



The National Nordic Museum

Financial Statements
Years Ended December 31, 2021 and 2020

The National Nordic Museum

Financial Statements
Years Ended December 31, 2021 and 2020

The National Nordic Museum

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Independent Auditor's Report

To the Board of Trustees
The National Nordic Museum
Seattle, Washington

Opinion

We have audited the financial statements of The National Nordic Museum (the Museum), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern for a reasonable period of time.

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

BDO USA, LLP

October 18, 2022

Financial Statements

The National Nordic Museum

Statements of Financial Position

<i>December 31,</i>	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 818,113	\$ 417,485
Contribution and grant receivables	418,962	151,594
Restricted cash - capital campaign	100,000	446,985
Inventory	97,715	106,368
Prepaid expenses	26,422	3,868
Total Current Assets	1,461,212	1,126,300
Promises to give - capital campaign, net	1,481,402	1,817,140
Cash and investments - held for endowment	5,461,568	5,080,054
Property and equipment, net	40,668,924	42,288,937
Collections (Note 1)		
Beneficial interest	144,360	132,127
Total Assets	\$ 49,217,466	\$ 50,444,558
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 211,234	\$ 138,885
Fiscal agency payable	79,338	-
Accrued liabilities	229,721	191,682
Notes payable	-	410,445
Unearned revenues	30,258	21,231
Total Current Liabilities	550,551	762,243
Net Assets		
Without donor restrictions	38,826,001	39,658,108
With donor restrictions	9,840,914	10,024,207
Total Net Assets	48,666,915	49,682,315
Total Liabilities and Net Assets	\$ 49,217,466	\$ 50,444,558

The National Nordic Museum

Statements of Activities

Year Ended December 31,	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Other Support						
Contributions and grants	\$ 854,537	\$ 112,872	\$ 967,409	\$ 1,524,807	\$ 125,563	\$ 1,650,370
Special events	182,014	-	182,014	387,052	-	387,052
Admissions	359,252	-	359,252	171,383	-	171,383
Memberships	498,773	-	498,773	424,916	-	424,916
Facility income	90,849	-	90,849	119,105	-	119,105
Realized/unrealized gains on investments	7,837	452,244	460,081	4,633	274,475	279,108
Program fees	209,473	-	209,473	135,204	-	135,204
Sales, net of cost of sales of \$223,863 and \$127,793, respectively	186,347	-	186,347	88,670	-	88,670
Interest and dividend income	4,667	97,066	101,733	10,222	53,441	63,663
Total Revenue	2,393,749	662,182	3,055,931	2,865,992	453,479	3,319,471
Net assets released from restrictions	283,092	(283,092)	-	216,150	(216,150)	-
Total Operating Revenue and Other Support	2,676,841	379,090	3,055,931	3,082,142	237,329	3,319,471
Operating Expenses						
Program services	2,278,077	-	2,278,077	1,944,790	-	1,944,790
General and administrative	572,928	-	572,928	554,193	-	554,193
Fundraising and marketing	550,950	-	550,950	731,807	-	731,807
Total Operating Expenses	3,401,955	-	3,401,955	3,230,790	-	3,230,790
Change in Net Assets from Operating Activities	(725,114)	379,090	(346,024)	(148,648)	237,329	88,681
Non-Operating Activities						
Depreciation and amortization	(1,751,165)	-	(1,751,165)	(1,740,300)	-	(1,740,300)
Forgiveness of PPP loans	747,863	-	747,863	-	-	-
Rental income	167,552	-	167,552	107,948	-	107,948
Employee retention credit	154,141	-	154,141	-	-	-
Change in value of beneficial interest	-	12,233	12,233	-	9,528	9,528
Net assets released from restrictions - capital campaign	574,616	(574,616)	-	574,615	(574,615)	-
Change in Net Assets from Non-Operating Activities	(106,993)	(562,383)	(669,376)	(1,057,737)	(565,087)	(1,622,824)
Change in Net Assets	(832,107)	(183,293)	(1,015,400)	(1,206,385)	(327,758)	(1,534,143)
Net Assets, beginning of year	39,658,108	10,024,207	49,682,315	40,864,493	10,351,965	51,216,458
Net Assets, end of year	\$ 38,826,001	\$ 9,840,914	\$ 48,666,915	\$ 39,658,108	\$ 10,024,207	\$ 49,682,315

