



Consolidated Financial Statements  
June 30, 2022 and 2021

# Minnesota Children's Museum and Affiliate

# Minnesota Children's Museum and Affiliate

Table of Contents  
June 30, 2022 and 2021

---

Independent Auditor's Report.....	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Cash Flows.....	6
Consolidated Statements of Functional Expenses.....	8
Notes to Consolidated Financial Statements.....	10
Independent Auditor's Report on Consolidating and Supplementary Information .....	26
Supplementary Information	
Consolidating Statement of Financial Position .....	27
Consolidating Statement of Activities.....	29



## Independent Auditor's Report

To the Board of Directors  
Minnesota Children's Museum and Affiliate  
St. Paul, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of Minnesota Children's Museum and Affiliate (the Museum), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements (financial statements) present fairly, in all material respects, the financial position of the Museum as of June 30, 2022 and 2021, 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 of 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 for 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 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.



Minneapolis, Minnesota  
November 7, 2022

# Minnesota Children's Museum and Affiliate

## Consolidated Statements of Financial Position

June 30, 2022 and 2021

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 3,527,175	\$ 3,581,001
Cash restricted for capital campaign and loan reserves	187,492	122,235
Grants and pledges receivable, net	2,028,006	1,260,454
Accounts receivable	69,540	26,212
Prepaid expenses	164,588	149,793
Operating investments	995,753	-
Endowment investments	5,719,652	5,424,417
Leveraged loan receivable	6,827,800	6,827,800
Land, building, exhibits, and equipment, net	26,855,677	27,538,986
Total assets	\$ 46,375,683	\$ 44,930,898
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 189,457	\$ 45,280
Contractors payable	89,435	44,410
Accrued compensation	545,264	578,806
Deferred revenue	1,703,371	852,983
Note payable and other debt		
PPP loan	-	992,900
Notes payable and other	115,955	115,955
New market tax credit loans	9,420,000	9,420,000
Total liabilities	12,063,482	12,050,334
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	27,405,669	27,027,481
Board-designated quasi-endowment	2,966,456	3,151,925
	30,372,125	30,179,406
With donor restrictions		
Purpose and time restricted	1,174,755	428,666
Accumulated (losses) earnings	(55,949)	491,603
Perpetual in nature	2,821,270	1,780,889
	3,940,076	2,701,158
Total net assets	34,312,201	32,880,564
Total liabilities and net assets	\$ 46,375,683	\$ 44,930,898

Minnesota Children's Museum and Affiliate  
Consolidated Statements of Activities  
Year Ended June 30, 2022

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board- Designated		
Revenue, Support, and Gains				
Museum admissions	\$ 1,323,141	\$ -	\$ -	\$ 1,323,141
Memberships	998,973	-	-	998,973
Exhibit rentals and sales	666,948	-	-	666,948
Net investment return	66,538	(458,545)	(451,266)	(843,273)
Other revenue	283,986	-	-	283,986
Grants and contributions	1,848,518	406,790	2,211,182	4,466,490
Government grants	824,444	-	-	824,444
Gross special events revenue	269,595	-	-	269,595
Less cost of direct benefit to donors	(63,431)	-	-	(63,431)
Net special events revenue	206,164	-	-	206,164
Employee Retention Credits	609,938	-	-	609,938
PPP loan forgiveness	992,900	-	-	992,900
In-kind contributions	8,477	-	-	8,477
Net assets released from restrictions pursuant to endowment spending-rate distribution formula	230,000	(133,714)	(96,286)	-
Net assets released from restrictions - other	424,712	-	(424,712)	-
Total revenue, support, and gains	<u>8,484,739</u>	<u>(185,469)</u>	<u>1,238,918</u>	<u>9,538,188</u>
Expenses and Losses				
Program service expense	6,156,375	-	-	6,156,375
Supporting services expenses	1,950,176	-	-	1,950,176
Total expenses and losses	<u>8,106,551</u>	<u>-</u>	<u>-</u>	<u>8,106,551</u>
Change in Net Assets	378,188	(185,469)	1,238,918	1,431,637
Net Assets, Beginning of Year	<u>27,027,481</u>	<u>3,151,925</u>	<u>2,701,158</u>	<u>32,880,564</u>
Net Assets, End of Year	<u>\$ 27,405,669</u>	<u>\$ 2,966,456</u>	<u>\$ 3,940,076</u>	<u>\$ 34,312,201</u>

Minnesota Children's Museum and Affiliate  
Consolidated Statements of Activities  
Year Ended June 30, 2021

