

**EISNERAMPER**

**WEITZMAN NATIONAL MUSEUM  
OF  
AMERICAN JEWISH HISTORY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 and 2021**



# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Weitzman National Museum of American Jewish History

### Report on the Financial Statements

#### *Opinion*

We have audited the financial statements of the Weitzman National Museum of American Jewish History (the "Museum"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.



## ***Auditors' 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 auditors' 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.

*EisnerAmper LLP*

EISNERAMPER LLP  
Philadelphia, Pennsylvania  
March 28, 2023



# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Statements of Financial Position

	June 30,	
	2022	2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,201,721	\$ 2,902,101
Pledges receivable (Note F)	3,486,941	642,090
Capital campaign pledges receivable (Note F)	50,000	338,888
Other receivables	3,883	47,882
Inventory, net of reserve for obsolescence of \$151,287 in 2022 and 2021	207,436	170,089
Prepaid expenses	42,332	58,080
Total current assets	<b>6,992,313</b>	4,159,130
Property and equipment, net of accumulated depreciation (Note G)	<b>10,978,124</b>	78,346,854
Other assets:		
Pledges receivable, net of current portion (Note F)	10,927,033	440,779
Capital campaign pledges receivable, net of current portion (Note F)	-	38,773
Total other assets	<b>10,927,033</b>	479,552
	<b>\$ 28,897,470</b>	<b>\$ 82,985,536</b>
<b>LIABILITIES</b>		
Liabilities not subject to compromise:		
Current liabilities:		
Current portion of note payable, bank	\$ 90,000	\$ -
Current portion of Economic Injury Disaster Loan	1,893	269
Accounts payable and accrued expenses	832,167	2,125,591
Deferred revenue	136,874	147,405
Total current liabilities	<b>1,060,934</b>	2,273,265
Economic Injury Disaster Loan (Note H)	<b>148,107</b>	149,731
Liabilities subject to compromise (Note C)	-	31,729,283
Total liabilities	<b>1,209,041</b>	34,152,279
Net assets:		
Without donor restrictions	<b>9,739,956</b>	43,751,514
With donor restrictions (Note I)	<b>17,948,473</b>	5,081,743
Total net assets	<b>27,688,429</b>	48,833,257
	<b>\$ 28,897,470</b>	<b>\$ 82,985,536</b>

See notes to financial statements.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Statement of Activities Year Ended June 30, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Operating activities:</b>			
Revenues and gains:			
Individual and corporate contributions	\$ 12,592,640	\$ 13,691,853	\$ 26,284,493
Foundation contributions	673,685	-	673,685
Federal, state and local government grants	1,862,348	-	1,862,348
Museum store/café revenue, net of sale discounts of \$27,307 and cost of goods sold of \$270,651	359,556	-	359,556
Special events, net costs of direct benefits to donors of \$271,873	718,196	-	718,196
Membership revenue	355,313	-	355,313
Admissions and program revenue	116,078	-	116,078
Investment income, net	27,199	-	27,199
Miscellaneous income	5,119	-	5,119
Net assets released from restrictions	825,123	(825,123)	-
	<u>17,535,257</u>	<u>12,866,730</u>	<u>30,401,987</u>
<b>Expenses:</b>			
Program services - museum services	3,148,900	-	3,148,900
General and administrative	1,320,587	-	1,320,587
Fundraising	1,245,744	-	1,245,744
	<u>5,715,231</u>	<u>-</u>	<u>5,715,231</u>
Change in net assets from operating activities before interest expense and depreciation	11,820,026	12,866,730	24,686,756
Interest expense	248,147	-	248,147
Depreciation	904,982	-	904,982
	<u>10,666,897</u>	<u>12,866,730</u>	<u>23,533,627</u>
<b>Nonoperating activities:</b>			
Reorganization costs (Note D)	(320,105)	-	(320,105)
Gain on forgiveness of debt	19,797,735	-	19,797,735
Gain on forgiveness of accounts payable and accrued expenses	2,759,514	-	2,759,514
Loss on disposal of property and equipment	(66,915,599)	-	(66,915,599)
	<u>(44,678,455)</u>	<u>-</u>	<u>(44,678,455)</u>
Change in net assets from nonoperating activities	(44,678,455)	-	(44,678,455)
<b>Change in net assets</b>	<u>\$ (34,011,558)</u>	<u>\$ 12,866,730</u>	<u>\$ (21,144,828)</u>

