

# The National Nordic Museum

Financial Statements  
Years Ended December 31, 2023 and 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# **The National Nordic Museum**

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Financial Statements  
Years Ended December 31, 2023 and 2022

# The National Nordic Museum

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## **Independent Auditor's Report**

The Board of Trustees  
The National Nordic Museum  
Seattle, Washington

### ***Opinion***

We have audited the financial statements of The National Nordic Museum (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Foundation as of December 31, 2023 and 2022, 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 Foundation 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Foundation'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 Foundation'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, P.C.*

October 16, 2024

## Financial Statements

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**The National Nordic Museum**  
**Statements of Financial Position**

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 345,414	\$ 1,597,901
Investments	751,028	337,298
Contribution and grant receivables	203,000	120,050
Inventory	142,972	105,866
Prepaid expenses	36,955	43,560
<b>Total Current Assets</b>	<b>1,479,369</b>	<b>2,204,675</b>
Promises to Give - Capital Campaign, Net	1,059,402	1,219,402
Cash and Investments - Held for Endowment	6,958,623	6,202,151
Property and Equipment, Net	37,912,618	39,088,758
Beneficial Interest	1,208,006	118,683
<b>Total Assets</b>	<b>\$ 48,618,018</b>	<b>\$ 48,833,669</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 105,729	\$ 117,112
Accrued liabilities	256,452	237,444
Unearned revenues	70,645	50,716
<b>Total Current Liabilities</b>	<b>432,826</b>	<b>405,272</b>
<b>Net Assets</b>		
Without donor restrictions	36,866,844	37,932,276
With donor restrictions	11,318,348	10,496,121
<b>Total Net Assets</b>	<b>48,185,192</b>	<b>48,428,397</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 48,618,018</b>	<b>\$ 48,833,669</b>

*See accompanying notes to financial statements.*

**The National Nordic Museum**  
**Statements of Activities**

*Year ended December 31,*

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Other Support</b>						
Contributions and grants	\$ 1,120,668	\$ 1,333,613	\$ 2,454,281	\$ 1,661,287	\$ 2,269,059	\$ 3,930,346
Special events revenue	746,981	-	746,981	770,163	-	770,163
Special events expense	(391,028)	-	(391,028)	(156,835)	-	(156,835)
Admissions	676,471	-	676,471	466,331	-	466,331
Memberships	570,368	-	570,368	514,708	-	514,708
Facility income	308,951	-	308,951	238,767	-	238,767
Realized/unrealized gains (losses) on investments	63,193	565,650	628,843	4,343	(865,402)	(861,059)
Program fees	394,038	-	394,038	355,379	-	355,379
Sales, net of cost of sales of \$383,592 and \$242,305, respectively	313,904	-	313,904	191,398	-	191,398
Interest and dividend income	63,573	184,594	248,167	32,916	155,408	188,324
<b>Total Revenue</b>	<b>3,867,119</b>	<b>2,083,857</b>	<b>5,950,976</b>	<b>4,078,457</b>	<b>1,559,065</b>	<b>5,637,522</b>
Net assets released from restrictions	776,338	(776,338)	-	303,566	(303,566)	-
<b>Total Operating Revenue and Other Support</b>	<b>4,643,457</b>	<b>1,307,519</b>	<b>5,950,976</b>	<b>4,382,023</b>	<b>1,255,499</b>	<b>5,637,522</b>
<b>Expenses</b>						
Program services	3,318,291	-	3,318,291	3,370,196	-	3,370,196
General and administrative	763,949	-	763,949	716,672	-	716,672
Fundraising and marketing	686,819	-	686,819	665,816	-	665,816
<b>Total Expenses</b>	<b>4,769,059</b>	<b>-</b>	<b>4,769,059</b>	<b>4,752,684</b>	<b>-</b>	<b>4,752,684</b>
<b>Change in Net Assets, before depreciation and amortization, and non-operating activities</b>	<b>(125,602)</b>	<b>1,307,519</b>	<b>1,181,917</b>	<b>(370,661)</b>	<b>1,255,499</b>	<b>884,838</b>



