

Financial Statements and Report of
Independent Certified Public
Accountants

The Jewish Museum

June 30, 2021,
with summarized comparative financial information
for the year ended June 30, 2020

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GRANT THORNTON LLP

757 Third Avenue, 9th Floor
New York, NY 10017-2013

D +1 212 599 0100

F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
The Jewish Museum

We have audited the accompanying financial statements of The Jewish Museum (the "Museum"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Museum as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matter

The financial statements of The Jewish Museum as of and for the year ended June 30, 2020 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2020 financial statements in their report dated November 16, 2020. The accompanying summarized comparative information as of and for the year ended June 30, 2020 was derived from the 2020 financial statements audited by those other auditors. Accordingly, we do not express an opinion or any other form of assurance on it.

Grant Thornton LLP

New York, New York
May 12, 2022

The Jewish Museum

STATEMENT OF FINANCIAL POSITION

As of June 30, 2021,
with comparative financial information as of June 30, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 6,135,985	\$ 6,401,546
Contributions and grants receivable, net (Note 6)	1,674,382	7,363,548
Other assets	2,181,257	2,618,792
Investments (Note 4)	142,271,256	109,313,601
Fixed assets, net (Note 8)	17,958,552	18,831,837
Collections	-	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 170,221,432</u>	<u>\$ 144,529,324</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,748,021	\$ 1,068,031
Accrued compensation	646,226	469,601
Lease obligations (Note 14)	76,646	-
Line of credit (Note 9)	2,984,051	5,000,000
Payroll Protection Program (PPP) loan payable (Note 9)	2,107,227	2,107,227
Annuities payable	935,135	998,106
	<u> </u>	<u> </u>
Total liabilities	<u>8,497,306</u>	<u>9,642,965</u>
Net assets (Notes 12 and 13):		
Without donor restrictions	64,098,850	54,308,891
With donor restrictions	97,625,276	80,577,468
	<u> </u>	<u> </u>
Total net assets	<u>161,724,126</u>	<u>134,886,359</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 170,221,432</u>	<u>\$ 144,529,324</u>

The accompanying notes are an integral part of this financial statement.

The Jewish Museum

STATEMENT OF ACTIVITIES

For the year ended June 30, 2021,
with summarized comparative financial totals for the year ended June 30, 2020

	Without Donor Restrictions			With Donor Restrictions	Total	
	Operating	Board- Designated for Endowment	Total	Total	2021	2020
Revenues, gains, and other support:						
Contributions and grants	\$ 4,922,186	\$ -	\$ 4,922,186	\$ 4,740,556	\$ 9,662,742	\$ 12,862,537
Net investment return	19,811	12,900,630	12,920,441	20,733,871	33,654,312	4,420,317
Admissions, tour fees, and ticket sales	118,803	-	118,803	-	118,803	611,366
Memberships	755,270	-	755,270	-	755,270	812,107
Fundraising events, net of expenses of \$1,222,157 in 2021 and \$1,462,852 in 2020	1,203,274	-	1,203,274	-	1,203,274	416,954
Museum shop	1,007,672	-	1,007,672	-	1,007,672	1,181,909
Other revenues	49,063	-	49,063	-	49,063	249,877
Net assets released from restrictions	10,232,829	(2,351,840)	7,880,989	(7,880,989)	-	-
Total revenues, gains, and other support	18,308,908	10,548,790	28,857,698	17,593,438	46,451,136	20,555,067
Expenses (Note 7):						
Program services:						
Curatorial, collections, and exhibitions	8,739,714	-	8,739,714	-	8,739,714	9,700,993
Education, media, and public programs	2,801,346	-	2,801,346	-	2,801,346	3,386,822
Museum shop	1,522,004	-	1,522,004	-	1,522,004	2,000,642
Other	2,792	-	2,792	-	2,792	73,694
Total program services	13,065,856	-	13,065,856	-	13,065,856	15,162,151
Supporting services:						
Management and general	3,205,792	-	3,205,792	-	3,205,792	3,661,340
Fundraising:						
Development	2,114,599	-	2,114,599	-	2,114,599	2,293,882
Membership	681,492	-	681,492	-	681,492	749,170
Total fundraising	2,796,091	-	2,796,091	-	2,796,091	3,043,052
Total supporting services	6,001,883	-	6,001,883	-	6,001,883	6,704,392
Total expenses	19,067,739	-	19,067,739	-	19,067,739	21,866,543
Change in net assets before changes related to collection items not capitalized	(758,831)	10,548,790	9,789,959	17,593,438	27,383,397	(1,311,476)
Collection items purchased but not capitalized (Note 2)	-	-	-	(545,630)	(545,630)	(319,428)
Change in net assets	(758,831)	10,548,790	9,789,959	17,047,808	26,837,767	(1,630,904)
Net assets at beginning of year	10,450,670	43,858,221	54,308,891	80,577,468	134,886,359	136,517,263
Net assets at end of year	\$ 9,691,839	\$ 54,407,011	\$ 64,098,850	\$ 97,625,276	\$ 161,724,126	\$ 134,886,359

The accompanying notes are an integral part of this financial statement.