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board- Designated		
Revenue, Support, and Gains				
Museum admissions	\$ 537,427	\$ -	\$ -	\$ 537,427
Memberships	979,975	-	-	979,975
Parties and events revenue	21,025	-	-	21,025
Exhibit rentals and sales	757,161	-	-	757,161
Net investment return	216	759,031	549,396	1,308,643
Other revenue	340,261	-	-	340,261
Grants and contributions	2,672,789	-	268,956	2,941,745
Government grants	15,000	-	366,145	381,145
Unemployment credit	399,566	-	-	399,566
PPP loan forgiveness	1,237,100	-	-	1,237,100
In-kind contributions	133,189	-	-	133,189
Net assets released from restriction pursuant to endowment spending-rate distribution formula	230,000	(133,714)	(96,286)	-
Net assets released from restrictions - other	717,449	-	(717,449)	-
Total revenue, support, and gains	8,041,158	625,317	370,762	9,037,237
Expenses and Losses				
Program service expense	5,584,873	-	-	5,584,873
Supporting services expenses	1,848,141	-	-	1,848,141
Total expenses and losses	7,433,014	-	-	7,433,014
Change in Net Assets	608,144	625,317	370,762	1,604,223
Net Assets, Beginning of Year	26,419,337	2,526,608	2,330,396	31,276,341
Net Assets, End of Year	\$ 27,027,481	\$ 3,151,925	\$ 2,701,158	\$ 32,880,564

## Minnesota Children's Museum and Affiliate

Consolidated Statements of Cash Flows  
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 1,431,637	\$ 1,604,223
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,636,204	1,615,263
Realized and unrealized gain on operating investments	(4,275)	(216)
Endowment net investment return	909,811	(1,308,427)
Gain on disposal of property and equipment	-	(78,800)
Capital campaign discount amortization and write-off of uncollectible pledges receivable	-	5,870
PPP loan forgiveness income	(992,900)	(1,237,100)
Changes in operating assets and liabilities		
Grants and pledges receivable	(767,552)	(647,970)
Accounts receivable	(43,328)	13,026
Other receivables	-	1,400
Prepaid expenses	(14,795)	31,906
Accounts payable	144,177	(53,013)
Contractors payable	45,025	28,114
Accrued compensation	(33,542)	2,335
Deferred revenue	850,388	(842,877)
Net Cash from (used for) Operating Activities	3,160,850	(866,266)
Investing Activities		
Purchases of property and equipment	(952,895)	(62,800)
Proceeds from sale of property and equipment	-	78,800
Purchase of operating investments	(991,478)	-
Purchase of endowment investments	(1,616,056)	(1,700,770)
Proceeds from sale investments	411,010	2,062,694
Net Cash from (used for) Investing Activities	(3,149,419)	377,924
Financing Activities		
Proceeds from issuance of debt	-	992,900
Collection of contributions restricted for capital campaign and loan reserves	-	100,768
Net Cash from Financing Activities	-	1,093,668
Net Change in Cash, Cash Equivalents, and Restricted Cash	11,431	605,326
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	3,703,236	3,097,910
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 3,714,667	\$ 3,703,236



Minnesota Children's Museum and Affiliate  
Consolidated Statements of Cash Flows  
Years Ended June 30, 2022 and 2021

---

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 3,527,175	\$ 3,581,001
Cash Restricted for Capital Campaign and Loan Reserves	<u>187,492</u>	<u>122,235</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 3,714,667</u>	<u>\$ 3,703,236</u>
Supplemental Disclosures		
Cash paid for interest	<u>\$ 149,979</u>	<u>\$ 143,021</u>

Minnesota Children's Museum and Affiliate  
Consolidated Statements of Functional Expenses  
Year Ended June 30, 2022

	Program Services			Administration	Fundraising	Total Expenses
	Experience and Outreach	Traveling Exhibit Production and Design	Total Program Services			
Salaries and Wages	\$ 2,274,391	\$ 332,493	\$ 2,606,884	\$ 661,360	\$ 331,189	\$ 3,599,433
Payroll Taxes	173,174	24,608	197,782	43,179	24,624	265,585
Employee Benefits	248,252	56,686	304,938	47,637	34,019	386,594
Accounting and Finance Service Fees	6,405	-	6,405	38,195	-	44,600
Professional Fees and Contracted Services	116,725	5,080	121,805	50,284	55,432	227,521
Other Professional Fees and Contracted Services	105,486	1,692	107,178	13,748	9,362	130,288
Maintenance/Equipment/Rent	281,371	1,750	283,121	73,974	30,063	387,158
Information Technology	43,184	4,548	47,732	19,904	643	68,279
Travel	4,944	50,701	55,645	489	52	56,186
Training/Meetings	40,981	2,159	43,140	9,284	85,755	138,179
Supplies	99,541	29,628	129,169	2,309	2,097	133,575
Postage and Shipping	19,390	32,574	51,964	1,604	5,593	59,161
Utilities	217,095	-	217,095	34,904	1,203	253,202
Printing, Photography and Graphics	45,284	2,069	47,353	902	6,759	55,014
Promotion and Advertising	90,043	14,033	104,076	11,156	1,648	116,880
Insurance	1,688	-	1,688	87,569	-	89,257
Fees/Permits/License	202,740	36,826	239,566	28,149	6,770	274,485
Legal	868	1,395	2,263	551	33	2,847
Other Expenses	(6,699)	80,000	73,301	101,129	7,673	182,103
Depreciation	1,292,479	222,791	1,515,270	120,934	-	1,636,204
 Total expenses included in the expense section on the statement of activities	 <u>\$ 5,257,342</u>	 <u>\$ 899,033</u>	 <u>\$ 6,156,375</u>	 <u>\$ 1,347,261</u>	 <u>\$ 602,915</u>	 <u>\$ 8,106,551</u>