# The National Nordic Museum

## Statements of Activities

Year ended December 31,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Depreciation and Amortization	\$ (1,702,513)	\$ -	\$ (1,702,513)	\$ (1,787,356)	\$ -	\$ (1,787,356)
Change in Net Assets from Operating Activities	(1,828,115)	1,307,519	(520,596)	(2,158,017)	1,255,499	(902,518)
<b>Non-Operating Activities</b>						
Rental income	188,068	-	188,068	169,050	-	169,050
Employee retention credit	-	-	-	520,627	-	520,627
Change in value of beneficial interest	-	89,323	89,323	-	(25,677)	(25,677)
Net assets released from restrictions - capital campaign	574,615	(574,615)	-	574,615	(574,615)	-
Change in Net Assets from Non-Operating Activities	762,683	(485,292)	277,391	1,264,292	(600,292)	664,000
Change in Net Assets	(1,065,432)	822,227	(243,205)	(893,725)	655,207	(238,518)
Net Assets, beginning of year	37,932,276	10,496,121	48,428,397	38,826,001	9,840,914	48,666,915
Net Assets, end of year	\$ 36,866,844	\$ 11,318,348	\$ 48,185,192	\$ 37,932,276	\$ 10,496,121	\$ 48,428,397

See accompanying notes to financial statements.

**The National Nordic Museum**  
**Statements of Functional Expenses**

*Year ended December 31,*

	2023				2022			
	Program Services	General and Administrative	Fundraising and Marketing	Total	Program Services	General and Administrative	Fundraising and Marketing	Total
Salaries and related expenses	\$ 1,883,897	\$ 516,833	\$ 535,093	\$ 2,935,823	\$ 1,706,117	\$ 468,635	\$ 479,590	\$ 2,654,342
Depreciation and amortization	1,600,362	102,151	-	1,702,513	1,680,115	107,241	-	1,787,356
Exhibit/program expenses	663,129	-	-	663,129	904,173	-	-	904,173
Special event costs	1,842	-	389,186	391,028	738	-	156,097	156,835
Cost of sales	383,592	-	-	383,592	242,305	-	-	242,305
Computer services	83,603	33,993	31,769	149,365	77,588	21,822	21,822	121,232
Insurance	26,526	120,839	-	147,365	24,321	110,793	-	135,114
Membership benefits	81,954	3,031	33,342	118,327	56,630	2,189	26,650	85,469
Utilities	109,248	6,973	-	116,221	116,334	7,426	-	123,760
Printing	60,757	2,025	34,710	97,492	82,180	4,015	46,943	133,138
Bank fees	70,125	4,504	13,445	88,074	44,228	7,687	15,224	67,139
Occupancy	74,208	4,738	-	78,946	58,886	3,759	-	62,645
Professional services	26,159	41,249	-	67,408	78,407	50,434	32,267	161,108
Advertising	60,853	-	-	60,853	58,018	-	-	58,018
Maintenance and repairs	45,073	2,877	-	47,950	72,160	4,604	-	76,764
Travel, meals, and entertainment	14,437	-	24,818	39,255	5,238	-	15,539	20,777
Business and property taxes	28,891	9,183	594	38,668	23,159	18,693	1,342	43,194
Postage	28,478	4,423	1,190	34,091	17,682	5,894	15,718	39,294
Bad debt expense	29,750	-	-	29,750	-	-	-	-
Equipment leases	13,677	5,562	5,198	24,437	16,512	4,644	4,644	25,800
Telephone	9,319	3,790	3,541	16,650	10,392	2,923	2,923	16,238
Supplies/subscriptions	8,207	3,929	3,119	15,255	18,171	3,154	3,154	24,479
<b>Total Expenses</b>	<b>5,304,087</b>	<b>866,100</b>	<b>1,076,005</b>	<b>7,246,192</b>	<b>5,293,354</b>	<b>823,913</b>	<b>821,913</b>	<b>6,939,180</b>
Less: special event costs	(1,842)	-	(389,186)	(391,028)	(738)	-	(156,097)	(156,835)
Less: depreciation and amortization	(1,600,362)	(102,151)	-	(1,702,513)	(1,680,115)	(107,241)	-	(1,787,356)
Less: cost of sales	(383,592)	-	-	(383,592)	(242,305)	-	-	(242,305)
<b>Total Expenses, less special event costs, cost of sales, and depreciation and amortization</b>	<b>\$ 3,318,291</b>	<b>\$ 763,949</b>	<b>\$ 686,819</b>	<b>\$ 4,769,059</b>	<b>\$ 3,370,196</b>	<b>\$ 716,672</b>	<b>\$ 665,816</b>	<b>\$ 4,752,684</b>