See notes to financial statements.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Statement of Activities Year Ended June 30, 2021

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>Operating activities:</b>			
Revenues and gains:			
Individual and corporate contributions	\$ 1,021,841	\$ 67,119	\$ 1,088,960
Foundation contributions	63,010	-	63,010
Federal, state and local government grants	261,387	-	261,387
Museum store/café revenue, net of sale discounts of \$45,529 and cost of goods sold of \$338,150	601,322	-	601,322
Special events, net costs of direct benefits to donors of \$194,660	635,942	-	635,942
Membership revenue	376,562	-	376,562
Admissions and program revenue	41,499	-	41,499
Miscellaneous income	183,268	-	183,268
Net assets released from restrictions	1,489,027	(1,489,027)	-
<b>Total revenues and gains</b>	<b>4,673,858</b>	<b>(1,421,908)</b>	<b>3,251,950</b>
<b>Expenses:</b>			
Program services - museum services	2,068,812	-	2,068,812
General and administrative	1,158,566	-	1,158,566
Fundraising	926,663	-	926,663
<b>Total expenses</b>	<b>4,154,041</b>	<b>-</b>	<b>4,154,041</b>
Change in net assets from operating activities before interest expense and depreciation	519,817	(1,421,908)	(902,091)
Interest expense	1,241,988	-	1,241,988
Depreciation	2,938,170	-	2,938,170
Change in net assets from operating activities	(3,660,341)	(1,421,908)	(5,082,249)
<b>Nonoperating activities:</b>			
Reorganization costs (Note D)	(1,145,927)	-	(1,145,927)
Change in net assets from nonoperating activities	(1,145,927)	-	(1,145,927)
<b>Change in net assets</b>	<b>\$ (4,806,268)</b>	<b>\$ (1,421,908)</b>	<b>\$ (6,228,176)</b>

See notes to financial statements.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Statements of Changes in Net Assets

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>Net assets - July 1, 2020</b>	\$ 48,557,782	\$ 6,503,651	\$ 55,061,433
Change in net assets	<u>(4,806,268)</u>	<u>(1,421,908)</u>	<u>(6,228,176)</u>
<b>Net assets - June 30, 2021</b>	43,751,514	5,081,743	48,833,257
Change in net assets	<u>(34,011,558)</u>	<u>12,866,730</u>	<u>(21,144,828)</u>
<b>Net assets - June 30, 2022</b>	<b><u>\$ 9,739,956</u></b>	<b><u>\$ 17,948,473</u></b>	<b><u>\$ 27,688,429</u></b>



# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Statement of Functional Expenses Year Ended June 30, 2022

