039 unless terminated sooner or extended for an additional 25 years. Sub-Sublessee shall pay to Sub-Sublessor base rent commencing on the effective date and then quarterly thereafter, in advance, on the first day of each March, June, September and December, in an amount equal to one-fourth of the annual amounts per the rent schedule. The following is a summary of the future Sub-Sublease cash receipts.

<u>Fiscal year</u>	<u>Amount</u>
2021	\$ 52,000
2022	104,000
2023	104,000
2024	104,000
2025	117,000
2026 and thereafter	<u>14,371,001</u>
Total	<u>\$ 14,852,001</u>

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 12 – Commitments

Facility plan

The Museum had undertaken a Capital Campaign to design and build a new state-of-the-art 82,000 square feet certified LEED-Museum (the “Project”) on the site of its current building and sculpture court, at 144 West 125th Street, consisting of City-owned Lots 9 and 11, which are leased to the Museum pursuant to a long-term lease dated December 14, 2018 with a term ending on August 31, 2039 subject to Museum’s right to extend the term to August 31, 2064.

In connection with the Project, the Museum has various contracts with different entities at different stages of construction for softs/hard costs incurred, such as early design, probes, schematic designs, bid, negotiations, legal, permits, allocated staff time, architectural, engineering, consulting, construction manager and general contractors. The Museum’s capital projects are a joint venture with the Support Corp. wherein the Support Corp. will be responsible for a portion of the total Capital Project costs and expenses. Work completed under these agreements through June 30, 2020, totaled approximately \$32,842,000 (approximately \$2,341,000 Support Corp.’s share) and are recorded as construction in progress in the property, equipment and leasehold improvements accounts in the consolidated statement of financial position. As of June 30, 2020, work completed under the various contracts but remains to be paid were approximately \$3,989,000 (approximately \$101,000 Support Corp.’s share) and are recorded as contract payable on the consolidated statement of financial position.

Funding

The following is a summary of the various donations for the facility plan since 2012:

<u>Fiscal Year</u>	<u>Balance at beginning of fiscal year</u>	<u>Contributions*</u>	<u>Net Assets Released From Restrictions</u>	<u>Balance at end of fiscal year</u>
2012	\$ -	\$ 100,000	\$ -	\$ 100,000
2013	100,000	2,071,865	(100,000)	2,071,865
2014	2,071,865	4,148,911	(310,646)	5,910,130
2015	5,910,130	1,308,678	(2,431,012)	4,787,796
2016	4,787,796	11,108,958	(5,343,900)	10,552,854
2017	10,552,854	22,979,267	(4,028,355)	29,503,766
2018	29,503,766	40,515,576	(7,210,149)	62,809,193
2019	62,809,193	11,302,779	(8,438,735)	65,673,237
2020	65,673,237	<u>5,513,902</u>	<u>(12,198,018)</u>	58,989,121
Total		<u>\$ 99,049,936</u>	<u>\$ (40,060,815)</u>	

* Through the 2020 fiscal year, the Museum received permanently restricted contributions totaling \$7,750,000 towards the project.

In addition, as of the date of this report, the Museum has been named in the City of New York adopted budgets for an appropriated amount of approximately \$58,831,000 for the Museum’s new building and new facility plan.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 12 – Commitments (continued)

Facility plan (continued)

Such appropriation is evidenced by certain cultural capital grant agreement dated January 2, 2019 between the City of New York, acting by and through NYC Department of Cultural Affairs (DCA), NYC Department of Design and Construction (DDC) and the Museum. This appropriation has not been recorded in these consolidated financial statements.

Note 13 – City transfers

At its June 19, 2018 meeting, the Museum Board of Trustees approved the conveyance of its land and building (Lot 9) to The City of New York (the “City”) as a donation for no consideration, subject to a new long-term lease for use and occupancy by the Museum, as set forth in the non-binding Memorandum of Understanding (the “MOU”) the Museum entered with the City in 2013. To facilitate the transaction, the Museum created an affiliate supporting organizations controlled by the Museum, SMH Support Corp., to hold title and create the Museum leasehold interest prior to the donation to the City. After the transfer, the City and the Museum amended and restated the existing City lease on Lot 11 to consolidate it with the new lease on Lot 9 and allowed for construction of the Project. The amended and restated lease would be for a nominal rent with a term ending on August 31, 2039 subject to Museum’s right to extend the term to August 31, 2064. During the 2019 fiscal year, the amended and restated lease was approved by the City to proceed with the Project and allowed for the New Markets Tax Credit and bridge loan financing transactions described in Notes 8 and 14.

