

THE NATIONAL MUSEUM OF TOYS/MINIATURES

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
 <u>Financial Statements:</u>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-14



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The National Museum of Toys/Miniatures
Kansas City, Missouri

We have audited the accompanying financial statements of The National Museum of Toys/Miniatures (a nonprofit, private foundation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, 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 National Museum of Toys/Miniatures as of December 31, 2020, 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.

Marr and Company, P.C.
Certified Public Accountants

August 17, 2021

THE NATIONAL MUSEUM OF TOYS/MINIATURES

STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

Cash and cash equivalents	\$ 1,246,585
Investments (Note 3)	2,601,335
Inventories	24,433
Unconditional promises to give (Note 5)	342,625
Restricted for endowment (Note 6):	
Investments (Note 3)	26,469,104
Property and equipment, less accumulated depreciation (Notes 1 and 4)	8,219,560
Collection of artifacts (Note 1)	-
Other assets	2,500
	<hr/>
Total assets	\$ 38,906,142
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LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 70,978
SBA Paycheck Protection Program loan (Note 9)	139,500
	<hr/>
Total liabilities	210,478
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Net assets:	
Without donor restrictions	10,226,560
With donor restrictions (Note 6)	28,469,104
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Total net assets	38,695,664
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Total liabilities and net assets	\$ 38,906,142
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See Independent Auditor's Report and Notes to these Financial Statements.

THE NATIONAL MUSEUM OF TOYS/MINIATURES

STATEMENT OF ACTIVITIES

For the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and reclassifications:			
Contributions (Note 1)	\$ 1,663,052	\$ -	\$ 1,663,052
Grant	36,188	-	36,188
Memberships	5,615	-	5,615
Total support	<u>1,704,855</u>	<u>-</u>	<u>1,704,855</u>
Admissions	40,993	-	40,993
Merchandise sales	16,247	-	16,247
Miscellaneous income	258	-	258
Investment return	235,503	2,447,377	2,682,880
Total revenues	<u>293,001</u>	<u>2,447,377</u>	<u>2,740,378</u>
Net assets released from restrictions	760,144	(760,144)	-
Total support, revenues and reclassifications	<u>2,758,000</u>	<u>1,687,233</u>	<u>4,445,233</u>
Expenses:			
Program services:			
Exhibits and collections management	1,025,172	-	1,025,172
Educational programs	165,012	-	165,012
Retail services	63,889	-	63,889
Total program services	<u>1,254,073</u>	<u>-</u>	<u>1,254,073</u>
Supporting services:			
Management and general	249,527	-	249,527
Fundraising and development	151,806	-	151,806
Marketing and public relations	169,500	-	169,500
Total supporting services	<u>570,833</u>	<u>-</u>	<u>570,833</u>
Total expenses	<u>1,824,906</u>	<u>-</u>	<u>1,824,906</u>
Change in net assets before collection items and other adjustments	933,094	1,687,233	2,620,327
Collection purchases (Note 1)	<u>(17,112)</u>	<u>-</u>	<u>(17,112)</u>
Change in net assets	915,982	1,687,233	2,603,215
Net assets, beginning of year	<u>9,310,578</u>	<u>26,781,871</u>	<u>36,092,449</u>
Net assets, end of year	<u>\$ 10,226,560</u>	<u>\$ 28,469,104</u>	<u>\$ 38,695,664</u>

See Independent Auditor's Report and Notes to these Financial Statements.