*See accompanying notes to financial statements.*

# The National Nordic Museum

## Statements of Cash Flows

<i>Year ended December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (243,205)	\$ (238,518)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,702,513	1,787,356
Loss (gain) on investments	(628,843)	861,059
Change in value of beneficial interest	(89,323)	25,677
Donation of beneficial interest	(1,000,000)	-
Contributions and grants restricted for endowment corpus	(6,228)	(1,650,404)
(Increase) decrease in:		
Contribution and grant receivables	(82,950)	298,912
Inventory	(37,106)	(8,151)
Prepaid expenses	6,605	(17,138)
Increase (decrease) in:		
Accounts payable	(11,383)	(94,122)
Accrued liabilities	19,008	7,723
Unearned revenues	19,929	20,458
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(350,983)</b>	<b>992,852</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(4,741,466)	(6,105,726)
Proceeds from sales of investments	4,200,107	4,166,786
Purchases of property and equipment	(526,373)	(207,190)
<b>Net Cash Used in Investing Activities</b>	<b>(1,067,732)</b>	<b>(2,146,130)</b>
<b>Cash Flows from Financing Activities</b>		
Payments to fiscal agency	-	(79,338)
Proceeds from contributions restricted for endowment corpus	6,228	1,650,404
Proceeds from contributions restricted for investment in property	160,000	262,000
<b>Net Cash Provided by Financing Activities</b>	<b>166,228</b>	<b>1,833,066</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(1,252,487)</b>	<b>679,788</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>1,597,901</b>	<b>918,113</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 345,414</b>	<b>\$ 1,597,901</b>

*See accompanying notes to financial statements.*

# The National Nordic Museum

## Notes to Financial Statements

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### 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.

#### *Use of Estimates*

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

#### *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. Contributions that are received are recorded based on the existence and/or nature of any donor restrictions.

#### *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, activity related to the Museum's underlying investments, and depreciation and amortization. The Museum considers rental income, all capital campaign-related activity, changes in value related to split-interest agreements, and COVID-19-related government assistance to be non-operating activities.

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# The National Nordic Museum

## Notes to Financial Statements

### *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. Restricted contributions that are received and for which the restrictions are met in the same period are treated as contributions without donor restrictions. Net assets with donor restrictions consist of the following:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Net Assets with Donor Restrictions for Purpose</b>		
East Garden Improvement Project	\$ 17,824	\$ 500,000
Museum's Troll Project	4,051	68,655
Unappropriated endowment earnings	592,612	(157,632)
All others	149,364	51,536
<b>Total Net Assets with Donor Restrictions for Purpose</b>	<b>763,851</b>	<b>462,559</b>
<b>Time-Restricted Capital Campaign</b>	<b>2,980,480</b>	<b>3,555,096</b>
<b>Net Assets with Perpetual Donor Restrictions</b>		
Endowment funds (Note 8)	6,366,011	6,359,783
Beneficial interest	1,208,006	118,683
<b>Total Net Assets with Perpetual Donor Restrictions</b>	<b>7,574,017</b>	<b>6,478,466</b>
<b>Total</b>	<b>\$ 11,318,348</b>	<b>\$ 10,496,121</b>

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 ten 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.

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

<i>December 31,</i>		<b>2023</b>	<b>2022</b>
Grantor	Time (Years)		
Heritage Capital Projects Fund	13	\$ 553,396	\$ 628,012
Community Capital Projects	10	1,072,500	1,056,250
4Culture Building for Culture	10	861,250	541,667
4Culture Building for Equity	10	441,667	61,667
Building for the Arts	10	51,667	1,267,500
		<b>\$ 2,980,480</b>	<b>\$ 3,555,096</b>

# The National Nordic Museum

## Notes to Financial Statements

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### ***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* - This level consists of observable market inputs, such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

*Level 2* - This level consists of observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly.