The Jewish Museum

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021,
with comparative financial information for June 30, 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 26,837,767	\$ (1,630,904)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	1,867,939	2,188,867
Net realized and unrealized gains on investments	(35,228,230)	(4,098,332)
Purchase of collection items	545,630	319,428
In-kind contribution	-	(207,725)
Contribution revenue donor-restricted for endowments and capital projects	(3,644,222)	(2,273,800)
Change in actuarial value of annuities payable	118,685	50,625
Changes in other assets and liabilities:		
Decrease in contributions and grants receivable, excluding portions donor-restricted for endowments and capital projects	4,048,388	297,148
Decrease (increase) in other assets	437,535	(516,292)
Increase in accounts payable and accrued expenses	679,990	230,243
Increase (decrease) in accrued compensation	176,625	(65,374)
	<u>(4,159,893)</u>	<u>(5,706,116)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Purchase of investments	(79,849,946)	(40,835,075)
Proceeds from sale of investments	92,924,888	44,929,769
Fixed asset acquisitions	(873,285)	(667,613)
Collection items purchased but not capitalized	(545,630)	(319,428)
	<u>11,656,027</u>	<u>3,107,653</u>
Net cash provided by investing activities		
Cash flows from financing activities:		
Proceeds from contributions donor-restricted for endowments and capital projects	5,285,000	1,025,000
Proceeds from finance lease obligations	240,681	-
Principal payments on finance lease obligations	(164,035)	-
Payment of annuities	(181,656)	(182,104)
Borrowings of PPP loan payable	-	2,107,227
Drawdown of line of credit	(2,015,949)	4,000,000
	<u>3,164,041</u>	<u>6,950,123</u>
Net cash provided by financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,660,175	4,351,660
Cash, cash equivalents, and restricted cash at beginning of year	<u>8,869,785</u>	<u>4,518,125</u>
Cash, cash equivalent, and restricted cash at end of year	<u>\$ 19,529,960</u>	<u>\$ 8,869,785</u>
Reconciliation of cash, cash equivalent, and restricted cash reported on the statement of financial position that total to the amounts above:		
Cash and cash equivalents	\$ 6,135,985	\$ 6,401,546
Restricted cash, included in investments	13,393,975	2,468,239
	<u>\$ 19,529,960</u>	<u>\$ 8,869,785</u>
Total cash, cash equivalent, and restricted cash shown above		
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 77,491</u>	<u>\$ 61,306</u>

The accompanying notes are an integral part of this financial statement.

The Jewish Museum
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 - NATURE AND PURPOSE OF ORGANIZATION

The Jewish Museum (the “Museum”), located at 1109 Fifth Avenue and One East 92nd Street, New York, New York, is dedicated to the enjoyment, understanding, and preservation of the artistic and cultural heritage of the Jewish people through its unparalleled collection, distinguished exhibitions, and related education programs. Using art and artifacts that embody the diversity of the Jewish experience from ancient to present times throughout the world, the Museum strives to be a source of inspiration and shared human values for people of all religious and cultural backgrounds, while serving as a special touchstone of identity for Jewish people. As a vital cultural resource for New York residents and visitors of all ages, the Museum also reaches out to national and international communities as it interprets and preserves Jewish art and culture for current and future generations. The Museum is an accredited member of the American Alliance of Museums.

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

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic and consequently, the Museum was closed to the public in accordance with New York State executive orders and guidance related to the pandemic. On September 24, 2020, the Museum reopened to visitors in accordance with New York State safety guidance and directives, including attendance capacity limitations. The Museum has updated its forecasted financial results based on its best estimates taking into consideration the impacts and uncertainties related to the COVID-19 pandemic. The Museum believes it will continue to meet its obligations as they come due. Although the Museum cannot estimate the ultimate length or severity of the impact of the COVID-19 outbreak at this time, the impact of these uncertainties may be material to the Museum’s results of future operations, financial position, and liquidity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Net Asset Classifications

The Museum classifies its net assets and revenues, gains, and losses based on the existence or absence of donor-imposed restrictions as follows:

Net Assets without Donor Restrictions: Net assets that are not subject to any donor-imposed stipulations or the donor-imposed restrictions have expired. However, the Board of Trustees may choose to designate such funds for particular uses. The change in operating net assets excludes investment return allocated to Board-designated assets, which is reflected within the Board-designated for endowment fund.