THE NATIONAL MUSEUM OF TOYS/MINIATURES

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	Program Services				Supporting Services				Total
	Exhibits and Collections Management	Educational Programs	Retail Services	Sub- Total	Management and General	Fundraising and Development	Marketing and Public Relations	Sub- Total	
Building repairs, maintenance and supplies	\$ 349,978	\$ 23,647	\$ 14,188	\$ 387,813	\$ 37,835	\$ 23,647	\$ 23,647	\$ 85,129	\$ 472,942
Rent for storage unit for collection pieces not on display	22,798	-	-	22,798	-	-	-	-	22,798
Utilities	2,168	-	-	2,168	-	-	-	-	2,168
Insurance and security	18,197	1,230	738	20,165	1,967	1,230	1,230	4,427	24,592
Exhibit setup, fees and freight	29,731	-	-	29,731	-	-	-	-	29,731
Office supplies and expense	2,993	-	306	3,299	4,547	-	2,772	7,319	10,618
Professional services	5,881	-	-	5,881	13,150	-	-	13,150	19,031
Grant expenses	8,151	-	-	8,151	-	-	-	-	8,151
Interns	-	2,140	-	2,140	-	-	-	-	2,140
Education and training	-	481	-	481	-	-	-	-	481
Bank charges	-	-	1,886	1,886	1,396	-	-	1,396	3,282
Merchandise and freight	400	-	8,313	8,713	-	-	-	-	8,713
Miscellaneous	2,411	6,440	-	8,851	-	1,198	-	1,198	10,049
Taxes	-	-	-	-	261	-	-	261	261
Print ads and internet advertising	-	-	-	-	-	-	27,803	27,803	27,803
Media services and photography	-	-	-	-	-	-	6,802	6,802	6,802
Printing	-	-	-	-	-	-	7,935	7,935	7,935
Payroll, taxes and benefits	277,340	110,457	26,088	413,885	157,385	105,114	78,694	341,193	755,078
Depreciation	305,124	20,617	12,370	338,111	32,986	20,617	20,617	74,220	412,331
Total	\$ 1,025,172	\$ 165,012	\$ 63,889	\$ 1,254,073	\$ 249,527	\$ 151,806	\$ 169,500	\$ 570,833	\$ 1,824,906

See Independent Auditor's Report and Notes to these Financial Statements.

THE NATIONAL MUSEUM OF TOYS/MINIATURES

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

Cash flows from operating activities:	
Change in net assets	\$ 2,603,215
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	412,331
Acquisition of artifacts	17,112
Investment income restricted for long-term purposes	(508,245)
Net realized and unrealized gains on investments	(2,144,789)
(Increase) decrease in operating assets:	
Inventories	1,097
Unconditional promises to give	(342,625)
Increase in operating liabilities:	
Accounts payable	5,934
Net cash provided by operating activities	<u>44,030</u>
Cash flows from investing activities:	
Purchases of property and equipment	(172,610)
Acquisition of artifacts	(17,112)
Purchase of investments	(1,750,510)
Proceeds from the sale of investments	1,975,066
Net cash provided by investing activities	<u>34,834</u>
Cash flows from financing activities:	
Collection of endowment promises to give	2,500
Payroll Protection Plan loan	139,500
Restricted investment income	508,245
Increase in cash and cash equivalents	<u>729,109</u>
Cash and cash equivalents, beginning of year	<u>517,476</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,246,585</u></u>

See Independent Auditor's Report and Notes to these Financial Statements.

THE NATIONAL MUSEUM OF TOYS/MINIATURES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

1. **Organization and Summary of Significant Accounting Policies**

Nature of activities

The National Museum of Toys/Miniatures (the Museum), a Missouri not-for-profit corporation and a private foundation, opened its doors on October 20, 1982. Operating in the former Tureman Mansion, leased from the University of Missouri - Kansas City (UMKC), the 7,000 square foot museum had two full-time staff members who assisted Museum founders Mary Harris Francis and Barbara Marshall.

The Museum was built from and fueled by the passion of the two friends who loved collecting and sharing the wonder of their collections with others. With prompting from family and friends, Mary Harris and Barbara formed the Toy and Miniature Museum Foundation to begin seeding the long-term sustainability of the Museum. They donated their personal collections along with their own funds and then began a major fundraising effort. Over the next thirty years with expansions in 1989 and 2004, the Museum grew to 33,000 square feet. During the same period, the collection increased to over 72,000 objects. In 2012, the Museum embarked on its first public capital campaign to support building and exhibit improvements. The Museum reopened on August 1, 2015 with new exhibits and interactives featuring the world's largest collection of fine-scale miniatures and one of the nation's largest antique toy collections on public display. The Museum welcomes approximately 33,000 visitors annually.

Since the beginning, the Museum's mission has been to educate, inspire, and delight adults and children through the collection and preservation of toys and miniatures. Over its thirty-year history, the Museum has provided a portal to the past, a chronicle of the ways in which our imaginations have both reflected and inspired our rich history, the evolution of our material culture, and the creativity of our artistic expression.

The Museum has also agreed to follow the American Alliance for Museum's *National Standards & Best Practices for U.S. Museums*, which calls for commitment to public accountability and transparency as well as compliance with applicable local, state and federal laws, codes and regulations.