*Level 3* - This level consists of 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 in an active market. The Museum reports its certificate of deposits at the original cost plus accrued interest. The Museum reports 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. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income (including unrealized and realized gains and losses) is reported as increases or decreases in net assets without donor restrictions unless a donor restricts their use.

### ***Contribution and Grants Receivable***

Contribution and grant receivables consist of unconditional promises to give and all are due within one year. Management determined that no allowance against contribution and grants receivable was necessary at December 31, 2023 or 2022.

### ***Promises to Give - Capital Campaign***

Promises to give - capital campaign consist of promises to give for the Museum's historic capital campaign. Receivables from two contributors represent 94% of promises to give - capital campaign at both December 31, 2023 and 2022. Management determined that no allowance against receivables was necessary at December 31, 2023 or 2022 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.

# The National Nordic Museum

## Notes to Financial Statements

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### *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 five 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.

### *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 41% and 32% of contributions and grants revenue for the years ended December 31, 2023 and 2022, respectively.

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.

The Museum also recognized revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606. The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when, or as, the entity satisfies a performance obligation.

The Museum only applies the five-step model to contracts with customers when it is probable that the Museum will collect the consideration it is entitled to in exchange for the goods and services transferred to the customer.

# The National Nordic Museum

## Notes to Financial Statements

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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.

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 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.

### ***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.

### ***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 2023 or 2022.

### ***Recent Accounting Pronouncements Adopted***

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which changes the impairment model of most financial assets and certain other instruments. For trade and other receivables; contract assets recognized as a result of applying ASC Topic 606, *Revenue from Contracts with Customers*; loans; and certain other instruments, entities will be required to use a new forward-looking “expected-loss” model that generally will result in an earlier recognition of credit losses than under today’s incurred loss model. The revised effective date is for annual periods beginning after December 15, 2022, and has been adopted using a modified retrospective approach, which applied a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. A prospective approach was required for debt securities for which an other-than-temporary impairment had been recognized before the effective date, and



# The National Nordic Museum

## Notes to Financial Statements

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loans and debt securities were acquired with deteriorated credit quality. Adoption of ASU 2016-13 did not have an impact on the financial statements of the Museum for the years ended December 31, 2023 or 2022.

### *Income Taxes*

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

### *Reclassifications*

Certain items from prior-year financial statements have been reclassified to conform to the current-year presentation. These reclassifications had no impact on net assets or changes in net assets previously reported.

### *Subsequent Events*

The Museum has evaluated subsequent events through the date these financial statements were available to be issued, which was October 16, 2024.

## 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 is presented below.

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 345,414	\$ 1,597,901
Investments	751,028	337,298
Contribution and grant receivables	203,000	120,050
Promises to give - capital campaign, net	1,059,402	1,219,402
Cash and investments - held for endowment	6,958,623	6,202,151
<b>Total Financial Assets</b>	<b>9,317,467</b>	<b>9,476,802</b>
Net assets with perpetual donor restrictions - endowment funds	(6,366,011)	(6,359,783)
Net assets with donor restrictions of purpose	(763,851)	(462,559)
Promises to give - capital campaign	(1,059,402)	(1,219,402)
<b>Financial Assets Available to Meet General Expenditures Within One Year</b>	<b>\$ 1,128,203</b>	<b>\$ 1,435,058</b>

# The National Nordic Museum

## Notes to Financial Statements

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### 3. Investments

Investments held by the Museum consist of the following:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 1,071,802	\$ 1,435,268
Certificate of deposit	499,583	-
Mutual funds:		
Equity mutual funds	2,413,007	2,886,153
Individual equities	1,733,243	1,038,193
Bond mutual funds	1,948,684	1,137,181
Bonds	43,332	42,654
<b>Total</b>	<b>\$ 7,709,651</b>	<b>\$ 6,539,449</b>