Net Assets with Donor Restrictions: Certain net assets that are subject to donor-imposed restrictions either for use during a specified time period and/or for a particular purpose are temporary in nature. When a donor-imposed restriction is fulfilled or when a time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Other net assets with donor restrictions that are subject to donor-imposed restrictions whereby the corpus must be maintained in perpetuity by the Museum, allow the Museum to use all or part of the income earned on related investments for general purposes or donor-restricted purposes.

Revenue is reported as increases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimate is the valuation of investments.

Tax Status

The Museum follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Museum is exempt from federal income tax under Internal Revenue Code (the “Code”) Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Museum has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Museum has determined that there are no material uncertain tax positions that require recognition or disclosure in its financial statements. In addition, the Museum has not recorded a provision for income taxes, as it has no material tax liability from unrelated business income activities.

Functional Allocation of Expenses

The costs of providing services have been summarized on a functional basis. Accordingly, certain administrative, marketing, and building costs have been allocated among the programs and supporting services benefited. Marketing is primarily allocated to program activities. Expenses for plant, equipment, and building depreciation are allocated based on square footage used to support each function. Salary and administrative expenses are allocated based on direct conduct or direct supervision of programmatic purposes.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less, excluding amounts whose use is limited under trust agreements, and funds held for long-term investment purposes.

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Investments

Investments in equity securities with readily determinable fair values are reported at fair value based upon quoted market prices or published net asset value ("NAV") if invested in funds similar to mutual funds. Investments in debt securities are measured using quoted market prices.

The Museum's alternative investments, which do not have readily determined fair values, are reported in the financial statements based upon the underlying NAV per share or its equivalent as a practical expedient, which is estimated at fair value by the fund manager or general partner in a manner consistent with U.S. GAAP for investment companies. The Museum reviews and evaluates the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the NAV of these investments. These estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Revenue Recognition

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Museum recognizes revenue when control of the promised goods or services is transferred to the Museum's outside parties in an amount that reflects the consideration the Museum expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Museum recognizes contracts with customers as goods or services are transferred or provided in accordance with ASC 606.

The Museum has multiple revenue sources that are accounted for as exchange transactions, including admissions, memberships, fundraising events, and museum shop sales. Revenue related to admissions, fundraising events, and museum shop sales is recognized in the period that the sale or event occurs. Revenue related to memberships is recognized ratably over the term of the membership.

The Museum recognizes revenue from contributions in accordance with Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). In accordance with ASU 2018-08, the Museum evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Museum applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Museum evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Museum is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The Museum records cash and unconditional promises to give as revenue in the period received. Unconditional contributions are recorded at the net present value of the amounts expected to be collected. Conditional contributions are recognized as revenue when the conditions (i.e., barriers) on which they depend have been met.

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

The Museum records unconditional contributions as donor restricted revenue (i.e., net assets with donor restrictions) if they are received with donor stipulations that limit their use either through purpose or time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, restricted net assets are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from restrictions.

The Museum benefits from volunteers who provide administrative support to various Museum programs. Such contributed services do not meet the criteria for recognition of contributed services as defined by U.S. GAAP and, accordingly, are not reflected in the accompanying financial statements.

Fixed Assets, Net

Fixed assets are stated at cost, less accumulated depreciation or amortization, computed using the straight-line method. Leasehold improvements are amortized using the straight-line method over the life of the lease or useful life of the asset, whichever is shorter. All other fixed assets are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 4 to 40 years.

Collection

Collection objects are not recognized as assets in the accompanying statement of financial position. Collection objects donated to the Museum are not recorded for financial accounting purposes and, accordingly, are not included as revenue in the statement of activities. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired. Proceeds from deaccessions are reflected as increases in the appropriate net asset class (generally, net assets with donor restrictions).

Annuities Payable

Charitable gift annuities are recorded in contribution revenue at the date the assets are received after recording liabilities for the actuarial present value of the estimated payments to be made to donors and/or other donor-stipulated beneficiaries. Such contributions are recorded as increases in net assets without donor restrictions, unless received with donor restrictions. The liabilities are adjusted annually for changes in the value of the assets and changes in the estimates for future benefits. The adjustments are recorded as a change in value of split-interest agreements and recorded in contributions in the accompanying statement of activities.

New Accounting Pronouncements

The FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the guidance for contributions received and contributions made. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Museum adopted ASU No. 2018-08 for the year ended June 30, 2020. The Museum notes that there was no material impact of adopting this guidance on its financial statements.

The FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*, the amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. In many cases, the end-of-period total per the statement of cash flows may no

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

longer agree to the cash and cash equivalents line item on the face of the statement of financial position. The Museum adopted ASU No. 2016-18 for the year ended June 30, 2020. The adoption of this ASU resulted in the inclusion of restricted cash of \$13,393,975 and \$2,468,239 in fiscal year 2021 and 2020, respectively, in the total cash, cash equivalent, and restricted cash of the statement of cash flows.

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 provides guidance based on the principle that revenue is recognized at the amount expected to be collected, which the entity expects to be entitled in exchange for the transfer of goods or services. The guidance can be adopted either retrospectively or with cumulative-effect adjustment as of the date of adoption. The Museum adopted ASU No. 2014-09 for the year ended June 30, 2021. The Museum notes that there was no material impact of adopting this guidance on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires the recognition of rights and obligations arising from lease contracts - existing and new arrangements - as right-of-use assets and lease liabilities on the statement of financial position. The Museum adopted ASU 2016-02, as amended, as of July 1, 2020, using a modified retrospective transition method. The lease standard did not materially impact the Museum's changes in net assets and had no impact on cash flows. Refer to Note 14 for further details.

The FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This guidance is an amendment to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit entities, as well as the amount of those contributions used in a not-for-profit entity's program and other activities. The Museum is currently evaluating the impact of this ASU and expects to apply it retrospectively for the year ending June 30, 2022.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Museum's financial statements as of and for the year ended June 30, 2020, from which the summarized financial information was derived.

NOTE 3 - AFFILIATED ORGANIZATION

The Museum was created as a separate legal entity in 1952; however, the Museum remains under the auspices of The Jewish Theological Seminary of America (the "Seminary"), its founding organization.

In 1904, the Museum was established with a gift of Judaica made to the Seminary. In 1947, Museum operations were moved to the Warburg Mansion, a building at 1109 Fifth Avenue, New York, New York. The Seminary and the Museum have agreed that general management, programmatic, and artistic decision making of the Museum resides with the Museum Board and its professional staff.

It is the responsibility of the Museum to maintain and preserve the collection and the original building (located at 1109 Fifth Avenue). A major renovation and expansion was undertaken by the Museum and completed in 1990. An agreement between the Museum and the Seminary dictates that if the building is sold, proceeds from the sale would be split evenly between the Museum and the Seminary. The Museum separately owns a neighboring townhouse at One East 92nd Street, which is not subject to any revenue sharing agreement with the Seminary.

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE 4 - INVESTMENTS

The Museum follows guidance with respect to accounting and reporting for the fair value of its financial assets and liabilities. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure and report fair value. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between participants on the measurement date. Fair value reporting requires an organization to determine the unit of account, the mechanism of a hypothetical transfer, and the appropriate markets for the asset or liability being measured.

The guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities' own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure and report fair value.

The following describes the hierarchy of inputs used to measure and report fair value and the primary valuation methodologies used by the Museum for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1 - Quoted prices in active markets that the Museum has the ability to access for identical assets and liabilities for which significant observable inputs exist. Market price data is generally obtained from exchange or dealer markets. The Museum does not adjust the quoted price for such assets and liabilities. Investments included in Level 1 may include certain equity and fixed income securities, registered mutual funds and exchange-traded funds.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the respective asset or liability. This includes use of model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Inputs are obtained from various sources, including market participants, dealers and brokers.
- Level 3 - Unobservable inputs, as they trade infrequently or not at all, that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors. The Museum considers observable data to be that market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is, therefore, based

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

upon the pricing transparency of the instrument and does not necessarily correspond to the Museum's perceived risk of that investment.

The following table prioritizes the inputs used to report the fair value of the Museum's investments within the hierarchy levels discussed above as of June 30, 2021.

	2021		
	Total	Level 1	NAV
Short-term investments	\$ 20,535,959	\$ 20,535,959	\$ -
Fixed-income mutual funds	11,554,480	11,554,480	-
U.S. government and agency bonds	561,890	561,890	-
Domestic common stock	30,239,803	30,239,803	-
International common stock	1,148,258	1,148,258	-
Equity investment funds	31,271,123	-	31,271,123
Long/short investment funds	46,959,743	-	46,959,743
Total investments	<u>\$ 142,271,256</u>	<u>\$ 64,040,390</u>	<u>\$ 78,230,866</u>

At June 30, 2021, alternative investment funds included in the Museum's investment portfolio, measured at NAV, are redeemable based on the following terms and conditions:

