

**THE STUDIO MUSEUM  
IN HARLEM  
AND SUBSIDIARY**

**Consolidated Financial Statements  
for the year ended  
June 30, 2021  
(with summarized comparative  
information for 2020)**

## **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, 2021, 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, 2021 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 2020 consolidated financial statements, and in our report dated August 24, 2021, 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, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Condon O'Hara McGinty + Donnelly LLP*

**THE STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Consolidated Statement of Financial Position  
June 30, 2021  
(With Summarized Comparative Information as of June 30, 2020)**

	Assets			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Current assets</b>				
Cash and cash equivalents	\$ 7,245,503	\$ -	\$ 7,245,503	\$ 7,709,680
Current portion of contributions receivable (Note 4)	3,626,201	1,373,587	4,999,788	1,629,833
Leverage loan interest receivable (Note 5)	-	18,498	18,498	18,498
Investments, at fair value (Note 6)	16,952,786	22,566,448	39,519,234	19,499,527
Museum store inventory	77,883	-	77,883	77,883
Prepaid insurance, security deposits and other	290,307	-	290,307	264,131
Total current assets	<u>28,192,680</u>	<u>23,958,533</u>	<u>52,151,213</u>	<u>29,199,552</u>
<b>Leverage loan receivable (Note 5)</b>	<u>-</u>	<u>6,702,733</u>	<u>6,702,733</u>	<u>6,702,733</u>
<b>Contributions receivable, net (Note 5)</b>	<u>2,383,200</u>	<u>311,489</u>	<u>2,694,689</u>	<u>232,703</u>
<b>Assets designated for facility plan</b>				
Cash and cash equivalents	-	24,565,828	24,565,828	26,280,835
Investments at fair value (Note 6)	-	16,726,009	16,726,009	16,734,045
Contributions receivable, net (Note 4)	-	8,725,965	8,725,965	15,061,667
Total assets designated for facility plan	<u>-</u>	<u>50,017,802</u>	<u>50,017,802</u>	<u>58,076,547</u>
<b>Property, equipment and leasehold improvements, at cost, net (Note 7)</b>	<u>51,421,106</u>	<u>-</u>	<u>51,421,106</u>	<u>33,147,127</u>
<b>Total assets</b>	<u>\$ 81,996,986</u>	<u>\$ 80,990,557</u>	<u>\$ 162,987,543</u>	<u>\$ 127,358,662</u>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 798,641	\$ -	\$ 798,641	\$ 719,198
SBA PPP loan	960,590	-	960,590	-
Contracts payable (Note 12)	<u>5,574,857</u>	<u>-</u>	<u>5,574,857</u>	<u>3,989,333</u>
Total current liabilities	<u>7,334,088</u>	<u>-</u>	<u>7,334,088</u>	<u>4,708,531</u>
<b>Long-term debt, net (Note 8)</b>	<u>10,586,391</u>	<u>-</u>	<u>10,586,391</u>	<u>8,806,504</u>
Total liabilities	<u>17,920,479</u>	<u>-</u>	<u>17,920,479</u>	<u>13,515,035</u>
<b>Net assets</b>				
Without donor restrictions (Note 20)	64,076,507	-	64,076,507	31,944,323
With donor restrictions (Note 21)				
Purpose/time restricted	-	60,520,790	60,520,790	61,396,502
Perpetual	<u>-</u>	<u>20,469,767</u>	<u>20,469,767</u>	<u>20,502,802</u>
Total net assets	<u>64,076,507</u>	<u>80,990,557</u>	<u>145,067,064</u>	<u>113,843,627</u>
<b>Total liabilities and net assets</b>	<u>\$ 81,996,986</u>	<u>\$ 80,990,557</u>	<u>\$ 162,987,543</u>	<u>\$ 127,358,662</u>

See notes to consolidated financial statements.

**THE STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Consolidated Statement of Activities  
For year ended June 30, 2021  
(With Summarized Comparative Information for the Year Ended June 30, 2020)**