The Museum and its programs are supported by donor contributions, an agreement with the University of Missouri - Kansas City for the lease and maintenance of the Museum, an endowment, and revenues from admissions, memberships, and the sale of merchandise. For financial statement purposes, the Museum's current programs are as follows:

Exhibits and collections management - includes the curator, collections coordinator, and a temporary cataloging staff who are involved with cataloging, preserving, storing, researching, and exhibiting the collection.

1. **Organization and Summary of Significant Accounting Policies (continued)**

Educational programs - includes personnel and other costs associated with the Museum's public and educational programs.

Retail services - includes personnel and other costs associated with the Museum's gift shop.

Financial statement presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Museum and related changes are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Museum or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained permanently by the Museum. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. However, donor-imposed stipulations that are met in the same reporting period are shown as unrestricted support.

Collections

Pursuant to the guidelines of the American Alliance for Museums (AAM) and the American Association for State and Local History (AASLH), the collection has not been capitalized because it is not a financial asset. Rather it constitutes a separate category of resource directly fulfilling the institutional missions, legal responsibilities, and fiduciary obligations. The Museum has agreed to follow the AASLH's *Statement of Professional Standards and Ethics*, which specifically concludes that collections shall not be capitalized nor treated as financial assets.

Contributions

Contributions, including unconditional promises to give, are recorded as made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using an appropriate discount rate applicable to the years in which the promises are to be received.

Merchandise inventory

Inventory consists of merchandise for resale and is carried at the lower of average cost or market value.

Investments

Investments are reported at cost if purchased, or fair value if donated. Thereafter, investments are reported at fair value in the statement of financial position, with unrealized gains and losses included in the change in net assets.

1. Organization and Summary of Significant Accounting Policies (continued)

Property and equipment

The Museum facility is owned by UMKC. Facility improvements by the Museum of approximately \$11.2 million are reflected at cost in the financial statements and are being depreciated over the shorter of their estimated useful lives or the term of the UMKC agreement, including renewals. Capital assets are defined as assets with an initial individual cost of \$500 or more and an estimated useful life greater than one year.

Donations of property and equipment are recorded as net assets without donor restrictions at their estimated fair value unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Museum reports expirations of donor restrictions when the donated or acquired assets are placed in service by reclassifying net assets with donor restrictions to net assets without donor restrictions. Depreciation is calculated using straight-line and accelerated methods over the following estimated useful lives:

	<u>Years</u>
Exhibition space and facility improvements	5-50
Equipment and furnishings	3-7

Income taxes and accounting for tax positions

The Museum is a private operating foundation under Internal Revenue Code Section 501(c)(3). As a result, contributions to the Museum may qualify as charitable contributions deductible under the Internal Revenue Code.

Generally accepted accounting principles prescribe standards for the recognition, measurement and disclosure of tax positions. For not-for-profit organizations, tax positions include an entity's status as tax exempt, and whether it is subject to tax on unrelated business income. Management does not believe there are any uncertain tax positions that would affect its exempt status or result in any tax on unrelated business income.

The Museum filed the necessary forms in December 2019 with the Internal Revenue Service stating its intent to voluntarily terminate its private foundation status by operating as a public charity for a period of 60 continuous months commencing January 1, 2020. As a result of this election, the Museum will not be subject to the excise tax. However, if they do not meet the requirements for public charity status during that period, they will be liable for any excise taxes that would have been due.

Agreement with UMKC and donated facilities related party activity

In 1987, the Museum entered into an agreement with UMKC for the use of certain facilities to be used as a museum, educational center and exhibition area for antique toys and miniatures at no cost to the Museum. The original five-year term commenced on January 1, 1987 with options to extend the agreement for three successive periods of twenty-five years each. If the Museum exercises all three options, the agreement is set to expire on December 31, 2067. Utilities, other than telephone services, are paid by UMKC, who is responsible for external and structural maintenance and repair of the facilities including year-round maintenance. The Museum has recognized the fair value of the donated facilities, services and supplies in the amount of \$408,892.

1. Organization and Summary of Significant Accounting Policies (continued)

In addition, employees of the Museum are treated as UMKC employees and the Museum reimburses UMKC for all compensation. Museum employees are covered under UMKC's pension plan. The Museum reimbursed UMKC \$751,878 for payroll and benefits in 2020. The payable due from the Museum to UMKC for payroll and related benefits was \$69,219 as of December 31, 2020.