Minnesota Children's Museum and Affiliate  
Consolidated Statements of Functional Expenses  
Year Ended June 30, 2021

	Program Services			Administration	Fundraising	Total Expenses
	Experience and Outreach	Traveling Exhibit Production and Design	Total Program Services			
Salaries and Wages	\$ 1,797,774	\$ 297,703	\$ 2,095,477	\$ 596,297	\$ 333,543	\$ 3,025,317
Payroll Taxes	362,969	62,745	425,714	80,523	30,618	536,855
Employee Benefits	208,405	63,782	272,187	32,222	37,230	341,639
Accounting and Finance Services Fees	5,250	-	5,250	37,400	-	42,650
Professional Fees and Contracted Services	17,049	2,496	19,545	257,750	7,660	284,955
Other Professional Fees and Contracted Services	80,983	628	81,611	9,036	6,719	97,366
Maintenance/Equipment/Rent	229,409	8,200	237,609	66,383	14,819	318,811
Information Technology	33,409	8,301	41,710	10,827	481	53,018
Travel	2,285	6,591	8,876	-	100	8,976
Training/Meetings	11,466	397	11,863	4,568	25,169	41,600
Supplies	161,205	14,114	175,319	1,208	3,183	179,710
Postage and Shipping	28,959	23,082	52,041	814	5,558	58,413
Utilities	221,027	32	221,059	38,083	1,212	260,354
Printing, Photography, and Graphics	31,371	1,142	32,513	1,194	1,777	35,484
Promotion and Advertising	74,568	(2,162)	72,406	11,968	1,743	86,117
Insurance	1,338	-	1,338	73,684	-	75,022
Fees/Permits/License	176,406	50,211	226,617	18,711	9,725	255,053
Exhibit Rental/Construction	80,000	-	80,000	-	-	80,000
Legal	2,064	3,512	5,576	979	27	6,582
Other Expenses	-	25,000	25,000	311	4,518	29,829
Depreciation	1,294,618	198,544	1,493,162	122,088	13	1,615,263
 Total expenses included in the expense section on the statement of activities	 <u>\$ 4,820,555</u>	 <u>\$ 764,318</u>	 <u>\$ 5,584,873</u>	 <u>\$ 1,364,046</u>	 <u>\$ 484,095</u>	 <u>\$ 7,433,014</u>

**Note 1 - Summary of Significant Accounting Policies****Organizational Purpose**

At the Minnesota Children's Museum (the Museum), the mission is sparking children's learning through play. The Museum's vision for the community is: Kids play more. Adults do, too. All families thrive as a happier, healthier, and more innovative community through the radiant power of play.

The Museum serves the community as a welcoming space for all families to engage in playful learning. Core to the Museum's mission is providing open-ended play experiences that not only delight children, but also help instill a lifelong love of learning by nurturing real-world skills children need. The Museum encourages parents to support their children's playful learning to maximize skill development in the critical early childhood years. The Museum remains committed to ensuring that all families have access to the Museum through the Play for All access program and efforts to improve the Museum's impact with families facing adversities through community partnerships. Through this work, the Museum envisions a community that grows more inclusive as families play together and learn from each other.

The Museum operates 11 galleries developed with the latest research in playful learning. The Museum is the leading producer of traveling exhibits for the children's museum industry, reaching hundreds of thousands of individuals annually. The Museum's current portfolio consists of 13 active exhibits, which are rented to children's museums, science museums, and other family-serving entities across North America. The Museum's traveling exhibit program leverages the Museum's core strength of producing engaging exhibits that foster children's learning.

The Museum's programs are categorized as follows:

Experience and Outreach – Includes all aspects of championing the power of play in the Museum's community and providing a high-quality visitor experience at the Museum. This includes admissions, memberships, field trips and other group events, special programming, safety, operations, evaluation, community partnerships, access programs, parent resources, and other work to support and encourage playful learning in the Museum and beyond.

Traveling Exhibit Production and Design – Includes exhibit maintenance for active exhibits on tour throughout North America, along with the design and production of new exhibits to build the Museum's portfolio of traveling exhibits.

In September 2015, the Museum established MCM Holdings as a nonprofit corporation to hold and manage its existing facility in downtown St. Paul. This transaction was carried out to assist with the facilitation of a new market tax credit structure in conjunction with the expansion and complete renovation of the facility as more fully described in Note 8. The facility continues to be used for the exclusive use and benefit of the Museum and the Museum is the sole voting member of MCM Holdings. As such, MCM Holdings is consolidated into the financial statements of the Museum.

### **Principles of Consolidation**

The financial statements as of and for the years ended June 30, 2022 and 2021, include the accounts of the Museum and MCM Holdings. The consolidated organizations are herein referred to as the Museum. All significant intercompany accounts and transactions have been eliminated.