Note 14 – New market tax credit program agreement (“NMTC”)

The Museum has a NMTC agreement with a financial institution to incentivize the revitalization of the Museum’s surrounding communities. The Museum, also referred to as the Sponsor, secured \$10,000,000 in NMTC as defined in the agreement. The property used to secure service financing is the new facility that is expected to be built at the Museum’s current site.

Note 15 – Related party transactions

For the fiscal years ended June 30, 2020 and June 30, 2019 in connection with the Museum’s facility plan, the Museum obtained legal services from a law firm where a member of the Board of Trustees is a partner at the law firm. The partner who is a member of the Board of Trustees contributes his time on a pro bono basis; and the rates charged by the law firm for other legal services are competitive rates with a further discount of 15-20% provided from those rates. During the 2020 and 2019 fiscal years, the total legal services provided to the Museum were approximately \$128,000 and \$569,000, respectively. In connection with the project, the Museum capitalized approximately \$128,000 and \$555,000 of legal expenses during the 2020 and 2019 fiscal years, respectively. The indirect benefit, if any, to the Board Member is not determinable.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 15 – Related party transactions (continued)

The partner who is a member of the Board of Trustees has made multiple disclosures of this arrangement including verbally in meetings with the Facility Committee and Executive Committee members and to the Full Board in board meetings, as well as, in writing in his Annual Conflict of Interest Statement disclosure and the arrangement was approved by the Museum's Board of Trustees.

Note 16 – Paycheck Protection Program

The Museum applied for and, on April 6, 2020, received \$1,171,204 under the Paycheck Protection Program ("PPP") which is a business loan program established under the Coronavirus Aid, Relief and Economic Security Act. The amounts received are forgivable if the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent and utilities. As of June 30, 2020, the Museum believes it has expended the full amount of the loan proceeds in accordance with the terms of the PPP and has, therefore, qualified for full forgiveness. For the year ended June 30, 2020, the Museum elected to record the loan proceeds as other Government grant in the 2020 consolidated statement of activities. In April 2021, the Museum was informed that the loan was fully forgiven. In addition, in May 2021, the Museum applied and was approved for a 2nd PPP loan under the Consolidated Appropriations Act of 2021 for \$960,590. The Museum also believes it will qualify for the loan proceeds to be forgiven.

Note 17 – Tax status

The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Museum has been determined by the Internal Revenue Service ("IRS") to be a publicly supported organization, and not a private foundation, within the meaning of Section 509(a)(1) and 170(b)(1)(A)(vi) of the Code. The Museum qualifies for the maximum charitable contribution deductions for donors as permitted by the Code.

The Support Corp. is also exempt from Federal income taxes under Section 501(c)(3) of the Code. In addition, the Corp. has been determined by the IRS to be a public supported charity and not a private foundation. The IRS has also specifically determined that the Corp. is a Type I Supporting Organization under section 509(a)(3) of the Code. A Type I Supporting Organization is operated, supervised or controlled by one or more publicly supported charities (i.e., the Museum). The Corp. qualifies for the maximum charitable contribution deduction for its donors as allowed by the Code.

Note 18 – Legal proceedings

The Museum is currently involved in legal proceedings arising in the ordinary course of business. The Museum believes it has a defense for the proceedings and is vigorously defending the actions. The Museum's insurance carrier is providing defense and indemnity for these proceedings and in the opinion of management of the Museum, the resolution of these matters will not have a materially adverse effect on the Museum's consolidated financial statements.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 19 – Endowment

The Museum's donor-restricted endowments consist of various individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Net assets with donor restrictions (Endowment). Net Assets Composition by Type of Fund as of June 30, 2020:

	<u>Time/Purpose Restricted</u>	<u>Perpetual Restricted</u>	<u>Total</u>
Cash and cash equivalents	\$26,193,409	\$ -	\$26,193,409
Investments	16,777,952	19,455,620	36,233,572
Contributions receivable, net	15,672,880	1,047,182	16,720,062
Leverage loan receivable	6,702,733	-	6,702,733
Leverage loan interest receivable	18,498	-	18,498
Due to operations	(3,968,970)	-	(3,968,970)
Total	<u>\$ 61,396,502</u>	<u>\$ 20,502,802</u>	<u>\$ 81,899,304</u>