The National Nordic Museum

Statements of Functional Expenses

Year Ended December 31,	2021				2020			
	Program Services	General and Administrative	Fundraising and Marketing	Total	Program Services	General and Administrative	Fundraising and Marketing	Total
Salaries	\$ 1,249,973	\$ 340,902	\$ 303,024	\$ 1,893,899	\$ 1,006,377	\$ 332,856	\$ 460,524	\$ 1,799,757
Employee benefits	90,077	24,567	21,837	136,481	75,446	24,954	34,524	134,924
Payroll taxes	101,024	27,552	24,491	153,067	79,713	26,365	36,477	142,555
Total Salaries and Related Expenses	1,441,074	393,021	349,352	2,183,447	1,161,536	384,175	531,525	2,077,236
Depreciation and amortization	1,646,095	105,070	-	1,751,165	1,635,882	104,418	-	1,740,300
Exhibit/program expenses	333,950	-	-	333,950	271,725	-	-	271,725
Cost of sales	223,863	-	-	223,863	127,793	-	-	127,793
Insurance	23,497	107,040	-	130,537	21,394	97,464	-	118,858
Professional services	5,651	17,895	78,000	101,546	8,366	17,623	56,081	82,070
Utilities	93,152	5,948	-	99,100	136,721	8,727	-	145,448
Computer services	59,285	16,169	14,371	89,825	47,961	15,863	21,947	85,771
Printing	29,494	9,831	26,217	65,542	13,097	7,016	26,661	46,774
Maintenance and repairs	59,829	3,818	-	63,647	73,640	4,700	-	78,340
Membership benefits	33,608	2,049	16,883	52,540	36,297	1,692	5,795	43,784
Advertising	49,376	-	-	49,376	50,972	-	-	50,972
Bank fees	39,668	1,780	6,964	48,412	28,926	1,620	12,512	43,058
Occupancy	44,127	2,817	-	46,944	61,057	3,897	-	64,954
Special event costs/projects	710	-	38,096	38,806	700	-	52,463	53,163
Equipment leases	16,242	4,429	3,937	24,608	11,795	3,901	5,397	21,093
Telephone	10,582	2,887	2,565	16,034	8,786	2,906	4,020	15,712
Postage	9,334	2,373	4,113	15,820	11,928	3,032	5,258	20,218
Property taxes	14,546	928	-	15,474	(18,493)	(1,180)	-	(19,673)
Supplies/subscriptions	6,685	1,823	1,621	10,129	7,633	2,525	3,493	13,651
Travel	3,323	-	3,323	6,646	-	-	3,725	3,725
Meals and entertainment	-	-	5,113	5,113	-	-	2,470	2,470
Business taxes	3,944	120	395	4,459	10,749	232	460	11,441
Total Expenses	4,148,035	677,998	550,950	5,376,983	3,708,465	658,611	731,807	5,098,883
Less: Depreciation and amortization	(1,646,095)	(105,070)	-	(1,751,165)	(1,635,882)	(104,418)	-	(1,740,300)
Less: Cost of sales	(223,863)	-	-	(223,863)	(127,793)	-	-	(127,793)
Total Expenses, less cost of sales and depreciation and amortization	\$ 2,278,077	\$ 572,928	\$ 550,950	\$ 3,401,955	\$ 1,944,790	\$ 554,193	\$ 731,807	\$ 3,230,790