### **Cash and Cash Equivalents**

The Museum considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash restricted for the Museum's capital campaign and loan reserves is reported in other assets and is not reported as part of cash and cash equivalents.

### **Grants and Pledges Receivable**

Grants and pledges that are expected to be collected within one year are recorded at their net realizable value. Grants and pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is expected to be received. Amortization of the discount is included in contribution revenue. Grants and pledges receivable in more than one year are discounted at 1.8%. Conditional pledges are not included as support until such time as the conditions are substantially met.

An allowance for uncollectible grants and pledges receivable is provided based upon management's judgment, including factors such as prior collection history, type of contribution, and nature of fundraising activity. There was an allowance for uncollectible grants and pledges as of June 30, 2022 and 2021, of approximately \$51,000 and \$5,000, respectively.

### **Accounts Receivable**

Accounts receivable are stated at unpaid balances, less any allowance for doubtful accounts. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual accounts, third-party contracts, and other circumstances which may affect the ability of clients to meet their obligations. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance, and credit to accounts receivable. Management considers all receivables to be fully collectible at year end and accordingly, an allowance for doubtful accounts has not been recorded.

### **Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term, and that such changes could materially affect the amounts reported in the statement of financial position.

### Land, Building, Exhibits, and Equipment

The Museum capitalizes land, buildings, exhibits, and equipment when the cost per item is in excess of \$1,000. Donated fixed assets are capitalized at their fair market value or appraised value. Costs of current repairs and minor replacements are charged to expense as incurred. The Museum provides for depreciation of building, exhibits, furniture, and equipment on a straight-line basis over the estimated useful lives of the assets as follows, or in the case of capitalized leased assets, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities:

Land lease	40 years
Building and improvements	40 years
Furniture and equipment	3-5 Years
Exhibits	3-10 years

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2022 and 2021.

### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a Board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Museum reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statements of activities as net assets released from restrictions.

**Revenue and Revenue Recognition**

The Museum recognizes revenue from museum admissions at the point in time its performance obligations related to services are provided. Membership dues, which are nonrefundable, are comprised of an exchange element based on the benefits received, and a contribution element for the difference. The Museum recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately. The Museum records special events revenue equal to the cost of direct benefits to donors, and contribution income for the difference.

The Museum recognized exhibit rental as performance obligations are satisfied. Performance obligations are determined based on the nature of the exhibit rental services provided by the Museum. Revenue for performance obligations satisfied over time is recognized over the agreed upon rental period. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided. The Museum determines the transaction price based on contracted rates. Payments for exhibit rental are recorded as deferred revenue in the accompanying statements of financial position until the performance obligations are met.

The Museum recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. As of June 30, 2022, the Museum had conditional promises to give of \$753,251.

**Donated Services and In-Kind Contributions**

Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received (Note 12).

**Advertising Costs**

Advertising costs are expensed as incurred and approximated \$117,000 and \$86,000 during the years ended June 30, 2022 and 2021, respectively.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include utilities and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, maintenance, information technology, insurance, and other expenses, which are allocated on the basis of estimates of time and effort. All other expenses are allocated based on actual expenses incurred.

### **Tax Exempt Status**

The Museum and MCM Holdings are organized as Minnesota nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as organizations described in Section 501(c)(3), qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), respectively, and have been determined not to be private foundations under Sections 509(a)(1) and (3), respectively. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Museum is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. MCM Holdings is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Museum and MCM Holdings believe they have appropriate support for any tax positions taken affecting their annual filing requirements, and as such, do not have any uncertain tax positions that are material to the financial statements. The Museum and MCM Holdings would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Estimates**

Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

### **Unemployment Costs Relief Credit**

The CARES Act also gave states the option to provide maximum flexibility to reimbursing employers under the state's employment insurance program. In response to this, the State of Minnesota implemented a program providing a relief credit to the Museum to offset unemployment expenses incurred during this time. During the year ended June 30, 2021, the Museum recorded a \$399,566 benefit for the relief credits received under this program which is presented in the consolidated statement of activities.

### **Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash, money market accounts, securities, and certificates of deposit with financial institutions believed by the Museum to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable, grants receivable, and promises to give is considered to be limited due to high historical collection rates, and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Museum's mission. Investments are made by diversified investment managers whose performance is monitored by the Museum and the finance committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Museum and the finance committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.



**Subsequent Events**

The Museum has evaluated subsequent events through November 7, 2022, the date the consolidated financial statements were available to be issued.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 3,527,175	\$ 3,581,001
Accounts and other receivables	36,789	26,212
Operating investments	995,753	-
Grants and pledges receivables, net	1,590,249	1,260,454
Endowment spending rate distributions and appropriations	276,000	230,000
	<u>\$ 6,425,966</u>	<u>\$ 5,097,667</u>

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds.

The Board-designated endowment of \$2,966,456 may be subject to an annual spending rate as described in Note 11. Although the Museum does not intend to spend from this Board-designated endowment, these amounts could be made available if necessary.

**Note 3 - Fair Value Measurement and Disclosures**

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

# Minnesota Children's Museum and Affiliate

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Museum's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they comprise mutual funds and fixed income funds with readily determinable fair values based on daily redemption values.

Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2022				
Fixed income	\$ 2,075,559	\$ -	\$ 2,075,559	\$ -
Equities - mutual funds	4,051,041	4,051,041	-	-
Cash and cash equivalents (at cost)	588,805	-	-	-
	\$ 6,715,405	\$ 4,051,041	\$ 2,075,559	\$ -
Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021				
Fixed income	\$ 1,168,895	\$ -	\$ 1,168,895	\$ -
Equities - mutual funds	4,176,631	4,176,631	-	-
Cash and cash equivalents (at cost)	78,891	-	-	-
	\$ 5,424,417	\$ 4,176,631	\$ 1,168,895	\$ -

# Minnesota Children's Museum and Affiliate

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

## Note 4 - Grants and Pledges Receivable

The grants and pledges receivable consist of the following as of June 30:

	2022	2021
Programs	\$ 637,548	\$ 714,589
Employee Retention Credit	609,938	-
General operating	831,745	551,136
Total grants and pledges receivable	\$ 2,079,231	\$ 1,265,725
Amount due in		
Less than one year	\$ 1,624,206	\$ 1,265,725
One to five years (discount calculated at 1.8%)	455,025	-
	2,079,231	1,265,725
Less allowance for uncollectible pledges	(51,225)	(5,271)
Grant and pledges receivable, net	\$ 2,028,006	\$ 1,260,454

At June 30, 2022, four donors accounted for 75% of total grants and pledges receivable. At June 30, 2021, three donors accounted for 84% of total grants and pledges receivable.

## Note 5 - Land, Building, Exhibits, and Equipment

The Museum has the following fixed assets as of June 30:

	2022	2021
Land	\$ 1,600,000	\$ 1,600,000
Building and improvements	29,228,000	29,092,024
Furniture and fixtures	542,396	542,396
Exhibits	13,781,256	12,544,801
Construction in progress	-	419,540
	45,151,652	44,198,761
Less accumulated depreciation	(18,295,975)	(16,659,775)
	\$ 26,855,677	\$ 27,538,986

In September 1995, the Museum opened its facility in downtown St. Paul. A portion of the construction financing was provided through public financing requiring that title to the property transfer to the City of St. Paul. The City of St. Paul and the Museum entered into a long-term lease agreement for the property to operate a children's museum. The lease was for 30 years beginning in December 1994 with the option to renew for five periods of ten years each. Rent was \$100 per year, plus minor additional amounts for insurance, assessments, and fees. The value assigned to the building was the construction costs of the facility. The portion of the lease attributed to the land had a fair market value of \$1,600,000 and was recorded as a contribution.

During the year ended June 30, 2017, the Museum substantially completed construction on the expansion and complete renovation of its facility in downtown St. Paul. A portion of the construction financing for the project was provided through public financing. In December 2015, in connection with the construction and related public financing, the Museum entered into an amended and restated lease agreement with the City of St. Paul. The new lease agreement terminated the existing lease with the Museum and established a new lease with MCM Holdings. The initial lease term is for 20 years from the completion date of the capital improvement project with options for two successive renewal terms, the first shall be for 20 years after the initial term and the second shall be the balance of the period through December 15, 2074. No rental payments are required, but the agreement is a "Net" lease and all costs and expenses attributed to the property are the responsibility of MCM Holdings. The lease contains various terms and conditions as defined in the agreement including continued operation of the facility as a museum. The additional value that was assigned to the building and improvements was the total construction costs of the expansion and renovation. The value assigned to the land is unchanged from the original lease agreement.

Construction in progress is related to the construction of the exhibits displayed in the museum or rented to other museums.

Depreciation expense, which includes the amortization of the land lease, was approximately \$1,636,000 and \$1,615,000 for the years ended June 30, 2022 and 2021, respectively.

#### **Note 6 - Line of Credit**

During 2021, the Museum entered into a \$1,200,000 line of credit with a bank, secured by cash and investments. Borrowings under the line bear interest at the LIBOR Daily Floating Rate, plus 2.375% (3.375% at June 30, 2022 and 2.462% at June 30, 2021). Accrued interest and principal are due upon demand by the bank. The borrowings on the line of credit as of June 30, 2022 and 2021, was \$0.

**Note 7 - Revenue from Contracts with Customers**

Deferred revenue consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Membership dues	\$ 525,109	\$ 375,047
Deferred exhibit income	1,031,251	346,202
Other deferred income	<u>147,011</u>	<u>131,734</u>
	<u>\$ 1,703,371</u>	<u>\$ 852,983</u>

The following table provides information about significant changes in deferred revenue for the years ended June 30, 2021 and 2020:

	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of year	\$ 852,983	\$ 1,695,860
Revenue earned from membership dues	998,973	979,975
Exhibit income earned	666,948	757,161
Other income earned	78,238	50
Collections of membership dues, exhibit and other income fees	<u>(893,771)</u>	<u>(2,580,063)</u>
Deferred revenue, end of year	<u>\$ 1,703,371</u>	<u>\$ 852,983</u>