Changes in Net Assets with donor restrictions for Donor Restricted and Endowment Return for the Year Ended June 30, 2020:

<u>Donor Restricted</u>	<u>Time/Purpose Restricted</u>	<u>Perpetual Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ 68,572,227	\$ 20,472,002	\$ 89,044,229
Contributions	6,839,386	30,800	6,870,186
Net assets released from restrictions	(14,862,115)	-	(14,862,115)
Sub-total	<u>60,549,498</u>	<u>20,502,802</u>	<u>81,052,300</u>
<u>Endowment Returns</u>			
Investment returns:			
Interest and dividends, net of fees	702,757	-	702,757
Realized (loss) on sale of investments	(105,540)	-	(105,540)
Unrealized gain on investments	249,787	-	249,787
Total investment returns	<u>847,004</u>	<u>-</u>	<u>847,004</u>
Net assets, end of year	<u>\$ 61,396,502</u>	<u>\$ 20,502,802</u>	<u>\$ 81,899,304</u>

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 19 – Endowment (continued)

Interpretation

The Museum follows the New York Prudent Management of Institutional Funds Act (NYPMIFA). The Museum's endowment consists of various funds established for specific purposes. Under NYPMIFA, the Museum is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The Museum classifies as perpetual restricted net assets the original value of gifts donated to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified as perpetual restricted net assets is classified as without donor or time/purpose restricted net assets based on donor stipulations.

The Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 19 – Endowment (continued)

Perpetual restricted net assets

Permanently restricted net assets as of June 30, 2020 include contributions specified by the donors for endowment as follows:

The Ford Foundation Contribution	\$ 1,000,920
Ford matching contributions	
Lewis B. Cullman	200,000
Raymond J. McGuire	117,000
Peter Norton	100,000
Johnnie L. Cochran, Jr.	40,580
Ronald L. Carter	25,000
Anne Ehrenkranz	25,000
Susan Fales-Hill	5,000
Barbara Schuster	1,000
Joseph H. Lewis III	500
Total Ford Foundation	1,515,000
Thompson Family Foundation	6,600,000
Anonymous (Capital)	5,000,000
Jacob and Gwendolyn Lawrence	2,000,000
Joyce Alexander Wein	1,125,000
Lauder Fund (Capital)	1,000,000
The Studio Museum Women's Fund (Capital)	1,000,000
Robert Rauschenberg Foundation (Capital)	750,000
National Endowment for the Humanities	650,000
The Andrea Frank Foundation	375,000
Hearst Foundation	200,000
Bloomberg L.P.	100,000
Con Edison	100,000
Lea K. Green Fund	85,365
Pepsico Foundation	10,000
Discount for future pledges	(7,563)
Total	<u>\$ 20,502,802</u>

Investment objectives

The investment strategy of the Museum endowment fund assets is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Specifically, the primary objective in the investment management for these assets shall be: Long-term growth of capital – To emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index. Income and growth – To achieve a balanced return of current income and modest growth of principal and Rate of return – To equal or exceed a return to be determined by the Finance Committee of the Board of Trustees based upon selected benchmarks and as outlined in the Museum's investment policy. To monitor and oversee the Museum's investments, the Board of Trustees selects qualified investment managers.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2020**

Note 19 – Endowment (continued)

Funds with deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Museum to retain as a fund of perpetual duration, also known as funds with deficiencies. As of June 30, 2020 and 2019, there were no funds with deficiencies.

Spending policy

Consistent with the overall investment goals, the following rules for distribution are set forward. The total annual distribution of spendable income from the endowment fund shall not exceed 5% nor be less than 3% of the average fair value of the endowment fund. The average fair value will be based on the average fair values of the endowment investment fund for the preceding 12 quarters. (For distribution purposes, the fair value of the endowment shall be based on the average values for the preceding 12 quarters ended June 30). The target annual distribution rate shall be 4.5% of the average fair value. The Museum's Finance Committee shall review the target annual distribution policy annually with any recommended changes submitted for approval to the Board of Trustees.