The National Nordic Museum

Statements of Cash Flows

<i>Year Ended December 31,</i>	2021	2020
Cash Flows for Operating Activities		
Change in net assets	\$ (1,015,400)	\$ (1,534,143)
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Depreciation and amortization	1,751,165	1,740,300
Gain on investments	(460,081)	(279,108)
Change in value of beneficial interest	(12,233)	(9,528)
Contributions and grants restricted for endowment corpus	(7,897)	(2,375)
Forgiveness of PPP loans	(747,863)	-
(Increase) decrease in		
Contribution and grant receivables	(267,368)	(10,000)
Inventory	8,653	(7,570)
Prepaid expenses	(22,554)	12,448
Increase (decrease) in		
Accounts payable	72,349	(138,057)
Accrued liabilities	38,039	74,892
Unearned revenues	9,027	(30,682)
Net Cash Flows for Operating Activities	(654,163)	(183,823)
Cash Flows for Investing Activities		
Purchase of investments	(3,025,542)	(3,353,973)
Proceeds from sales of investments	3,104,109	333,212
Purchases of property and equipment	(131,152)	(174,511)
Net Cash Flows for Investing Activities	(52,585)	(3,195,272)
Cash Flows from Financing Activities		
Proceeds from fiscal agency	79,338	-
Issuance of notes payable	337,418	410,445
Payments of notes payable	-	(404,273)
Proceeds from contributions restricted for endowment corpus	7,897	2,375
Proceeds from contributions restricted for investment in property	335,738	3,216,202
Net Cash Flows from Financing Activities	760,391	3,224,749
Net Change in Cash and Cash Equivalents	53,643	(154,346)
Cash and Cash Equivalents, beginning of year	864,470	1,018,816
Cash and Cash Equivalents, end of year	\$ 918,113	\$ 864,470

The National Nordic Museum

Statements of Cash Flows

<i>Year Ended December 31,</i>		2021		2020
Cash and Cash Equivalents are Presented on the Statements of Financial Position as Follows:				
Cash and cash equivalents	\$	818,113	\$	417,485
Restricted cash - capital campaign		100,000		446,985
Cash and Cash Equivalents	\$	918,113	\$	864,470

See accompanying notes to financial statements.

The National Nordic Museum

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Organization

The National Nordic Museum (the Museum) shares Nordic culture, values, and ideas with people of all ages and backgrounds to create connections, generate dialogue, and inspire new perspectives.

The Museum is located in the Ballard area of Seattle, Washington, and derives its revenue mainly through gifts, grants, memberships, admissions, programs, and fundraisers from the general public and local governments.

In March 2019, a federal bill was signed into law designating the Museum as the National Nordic Museum.

Financial Statement Presentation

The Museum reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Use of Estimates

The preparation of 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 reported amounts and disclosures. Actual results could differ from those estimated amounts.

Revenue Recognition

The Museum records grants and contributions when the promise to give is received as donor-restricted support or support without donor restrictions, depending on the existence or absence of any donor restrictions. Memberships are treated as contribution income as any benefit back to the member is immaterial. One contributor represented 13% and 34% of contribution revenue for the years ended December 31, 2021 and 2020, respectively.

Sales consist of retail sales and are recorded when the goods are delivered to the purchaser or are shipped.

Admissions are recorded when the cash is received and entrance is provided to the Museum.

Special events revenue consists of contributions and ticket sales. Revenue from ticket sales is recognized when the event takes place. Contribution revenue is recognized when an unconditional promise to give is made.

Facility income consists of fees for short-term rentals of space at the Museum. Revenue is recognized when the rental takes place. Unearned revenue is related to deposits for event rentals that have not yet taken place.

Program fees include fees for classes, lectures, concerts, movie screenings, conferences, and other programs at the Museum. Fee revenue is recognized when the program takes place.

The National Nordic Museum

Notes to Financial Statements

The Museum owns a building adjacent to the Museum building with four retail spaces, a commercial space, and a storage space. Rental income is generated from leases of this building. Rental income is recognized over the period of the lease.

Operating activities

Operating activities consist of those items attributable to the Museum's daily operations, including contributions and grants, special events, museum admissions, membership fees, program fees, gift shop sales, and activity related to the Museum's underlying investments. The Museum considers rental income, call capital campaign related activity, changes in value related to split interest agreements, and COVID-19 related government assistance to be non-operating activities.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of unexpended contributions restricted for particular purposes or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purpose or as time restrictions are met. Net assets with donor restrictions consist of the following:

<i>December 31,</i>	2021	2020
Purpose		
Unappropriated endowment earnings	\$ 752,189	\$ 378,572
All others	105,275	107,699
Total Net Assets with Donor Restrictions for Purpose	857,464	486,271
Time-Restricted Capital Campaign	4,129,711	4,704,327
Perpetual		
Endowment funds (see Note 8)	4,709,379	4,701,482
Beneficial interest	144,360	132,127
Total Net Assets with Perpetual Donor Restrictions	4,853,739	4,833,609
Total	\$ 9,840,914	\$ 10,024,207

Time-restricted Capital Campaign funds were received from funds administered by the State of Washington and King County, and require the Museum to hold the properties for 10 to 13 years, from the date of project completion, which was May 2018, or the grant date, whichever occurred later. If the Museum sells the property or discontinues its use, the grant funds must be returned to the grantor.