	<u>2021</u>		<u>2020</u>	
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
<b>Support and revenue</b>				
Support				
City of NY Dept. of Cultural Affairs	\$ 4,462,977	\$ -	\$ 4,462,977	\$ 1,034,004
Other Government grants	223,431	-	223,431	1,226,204
Contributions	<u>17,593,019</u>	<u>14,135,103</u>	<u>31,728,122</u>	<u>9,197,177</u>
Total support	<u>22,279,427</u>	<u>14,135,103</u>	<u>36,414,530</u>	<u>11,457,385</u>
Revenue				
Fundraising events	1,393,155	-	1,393,155	2,972,216
Membership fees	286,257	-	286,257	507,436
Museum sales	149,342	-	149,342	16,583
Investment return, net	1,063,660	3,376,558	4,440,218	847,265
Other	<u>130,716</u>	<u>-</u>	<u>130,716</u>	<u>19,557</u>
Total revenue	<u>3,023,130</u>	<u>3,376,558</u>	<u>6,399,688</u>	<u>4,363,057</u>
Sub-total	<u>25,302,557</u>	<u>17,511,661</u>	<u>42,814,218</u>	<u>15,820,442</u>
<b>Net assets released from restrictions</b>	<u>18,420,408</u>	<u>(18,420,408)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<u>43,722,965</u>	<u>(908,747)</u>	<u>42,814,218</u>	<u>15,820,442</u>
<b>Expenses</b>				
Program services				
Curatorial	1,629,164	-	1,629,164	785,619
Exhibitions	545,765	-	545,765	1,698,706
Education and public programs	<u>1,002,546</u>	<u>-</u>	<u>1,002,546</u>	<u>1,014,183</u>
Total program services	<u>3,177,475</u>	<u>-</u>	<u>3,177,475</u>	<u>3,498,508</u>
Supporting activities				
Management and general	4,259,475	-	4,259,475	3,979,212
Development	1,336,705	-	1,336,705	2,540,115
Building operations	478,565	-	478,565	1,084,304
Capital campaign	<u>2,338,561</u>	<u>-</u>	<u>2,338,561</u>	<u>1,400,515</u>
Total supporting activities	<u>8,413,306</u>	<u>-</u>	<u>8,413,306</u>	<u>9,004,146</u>
<b>Total expenses</b>	<u>11,590,781</u>	<u>-</u>	<u>11,590,781</u>	<u>12,502,654</u>
<b>Increase in net assets</b>	<u>32,132,184</u>	<u>(908,747)</u>	<u>31,223,437</u>	<u>3,317,788</u>
<b>Net assets, beginning of year</b>	<u>31,944,323</u>	<u>81,899,304</u>	<u>113,843,627</u>	<u>110,525,839</u>
<b>Net assets, end of year</b>	<u>\$64,076,507</u>	<u>\$80,990,557</u>	<u>\$145,067,064</u>	<u>\$113,843,627</u>

See notes to consolidated financial statements.

**Consolidated Statement of Functional Expenses**  
**For year ended June 30, 2021**  
**(With Summarized Comparative Information for the Year Ended June 30, 2020)**

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See notes to consolidated financial statements.

**THE STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Consolidated Statement of Cash Flows**

	<b>Year Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 31,223,437	\$ 3,317,788
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	90,958	92,050
Amortization of closing costs	505,973	729,536
Net realized and unrealized (gain) on investments	(3,481,441)	(144,247)
Non-cash contributions of stock	(1,708,961)	(1,255,230)
Proceeds from sale of donated stock	1,721,321	1,360,376
Permanently restricted contributions	(281,444)	(30,800)
(Increase) decrease in assets		
Contributions receivable	503,761	11,561,824
Prepaid insurance, security deposits and other	(26,176)	8,467
Increase in liabilities		
Accounts payable and accrued expenses	79,443	48,428
Net cash provided by operating activities	<u>28,626,871</u>	<u>15,688,192</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales of investments	8,291,703	6,450,190
Purchases of investments	(12,302,731)	(8,210,546)
Net change in money market funds (cost)	(12,531,562)	(15,316,341)
Additions to property and equipment	(18,364,937)	(10,156,635)
Change in contracts payable	1,585,524	1,862,180
Net cash (used in) investing activities	<u>(33,322,003)</u>	<u>(25,371,152)</u>
<b>Cash flows from financing activities</b>		
Proceeds from building loan	5,774,967	603,967
Repayment of building loan	(4,501,053)	(540,670)
Permanently restricted contributions	281,444	30,800
Proceeds from SBA PPP loan	960,590	1,171,204
Change in SBA PPP loan	-	(1,171,204)
Net cash provided by financing activities	<u>2,515,948</u>	<u>94,097</u>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(2,179,184)</b>	<b>(9,588,863)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>33,990,515</u></b>	<b><u>43,579,378</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 31,811,331</u></b>	<b><u>\$ 33,990,515</u></b>
<b>Consist of:</b>		
Without donor restrictions	\$ 7,245,503	\$ 7,709,680
With donor restrictions	24,565,828	26,280,835
Total	<u>\$ 31,811,331</u>	<u>\$ 33,990,515</u>
<b>Supplemental disclosure of cash flows information:</b>		
Cash paid for interest	<u>\$ 63,511</u>	<u>\$ 19,593</u>

See notes to consolidated financial statements.

## THE STUDIO MUSEUM IN HARLEM AND SUBSIDIARY

### Notes to Consolidated Financial Statements June 30, 2021

#### **Note 1 – Nature of organizations**

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 125<sup>th</sup> 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 125<sup>th</sup> 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 125<sup>th</sup> 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 are 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  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 1 – Nature of organizations (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  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**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

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 notice 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 2021 and 2020 fiscal years, the Museum recorded donated utilities totaling \$-0- and \$3,737, 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  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**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.

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.

**THE STUDIO MUSEUM IN HARLEM  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 2 – Summary of significant accounting policies (continued)**

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, 2020, from which the summarized information was derived.

Deferred loan closing costs

The deferred loan closing costs were incurred in connection with the notes payable (see note 8) 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 receivable 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, 2021. 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.

**THE STUDIO MUSEUM IN HARLEM  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 2 – Summary of significant accounting policies (continued)**

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.

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 and other variants 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 February 23, 2022, 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.