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**
Notes to Consolidated Financial Statements (continued)
June 30, 2020

Note 19 – Endowments (continued)

Time/purpose restricted net assets

Time/purpose restricted net assets activities for both the donor restricted and endowment returns for the year ended June 30, 2020 are as follows:

	Purpose Restriction	Balance at June 30, 2019	Contributions	Investment Income, net	Net Assets Released from Restrictions/ Appropriated for Expenditures	Balance at June 30, 2020
Time/purpose restricted net assets – donor restricted						
CitiGroup	Curatorial	\$ 350,000	\$ -	\$ -	\$ (137,500)	\$ 212,500
Llewellyn Family Foundation	IntColl	100,000	200,000	-	(200,000)	100,000
Wein Prize Stipend	Education	250,000	-	-	(50,000)	200,000
Various donors	Facility Plan	65,673,237	5,513,902	-	(12,198,018)	58,989,121
New York State Council on the Arts	Time Restrictions	72,500	-	-	(72,500)	-
Gucci America, Inc.	Time Restrictions	75,000	-	-	(25,000)	50,000
Andrew W. Mellon Foundation (Curatorial)	Time Restrictions	366,808	-	-	(333,192)	33,616
Andrew W. Mellon Foundation	Time Restrictions	500,000	-	-	(500,000)	-
Henry Luce Foundation, Inc.	Archives	213,604	-	-	(213,604)	-
Joan Ganz Cooney & Holly Peterson Fund	Time Restrictions	205,000	-	-	(100,000)	105,000
Rockefeller Philanthropy Advisors	Diversifying Art Museums	105,000	-	-	(105,000)	-
Joy of Giving	AIR/Curatorial	33,336	-	-	(33,336)	-
Art Bridges	COVID	-	35,000	-	-	35,000
Con Edison	Education	-	25,000	-	-	25,000
Gray Foundation	Education	-	50,000	-	(25,000)	25,000
Graham Foundation	Curatorial	-	10,000	-	-	10,000
Henry Luce Foundation, Inc.	Perm. Collection Move	-	500,000	-	-	500,000
Jerome Foundation	AIR/Curatorial	-	38,334	-	(10,834)	27,500
New York Community Trust	COVID	-	58,000	-	(58,000)	-
National Endowment for the Arts	Curatorial	-	55,000	-	(55,000)	-
May and Samuel Rudin	SchProg	-	20,000	-	-	20,000
Shelley Sonenberg	Acquisitions	-	15,000	-	(15,000)	-
Pippa Cohen	Acquisitions	-	5,000	-	(5,000)	-
Rodney Miller	Acquisitions	-	236,000	-	(236,000)	-
Upper Manhattan Empowerment Zone	COVID	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
Andrew M. Mellon Foundation	Time restricted	5,554	-	13,543	(7,821)	11,276
GOS	Time restricted	297	-	26,044	(15,040)	11,301
Gala	Time restricted	-	-	3,090	(1,785)	1,305

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

Notes to Consolidated Financial Statements (continued)
June 30, 2020

Note 19 – Endowments (continued)

Time/purpose restricted net assets (continued)

	Purpose Restriction	Balance at June 30, 2019	Contributions	Investment Income, net	Net Assets Released from Restrictions/ Appropriated for Expenditures	Balance at June 30, 2020
Time/purpose restricted net assets – endowment returns						
Ford Foundation	Endowment	\$ 151,501	\$ -	\$ 73,846	\$ (42,645)	\$ 182,702
Thompson Family Foundation	Endowment	57,500	-	295,019	(170,368)	182,151
Jacob and Gwendolyn Lawrence	Endowment	158,213	-	83,971	(48,492)	193,692
Anonymous Exhibition Fund	Endowment	7,303	-	74,171	(42,832)	38,642
Anonymous Education Fund	Endowment	7,303	-	74,171	(42,832)	38,642
Lauder Fund	Endowment	36,929	-	45,949	(26,535)	56,343
The Studio Museum Women's Fund	Endowment	2,167	-	11,955	(6,904)	7,218
Robert Rauschenberg Foundation	Endowment	-	-	12,191	(7,040)	5,151
National Endowment for the Humanities	Endowment	65,152	-	31,690	(18,300)	78,542
Andrea Frank Foundation	Endowment	37,584	-	18,283	(10,558)	45,309
Hearst Foundation	Endowment	20,048	-	9,751	(5,631)	24,168
Bloomberg L.P.	Endowment	10,031	-	4,876	(2,816)	12,091
ConEdison	Endowment	10,031	-	4,876	(2,816)	12,091
Lea K. Green	Endowment	10,186	28,150	5,619	(3,245)	40,710
Pepsico Foundation	Endowment	1,003	-	488	(282)	1,209
Haring Fund	Endowment	46,940	-	57,471	(33,189)	71,222
Total		\$ 68,572,227	\$ 6,839,386	\$ 847,004	\$ (14,862,115)	\$ 61,396,502