**Note 8 - New Market Tax Credit Loans and Leveraged Loan Receivable**

During 2016, the Museum, through its MCM Holdings affiliate, embarked on a series of transactions to effectuate a new market tax credit structure to assist with construction costs for the expansion and complete renovation of its downtown St. Paul facility. Under a transaction of this kind, the long-term benefits allow for larger net proceeds than would otherwise be available under classic financing, thereby producing a public benefit greater than would otherwise be achieved. The Museum loaned funds (leveraged loan) in concert with the capital contribution of an investor into a new entity set up for this purpose. The entity then invested in Community Development Enterprises (CDEs) who loaned the funds, net of transaction costs to MCM Holdings, for use with the renovation project; thus the effect of the Museum's leveraged loan of \$6,827,800 is to effectively avail itself to approximately \$8,900,000 in funds, net of fees and transaction costs. The following sets forth more detailed information on this transaction.

In conjunction with the leveraged loan, CNMC Sub-CDE 95, LLC (CNMC) and BH New Markets Sub-CDE V, LLC (BH), collectively known as the CDEs, each made new market tax credit enhanced mortgage loans (the NMTC Loans) to MCM Holdings to finance the project.

## Minnesota Children's Museum and Affiliate

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

The CDEs received allocations of new market tax credits (NMTC) pursuant to Section 45D of the IRC in order to assist eligible businesses in making investments in certain low-income communities. The availability of NMTC allowed Chase NMTC MCM Investment Fund LLC (Chase NMTC) to invest \$3,112,200 in MCM Holdings Investment Fund (the Investment Fund). In addition, the Museum made a leveraged loan of \$6,827,800 from the proceeds of the BMO Harris Bank bridge loan and the Museum equity. The Investment Fund used the combined amount to make equity contributions of \$7,920,000 to BH, and \$1,500,000 to CNMC. The CDEs, in turn, used the contributions to make the NMTC Loans to MCM Holdings. The NMTC Loans are secured by mortgages on the property of MCM Holdings, assignment of leases and rents, and a guarantee by the Museum. MCM Holdings must also comply with various loan covenants.

The NMTC Loans mature on December 1, 2045, and principal is payable in quarterly installments commencing March 1, 2023. Interest is payable quarterly and commenced March 1, 2016, at the following interest rates:

	Principal Amounts	Interest Rate
BH	\$ 7,920,000	1.27691%
CNMC	1,500,000	1.27691%
Total new market tax credit loans	\$ 9,420,000	

Simultaneously with the NMTC transaction, MCM Holdings entered into a sublease agreement with the Museum pursuant to which the Museum will lease the Project for a period of 16 years from the lease commencement date. The lease commenced on April 1, 2017, and requires quarterly rental payments to MCM Holdings at an initial annual rate of \$155,100, increasing to an annual rate of \$568,800 throughout the lease term. The Museum has an option to renew for an additional 16-year period at a then determined fair market value lease rate. Rental payments will be used by MCM Holdings to pay the interest and principal payments on the NMTC Loans. Total rental income and expense of approximately \$428,000 and \$428,000 was recorded by MCM Holdings and the Museum, respectively, for the years ended June 30, 2022 and 2021, and is eliminated in the consolidated financial statements.

The Museum expects, in turn, to receive quarterly interest on the leveraged loan receivable at an annual interest rate of 1%. The leveraged loan receivable matures on December 31, 2045, and principal is payable in monthly installments commencing March 10, 2023. Amounts received from the Investment Fund as payment on the leveraged loan receivable will be used by the Museum to fund rental payments on the lease with MCM Holdings.

On December 13, 2022, Chase Community Equity, LLC (100% owner of Chase NMTC) has a right and option, but not an obligation, for a period of 90 days, to require the Museum to purchase all of Chase Community Equity, LLC's interest in the Investment Fund for a put exercise price of \$1,000. If the put is not exercised, then the Museum has the right to purchase Chase Community Equity, LLC's interest in the Investment Fund at an amount equal to the fair market value of Chase Community Equity, LLC's interest in the Investment Fund.

**Note 9 - Notes Payable**

Notes payable consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
1.00% Payroll Protection Program (PPP) loan, due in monthly installments of \$16,972 starting in August 2021, including interest to February 2026, unsecured. (1)	\$ -	\$ 992,900
2.00% Note Payable to Venn Foundation, interest is due in annual installments of \$2,319 starting in November 2020, with two equal principal payments at November 2024 and May 2025, unsecured.	<u>115,955</u>	<u>115,955</u>
	<u>\$ 115,955</u>	<u>\$ 1,108,855</u>

(1) The Museum was granted a \$992,900 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Museum initially recorded a note payable and subsequently recorded the forgiveness when the loan was legally released by SBA. The Museum has recognized \$992,900 of loan forgiveness income for the year ended June 30, 2022.

Future maturities of long-term debt are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ -
2024	-
2025	115,955
2026	-
2027	-
	<u>\$ 115,955</u>

Interest for the years ended June 30, 2022 and 2021, consists of interest expense of approximately \$150,000 and \$143,000, respectively.