**THE STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 3 – Financial assets and liquidity resources (continued)**

As of June 30, 2021 and June 30, 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 31,811,331	\$ 33,990,515
Current receivables	13,494,251	16,709,988
Investments, at fair value	<u>56,245,243</u>	<u>36,233,572</u>
Total financial assets	101,550,825	86,934,075
Less: Net assets with permanent donor restrictions	20,469,767	20,502,802
Reserves	<u>8,253,201</u>	<u>8,313,507</u>
Financial assets available for general expenditures	<u>\$ 72,827,857</u>	<u>\$ 58,117,766</u>

As a condition of a building loan agreement, (see note 8), the Museum has a reserve totaling \$2,370,101 as of June 30, 2021 and \$2,430,407 as of June 30, 2020 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.

**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. During 2021, the Museum was given notice by the estate that all the remaining assets have been depleted and there are no assets to distribute. The Museums' portion of the outstanding receivable will not be collectable. Accordingly, during the fiscal year ended June 30, 2021, the retaining balance of approximately \$315,000 was recorded an uncollectable receivable in the statement of functional expenses. 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 STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 4 – Contributions receivable (continued)**

The contributions receivable consist of the following as of June 30, 2021 and June 30, 2020:

	<u>2021</u>	<u>2020</u>
Due within one year (2022)	\$ 9,528,597	\$11,137,832
Due in one to five years (2023-2027)	<u>7,269,273</u>	<u>6,110,021</u>
Sub-total	16,797,870	17,247,853
Less: amount to reduce contributions receivable due in more than one year to their present value (discount rate – 3.25%, per annum)	<u>377,428</u>	<u>323,650</u>
Total	<u>\$16,420,442</u>	<u>\$16,924,203</u>
<u>Consists of:</u>		
Operations	\$ 7,694,477	\$ 1,862,536
Designated for capital	<u>8,725,965</u>	<u>15,061,667</u>
Total	<u>\$16,420,442</u>	<u>\$16,924,203</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  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**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, 2021 and June 30, 2020:

	2021			2020		
	Level	Cost	Fair Value	Level	Cost	Fair Value
Money market funds	(1)	\$ 28,539,788	\$ 28,542,517	(1)	\$ 16,008,226	\$ 16,017,295
Government obligations	(1)	3,012,469	3,086,271	(1)	3,366,949	3,646,936
Corporate obligations	(1)	5,307,674	5,436,894	(1)	3,819,913	4,022,774
Mortgage backed	(1)	511,975	516,943	(1)	246,774	259,443
Equities						
Domestic	(1)	2,828,679	3,766,744	(1)	1,941,430	2,082,086
International	(1)	585,337	676,352	(1)	604,210	567,695
Mutual funds						
Equities						
Domestic	(1)	4,482,853	6,432,135	(1)	4,711,128	5,362,841
International	(1)	2,031,083	2,303,503	(1)	806,800	904,943
Fixed income						
Domestic	(1)	2,310,000	2,368,266	(1)	1,540,000	1,471,246
International bond	(1)	1,545,501	1,527,205	(1)	1,004,892	972,011
Real assets funds	(1)	1,646,491	1,588,413	(1)	1,006,090	926,302
Total		<u>\$ 52,801,850</u>	<u>\$ 56,245,243</u>		<u>\$ 35,056,412</u>	<u>\$ 36,233,572</u>
Unrealized gain			<u>3,443,393</u>			<u>1,177,160</u>
Change in unrealized value of investments			<u>2,266,233</u>			<u>249,787</u>
Investments consist of:						
Operations			39,519,234			19,499,527
Designated for facility plan			<u>16,726,009</u>			<u>16,734,045</u>
Total			<u>\$ 56,245,243</u>			<u>\$ 36,233,572</u>

The summary of the investment return for the years ended June 30, 2021 and June 30, 2020 are as follows:

	2021	2020
Interest and dividends	\$ 1,049,252	\$ 783,798
Realized gain (loss) on the sale of investments	1,215,208	(105,540)
Unrealized gain on investment	2,266,233	249,787
Investment fees	<u>(90,475)</u>	<u>(80,780)</u>
Total investment return	<u>\$ 4,440,218</u>	<u>\$ 847,265</u>



**THE STUDIO MUSEUM IN HARLEM  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 7 – Property, equipment and leasehold improvements**

As of June 30, 2021 and June 30, 2020, property, equipment and leasehold improvements consist of the following:

	<u>2021</u>	<u>2020</u>
Building and leasehold improvements	\$ 227,056	\$ 227,056
Furniture, fixtures and equipment	1,257,510	1,257,510
Construction in progress (Support Corp.)	9,243,000	2,340,748
Construction in progress	<u>41,964,171</u>	<u>30,501,486</u>
Sub-total	52,691,737	34,326,800
Less: accumulated depreciation and amortization	<u>1,270,631</u>	<u>1,179,673</u>
Net property and equipment	<u>\$ 51,421,106</u>	<u>\$ 33,147,127</u>

The 2021 and 2020 depreciation and amortization expense were \$90,958 and \$92,080, 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 was set to matured during December 2021. On December 15, 2021, the Museum, as a result of unavoidable construction delays in the Project, the Museum entered into an Amended and Restated Building Loan Note, with generally the same terms as the original Loan, extending the maturity date to December 21, 2023. The Museum has selected to amortize the closing costs related to this Loan and other financing over the original 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 STUDIO MUSEUM IN HARLEM  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 8 – Long-term debt (continued)**

**Building loan (continued)**

The Loan requires certain reserve balances totaling \$8,253,201 as of June 30, 2021 and \$8,313,507 as of June 30, 2020, 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.