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Consolidated Statement of Financial Position
June 30, 2020
(With Summarized Comparative Information for June 30, 2019)**

Assets

Note 20 — Consolidating statements of financial position

	2020					2019				
	The Studio Museum in Harlem		Corp.		Eliminating Entry	Consolidated		Total	Total	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		Without Donor Restrictions	With Donor Restrictions			
Current assets										
Cash and cash equivalents	\$ 670,913	\$ -	\$ 670,913	\$ 7,038,767	\$ -	\$ 7,709,680	\$ -	\$ 7,709,680	\$ 7,959,845	
Accounts receivable	6,541	-	6,541	-	-	6,541	-	6,541	6,019	
Current portion of contributions receivable	204,141	1,425,692	1,629,833	-	-	204,141	1,425,692	1,629,833	500,002	
Leverage loan interest receivable	-	18,498	18,498	-	-	-	18,498	18,498	18,498	
Due from related party	100,567	-	100,567	-	(100,567)	-	-	-	-	
Investments, at fair value	-	19,499,527	19,499,527	-	-	-	19,499,527	19,499,527	16,413,314	
Museum store inventory	77,883	-	77,883	-	-	77,883	-	77,883	77,883	
Prepaid insurance, security deposits and other	257,590	-	257,590	-	-	257,590	-	257,590	266,579	
(Due to) from	4,056,396	-	4,056,396	-	-	4,056,396	(4,056,396)	-	-	
Total current assets	5,374,031	16,887,321	22,261,352	7,038,767	-	12,312,231	16,887,321	29,199,552	25,242,140	
Leverage loan receivable	-	6,702,733	6,702,733	-	-	-	6,702,733	6,702,733	6,702,733	
Contributions receivable, net	-	232,703	232,703	-	-	-	232,703	232,703	636,781	
Assets designated for facility plan										
Cash and cash equivalents	-	26,280,835	26,280,835	-	-	-	26,280,835	26,280,835	35,619,533	
Investments, at fair value	-	16,734,045	16,734,045	-	-	-	16,734,045	16,734,045	2,704,460	
Contributions receivable, net	-	15,061,667	15,061,667	-	-	-	15,061,667	15,061,667	27,349,244	
Total assets designated for facility plan	-	58,076,547	58,076,547	-	-	-	58,076,547	58,076,547	65,673,237	
Property, equipment and leasehold improvements, at cost, net	30,806,379	-	30,806,379	2,340,748	-	33,147,127	-	33,147,127	23,082,542	
Total assets	\$ 36,180,410	\$ 81,899,304	\$118,079,714	\$ 9,379,515	-	\$ 45,459,358	\$ 81,899,304	\$127,358,662	\$121,337,433	
	Liabilities and Net Assets									
Current liabilities										
Accounts payable and accrued expenses	\$ 694,698	\$ -	\$ 694,698	\$ 24,500	\$ -	\$ 719,198	\$ -	\$ 719,198	\$ 670,770	
Contracts payable	3,989,333	-	3,989,333	100,567	(100,567)	3,989,333	-	3,989,333	2,127,153	
Total current liabilities	4,684,031	-	4,684,031	125,067	-	4,708,531	-	4,708,531	2,797,923	
Long-term debt, net	(474,796)	-	(474,796)	9,281,300	-	8,806,504	-	8,806,504	8,013,671	
Total liabilities	4,209,235	-	4,209,235	9,406,367	-	13,515,035	-	13,515,035	10,811,594	
Net assets										
Without donor restrictions	31,971,175	-	31,971,175	(26,852)	-	31,944,323	-	31,944,323	21,481,610	
With donor restrictions	-	61,396,502	61,396,502	-	-	-	61,396,502	61,396,502	68,572,227	
Purpose/time restricted	-	20,502,802	20,502,802	-	-	-	20,502,802	20,502,802	20,472,002	
Perpetual	31,971,175	81,899,304	113,870,479	(26,852)	-	31,944,323	81,899,304	113,843,627	110,525,839	
Total net assets	\$ 36,180,410	\$ 81,899,304	\$118,079,714	\$ 9,379,515	\$ -	\$ 45,459,358	\$ 81,899,304	\$127,358,662	\$121,337,433	