	<u>Museum Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
<b>Operating expenses:</b>				
Salaries, payroll taxes and related benefits	\$ 713,018	\$ 809,370	\$ 667,272	\$ 2,189,660
Professional services	202,434	144,208	122,191	468,833
Equipment leases and maintenance	82,685	37,011	41,736	161,432
Advertising and marketing	387,958	-	96,989	484,947
Office supplies and printing	13,316	5,960	6,721	25,997
Insurance	141,747	35,761	40,326	217,834
Building, facilities and telephone	1,166,470	87,940	6,390	1,260,800
Exhibition costs	259,293	-	-	259,293
Other operating costs	181,979	200,337	264,119	646,435
	<u>3,148,900</u>	<u>1,320,587</u>	<u>1,245,744</u>	<u>5,715,231</u>
Operating expenses before interest expense and depreciation				
Interest expense	229,581	17,308	1,258	248,147
Depreciation	837,273	63,122	4,587	904,982
	<u>4,215,754</u>	<u>1,401,017</u>	<u>1,251,589</u>	<u>6,868,360</u>
Total operating expenses				
<b>Nonoperating activities:</b>				
Reorganization costs	296,156	22,327	1,622	320,105
Gain on forgiveness of debt	(19,797,735)	-	-	(19,797,735)
Gain on forgiveness of accounts payable and accrued expenses	(2,759,514)	-	-	(2,759,514)
Loss on disposal of property and equipment	66,915,599	-	-	66,915,599
	<u>44,654,506</u>	<u>22,327</u>	<u>1,622</u>	<u>44,678,455</u>
Total nonoperating activities				
Total expenses included in expense section on the statement of activities	<u>48,870,260</u>	<u>1,423,344</u>	<u>1,253,211</u>	<u>51,546,815</u>
<b>Plus expenses included with revenue on the statement of activities:</b>				
Special events-costs of direct benefits to donors:				
Food and beverage	-	-	245,022	245,022
Entertainment	-	-	26,851	26,851
	<u>-</u>	<u>-</u>	<u>271,873</u>	<u>271,873</u>
Total special events-costs of direct benefits to donors				
Cost of goods sold	-	270,651	-	270,651
	<u>-</u>	<u>270,651</u>	<u>-</u>	<u>270,651</u>
Total expenses	<u>\$48,870,260</u>	<u>\$ 1,693,995</u>	<u>\$ 1,525,084</u>	<u>\$52,089,339</u>

See notes to financial statements.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Statement of Functional Expenses Year Ended June 30, 2021

	<u>Museum Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
<b>Operating expenses:</b>				
Salaries, payroll taxes and related benefits	\$ 523,005	\$ 738,089	\$ 411,340	\$ 1,672,434
Professional services	74,025	66,580	125,246	265,851
Equipment leases and maintenance	51,526	42,433	27,279	121,238
Advertising and marketing	306,839	-	76,710	383,549
Office supplies and printing	14,874	12,249	7,874	34,997
Insurance	69,444	57,189	36,764	163,397
Building, facilities and telephone	901,656	67,976	4,939	974,571
Exhibition costs	117,685	-	-	117,685
Other operating costs	9,758	174,050	236,511	420,319
	<u>2,068,812</u>	<u>1,158,566</u>	<u>926,663</u>	<u>4,154,041</u>
Operating expenses before interest expense and depreciation				
Interest expense	1,149,065	86,628	6,295	1,241,988
Depreciation	2,718,343	204,935	14,892	2,938,170
	<u>5,936,220</u>	<u>1,450,129</u>	<u>947,850</u>	<u>8,334,199</u>
<b>Nonoperating activities:</b>				
Reorganization costs	1,060,191	79,928	5,808	1,145,927
	<u>1,060,191</u>	<u>79,928</u>	<u>5,808</u>	<u>1,145,927</u>
Total nonoperating activities				
Total expenses included in expense section on the statement of activities	6,996,411	1,530,057	953,658	9,480,126
<b>Plus expenses included with revenue on the statement of activities:</b>				
Special events-costs of direct benefits to donors:				
Food and beverage	-	-	137,560	137,560
Entertainment	-	-	57,100	57,100
	<u>-</u>	<u>-</u>	<u>194,660</u>	<u>194,660</u>
Total special events-costs of direct benefits to donors				
Cost of goods sold	-	338,150	-	338,150
	<u>-</u>	<u>338,150</u>	<u>-</u>	<u>338,150</u>
Total expenses	<u>\$ 6,996,411</u>	<u>\$ 1,868,207</u>	<u>\$ 1,148,318</u>	<u>\$10,012,936</u>

See notes to financial statements.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Statements of Cash Flows