These amounts are presented as follows in the statements of financial position:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Investments	\$ 751,028	\$ 337,298
Cash and investments - held for endowment	6,958,623	6,202,151
<b>Total</b>	<b>\$ 7,709,651</b>	<b>\$ 6,539,449</b>

### 4. Promises to Give - Capital Campaign

Receivables consist of promises to give and are expected to be received as follows:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Promises to give in less than one year	\$ 367,800	\$ 477,800
Promises to give in one to five years	200,000	300,000
Promises to give in more than five years	500,000	450,000
	1,067,800	1,227,800
Discount	(8,398)	(8,398)
	\$ 1,059,402	\$ 1,219,402

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# The National Nordic Museum

## Notes to Financial Statements

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### 5. Property and Equipment

Property and equipment consist of the following:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Building and improvements	\$ 37,628,718	\$ 37,620,421
Furniture and fixtures	2,091,938	1,579,431
Equipment	811,004	805,436
	<b>40,531,660</b>	<b>40,005,288</b>
Less: accumulated depreciation and amortization	<b>(9,730,585)</b>	<b>(8,028,073)</b>
	<b>30,801,075</b>	<b>31,977,215</b>
Land and improvements	7,111,543	7,111,543
	<b>\$ 37,912,618</b>	<b>\$ 39,088,758</b>

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### 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 \$5,000 and \$4,900 during 2023 and 2022, 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.

The Museum is the beneficiary of an endowment held by the Community Foundation of Snohomish County supported by the Eldon Nysether Endowment. The Museum receives annual distributions from the endowment. The distributions bear no restrictions and are available for general operating expenses. The Nysether Endowment contributed \$1 million during 2023. The Museum received distributions of \$83,874 during 2023. The fair value is determined by the Museum's proportionate share of the investments and is stated at net asset value. The Museum cannot redeem these investments and there are no unfunded commitments.

### 7. Line of Credit

The Museum has a \$2,000,000 revolving line of credit note agreement with a bank. The line of credit is secured by the Museum's real property and matures on August 2, 2025. The line of credit has a variable interest rate calculated as one percentage point under the index as defined in the agreement, which was 6.5% as of December 31, 2023. No draws were made on the line of credit during 2023 or 2022.

### 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 GAAP, 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

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### *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

# The National Nordic Museum

## Notes to Financial Statements

be made if the current fair market value falls below 93% of the historical value of the endowment account.

### *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 GAAP, 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, 2023.

Endowment net assets consist of the following:

### *December 31, 2023*

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Corpus	
Donor-restricted endowment funds	\$ -	\$ 592,612	\$ 6,366,011	\$ 6,958,623

### *December 31, 2022*

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Corpus	
Donor-restricted endowment funds	\$ -	\$ (157,632)	\$ 6,359,783	\$ 6,202,151

Changes in endowment net assets are as follows:

### *December 31, 2023*

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Corpus	
<b>Endowment Net Assets, beginning of year</b>	\$ -	\$ (157,632)	\$ 6,359,783	\$ 6,202,151
Investment return:				
Investment income	-	184,594	-	184,594
Net appreciation (realized and unrealized)	-	565,650	-	565,650
<b>Total Investment Return</b>	-	750,244	-	750,244
Contributions and deposits	-	-	6,228	6,228
<b>Endowment Net Assets, end of year</b>	\$ -	\$ 592,612	\$ 6,366,011	\$ 6,958,623

# The National Nordic Museum

## Notes to Financial Statements

December 31, 2022

	Without Donor Restrictions	With Donor Restrictions		
		Accumulated Earnings	Corpus	Total
<b>Endowment Net Assets, beginning of year</b>	\$ -	\$ 752,189	\$ 4,709,379	\$ 5,461,568
Investment return:				
Investment income	-	155,408	-	155,408
Net appreciation (realized and unrealized)	-	(865,402)	-	(865,402)
<b>Total Investment Return</b>	-	(709,994)	-	(709,994)
Contributions and deposits	-	-	1,650,404	1,650,404
Appropriations	-	(199,827)	-	(199,827)
<b>Endowment Net Assets, end of year</b>	\$ -	\$ (157,632)	\$ 6,359,783	\$ 6,202,151