Category of Investment	Number of Funds	Fair Value Determined Using NAV at June 30, 2021	Redemption Terms, as Percentage of Total NAV	Redemption Terms and Restrictions
Equity investment funds	5	\$ 31,271,123	10.52%	1 year lock-up, redeem quarterly, with 45-day written notice
			12.95%	3 year lock-up, redeem up to 5% annually, with 90-day written notice
			0.00%	Redeem monthly, with 20-day written notice
			7.42%	Redeem monthly, with 30-day written notice
			0.08%	Redeem monthly, with 60-day written notice
			9.00%	Redeem quarterly, with 60-day written notice
Investment funds (debt and equity securities) long/short	8	46,959,743	8.59%	Redeem monthly, with 30-day written notice
			22.32%	Redeem quarterly, with 30-day written notice
			0.78%	Redeem quarterly, with 45-day written notice
			8.52%	Redeem quarterly, with 60-day written notice
			19.82%	Redeem quarterly, with 90-day written notice
Total alternative investments:	<u>13</u>	<u>\$ 78,230,866</u>	<u>100.00%</u>	

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

The following table prioritizes the inputs used to report the fair value of the Museum's investments within the hierarchy levels discussed above as of June 30, 2020.

	2020			
	Total	Level 1	Level 2	NAV
Short-term investments	\$ 9,701,492	\$ 9,701,492	\$ -	\$ -
Fixed-income mutual funds	6,089	6,089	-	-
U.S. government and agency bonds	12,524,989	12,524,989	-	-
Corporate bonds	564,736	-	564,736	-
Auction rate securities	230,250	-	230,250	-
Domestic common stock	28,742,665	28,742,665	-	-
International common stock	278,097	278,097	-	-
Equity investment funds	22,679,820	-	-	22,679,820
Long/short investment funds	34,585,463	-	-	34,585,463
Total investments	\$ 109,313,601	\$ 51,253,332	\$ 794,986	\$ 57,265,283

At June 30, 2020, alternative investment funds included in the Museum's investment portfolio, measured at NAV, are redeemable based on the following terms and conditions:

Category of Investment	Number of Funds	Fair Value Determined Using NAV at June 30, 2020	Redemption Terms, as Percentage of Total NAV	Redemption Terms and Restrictions
Equity investment funds	6	\$ 22,679,820	10.24%	1 year lock-up, redeem quarterly, with 45-day written notice
			10.78%	3 year lock-up, redeem up to 5% annually, with 90-day written notice
			4.58%	Redeem monthly, with 20-day written notice
			4.36%	Redeem monthly, with 30-day written notice
			0.09%	Redeem monthly, with 60-day written notice
			9.55%	Redeem quarterly, with 60-day written notice
Investment funds (debt and equity securities) long/short	6	34,585,463	10.02%	Redeem monthly, with 30-day written notice
			22.93%	Redeem quarterly, with 30-day written notice
			9.99%	Redeem quarterly, with 45-day written notice
			8.73%	Redeem quarterly, with 60-day written notice
			8.73%	Redeem quarterly, with 90-day written notice
Total alternative investments:	12	\$ 57,265,283	100.00%	

Alternative Investment Funds: These alternative investment funds invest in equity, fixed income, and derivatives and other investments and vary their investment strategies in response to changing market opportunities. At June 30, 2021 and 2020, the Museum had no outstanding commitments to invest in any alternative investment funds.

The Museum's investment portfolio includes charitable gift annuities of \$1,092,130 and \$1,087,662 at June 30, 2021 and 2020, respectively. There were no Level 3 investments in 2021 or 2020.

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Investment return and its classification in the statement of activities for the year ended June 30, 2021 follows:

	Net Assets Without Donor Restrictions		Net Assets with Donor Restrictions	2021 Total
	Operations	Board-Designated for Endowment		
Investment return on endowment investments:				
Dividends and interest	\$ -	\$ 135,403	\$ 215,666	\$ 351,069
Realized gains	-	4,044,121	6,441,358	10,485,479
Unrealized gains	-	9,465,815	15,076,874	24,542,689
Less: Advisory and custody fees	-	(744,709)	(1,186,151)	(1,930,860)
Total investment return on endowment investments	-	12,900,630	20,547,747	33,448,377
Investment return on non-endowment and other investments:				
Dividends and interest	236	-	22,439	22,675
Realized gains	19,750	-	39,582	59,332
Unrealized gains	-	-	140,730	140,730
Less: Advisory and custody fees	(175)	-	(16,627)	(16,802)
Total investment return on non-endowment and other investments	19,811	-	186,124	205,935
Total investment return, net	\$ 19,811	\$ 12,900,630	\$ 20,733,871	\$ 33,654,312

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Investment return and its classification in the statement of activities for the year ended June 30, 2020 follows:

	Net Assets Without Donor Restrictions		Net Assets with Donor Restrictions	2020 Total
	Operations	Board-Designated for Endowment		
Investment return on endowment investments:				
Dividends and interest	\$ -	\$ 530,890	\$ 758,577	\$ 1,289,467
Realized gains	-	209,048	298,704	507,752
Unrealized gains	-	1,468,222	2,097,909	3,566,131
Less: Advisory and custody fees	-	(410,580)	(586,668)	(997,248)
Total investment return on endowment investments	-	1,797,580	2,568,522	4,366,102
Investment return on non-endowment and other investments:				
Dividends and interest	12,098	-	30,901	42,999
Realized gains	-	-	19,555	19,555
Unrealized gains	125	-	4,769	4,894
Less: Advisory and custody fees	(175)	-	(13,058)	(13,233)
Total investment return on non-endowment and other investments	12,048	-	42,167	54,215
Total investment return, net	\$ 12,048	\$ 1,797,580	\$ 2,610,689	\$ 4,420,317

NOTE 5 - AVAILABILITY OF FINANCIAL ASSETS

The Museum develops its budget each year with the goal of operating with a balanced budget. A substantial portion of annual revenue is comprised of contributions and grants raised during each year and revenue from other sources earned during the year. The Museum considers its general expenditures to consist of all expenses related to its ongoing program activities (curatorial, collections and exhibitions, education, media and public programs, and shop) and expenses related to management and general and fundraising activities undertaken to support these activities.

The Museum regularly monitors liquidity to meet its operating needs and other commitments and obligations while seeking to maximize the investment of its available funds. Management reviews cash flow requirements on an ongoing basis to monitor general expenditures as well as funds required for special purposes. Financial assets for operating results are held in checking accounts as well as money market funds.

The Jewish Museum
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2021 and 2020

The Museum's financial assets as of June 30, 2021 and 2020 are summarized as follows:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 6,135,985	\$ 6,401,546
Contributions and grants receivable, net	1,674,382	7,363,548
Accounts receivable, included in other assets	257,026	505,566
Investments	142,271,256	109,313,601
Total financial assets	\$ 150,338,649	\$ 123,584,261

The Museum's financial assets as of June 30, 2021 and 2020 available to meet cash needs for general expenditures within one year are summarized as follows:

	2021	2020
Cash and cash equivalents	\$ 6,135,985	\$ 6,401,546
Contributions and grants receivable, net, due within one year	1,139,108	81,823
Accounts receivable	257,026	505,566
Subsequent year's payout on donor-restricted endowments - board approved	3,652,305	3,568,904
Subsequent year's payout on board-designated endowments - board approved	2,271,179	2,339,575
Total financial assets available to meet cash needs for general expenditures within one year	\$ 13,455,603	\$ 12,897,414

In addition to these financial assets available within one year, the Museum also has a line of credit of \$8,000,000. The Museum maintains board-designated endowment funds totaling \$52,187,570 and \$41,626,516 at June 30, 2021 and 2020, respectively, which are invested for long-term appreciation and current income. However, these amounts could be made available at any time to meet cash needs for general expenditures at the discretion of the board.

The Jewish Museum
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2021 and 2020

NOTE 6 - CONTRIBUTIONS AND GRANTS RECEIVABLE, NET

Contributions and grants receivable, net, at June 30, 2021 and 2020 are scheduled to be collected as follows:

	2021	2020
Within one year	\$ 1,139,108	\$ 3,294,610
From one year to five years	655,000	4,100,000
More than five years	124,348	509,347
	1,918,456	7,903,957
Less:		
Discount to present value at rates ranging from 0.07% to 1.45%	(27,555)	(378,409)
Allowance for uncollectible	(216,519)	(162,000)
	\$ 1,674,382	\$ 7,363,548

Conditional pledges are not included as support until the condition(s) are substantially met; there were no conditional pledges as of June 30, 2021 and 2020, respectively.

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE 7 - FUNCTIONAL AND NATURAL EXPENSE CLASSIFICATION

Operating expenses by natural and functional classification for the years ended June 30, 2021 and 2020 are as follows:

	Curatorial, Collections, and Exhibitions and Other	Education, Media, and Public Programs	Museum Shop, and Other	Total	Management and General	Fundraising	2021	2020
Salaries, payroll taxes, and fringe benefits	\$ 4,568,139	\$ 1,878,150	\$ 598,335	\$ 7,044,624	\$ 1,300,206	\$ 1,944,569	\$ 10,289,399	\$ 12,821,696
Professional fees and contracted services	548,610	173,923	12,818	735,351	729,167	168,717	1,633,235	1,415,432
Advertising and promotions	199,010	159,208	19,901	378,119	26,304	60,197	464,620	255,366
Office expense, postage, shipping, and printing	958,417	129,854	36,228	1,124,499	82,945	110,227	1,317,671	1,120,501
Occupancy and utilities	954,634	141,429	80,856	1,176,919	564,334	136,835	1,878,088	1,709,955
Amortization and depreciation	1,036,706	224,153	98,067	1,358,926	298,870	210,143	1,867,939	2,188,867
Miscellaneous	474,198	94,629	678,591	1,247,418	203,966	165,403	1,616,787	2,354,726
Total expenses, excluding fundraising events	8,739,714	2,801,346	1,524,796	13,065,856	3,205,792	2,796,091	19,067,739	21,866,543
Fundraising events	-	-	-	-	-	1,222,157	1,222,157	1,462,852
	<u>\$ 8,739,714</u>	<u>\$ 2,801,346</u>	<u>\$ 1,524,796</u>	<u>\$ 13,065,856</u>	<u>\$ 3,205,792</u>	<u>\$ 4,018,248</u>	<u>\$ 20,289,896</u>	<u>\$ 23,329,395</u>

* Fundraising events expenses are netted with fundraising events revenue in the accompanying statement of activities.

Expenses directly attributable to a specific functional area of the Museum are reported as expenses of those functional areas. Other natural expenses attributable to more than one functional area are allocated based on time surveys or headcount. The primary operating expenses of the Museum are program services that align with the broad mission of the Museum.

The Jewish Museum
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2021 and 2020

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, is comprised of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 883,750	\$ 883,750
Building	4,063,176	4,063,176
Building and leasehold improvements	38,259,671	35,605,891
Furniture and equipment	9,907,788	9,622,981
Permanent exhibition design and construction	9,530,421	9,530,421
Work in progress	-	1,828,319
	<u>62,644,806</u>	<u>61,534,538</u>
Less:		
Accumulated depreciation and amortization	<u>(44,686,254)</u>	<u>(42,702,701)</u>
	<u>\$ 17,958,552</u>	<u>\$ 18,831,837</u>

Land and building represent the cost of real property located at One East 92nd Street, New York, New York, purchased by the Museum in July 1989. Renovation costs that were incurred on the building are included in building and leasehold improvements.

During the year ended June 30, 2020, The City of New York spent \$179,446 relating to the purchase of information technology. The City's investment of capital funding obligated the Museum to operate the facility and/or maintain the equipment for the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational or artistic uses and/or related purposes approved by the City.

NOTE 9 - LINE OF CREDIT AND LOAN PAYABLE

In August 2016, the Museum entered into a line of credit agreement with a financial institution of up to \$5,000,000 with a variable rate of interest equal to LIBOR plus 1.50% (1.59% as of June 30, 2021). The line of credit note was most recently restated and amended on November 2, 2020. The line of credit was increased to \$8,000,000 and extended to October 31, 2021 with a variable rate of interest equal to SOFR plus 1.50%. At June 30, 2021 and 2020, the Museum had \$2,984,051 and \$5,000,000, respectively, outstanding on this line of credit. This line of credit is collateralized by two investments held by a financial institution as custodian.

In April 2020, the Museum received a Small Business Administration (SBA) loan through the Coronavirus, Aid, Relief and Economic Security Act (the CARES Act) for the Paycheck Protection Program (PPP) for \$2,107,227. The term of the loan is two years with a 1% interest rate. This entire PPP loan amount was subsequently forgiven by the SBA in July 2021.

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE 10 - EMPLOYEE BENEFITS PROGRAM

All non-union employees who work at least 1,000 hours per year are eligible to participate in the Museum's defined-contribution retirement plan, which is qualified under Section 403(b) of the Internal Revenue Code. The Museum contributes 3% of compensation for eligible non-union staff and matches contributions up to an additional 5%. This match was suspended as of May 1, 2020 as a cost saving measure and re-instated as of November 15, 2020. Unionized staff members of Local 241 are eligible to participate in a separate 403(b) retirement savings plan, the terms of which are defined by a collective bargaining agreement. The cost of these defined-contribution plans for the years ended June 30, 2021 and 2020 was approximately \$355,000 and \$444,000, respectively.