	Year Ended	
	June 30,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Decrease in net assets	\$ (21,144,828)	\$ (6,228,176)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Gain on forgiveness of debt	(19,797,735)	-
Gain on forgiveness of accounts payable and accrued expenses	(2,759,514)	-
Loss on disposal of property and equipment	66,915,599	-
Donated securities	(27,199)	(8,158)
Proceeds from sale of donated securities	27,199	8,158
Depreciation	904,982	2,938,170
Amortization of debt issuance costs	-	81,921
(Increase) decrease in assets:		
Pledges receivable	(13,331,105)	741,120
Other receivables	43,999	21,003
Inventory	(37,347)	6,236
Prepaid expenses	15,748	495
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(785,566)	273,234
Deferred revenue	(10,531)	(74,315)
 Net cash provided by (used in) operating activities before cash effect of reorganization costs	 10,013,702	 (2,240,312)
 Cash effect of reorganization costs	 320,105	 1,145,927
 Net cash provided by (used in) operating activities	 10,333,807	 (1,094,385)
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(10,451,848)	(36,775)
 Net cash used in investing activities	 (10,451,848)	 (36,775)
<b>Cash flows from financing activities:</b>		
Proceeds from capital campaign pledges receivable	327,661	-
Principal payments of not payable, bank	(270,000)	-
Proceeds from note payable, bank	360,000	-
 Net cash provided by financing activities	 417,661	 -
 <b>Net change in cash and cash equivalents</b>	 299,620	 (1,131,160)
Cash and cash equivalents at beginning of year	2,902,101	4,033,261
 <b>Cash and cash equivalents at end of year</b>	 \$ 3,201,721	 \$ 2,902,101
<b>Supplemental disclosure of cash flow information:</b>		
Proceeds from sale of building directly applied to debt	\$ 10,000,000	\$ -

See notes to financial statements.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE A - NATURE OF OPERATIONS

Weitzman National Museum of American Jewish History (the "Museum") is a nonprofit organization that collects and exhibits artifacts of American Jewish history. The Museum is a 100,000 square-foot facility located on Independence Mall in Philadelphia, Pennsylvania. The Museum tells the story of over 360 years of American Jewish history through its artifacts, interactive technology and original films. The Museum also offers public programs and cultural events. Due to the outbreak of the coronavirus ("COVID-19"), the Museum closed to the public beginning on March 15, 2020 and reopened on May 1, 2022.

Fulfilling its mission to collect and preserve the material culture of American Jews, the Museum has a growing collection which consists of more than 20,000 objects documenting over 360 years of Jewish life in this country. Materials originate in the Americas and Europe, with the greatest percentage being North American in both manufacture and provenance. A social history approach has been applied to collecting activities since 1991, giving priority to acquisitions that encompass the daily occupational, domestic and communal aspects of American Jewish life.

The Museum's focus on American Jewish material culture distinguishes its holdings from those of other Jewish museums in this country. The changing realities of American Jewish life and the shaping of Jewish identities at home, at work and in communal activity are included in the collection which includes printed matter, buttons and badges, sound recordings, sheet music, ritual objects, photographs of Jewish people and places (families and Jewish-owned businesses), ceremonial art and a wide variety of domestic and commercial artifacts.

In December 2021, the Museum officially changed its name from the National Museum of American Jewish History to the Weitzman National Museum of American Jewish History.

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### [1] Reorganization under bankruptcy proceedings:

On March 1, 2020, the Museum filed petitions under Chapter 11 of the Federal Bankruptcy Code. This generally delays payment of liabilities incurred prior to filing those petitions while the Museum develops a plan of reorganization that is satisfactory to its creditors and allows it to continue as a going concern. The carrying amounts of assets and liabilities are unaffected by the proceedings, but liabilities are presented according to the status of the creditors.

Under Chapter 11, certain claims against the Museum in existence before filing of the petitions for relief under the Federal Bankruptcy Code are stayed while the debtor continues business operations as debtor-in-possession. These claims are reflected in the June 30, 2021 statements of financial position as liabilities subject to compromise. Additional claims (liabilities subject to compromise) may arise after the filing date resulting from rejection of executory contracts, including leases, and from the determination by the court (or agreed to by parties of interest) of allowed claims for contingencies and other disputed amounts. Claims secured against the Museum's assets (secured claims) also are stayed, although the holders of such claims have the right to move the court for relief from the stay. Secured claims are secured primarily by liens on the debtor's property and equipment. The Museum received approval from the Bankruptcy Court to pay or otherwise honor certain of its prepetition obligations, including employee wages.