**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 STUDIO MUSEUM IN HARLEM  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 8 – Long-term debt (continued)**

The following is a summary of the required minimum annual principal payments on the notes as of June 30, 2021:

<u>Fiscal Year</u>	<u>Building Loan</u>	<u>Note 1</u>	<u>Note 2</u>	<u>Total</u>
2022	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-
2024	1,530,778	-	-	1,530,778
2025	-	-	-	-
2026	-	129,940	60,044	189,984
2027 and thereafter	-	6,572,793	3,037,223	9,610,016
Sub-total	1,530,778	6,702,733	3,097,267	11,330,778
Less: current portion	-	-	-	-
Long-term portion	1,530,778	6,702,733	3,097,267	11,330,778
Less: unamortized loan closing costs	(243,887)	(342,318)	(158,182)	(744,387)
Net long-term portion	\$ 1,286,891	\$ 6,360,415	\$ 2,939,085	\$ 10,586,391

**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 defined benefit pension contribution costs for the years ended June 30, 2021 and June 30, 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Paid by the City of New York	\$ 58,453	\$ 38,739
Paid by the Museum	451,328	398,404
Total expense	\$ 509,781	\$ 437,143

**THE STUDIO MUSEUM IN HARLEM  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 9 – Pension and retirement plans (continued)**

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 Museum's participation in these plans for the annual period ended June 30, 2021 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number. 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 2021 and 2020 is for the plan's year-end at June 30, 2020 and June 30, 2019, 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>2021</u>	<u>2020</u>			<u>2021</u>	<u>2020</u>
The Cultural Institution's Pension Plan	11-2001170001	June 30, 2021	Green	Green	N/A	N/A	\$ 509,781	\$ 437,143

**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.

**THE STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 10 – Lease agreements (continued)**

**Office space leases (continued)**

During December 2016, the Museum entered into a permit for use of state-owned property for office space at 163 West 125<sup>th</sup> Street (NYC), 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 127<sup>th</sup> Street, (NYC), 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.

During June 2018, the Museum entered another lease for office space at 310 Lenox Avenue (NYC), beginning on June 12, 2018 through June 30, 2021. The lease required annual base rent of \$450,000, increasing to \$477,405 in the third year of the lease. The Museum had 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, 2021 was \$929,435 and is recorded as occupancy and utilities in the consolidated statement of functional expenses.

<u>Fiscal Year</u>	<u>163 West 125<sup>th</sup> St.</u>	<u>429 West 127<sup>th</sup> St.</u>	<u>310 Lenox Avenue</u>	<u>Total</u>
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>\$ 195,946</u>	<u>\$ 441,596</u>	<u>\$ 998,206</u>	<u>\$ 1,635,748</u>

**THE STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 10 – Lease agreements (continued)**

**Storage spaces leases**

During April 2015, the Museum entered into a storage lease agreement for some of its artwork (157 West 124<sup>th</sup> Street, NYC). 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 10<sup>th</sup> 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 (Newark, NJ) 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, 2021 was \$458,715 and 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, 2021 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 399,202
2023	418,187
2024	438,122
2025	457,427
2026	225,136
Total	<u>\$ 1,938,074</u>

During July 2021, the Museum entered into a sublease agreement with a sublandlord for some of its artwork to be stored at 122 West 146<sup>th</sup> Street, NYC. The lease commenced on November 1, 2021 and expires ten years after the commencement date. The Museum has an option to extend the sublease agreement for an additional five-year term. The sublease agreement requires an annual minimum payment of rent of \$745,668 in year 1 increasing to \$931,237 in the 10<sup>th</sup> year of the sublease. The annual fixed rent is payable monthly. The sublandlord has provided the Museum with three months of rent credit after the commencement date of the agreement. The Museum has paid \$62,139 as a security deposit in connection with this sublease agreement.

**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”).

**THE STUDIO MUSEUM IN HARLEM  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 11 – Sub-Sublease agreement (continued)**

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 base rent schedule. The following is a summary of the future Sub-Sublessee cash receipts.

<u>Base Rent</u>	<u>Amount</u>
2022	\$ 104,000
2023	104,000
2024	104,000
2025	130,000
2026	622,000
2027 and thereafter	<u>13,684,001</u>
Total	<u>\$ 14,748,001</u>

**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 125<sup>th</sup> 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, 2021, totaled approximately \$51,207,000 (including approximately \$9,243,000 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, 2021, work completed under the various contracts but remains to be paid were approximately \$5,575,000 (including approximately \$1,640,000 Support Corp.'s share) and are recorded as contract payable on the consolidated statement of financial position.

**THE STUDIO MUSEUM IN HARLEM  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**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 agreement was registered by the city's comptroller office on February 26, 2019 with an original expiration date of February 22, 2022. During December 2021, such grant agreement was extended through June 30, 2024. This appropriation has not been recorded in these consolidated financial statements.