Functional expenses

The Museum allocates its costs on a functional basis among its various programs and supporting services. Costs that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Other costs common to several functions are allocated by management.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll, taxes and benefits	Time and effort
Building repairs and maintenance	Square footage
Insurance and security	Square footage
Utilities	Square footage
Depreciation	Square footage

Advertising

The costs of advertising are expensed when incurred and were \$27,802 in 2020.

Cash and cash equivalents

The Museum considers all highly liquid investments with an initial maturity of three months or less, other than those restricted for long-term purposes, to be cash equivalents.

Donated services

Generally accepted accounting principles provide for the recording of contributions of donated services at their fair values in the period received if they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Although a substantial number of volunteers have donated a significant amount of their time to the Museum's programs, no amount has been recorded.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

The Museum has evaluated subsequent events through August 17, 2021, the date that the financial statements were authorized to be issued.

2. Availability and Liquidity

The Museum's financial assets available to meet general expenditures over the next twelve months consist of cash and cash equivalents of \$1,246,585 and promises to give of \$117,625.

The Museum's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity management, excess cash is invested in short-term investments, including money market accounts.

3. Investments and Cash Equivalents

The Museum follows Accounting Standards Codification Topic 820, *Fair Value Measurement* (ASC 820), which establishes a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Quoted prices in active markets for identical securities. Mutual funds, U.S. equities, and international equities traded on securities exchanges are carried at fair value based upon closing market quotations on such exchange on the date of valuation or, in the absence of sales, at values based on the closing bid price or last sale price on the previous trading day. Investments in cash equivalents include money market securities that are valued at closing net asset value.

Included as alternative investments are investments in ETN's which are structured products issued as senior debt notes exchange traded and comprised of a commodity index that holds future contracts on commodities (natural resources, crops, farm animals and refined products) and a publicly traded master limited partnership (MLP) primarily engaged in the exploration, marketing, mining, processing, production, refining, storage, or transportation of any mineral or natural resource. Both ETN's are listed on the NYSE Arca, Inc. exchange.

Level 2 – Quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, or from inputs which are observable for the investment or derived from observable market data. The Museum does not hold any Level 2 investments.

Level 3 – Investments are valued using prices or valuations that require inputs that are unobservable, including internal assumptions. The Museum does not hold any Level 3 investments.

3. Investments and Cash Equivalents (continued)

The following table sets forth information about the level within the fair value hierarchy at which the Museum's financial assets are measured on a recurring basis at December 31, 2020.

Financial Assets	Fair Value	Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 1,699,129	\$ 1,699,129	\$ -	\$ -
Domestic equity mutual funds	14,577,839	14,577,839	-	-
International bond and equity funds	4,071,560	4,071,560	-	-
Fixed income mutual funds	8,421,252	8,421,252	-	-
Commodity Index ETN	158,228	158,228	-	-
MLP Index ETN	142,164	142,164	-	-
Money market fund	267	267	-	-
	<u>\$29,070,439</u>	<u>\$ 29,070,439</u>	<u>\$ -</u>	<u>\$ -</u>

The Commerce Trust Company investments at December 31, 2020 consist of the following:

	Cost	Fair value
Cash and cash equivalents	\$ 1,699,129	\$ 1,699,129
Domestic equity mutual funds	7,293,904	14,577,839
International bond and equity mutual funds	3,356,166	4,071,560
Fixed income mutual funds	7,986,958	8,421,252
Commodity Index ETN	230,740	158,228
MLP Index ETN	<u>311,401</u>	<u>142,164</u>
	<u>\$ 20,878,298</u>	<u>\$ 29,070,172</u>

\$26,469,104 of the Commerce Trust Company investments are reported as restricted for the endowment. Investments also include \$267 which consists of the Museum's participation in the Community Foundation's Money Market investment pool.

4. Property and Equipment

Property and equipment at December 31, 2020 consists of the following:

Building improvements	\$11,424,935
Equipment and other	<u>245,207</u>
	11,670,143
Less accumulated depreciation	<u>(3,450,582)</u>
	<u>\$ 8,219,560</u>

Depreciation expense in 2020 totaled \$412,331.

5. Promises to Give

Unconditional promises to give in the amount of \$342,625 at December 31, 2020 are due as follows:

2021	\$117,625
2022	125,000
2023	<u>100,000</u>
	<u>\$342,625</u>

6. Net Assets with Donor Restrictions

It is the Museum's policy to first use net assets with donor restrictions prior to the use of net assets without donor restrictions when an expense is incurred for purposes for which net assets with and without donor restrictions are available.