On September 17, 2021, the Museum's Chapter 11 bankruptcy exit plan became effective and the Museum came out of bankruptcy. As a result of the exit plan, (1) all of the Museum's debt was eliminated and replaced with a 12-month loan of \$360,000 to Dime Savings Bank, (2) the Museum eliminated approximately \$3,600,000 of its current liabilities, and (3) the Museum sold the building to a third party for \$10,000,000 and will rent the building from the buyer for \$1,000 a month. There was no cash received as the proceeds from the sale of the building were directly applied to the outstanding debt. As part of the sales agreement for the building, the Museum was given the option to purchase the building back within 42 months from the sale for a purchase price of \$10,000,000 plus an annual interest charge of 4% for each year the purchase option is not exercised.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [1] Reorganization under bankruptcy proceedings: (continued)

In December 2021, the Museum received a large gift from a donor, which allowed the Museum to exercise the option to purchase the building. At that time, the Museum was to be renamed the Weitzman Museum of American Jewish History. The remainder of the gift was to be used for the creation of a permanent endowment to be used to further the mission of the Museum. On December 29, 2021, the Museum purchased the building for \$10,234,128.

#### [2] Basis of presentation:

The accompanying financial statements of the Museum have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### [3] Classification of net assets:

The Museum reports information regarding its financial position and activities based on the existence or absence of donor-imposed or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

(i) *Net assets without donor restrictions:*

Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

(ii) *Net assets with donor restrictions:*

Net assets subject to donor-imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, or through appropriation of endowment income pursuant to an endowment spending rate policy.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

#### [4] Operations:

The accompanying statements of activities distinguish between operating and nonoperating activities. Operating activities primarily include all revenues and expenses that are an integral part of the Museum's programmatic, fundraising and general and administrative activities. Nonoperating activities include reorganization costs, gain on forgiveness of debt, gain on forgiveness of accounts payable and accrued expenses, and loss on disposal of property and equipment.

#### [5] Use of 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. Significant estimates include estimated useful lives for the building and improvements, discount rates used to calculate the net present value of pledges receivable, and an allowance for uncollectible pledges receivable. Actual results could differ from those estimates.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [6] Cash and cash equivalents:

Cash and cash equivalents include all cash balances and all highly liquid debt instruments purchased with initial maturities of three months or less. The Museum places its short-term cash investments with high credit quality financial institutions. At times, cash may be in excess of the Federal Deposit Insurance Corporation insurance limit. Management believes that the Museum is not exposed to any significant credit risks on its cash accounts.

#### [7] Allowance for uncollectible pledges:

Pledges receivable are periodically reviewed by management for collectability. Bad debts are provided for on the allowance method based on historical experience and management's evaluation of outstanding pledges receivable. Pledges are written off when they are deemed uncollectible. The allowance for uncollectible pledges as of both June 30, 2022 and 2021 was \$0.

#### [8] Collection items:

The Museum has adopted the policy of not capitalizing either purchased or donor-donated collection items. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as decreases in net assets with donor restrictions if the assets used to purchase the items are restricted by donors. The Museum follows standard practice in the care and documentation of its collections.

#### [9] Inventory:

Inventory primarily consists of Judaica items, which are valued at the lower of cost or net realizable value as determined using the first-in, first-out method based on historical sales and sales trends in the Museum's store. Management has estimated an inventory reserve for obsolescence of \$151,287 for both of the years ended June 30, 2022 and 2021, which is included on the statements of financial position.