**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	5,513,902	(12,198,018)	58,989,121
2021	58,989,121	3,947,159	(12,918,478)	50,017,802
Total		<u>\$ 102,997,095</u>	<u>\$ (52,979,293)</u>	

\* Through the 2021 fiscal year, the Museum received permanently restricted contributions totaling \$8,000,000 towards the Project.

In addition, 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. 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 agreement was registered by the City's Comptroller office on February 26, 2019 with an original expiration date of February 22, 2022. During December 2021, such agreement was extended through June 30, 2024. Though June 30, 2021, \$4,123,559 of appropriated funds have been used by the Museum and recorded as support in the consolidated statement of activities.



**THE STUDIO MUSEUM IN HARLEM  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**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 organization 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, 2021 and June 30, 2020 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 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 2021 and 2020 fiscal years, the total legal services provided to the Museum were approximately \$152,000 and \$128,000, respectively. In connection with the project, the Museum capitalized approximately \$68,000 and \$128,000 of legal expenses during the 2021 and 2020 fiscal years, respectively. The indirect benefit, if any, to the Board Member is not determinable.

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.

**THE STUDIO MUSEUM IN HARLEM  
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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 16 – Paycheck Protection Program loans**

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 expended the full amount of the loan proceeds in accordance with the terms of the PPP and has, therefore, qualified for full forgiveness. In April 2021, the Museum was informed that the loan was fully forgiven, as a result, the Museum recorded the loan proceeds as other Government grants in the 2020 consolidated statement of activities.

During May 2021, the Museum applied for and received a 2<sup>nd</sup> PPP loan under the Consolidated Appropriations Act of 2021 for \$960,590 with similar terms as the first PPP loan mentioned above. The Museum expects to meet the PPP requirements for loan forgiveness in the 2022 fiscal year. As of June 30, 2021 the second PPP loan is shown as a loan payable in the consolidated statement of financial position.

**Note 17 – Employee retention payroll tax credits**

In response to the coronavirus emergency, the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) was signed into law on March 27, 2020. The CARES Act provided, among other things, a refundable payroll tax credit of 50% of the first \$10,000 of qualified wages per employee for wages paid or incurred from March 13, 2020 through December 31, 2020. During 2021, the Consolidated Appropriations Act and the American Rescue Plan Act increased the payroll tax credit from 50% to 70% of up to \$10,000 of qualified wages per quarter per employee through December 31, 2021, for eligible employers. The Infrastructure Investment and Jobs Act signed in November 2021, retroactively terminated the employee retention payroll tax credits as of September 30, 2021. Subsequent to June 30, 2021, in connection therewith, the Museum filed the amended payroll forms and is expected to receive a total of \$1,118,859 of such payroll tax credits. As of the date of this report, \$200,867 was received. The payroll credits will be recorded in the operating fund on the statements of activities when received.

**Note 18 – 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.

**THE STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 19 – 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.

**Note 20 – Board designated net assets**

Board designated net assets consist of Funds Functioning as endowment. The following represents the activity in the Board designated net assets for the year ended June 30, 2021

	<u>Undesignated</u>	<u>Board Designated</u>			
		<u>General Endowment</u>	<u>GOS</u>	<u>Gala</u>	<u>Total</u>
Balance, beginning of year	\$31,944,323	\$ -	\$ -	\$ -	\$31,944,323
Contributions	-	12,000,000	-	-	12,000,000
Investment income	-	-	40,358	40,358	80,716
Interfund transfers	-	-	11,301	1,305	12,606
Increase in net assets	<u>20,038,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,038,862</u>
Balance, end of year	<u>\$51,983,185</u>	<u>\$12,000,000</u>	<u>\$ 51,659</u>	<u>\$ 41,663</u>	<u>\$64,076,507</u>

**Note 21 – 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, 2021:**

	<u>Time/Purpose Restricted</u>	<u>Perpetual Restricted</u>	<u>Total</u>
Cash and cash equivalents	\$24,565,828	\$ -	\$24,565,828
Investments	18,822,690	20,469,767	39,292,457
Contributions receivable, net	10,411,041	-	10,411,041
Leverage loan receivable	6,702,733	-	6,702,733
Leverage loan interest receivable	18,498	-	18,498
Total	<u>\$60,520,790</u>	<u>\$20,469,767</u>	<u>\$80,990,557</u>

**THE STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 21 – Endowment (continued)**

**Changes in Net Assets with donor restrictions for Donor Restricted and Endowment  
Return for the Year Ended June 30, 2021:**

<b><u>Donor Restricted</u></b>	<b><u>Time/Purpose Restricted</u></b>	<b><u>Perpetual Restricted</u></b>	<b><u>Total</u></b>
Net assets, beginning of year	\$ 61,396,502	\$ 20,502,802	\$ 81,899,304
Contributions	13,853,659	281,444	14,135,103
Net assets released from restrictions	<u>(18,105,929)</u>	<u>(314,479)</u>	<u>(18,420,408)</u>
Sub-total	<u>57,144,232</u>	<u>20,469,767</u>	<u>77,613,999</u>
Investment returns:			
Interest and dividends, net of fees	822,950	-	822,950
Realized gain on sale of investments	1,171,355	-	1,171,355
Unrealized gain on investments	<u>1,382,253</u>	<u>-</u>	<u>1,382,253</u>
Total investment returns	<u>3,376,558</u>	<u>-</u>	<u>3,376,558</u>
Net assets, end of year	<u>\$ 60,520,790</u>	<u>\$ 20,469,767</u>	<u>\$ 80,990,557</u>