**Note 10 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
Subject to the passage of time	\$ 1,055,000	\$ 115,000
Subject to satisfaction of purpose restriction		
Future educational programs	119,755	313,666
	1,174,755	428,666
<b>Endowments</b>		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Available for general use	(55,949)	491,603
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
General use	2,821,270	1,780,889
Total endowments	2,765,321	2,272,492
	\$ 3,940,076	\$ 2,701,158

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of the passage of time, or other events specified by donors as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Expiration of time restrictions	\$ 165,000	\$ 170,200
Satisfaction of purpose restrictions		
Educational programs	259,712	547,249
Restricted-purpose spending rate distributions and appropriations		
General use	96,286	96,286
	\$ 520,998	\$ 813,735



**Note 11 - Endowments**

The Museum's endowment consists of funds established by the donors to provide annual funding for general operations. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (the UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Museum retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts, including promises to give at fair value) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by the UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Museum has interpreted the UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2021, there were no underwater endowments. At June 30, 2022, funds with original gift values of \$2,809,145, fair values of \$2,753,196, and deficiencies of \$55,949 were reported in net assets with donor restrictions.

**Investment Objectives and Strategies**

The Museum has adopted an investment policy to provide guidelines for investing endowment assets. Under this policy, the primary investment objective is achieving real growth in invested capital consistent with preservation of capital, maintenance of liquidity, and obtaining the best total return while minimizing market and investment risk. As of June 30, 2022 and 2021, these assets are invested in an endowment fund at Bank of America and are allocated to three major asset classes including cash and cash equivalents, fixed income securities, and mutual funds.

## Minnesota Children's Museum and Affiliate

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

### Spending Policy

The Museum has a policy of appropriating for distribution each year approximately 3.0% to 5.0% of its endowment fund's 12-quarter trailing average fair value.

Changes in Endowment net assets for the years ended June 30, 2022 and 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	\$ 3,151,925	\$ 2,272,492	\$ 5,424,417
Net investment return	(458,545)	(451,266)	(909,811)
Contributions	406,790	1,040,381	1,447,171
Appropriation of endowment assets pursuant to spending-rate policy	-	(96,286)	(96,286)
Distributions from board-designated endowment pursuant to distribution policy	(133,714)	-	(133,714)
Endowment net assets, June 30, 2022	\$ 2,966,456	\$ 2,765,321	\$ 5,731,777
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2020	\$ 2,526,608	\$ 1,819,382	\$ 4,345,990
Net investment return	759,031	549,396	1,308,427
Appropriation of endowment assets pursuant to spending-rate policy	-	(96,286)	(96,286)
Distributions from board-designated endowment pursuant to distribution policy	(133,714)	-	(133,714)
Endowment net assets, June 30, 2021	\$ 3,151,925	\$ 2,272,492	\$ 5,424,417

### Note 12 - In-Kind Contributions

The Museum records in-kind contributions at fair market value at the date of donation. In-kind contributions expended or capitalized are as follows for the year ended June 30, 2022:

	Program Services	Administration	Fundraising	Total
Services	\$ 8,477	\$ -	\$ -	\$ 8,477
	\$ 8,477	\$ -	\$ -	\$ 8,477

## Minnesota Children's Museum and Affiliate

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

In-kind contributions expended or capitalized are as follows for the year ended June 30, 2021:

	Program Services	Administration	Fundraising	Total
Services	\$ 2,000	\$ 3,900	\$ -	\$ 5,900
Printing/advertising	27,289	-	-	27,289
Supplies	100,000	-	-	100,000
	\$ 129,289	\$ 3,900	\$ -	\$ 133,189

### Note 13 - Leased Store and Food Court Revenue

MCM Holdings leased space to an organization that is paying a royalty ranging from 10% to 20% based on gross revenues generated from gift store sales, food service, vending, and catering operated by the tenant. The term of the agreement is from June 2017 to June 2027, with options for two additional five-year terms. Either party may terminate the lease agreement upon 90 days written notice. Royalty revenue was approximately \$18,500 and \$0 for the years ended June 30, 2022 and 2021, respectively, and is included in other revenue in the consolidated statement of activities.

### Note 14 - Retirement Plan

The Museum established a defined contribution retirement plan under Section 403(b) of the IRC. The plan covers all employees who meet eligibility requirements and elect to participate in the plan. The Museum will match 100% of the employee's contributions up to a maximum of 3% of the employee's compensation. The retirement plan expense was approximately \$69,500 and \$60,000 for the years ended June 30, 2022 and 2021, respectively.

### Note 15 - Related Party Transactions

Pledge commitments commonly span multiple years. Total contributions received from Board members for the years ended June 30, 2022 and 2021, was approximately \$170,000 and \$131,000, respectively.