#### [10] Property and equipment and depreciation:

Self-constructed assets and assets that are purchased are stated at cost less accumulated depreciation and recognized in the statements of financial position. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Donated assets (except for museum collection items) are recorded at their approximate fair value at the date of the gift. Estimated useful lives are as follows:

<u>Asset Class</u>	<u>Useful Lives in Years</u>
Building and related components	15 - 50
Exhibit equipment	15
Equipment	5 - 15
Furniture and fixtures	15 - 20

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2022 and 2021, and in the opinion of management, there was no impairment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [11] Deferred financing charges:

Expenses related to obtaining loan financing are capitalized and subsequently amortized to interest expense using the straight-line method, which approximates the effective interest method, over the term of the loan. As of June 30, 2021, costs aggregating \$511,308 remain unamortized in relation to the debt refinancing in June 2015. These costs were netted against outstanding debt (see Note H) in the statements of financial position.

Amortization included in interest expense was \$0 and \$81,921 for the years ended June 30, 2022 and 2021, respectively.

#### [12] Revenue recognition:

##### *Contributions:*

Funding for the Museum's activities is partially achieved through contributions, including unconditional promises to give. These contributions provide funding to be used to support the mission of the Museum. As donors are not receiving a benefit as a result of these transactions, the donations are considered to be contributions to the Museum. Some contributions require that funds be expended for a specific purpose, and are considered to be net assets with donor restrictions.

The Museum recognizes unconditional contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they are dependent have been met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults (see Note F).

##### *Governmental grants:*

The Museum receives federal, state and local government grants. These grants provide funding to be used for purposes indicated in the grant agreements. As the government is not receiving a benefit as a result of these transactions, the grants are considered to be contributions to the Museum. The government grant agreements contain spending requirements. As these stipulations create a barrier that must be achieved, government grants are considered to be conditional contributions until such time as the barriers are overcome. Contributions from these grant agreements are therefore recognized as revenue when costs are incurred and specific service requirements are met, as a requirement of the agreements. There were no conditional government grants outstanding as of either June 30, 2022 or 2021.

##### *Museum store/café revenue:*

The Museum's performance obligation related to Museum store/café revenue is fulfilled at the time of purchase. Museum store/café revenue is recognized at a point in time when products are purchased. Museum store/café revenue is recorded net of provisions for returns, rebates, discounts and allowances. Prices are generally fixed and payments made at the time of the purchase. Payments can be made in the form of cash or credit cards.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [12] Revenue recognition: (continued)

##### *Special events:*

The Museum records special events revenue net of the cost of direct benefits to donors. Special events revenue is bifurcated into an exchange transaction component and a contribution component. The exchange transaction component is considered to be the fair market value of benefits received by an attendee. The transaction price is the fair market value which is estimated by management based on an analysis of the benefits received by the attendee. The contribution component is considered to be the amount over and above the fair market value of the direct benefit received by the attendee for which the attendee does not receive commensurate value. Revenue is recognized at the point in time when the event takes place as that is when the Museum's sole obligation to perform is satisfied and when the barriers are overcome. Payments for special events are generally required to be made when registering for the event or sponsorships are made.

##### *Membership revenue:*

Membership to the Museum provides benefits to members over a rolling 12-month period. The performance obligation consists of providing members continued access to the Museum. The value of these benefits is commensurate with the membership dues paid. The member simultaneously receives and consumes the benefit of the membership over the course of the year and, therefore, revenue is recorded ratably over the 12-month period. A nonrefundable amount for the membership is collected up front and included in deferred revenue until recognized. Memberships that are not completed as of year-end have their remaining unrecognized revenue included in deferred revenue as shown on the statements of financial position, which is considered a contract liability.

##### *Admissions and program revenue:*

The Museum's revenue is recognized as performance obligations are satisfied for the amount of consideration the Museum expects to be entitled to receive for the related service. Admission and program revenue is recognized at a point in time when the customer enters the Museum, which is when the Museum's obligation to perform is satisfied. The transaction price is published within the Museum and on the website. Payment is due at the time of purchase.