**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, 2021**

**Note 21 – Endowment (continued)**

Perpetual restricted net assets

Permanently restricted net assets as of June 30, 2021 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	<u>1,515,000</u>
Thompson Family Foundation	6,600,000
Anonymous (Capital)	5,000,000
Jacob and Gwendolyn Lawrence	1,685,521
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)	1,000,000
National Endowment for the Humanities	650,000
The Andrea Frank Foundation	375,000
Hearst Foundation	200,000
Lea K. Green Fund	109,246
Bloomberg L.P.	100,000
Con Edison	100,000
Pepsico Foundation	10,000
Total	<u>\$20,469,767</u>

During the 2021 fiscal year, the Museum determined that a perpetual restricted pledge was uncollectible and as a result, the Museum record bad debt expenses of \$314,479, which was recorded as a release from restrictions.

**THE STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 21 – Endowment (continued)**

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.

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, 2021 and 2020, 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, 2021**

**Note 22 – Time/purpose restricted net assets (continued)**

The transactions in net assets with time/purpose restrictions during the fiscal year ended June 30, 2021 were as follows:

	Purpose Restriction	Balance at June 30, 2020	Contributions	Investment Income, net	Net Assets Released from Restrictions/ Appropriated for Expenditures	Balance at June 30, 2021
Andrew W. Mellon Foundation	General Operations/Time Res.	\$ -	\$ 1,500,000	-	\$ (1,000,000)	\$ 500,000
Andrew W. Mellon Foundation (Curatorial)	Time Restrictions	33,616	-	-	(33,616)	-
Andrew Mellon Foundation	Curatorial Fund	11,276	-	47,986	(9,122)	50,140
Art Bridges	Covid	35,000	-	-	(35,000)	-
Art Bridges	General Operations/Time Res.	-	35,000	-	-	35,000
Citigroup	Curatorial - Inharlem & Harlem Postcards Sponsor	212,500	-	-	(106,250)	106,250
Conedison	Education GOS	25,000	-	-	(25,000)	-
Foundation To Promote Open Society - Tjprice – Parks Exhibit	Parks-TJP	-	250,000	-	(39,113)	210,887
Goldman Sach Gives	Inharlem	-	50,000	-	(50,000)	-
Graham Foundation	Curatorial/Exh/Smokehouse Pub	10,000	-	-	-	10,000
Gray Foundation (Fy20-21)	Education Gos	25,000	-	-	(25,000)	-
Gucci America, Inc.	Time Restrictions	50,000	-	-	(50,000)	-
Henry Luce Foundation, Inc.	Permanent Collection Move	500,000	-	-	-	500,000
Jerome Foundation	Air / Curatorial	27,500	-	-	(27,500)	-
Joan Ganz Cooney & Holly Peterson Fund	Time Restrictions	105,000	-	-	(105,000)	-
Llewellyn Family Foundation	Stuinst	100,000	250,000	-	(225,000)	125,000
May and Samuel Rudin	Inharlem	-	20,000	-	(20,000)	-
May and Samuel Rudin	Schprog	20,000	-	-	(20,000)	-
NYSCA	NYSCA-Special Arts Services	-	12,000	-	(12,000)	-
NYACA	NYACA-Museum General	-	49,500	-	(49,500)	-
Open Society Foundat	Airexh	-	250,000	-	(100,000)	150,000
Operating Funds	Gos	11,301	-	-	(11,301)	-
Operating Funds	Gala	1,305	-	-	(1,305)	-
Rockefeller Brothers	General Operations/Time Res.	-	75,000	-	(75,000)	-
Rockefeller Brothers	Inharlem	-	75,000	-	(75,000)	-
Rockefeller Philanth	General Operations/Time Res.	-	6,600,000	-	(1,975,000)	4,625,000
Sony	General Operations/Time Res.	-	125,000	-	(50,000)	-
Stavros Niarchos Fdn	Inharlem	-	50,000	-	(50,000)	-
The Helen Frankentha	Digprog	-	350,000	-	(175,000)	175,000
The Joy Of Giving	Etw	-	97,500	-	(32,500)	65,000
The Joy Of Giving	Airprog	-	97,500	-	(32,500)	65,000
The Samuel Goldwyn	General Operations/Time Res.	-	20,000	-	(20,000)	-
Upper Manhattan Empowerment Zone	Covid	50,000	-	-	(50,000)	-
Wein Prize Stipend	Education	200,000	-	-	-	200,000
Various Donors	Facility Plan	58,989,121	3,947,159	-	(12,918,478)	50,017,802
<b>Sub-Total</b>		<b>\$ 60,406,619</b>	<b>\$ 13,853,659</b>	<b>\$ 47,986</b>	<b>\$ (17,473,185)</b>	<b>\$ 56,835,079</b>