The National Nordic Museum

Notes to Financial Statements

Time-restricted Capital Campaign net assets consist of the following and are released on a straight-line basis over the restricted time period:

<i>Grantor</i>	<i>Time</i>	<i>December 31, 2021</i>	<i>December 31, 2020</i>
Heritage Capital Projects Fund	13 years	\$ 702,627	\$ 777,243
Community Capital Projects	10 years	1,251,250	1,446,250
4Culture Building for Culture	10 years	641,667	741,667
4Culture Building for Equity	10 years	71,667	81,667
Building for the Arts	10 years	1,462,500	1,657,500
		\$ 4,129,711	\$ 4,704,327

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1: Observable market inputs, such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which require the Museum to develop its own assumptions.

The Museum reports its investments at fair value using Level 1 inputs consisting of quoted prices on national exchanges, and its beneficial interest in assets held by a foundation using net asset value (see Note 6).

Cash and Cash Equivalents

Cash and cash equivalents include cash held at banks. On occasion, the Museum has amounts deposited with a financial institution in excess of federally insured limits.

Investments

Investments are stated at fair value in the statements of financial position.

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Contribution and Grant Receivables

Contribution and grant receivables consist of unconditional promises to give cash. Receivables from two and three contributors represent 74% and 79% of pledges receivable at December 31, 2021 and

The National Nordic Museum

Notes to Financial Statements

2020, respectively. Management determined that no allowance against receivables was necessary at December 31, 2021 or 2020, and calculated the discount on long-term pledges using an effective interest rate of 2.88% for both years. The amortization of the discount is included with contribution revenue.

Inventory

Inventory consists of gift shop merchandise that is stated at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

Property and equipment are stated at cost or, if donated, at estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. The Museum's policy is to capitalize assets with a cost or donated value greater than \$5,000 and a useful life in excess of one year.

Collections

The collections, which were acquired through purchases and contributions since the Museum's inception, are not recognized as assets in the statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as decreases in net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

Advertising

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

Expenses are classified in the accompanying financial statements according to whether they relate to a specific program or supporting service. The direct allocation method has been used whenever possible. Certain costs have been indirectly allocated among the programs and supporting services benefitted. Salaries and related expenses have been directly allocated according to timesheets or based on estimated time and level of effort. Certain office expenses, repairs and maintenance, utilities, and depreciation were allocated based on the proportion of space used by each function.

Income Taxes

The Museum is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

In-Kind Contributions

In-kind services and supplies are recorded at their estimated fair value in the financial statements. The Museum recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. There were no in-kind services or contributions recognized in 2021 or 2020.

The National Nordic Museum

Notes to Financial Statements

Subsequent Events

The Museum has evaluated subsequent events through the date these financial statements were available to be issued, which was October 18, 2022.

2. Liquidity and Availability of Resources

The Museum receives revenues from a variety of sources both earned and contributed and maintains sufficient liquid reserves to ensure the Museum's ability to sustain its operating activities. A line of credit is open and available in the event that the Museum experiences an unexpected loss of revenue. Management adheres to a board-approved budget and reviews cash flow projections monthly. A summary of financial assets available to meet general expenditures within one year of December 31, 2021 and 2020, is presented below.