Supplementary Information  
June 30, 2022

# Minnesota Children's Museum and Affiliate



## Independent Auditor's Report on Consolidating and Supplementary Information

The Board of Directors  
Minnesota Children's Museum and Affiliate  
St. Paul, Minnesota

We have audited the consolidated financial statements of Minnesota Children's Museum and Affiliate (the Museum) as of and for the year ended June 30, 2022, and our report thereon dated November 7, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information on pages 27 through 29 is presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position and results of activities of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information on pages 27 through 29 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads 'Eide Bailly LLP'.

Minneapolis, Minnesota  
November 7, 2022

Minnesota Children's Museum and Affiliate  
Consolidating Statement of Financial Position  
June 30, 2022

	Minnesota Children's Museum	MCM Holdings	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 3,527,175	\$ -	\$ -	\$ 3,527,175
Cash restricted for capital campaign and loan reserves	187,492	-	-	187,492
Grants and pledges receivable, net	2,028,006	-	-	2,028,006
Accounts receivable	69,540	-	-	69,540
Prepaid expenses	164,588	-	-	164,588
Deferred rent	-	1,329,506	(1,329,506)	-
Operating investments	995,753	-	-	995,753
Endowment investments	5,719,652	-	-	5,719,652
Leveraged loan receivable	6,827,800	-	-	6,827,800
Land, building, exhibits, and equipment, net	7,228,651	19,627,026	-	26,855,677
Due from (to) related party	(314,695)	314,695	-	-
	<u>\$ 26,433,962</u>	<u>\$ 21,271,227</u>	<u>\$ (1,329,506)</u>	<u>\$ 46,375,683</u>

Minnesota Children's Museum and Affiliate  
Consolidating Statement of Financial Position  
June 30, 2022

	Minnesota Children's Museum	MCM Holdings	Eliminations	Total
<b>Liabilities and Net Assets</b>				
Accounts payable	\$ 189,457	\$ -	\$ -	\$ 189,457
Contractors payable	78,655	10,780	-	89,435
Accrued compensation	545,264	-	-	545,264
Deferred revenue	1,703,371	-	-	1,703,371
Deferred rent	1,329,506	-	(1,329,506)	-
Notes payable and other debt				
Notes payable and other	115,955	-	-	115,955
New market tax credit loans	-	9,420,000	-	9,420,000
<b>Total liabilities</b>	<b>3,962,208</b>	<b>9,430,780</b>	<b>(1,329,506)</b>	<b>12,063,482</b>
<b>Net Assets</b>				
<b>Without donor restrictions</b>				
Undesignated	15,565,222	11,840,447	-	27,405,669
Board-designated quasi-endowment	2,966,456	-	-	2,966,456
	<b>18,531,678</b>	<b>11,840,447</b>	<b>-</b>	<b>30,372,125</b>
<b>With donor restrictions</b>				
Purpose and time restricted	1,174,755	-	-	1,174,755
Accumulated earnings	(55,949)	-	-	(55,949)
Perpetual in nature	2,821,270	-	-	2,821,270
	<b>3,940,076</b>	<b>-</b>	<b>-</b>	<b>3,940,076</b>
<b>Total net assets</b>	<b>22,471,754</b>	<b>11,840,447</b>	<b>-</b>	<b>34,312,201</b>
<b>Total liabilities and net assets</b>	<b>\$ 26,433,962</b>	<b>\$ 21,271,227</b>	<b>\$ (1,329,506)</b>	<b>\$ 46,375,683</b>

Minnesota Children's Museum and Affiliate  
Consolidating Statement of Activities  
Year Ended June 30, 2022

	Minnesota Children's Museum	MCM Holdings	Eliminations	Total
Revenue, Support, and Gains				
Museum admissions	\$ 1,323,141	\$ -	\$ -	\$ 1,323,141
Memberships	998,973	-	-	998,973
Exhibit rentals and sales	666,948	-	-	666,948
Net investment return	(843,273)	-	-	(843,273)
Other revenue	156,113	556,348	(428,475)	283,986
Grants and contributions	4,466,490	-	-	4,466,490
Government grants	824,444	-	-	824,444
Gross special events revenue	269,595	-	-	269,595
Less cost of direct benefit to donors	(63,431)	-	-	(63,431)
Net special events revenue	206,164	-	-	206,164
Employee Retention Credit	609,938	-	-	609,938
PPP loan forgiveness	992,900	-	-	992,900
In-kind contributions	8,477	-	-	8,477
	<u>9,410,315</u>	<u>556,348</u>	<u>(428,475)</u>	<u>9,538,188</u>
Total revenue, support, and gains				
Expenses and Losses				
Program service expense	5,466,028	1,118,822	(428,475)	6,156,375
Supporting services expenses	1,950,176	-	-	1,950,176
	<u>7,416,204</u>	<u>1,118,822</u>	<u>(428,475)</u>	<u>8,106,551</u>
Total expenses and losses				
Change in Net Assets	1,994,111	(562,474)	-	1,431,637
Net Assets, Beginning of Year	<u>20,477,643</u>	<u>12,402,921</u>	<u>-</u>	<u>32,880,564</u>
Net Assets, End of Year	<u>\$ 22,471,754</u>	<u>\$ 11,840,447</u>	<u>\$ -</u>	<u>\$ 34,312,201</u>