**THE STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)  
June 30, 2021**

**Note 22 – Time/purpose restricted net assets (continued)**

The transactions in net assets (Endowment)/time/purpose restrictions during the fiscal year ended June 30, 2021 were as follows:

	Purpose Restriction	Balance at June 30, 2020	Contributions	Investment Income, net	Net Assets Released from Restrictions/ Appropriated for Expenditures	Balance at June 30, 2021
Ford Foundation	Endowment/Campaign/General	182,702	-	288,462	(54,835)	416,329
Thompson Family Foundation	Endowment/Campaign/General	182,151	-	1,067,564	(202,938)	1,046,777
Jacob And Gwendolyn Lawrence	Endowment/Campaign/General	193,692	-	325,839	(61,940)	457,591
Anonymous Exhibition Fund	Endowment/Campaign/General	38,642	-	396,444	(75,362)	359,724
Anonymous Education Fund	Endowment/Campaign/General	38,642	-	396,444	(75,362)	359,724
Lauder Fund	Endowment/Campaign/General	56,343	-	170,604	(32,431)	194,516
Studio Museum Women's Fund	Endowment/Campaign/General	7,218	-	85,109	(16,179)	76,148
Robert Rauschenberg Foundation	Endowment/Campaign/General	5,151	-	86,389	(16,422)	75,118
National Endowment For The Humanities	Endowment/Campaign/General	78,542	-	123,814	(23,536)	178,820
Andrea Frank Foundation	Endowment/Campaign/General	45,309	-	71,430	(13,578)	103,161
Hearst Foundation	Endowment/Campaign/General	24,168	-	38,097	(7,242)	55,023
Bloomberg L.P.	Endowment/Campaign/General	12,091	-	19,051	(3,621)	27,521
Conedison	Endowment/Campaign/General	12,091	-	19,051	(3,621)	27,521
Lea K. Green	Endowment/Campaign/General	40,710	-	24,868	(4,727)	60,851
Pepsico Foundation	Endowment/Campaign/General	1,209	-	1,905	(362)	2,752
Haring Fund	Endowment/Campaign/General	71,222	-	213,501	(40,588)	244,135
<b>Sub-Total</b>		<b>989,883</b>	<b>-</b>	<b>3,328,572</b>	<b>(632,744)</b>	<b>3,685,711</b>
<b>Total</b>		<b>\$ 61,396,502</b>	<b>\$ 13,853,659</b>	<b>\$ 3,376,558</b>	<b>\$ (18,105,929)</b>	<b>\$ 60,520,790</b>



**THE STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Consolidated Statement of Financial Position  
June 30, 2021  
(With Summarized Comparative Information for June 30, 2020)**

**Assets**

**Note 23 – Consolidating statements of financial position**

	2021					2020	
	The Studio Museum in Harlem		Corp.	Consolidated			
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Eliminating Entry	Without Donor Restrictions	With Donor Restrictions	Total
<b>Current assets</b>							
Cash and cash equivalents	\$ 5,547,970	\$ -	\$ 1,697,533	\$ -	\$ 7,245,503	\$ -	\$ 7,245,503
Current portion of contributions receivable	3,626,201	1,373,587	-	-	3,626,201	1,373,587	4,999,788
Leverage loan interest receivable	-	18,498	-	-	-	18,498	18,498
Due from related party	1,661,522	-	-	(1,661,522)	-	-	-
Investments, at fair value	16,952,786	22,566,448	-	-	16,952,786	22,566,448	39,519,234
Museum store inventory	77,883	-	-	-	77,883	-	77,883
Prepaid insurance, security deposits and other	290,307	-	-	-	290,307	-	290,307
Total current assets	28,156,669	23,958,533	1,697,533	(1,661,522)	28,192,680	23,958,533	52,151,213
<b>Leverage loan receivable</b>	-	6,702,733	-	-	-	6,702,733	6,702,733
<b>Contributions receivable, net</b>	2,383,200	311,489	-	-	2,383,200	311,489	2,694,689
<b>Assets designated for facility plan</b>							
Cash and cash equivalents	-	24,565,828	-	-	-	24,565,828	24,565,828
Investments, at fair value	-	16,726,009	-	-	-	16,726,009	16,726,009
Contributions receivable, net	-	8,725,965	-	-	-	8,725,965	8,725,965
Total assets designated for facility plan	-	50,017,802	-	-	-	50,017,802	50,017,802
<b>Property, equipment and leasehold improvements, at cost, net</b>	42,178,106	-	9,243,000	-	51,421,106	-	51,421,106
<b>Total assets</b>	\$ 72,717,975	\$ 80,990,557	\$ 10,940,533	\$ (1,661,522)	\$ 81,996,986	\$ 80,990,557	\$ 162,987,543
							\$ 127,358,662
<b>Liabilities and Net Assets</b>							
<b>Current liabilities</b>							
Accounts payable and accrued expenses	\$ 774,141	\$ -	\$ 24,500	\$ -	\$ 798,641	\$ -	\$ 798,641
SBA PPP loan	960,590	-	-	-	960,590	-	960,590
Due to related party	-	-	21,500	(21,500)	-	-	-
Contracts payable	5,574,857	-	1,640,022	(1,640,022)	5,574,857	-	5,574,857
Total current liabilities	7,309,588	-	1,686,022	(1,661,522)	7,334,088	-	7,334,088
<b>Long-term debt, net</b>	1,286,891	-	9,299,500	-	10,586,391	-	10,586,391
<b>Total liabilities</b>	8,596,479	-	10,985,522	(1,661,522)	17,920,479	-	17,920,479
<b>Net assets</b>							
Without donor restrictions	64,121,496	-	(44,989)	-	64,076,507	-	64,076,507
With donor restrictions	-	-	-	-	-	-	-
Purpose/time restricted perpetual	-	60,520,790	-	-	-	60,520,790	60,520,790
Perpetual	-	20,469,767	-	-	-	20,469,767	20,469,767
Total net assets	64,121,496	80,990,557	(44,989)	-	64,076,507	80,990,557	145,067,064
<b>Total liabilities and net assets</b>	\$ 72,717,975	\$ 80,990,557	\$ 10,940,533	\$ (1,661,522)	\$ 81,996,986	\$ 80,990,557	\$ 162,987,543
							\$ 127,358,662