**THE STUDIO MUSEUM IN HARLEM
AND SUBSIDIARY**

**Consolidated Statement of Activities
For Year Ended June 30, 2020
(With Summarized Comparative Information for the Year Ended June 30, 2019)**

Note 21 – Consolidating statements of activities

	2020					2019				
	The Studio Museum in Harlem		Support Corp.		Consolidated Without Donor Restrictions	The Studio Museum in Harlem		Support Corp.		Consolidated Without Donor Restrictions
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions
Support and revenue										
Support										
City of NY Dept. of Cultural Affairs	\$ 1,034,004	\$ -	\$ 1,034,004	\$ -	\$ -	\$ 1,034,004	\$ -	\$ 1,034,004	\$ -	\$ -
Other Government grants	1,171,204	55,000	1,226,204	-	-	1,171,204	55,000	1,226,204	-	-
Contributions	2,381,991	6,815,186	9,197,177	-	-	2,381,991	6,815,186	9,197,177	-	-
Total support	4,587,199	6,870,186	11,457,385	-	-	4,587,199	6,870,186	11,457,385	-	-
Revenue										
Fundraising events	2,972,216	-	2,972,216	-	-	2,972,216	-	2,972,216	-	-
Membership fees	507,436	-	507,436	-	-	507,436	-	507,436	-	-
Rental	-	-	-	-	-	-	-	-	-	-
Museum sales	16,583	-	16,583	-	-	16,583	-	16,583	-	-
Investment returns, net	-	847,004	847,004	261	261	847,004	847,004	847,004	-	-
Other	19,557	-	19,557	-	-	19,557	-	19,557	-	-
Total revenue	3,515,792	847,004	4,362,796	261	261	3,516,053	847,004	4,363,057	-	-
Sub-total	8,102,991	7,717,190	15,820,181	261	261	8,103,252	7,717,190	15,820,442	-	-
Net assets released from restrictions	14,862,115	(14,862,115)	-	-	-	14,862,115	(14,862,115)	-	-	-
Total support and revenue	22,965,106	(7,144,925)	15,820,181	261	261	22,965,367	(7,144,925)	15,820,442	-	-
Expenses										
Program services										
Curatorial	785,619	-	785,619	-	-	785,619	-	785,619	-	-
Exhibitions	1,696,756	-	1,696,756	-	-	1,696,756	-	1,696,756	-	-
Education and public programs	1,016,133	-	1,016,133	-	-	1,016,133	-	1,016,133	-	-
Total program services	3,498,508	-	3,498,508	-	-	3,498,508	-	3,498,508	-	-
Supporting services										
Management and general	3,960,862	-	3,960,862	18,200	18,200	3,979,062	-	3,979,062	-	-
Development	2,545,252	-	2,545,252	-	-	2,545,252	-	2,545,252	-	-
Building operations	1,084,304	-	1,084,304	-	-	1,084,304	-	1,084,304	-	-
Capital campaign	1,395,528	-	1,395,528	-	-	1,395,528	-	1,395,528	-	-
Total supporting services	8,985,946	-	8,985,946	18,200	18,200	9,004,146	-	9,004,146	-	-
Total expenses	12,484,454	-	12,484,454	18,200	18,200	12,502,654	-	12,502,654	-	-
Increase (decrease) in net assets before loss on disposal of assets	10,480,652	(7,144,925)	3,335,727	(17,939)	(17,939)	10,462,713	(7,144,925)	3,317,788	-	-
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in net assets	10,480,652	(7,144,925)	3,335,727	(17,939)	(17,939)	10,462,713	(7,144,925)	3,317,788	-	-
Net assets, beginning of year	21,490,523	89,044,229	110,534,752	(8,913)	(8,913)	21,481,610	89,044,229	110,525,839	-	-
Net assets, end of year	\$ 31,971,175	\$ 81,899,304	\$113,870,479	\$ (26,852)	\$ (26,852)	\$ 31,944,323	\$ 81,899,304	\$113,843,627	-	-