<i>December 31,</i>	2021	2020
Cash and cash equivalents	\$ 918,113	\$ 864,470
Investments	5,461,568	5,080,054
Contribution and grant receivables	1,900,364	1,968,734
Total Financial Assets	8,280,045	7,913,258
Net assets with perpetual donor restrictions	(4,853,739)	(4,833,609)
Net assets with donor restrictions of purpose	(857,464)	(486,271)
Contribution and grant receivables - capital campaign	(1,481,402)	(1,817,140)
Restricted campaign cash	(100,000)	(446,985)
Financial Assets Available to Meet General Expenditures within One Year	\$ 987,440	\$ 329,253

3. Investments

Investments held by the Museum consist of the following:

<i>December 31,</i>	2021	2020
Cash equivalents	\$ 122,753	\$ 1,388,631
Equity mutual funds	3,225,427	1,885,673
Individual equities	755,901	429,951
Bond mutual funds	1,316,490	1,336,396
Bonds	40,997	39,403
Total	\$ 5,461,568	\$ 5,080,054

The National Nordic Museum

Notes to Financial Statements

4. Contribution and Grant Receivables

Contribution and grant receivables consist of unconditional promises to give cash and are expected to be received as follows:

<i>December 31,</i>	2021	2020
Receivable in less than one year	\$ 908,762	\$ 877,132
Receivable in one to five years	1,000,000	1,100,000
	1,908,762	1,977,132
Discount	(8,398)	(8,398)
	\$ 1,900,364	\$ 1,968,734

Promises to give and grant receivables are shown on the statements of financial position as follows:

<i>December 31,</i>	2021	2020
Promises to give - current	\$ 418,962	\$ 151,594
Promises to give - capital campaign	1,481,402	1,817,140
	\$ 1,900,364	\$ 1,968,734

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The National Nordic Museum

Notes to Financial Statements

5. Property and Equipment

Property and equipment consist of the following:

<i>December 31,</i>	2021	2020
Building and improvements	\$ 37,581,080	\$ 37,573,362
Furniture and fixtures	1,559,513	1,534,422
Equipment	657,505	559,163
	39,798,098	39,666,947
Less: Accumulated depreciation and amortization	(6,240,717)	(4,489,553)
	33,557,381	35,177,394
Land and improvements	7,111,543	7,111,543
	\$ 40,668,924	\$ 42,288,937

6. Beneficial Interest in Assets Held by a Foundation

The Museum is the beneficiary of an endowment held by the Kreielsheimer Endowment Fund (the Fund). The Museum receives annual distributions from the endowment. The distributions bear no restrictions and are available for general operating expenses. The Museum received distributions of \$4,700 and \$4,500 during 2021 and 2020, respectively. The fair value of the Fund is determined by the Museum's proportionate share of the Fund's investments and is stated at net asset value. The Museum cannot redeem these investments and there are no unfunded commitments.

7. Line of Credit

In 2019, the Museum entered into a \$2,000,000 revolving line of credit note agreement with a bank. The line of credit bears interest at one percentage point under the Prime Rate, is payable monthly, and matures on July 3, 2022. The line of credit was renewed in August 2022. The line of credit is secured by the Museum's real property. No draws were made on the line of credit during 2021 or 2020.

8. Endowment

The Museum's endowment consists of six individual funds and reflects the donor-imposed restriction that the original gifts are maintained and only income be used for the donors' specified purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The National Nordic Museum

Notes to Financial Statements

Interpretation of Relevant Law

The Board of Trustees of the Museum has interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum classifies as the corpus of donor-restricted net assets (a) the original value of gifts donated to the corpus, plus (b) the original value of subsequent gifts to the corpus and accumulations to the corpus made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in the corpus is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

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

Return Objectives and Risk Parameters

The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner consistent with the primary focus, which is to preserve endowment capital, and its purchasing power while providing a 0% to 5% distribution to support the ongoing operations of the Museum.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Museum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Distribution Policy and How the Investment Objectives Relate to Spending Policy

The Museum has a policy of appropriating for distribution each year 0% to 5% of its endowment funds' three year rolling average fair value, with a one-year lag. In establishing this policy, the Museum considered the long-term expected return on its endowment. In no way will a distribution be made if the current fair market value falls below 93% of the historical value of the endowment account.

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Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Museum to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets without donor restrictions. Such deficiencies may result from unfavorable market fluctuations or continued appropriation for certain programs that were deemed prudent by the Board of Trustees. No funds had deficiencies as of December 31, 2021 and 2020.