**THE STUDIO MUSEUM IN HARLEM  
AND SUBSIDIARY**

**Consolidated Statement of Activities  
For Year Ended June 30, 2021  
(With Summarized Comparative Information for the Year Ended June 30, 2020)**

**Note 24 – Consolidating statements of activities**

	2021					2020				
	The Studio Museum in Harlem		Support Corp.		Consolidated	The Studio Museum in Harlem		Support Corp.		Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	
<b>Support and revenue</b>										
Support										
City of NY Dept. of Cultural Affairs	\$ 4,462,977	-	\$ 4,462,977	\$ -	-	\$ 4,462,977	\$ -	\$ 4,462,977	-	\$ 4,462,977
Other Government grants	223,431	-	223,431	-	-	223,431	-	223,431	-	223,431
Contributions	17,593,019	14,135,103	31,728,122	-	-	17,593,019	14,135,103	31,728,122	-	31,728,122
Total support	22,279,427	14,135,103	36,414,530	-	-	22,279,427	14,135,103	36,414,530	-	36,414,530
<b>Revenue</b>										
Fundraising events	1,393,155	-	1,393,155	-	-	1,393,155	-	1,393,155	-	1,393,155
Membership fees	286,257	-	286,257	-	-	286,257	-	286,257	-	286,257
Museum sales	149,342	-	149,342	-	-	149,342	-	149,342	-	149,342
Investment returns, net	1,063,597	3,376,558	4,440,155	63	63	1,063,660	3,376,558	4,440,218	-	847,265
Other	130,716	-	130,716	-	-	130,716	-	130,716	-	19,557
Total revenue	3,023,067	3,376,558	6,399,625	63	63	3,023,130	3,376,558	6,399,688	-	2,972,216
Sub-total	25,302,494	17,511,661	42,814,155	63	63	25,302,557	17,511,661	42,814,218	-	507,436
Net assets released from restrictions	18,420,408	(18,420,408)	-	-	-	18,420,408	(18,420,408)	-	-	16,583
Total support and revenue	43,722,902	(908,747)	42,814,155	63	63	43,722,965	(908,747)	42,814,218	-	847,265
<b>Expenses</b>										
Program services										
Curatorial	1,629,164	-	1,629,164	-	-	1,629,164	-	1,629,164	-	785,619
Exhibitions	545,765	-	545,765	-	-	545,765	-	545,765	-	1,696,756
Education and public programs	1,002,546	-	1,002,546	-	-	1,002,546	-	1,002,546	-	1,016,133
Total program services	3,177,475	-	3,177,475	-	-	3,177,475	-	3,177,475	-	3,498,508
Supporting services										
Management and general	4,241,275	-	4,241,275	18,200	18,200	4,259,475	-	4,259,475	-	3,979,062
Development	1,336,705	-	1,336,705	-	-	1,336,705	-	1,336,705	-	2,545,252
Building operations	478,565	-	478,565	-	-	478,565	-	478,565	-	1,084,304
Capital campaign	2,338,561	-	2,338,561	-	-	2,338,561	-	2,338,561	-	1,395,528
Total supporting services	8,395,106	-	8,395,106	18,200	18,200	8,413,306	-	8,413,306	-	9,004,146
Total expenses	11,572,581	-	11,572,581	18,200	18,200	11,590,781	-	11,590,781	-	12,502,654
Increase (decrease) in net assets	32,150,321	(908,747)	31,241,574	(18,137)	(18,137)	32,132,184	(908,747)	31,223,437	-	3,317,788
Net assets, beginning of year	31,971,175	81,899,304	113,870,479	(26,852)	(26,852)	31,944,323	81,899,304	113,843,627	-	110,525,839
Net assets, end of year	\$ 64,121,496	\$ 80,990,557	\$145,112,053	\$ (44,989)	\$ (44,989)	\$ 64,076,507	\$ 80,990,557	\$145,067,064	-	\$113,843,627