Endowment net assets subject to spending policy and appropriation (including accumulated earnings above original gift amount of \$5,815,475) are available for the following purposes:

Operations support	\$21,655,781
Toy conservation	1,346,148
Repairs and maintenance	2,336,432
Museum collection acquisitions	<u>1,130,743</u>
Endowment net assets	26,469,104
Net assets subject to expenditure available for	
Miniature Masterworks (scheduled every four years)	<u>2,000,000</u>
Total net assets with donor restrictions	<u>\$28,469,104</u>

Net assets released from donor restrictions consist of the amounts appropriated from the endowment for the following purposes:

Operations support	\$643,342
Toy conservation	44,603
Repairs and maintenance	47,981
Museum collection acquisitions	<u>24,218</u>
	<u>\$760,144</u>

Endowment fund

The Museum's endowment consists of donor-restricted funds to support operations, toy conservation and maintenance needs, and acquire objects for the collection. Investment returns not required to be added to the corpus of the fund by the donor are reflected in net assets with donor restrictions until appropriated for spending in accordance with the investment policy adopted by the Board of Directors.

The State of Missouri has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which supersedes the previously adopted Uniform Management of Institutional Funds Act. This state law provides guidance and authority concerning the management and investment of donor funds and provides the Museum's governing board certain guidelines to use when determining what is prudent in terms of retaining and spending permanently restricted donor funds.

Under the provisions of UPMIFA, organizations are required to maintain and report endowment funds based upon donor intent, whether explicit or implied. Based on its interpretation of the provisions of UPMIFA and a review of underlying endowment agreements, management has determined that maintaining permanent endowments at their historic dollar value is appropriate and consistent with the intent of the Museum's donors.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's original value, generally due to unfavorable market fluctuations. There were no deficiencies at December 31, 2020.

6. Net Assets with Donor Restrictions (continued)

The changes and composition of net assets with donor restriction for the year are as follows:

Net assets, beginning of year	\$ 26,781,871
Investment income, net of fees	490,928
Realized losses	(341,121)
Unrealized gains	2,297,570
Appropriated for spending	<u>(760,144)</u>
Net assets, end of year	<u><u>\$ 28,469,104</u></u>

The Museum has adopted investment and spending policies for endowment assets that attempt to provide a reasonable rate of return as a source of funding to programs supported by its endowments. Under the investment policy, endowment assets are to be invested in various asset classes while assuming a reasonable level of investment risk.

To satisfy its long-term objectives of equity preservation and growth, the Museum has adopted a total return strategy for investment returns through both capital appreciation and current income using an asset allocation policy that allows for investing in equity-related securities to achieve its return objectives.

The Museum's spending policy allows for the use of up to 4% of the prior three year-end average market values.

7. Concentration of Credit Risk

The Museum maintains their cash in bank deposit accounts at a high credit quality financial institution. The balances at times may exceed federally insured limits. At December 31, 2020, the bank balances exceeded the FDIC limit by \$1,066,674.

8. Operating Lease

The Museum entered into a 36-month operating lease agreement for storage space at \$1,607 per month through November 30, 2020, with an option to renew for two years through November 30, 2022 at \$1,643 per month, excluding common area expense and real estate taxes. Rent expense in 2020 was \$22,798. Future minimum rentals under the lease is as follows:

2021	\$19,716
2022	<u>18,073</u>
	<u><u>\$37,789</u></u>

9. Subsequent Events

U.S. Small Business Administration Loans – Payroll Protection Program

The Museum signed a note payable with the U.S. Small Business Administration (SBA) on March 23, 2021 for \$98,449 with a maturity date of May 23, 2026, the first payment deferred for six months, and annual interest rate of 1.0%. This note was available through the Paycheck Protection Program (the “PPP”) as a part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) that offers cash-flow assistance to nonprofit and small business employers through guaranteed loans for certain expenses incurred. The PPP loan did not require collateral or personal guarantees and offers the ability to have a substantial portion of the principal amount forgiven when the Museum

9. Subsequent Events (continued)

uses the proceeds on eligible costs. In addition, the Museum received notice that the initial note payable received through the PPP in the amount of \$139,500 in 2020 was forgiven by the SBA on May 7, 2021.