Endowment net assets consist of the following:

<i>December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Corpus	
Donor-restricted endowment funds	\$ -	\$ 752,189	\$ 4,709,379	\$ 5,461,568

<i>December 31, 2020</i>	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Corpus	
Donor-restricted endowment funds	\$ -	\$ 378,572	\$ 4,701,482	\$ 5,080,054

Changes in endowment net assets are as follows:

<i>Year Ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Corpus	
Endowment Net Assets, beginning of year	\$ -	\$ 378,572	\$ 4,701,482	\$ 5,080,054
Investment return				
Investment income	-	97,066	-	97,066
Net appreciation (realized and unrealized)	-	452,244	-	452,244
Total investment return	-	549,310	-	549,310
Contributions and deposits	-	-	7,897	7,897
Appropriations	-	(175,693)	-	(175,693)
Endowment Net Assets, end of year	\$ -	\$ 752,189	\$ 4,709,379	\$ 5,461,568

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Year Ended December 31, 2020	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Corpus	
Endowment Net Assets, beginning of year	\$ -	\$ 153,864	\$ 1,626,321	\$ 1,780,185
Investment return				
Investment income	-	53,441	-	53,441
Net appreciation (realized and unrealized)	-	274,475	-	274,475
Total investment return	-	327,916	-	327,916
Contributions and deposits	-	-	3,075,161	3,075,161
Appropriations	-	(103,208)	-	(103,208)
Endowment Net Assets, end of year	\$ -	\$ 378,572	\$ 4,701,482	\$ 5,080,054

9. Paycheck Protection Program Loan Forgiveness

In April 2020, the Museum applied for and received a Paycheck Protection Program (PPP) loan totaling \$410,445. In January 2021, the Museum applied for and received a PPP loan totaling \$337,418. The PPP loans incurred interest at 1% and were unsecured. The principal and interest were forgivable if the proceeds were spent on certain qualifying costs during the 24-week period following the date the note was issued. Qualified costs were considered as at least 60% of the loan amount on payroll costs, and up to 40% on non-payroll costs, including rent and utilities. Interest payments were deferred for the first 10 months of the period following the 24-week period. The full balance of the first and second PPP loans and related interest were forgiven by the Small Business Administration (SBA) on January 25, 2021 and August 9, 2021, respectively. This is recognized as income from non-operating activities on the 2021 statement of activities.

The application for these funds requires the Museum to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Museum. This certification further requires the Museum to take into account the Museum's current business activity and the ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Museum having initially qualified for the loan and qualifying for the forgiveness of such loan based on future adherence to the forgiveness criteria.

The SBA has stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to review by the SBA for compliance with program requirements. If the SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request or the subsequent use of loan proceeds, the SBA will seek repayment of the PPP loan, including interest and potential penalties. While the Museum believes the loan was properly obtained and forgiven, there can be no assurance regarding

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the outcome of an SBA review. The Museum has not accrued any liability associated with the risk of an adverse SBA review.

10. COVID-19 and The CARES Act

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Museum's financial condition, and liquidity. Management is actively monitoring the global situation on its financial condition, liquidity, industry, and donors. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Museum is not able to estimate the effects of the COVID-19 outbreak on its financial condition, or liquidity for future periods.

On March 27, 2020, former President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the SBA PPP loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by the COVID-19 outbreak.

On December 27, 2020, President Trump signed into law the "Consolidated Appropriations Act, 2021," which included additional economic stimulus and COVID-19 related relief including additional PPP funds and expansion of the Employee Retention Credit.

On March 11, 2021, President Biden signed into law the "American Rescue Plan Act of 2021" (the American Rescue Plan), which included additional economic stimulus and tax credits, including the expansion of the Employee Retention Credit. The Museum applied for a 2020 Employee Retention Credit in September of 2021 and received \$154,141 subsequent to year-end. These funds are classified under non-operating revenues. The Museum applied for a 2021 Employee Retention Credit in January of 2022, with receipt of those funds expected to occur sometime in 2022.

The Museum continues to examine the impact that COVID-19 and the various relief efforts will have on its financial condition, results of operations, and liquidity.