NOTE 11 - COLLECTION

The Museum's collection is comprised of approximately 30,000 objects related to Jewish religious and cultural history, including paintings, sculpture, works on paper, photographs, ethnographic material, archaeological artifacts, numismatics, ceremonial objects, and broadcast media materials. The collection is held for exhibition, education, and research and is administered and stored in accordance with a formal collection management policy approved by the American Alliance of Museums. The Museum maintains a policy that requires the proceeds from the sale of collection objects (deaccessions) be used to acquire other items for the collection. There were no deaccessions during the fiscal year ended June 30, 2021 or 2020.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2021 and 2020 are available for the following purposes:

	2021	2020
Curatorial, collections and exhibitions	\$ 43,647,916	\$ 38,945,727
Education, media, and public programs	11,148,356	11,331,902
Collection acquisitions	3,270,239	3,558,803
Unappropriated investment earnings	25,199,407	8,010,941
Other restricted purposes	7,285,108	13,361,345
Time restricted	7,074,250	5,368,750
	\$ 97,625,276	\$ 80,577,468

Donor restricted net assets restricted as to time or purpose totaled \$39,107,824 and \$25,704,238 in 2021 and 2020, respectively. Total net assets permanently restricted (corpus) totaled \$58,517,452 and \$54,873,230 in 2021 and 2020, respectively.

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE 13 - ENDOWMENT FUNDS

The Museum's endowment consists of 63 funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Museum's Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Museum's Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Museum is subject to the provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA) and has interpreted NYPMIFA as allowing the Museum to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as the Museum deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary.

As a result of the interpretation of NYPMIFA and relevant accounting guidance, the Museum classifies as net assets with donor-restrictions that are perpetual in nature (a) the original value of gifts to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations of investment returns to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument, where applicable.

The Museum has a spending policy of appropriating for distribution each year 5.5% of the endowment funds' average fair value of the preceding 20 quarters through the second quarter of the fiscal year preceding the fiscal year in which the distribution is planned. Investment return related to donor-restricted endowment funds is included within net investment return with donor restrictions and is released to operations within net assets released from restrictions on the accompanying statement of activities in accordance with the spending policy.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the law requires to retain as a fund of perpetual duration due to unfavorable market fluctuations subsequent to the investment of endowment contributions. Deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies at June 30, 2021 or 2020. As of June 30, 2021, the Endowment Fund owed the Museum's operating accounts \$108,479 of the approved payout, which was subsequently paid in fiscal year 2022.

Endowment net assets consist of the following at June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 88,565,343	\$ 88,565,343
Board-designated endowment funds	52,187,570	-	52,187,570
Total endowment net assets	<u>\$ 52,187,570</u>	<u>\$ 88,565,343</u>	<u>\$ 140,752,913</u>

Endowment net assets consist of the following at June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 66,301,499	\$ 66,301,499
Board-designated endowment funds	41,626,516	-	41,626,516
Total endowment net assets	<u>\$ 41,626,516</u>	<u>\$ 66,301,499</u>	<u>\$ 107,928,015</u>

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2020	\$ 41,626,516	\$ 66,301,499	\$ 107,928,015
Total investment return, net	12,900,630	20,547,747	33,448,377
Contributions	-	5,285,000	5,285,000
Appropriation of endowment assets for expenditures	<u>(2,339,576)</u>	<u>(3,568,903)</u>	<u>(5,908,479)</u>
Endowment net assets, June 30, 2021	<u>\$ 52,187,570</u>	<u>\$ 88,565,343</u>	<u>\$ 140,752,913</u>

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2019	\$ 46,237,897	\$ 66,068,294	\$ 112,306,191
Total investment return, net	1,797,580	2,568,521	4,366,101
Contributions	-	1,025,000	1,025,000
Appropriation of endowment assets for expenditures	<u>(2,628,816)</u>	<u>(3,360,316)</u>	<u>(5,989,132)</u>
Board approved transfer	<u>(3,780,145)</u>	<u>-</u>	<u>(3,780,145)</u>
Endowment net assets, June 30, 2020	<u>\$ 41,626,516</u>	<u>\$ 66,301,499</u>	<u>\$ 107,928,015</u>

NOTE 14 - LEASE OBLIGATIONS

The Museum adopted the new lease guidance ASU 2016-02 in fiscal year ended June 30, 2021 and, accordingly, has reclassified two of its leases as financing leases, one with an interest rate of 1.80%, expiring in June 2022 and another with an interest rate of 2.81%, expiring in June 2023. The right of use assets totaling \$240,681 have been capitalized and are included as part of equipment in Note 8. Interest expense for fiscal year ended June 30, 2021 amounted to \$2,534.

The future lease payments are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 50,956
2023	<u>27,495</u>
	78,451
Less: amount representing interest	<u>(1,805)</u>
Present value of net minimum lease payments	<u>\$ 76,646</u>

The Jewish Museum

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE 15 - SUBSEQUENT EVENTS

In connection with the preparation of the accompanying financial statements, the Museum evaluated events after the statement of financial position date of June 30, 2021 through May 12, 2022, which was the date the financial statements were available to be issued and noted no events which required disclosure, except for the forgiveness of the PPP loan discussed in Note 9.