#### [13] Donated nonfinancial assets:

Donated nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received at the date of the donation. The contributed nonfinancial assets are only distributed for program use. In addition, to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Donated materials are recorded as contributions at their estimated fair value at the date of donation. For the years ended June 30, 2022 and 2021, the Museum received donated maintenance services with an estimated value of \$0 and \$800, respectively, which is included in individual and corporate contributions and allocated among the functions on the statements of activities based on the functional allocation of expenses described in Note B[15].

The Museum received donated securities during each of the years ended June 30, 2022 and 2021, which were sold upon receipt. The proceeds from these donated securities were \$27,199 and \$8,158 for the years ended June 30, 2022 and 2021, respectively.



# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [14] Advertising:

Advertising costs are expensed as incurred. Such expenses for the years ended June 30, 2022 and 2021 were \$484,947 and \$383,549, respectively.

#### [15] Functional allocation of expenses:

Directly identifiable expenses are charged to program services, general and administrative and fundraising. Expenses related to more than one function are allocated among the functions benefited, as follows:

- equipment leases and maintenance, office supplies and printing and insurance - based on a count of employees and depending on the employee's function.
- building, facilities and telephone, interest expense, depreciation and reorganization costs - based on an allocation of square footage utilized by the function.

#### [16] Cost of direct benefits to donors:

The Museum conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct costs of the benefits received by the participant at the event. The costs of the special events, which ultimately benefit the donor, were \$271,873 and \$194,660 for the years ended June 30, 2022 and 2021, respectively, which are netted with special events revenue on the statements of activities.

#### [17] Federal tax status:

The Internal Revenue Service has classified the Museum as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability if the Museum has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Museum and has concluded that as of June 30, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Museum recognizes accrued interest and penalties associated with income taxes, if any, as part of administrative expenses. There were no income tax related interest and penalties recorded for either of the years ended June 30, 2022 or 2021.

#### [18] New accounting pronouncement:

In September 2020, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets, and disclose key information regarding the contributed nonfinancial assets. ASU 2020-07 should be applied on a retrospective basis and is effective for fiscal years beginning after June 15, 2021. The Museum has adopted ASU 2020-07 as of and for the year ended June 30, 2022. The amendments have been applied retrospectively to all periods presented, which had no effect on the financial statements. The adoption of ASU 2020-07 also resulted in additional disclosure related to in-kind contributions.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [19] Upcoming accounting pronouncement:

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This standard requires entities that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The standard is effective for fiscal years beginning after December 15, 2021. The guidance is required to be applied by the modified retrospective transition approach. Early adoption is permitted. Management is currently evaluating the effect that this new guidance will have on its financial statements and related disclosures.

### NOTE C - LIABILITIES SUBJECT TO COMPROMISE

Liabilities subject to compromise consist primarily of prepetition liabilities which were incurred prior to filing the petition for bankruptcy and unsecured claims. The carrying amounts of these liabilities are not adjusted, unless disallowed by the Bankruptcy Court, even though they may be settled for less.

Liabilities subject to compromise as of June 30, 2022 and 2021 include the following items:

	<u>2022</u>	<u>2021</u>
Debt, net of unamortized debt issuance costs of \$0 in 2022 and \$265,545 in 2021	\$ -	\$ 29,797,735
Accounts payable and accrued expenses	-	<u>1,931,548</u>
	<u>\$ -</u>	<u>\$ 31,729,283</u>

### NOTE D - REORGANIZATION COSTS

Reorganization costs included in the financial statements as of June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Appraisal	\$ -	\$ 19,475
Bankruptcy administrative services	<b>76,666</b>	82,125
Legal services	<b>220,392</b>	988,475
Other professional services	<b>23,047</b>	<u>55,852</u>
	<u>\$ 320,105</u>	<u>\$ 1,145,927</u>

Reorganization costs primarily relate to post-petition legal, accounting and financial advisors incurred in connection with the bankruptcy proceedings.

## WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

### Notes to Financial Statements June 30, 2022 and 2021

#### NOTE E - LIQUIDITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are comprised of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Current financial assets:		
Cash and cash equivalents	\$ 3,201,721	\$ 2,902,101
Pledges receivable	3,486,941	642,090
Capital campaign pledges receivable	50,000	338,888
Other receivables	<u>3,883</u>	<u>47,882</u>
Total current financial assets	<b>6,742,545</b>	3,930,961
Less amounts not available to be used within one year:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<b>(2,203,620)</b>	(2,478,623)
Endowment receivable, classified as a current pledge receivable	<u><b>(2,800,000)</b></u>	<u>(200,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><b>\$ 1,738,925</b></u>	<u>\$ 1,252,338</u>

General expenditures include program services expenses, general and administrative expenses and fundraising expenses expected to be paid in the subsequent year.

As of June 30, 2020, the investments balance was completely converted to cash and cash equivalents. The entire original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor balance were deducted from the financial assets available to meet cash needs for general expenditures within one year.

The Museum will evaluate its 2023 endowment spending policy in the fourth quarter of fiscal year 2023.

Net assets with donor restrictions subject to expenditures for specified purposes are expected to be released in 2023.

As part of the Museum's liquidity management plan, the Museum structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Museum invests cash in excess of daily requirements in money market funds and other short-term investments.

In August 2021, the Museum received a Shuttered Venue Operators Grant from the U.S. Small Business Administration for approximately \$1,170,000 for general expenditures. In November 2021, the Museum received an additional \$584,445 supplemental award to the Shuttered Venue Operators Grant.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE F - PLEDGES RECEIVABLE

The Museum has received pledges, some of which are receivable in future years. Pledges that are receivable in more than one year are discounted at a risk-free rate of return appropriate for the expected term of the promise to give to approximate the net present value of the estimated future cash flows. In considering estimated cash flows, the Museum considers the creditworthiness of the donors, the Museum's past collection experience and its procedures to collect promises to give.

As of June 30, 2022 and 2021, pledges receivable and capital campaign pledges receivable consisted of the following:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 3,536,941	\$ 980,978
Receivable in one to five years	<u>11,372,293</u>	<u>508,242</u>
Total pledges	14,909,234	1,489,220
Less: discount to net present value	<u>(445,260)</u>	<u>(28,690)</u>
Net pledges receivable	<u>\$ 14,463,974</u>	<u>\$ 1,460,530</u>
Current pledges	\$ 3,486,941	\$ 642,090
Current capital campaign pledges	50,000	338,888
Noncurrent pledges	10,927,033	440,779
Noncurrent capital campaign pledges	<u>-</u>	<u>38,773</u>
	<u>\$ 14,463,974</u>	<u>\$ 1,460,530</u>

Pledges which are receivable in more than one year are discounted at an appropriate rate of return for the expected term of the pledge, ranging from 0.29% to 3.01%.

### NOTE G - PROPERTY AND EQUIPMENT

Major classes of property and equipment and accumulated depreciation as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,089,507	\$ 11,354,303
Building and improvements	9,149,071	95,301,583
Exhibit equipment	3,125,593	2,941,122
Equipment	1,506,938	1,478,138
Furniture and fixtures	<u>1,389,390</u>	<u>1,389,390</u>
	16,260,499	112,464,536
Less accumulated depreciation	<u>5,282,375</u>	<u>34,117,682</u>
	<u>\$ 10,978,124</u>	<u>\$ 78,346,854</u>

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE H - DEBT

On June 30, 2015, Bridgehampton National Bank purchased \$17,000,000 of Series A bonds and a group of friends and family of the Museum, some of whom are Board members, purchased \$13,750,000 of Series B bonds of the Museum's revenue bonds from Philadelphia Authority for Industrial Development ("PAID") to retire existing mortgage debt.

The Series A bonds principal and interest payments of \$74,407 began in August 2017 and continued through July 2022, with a balloon payment due on July 5, 2022 of \$15,270,540; interest is 3.25%.

The Series B bonds were payable in semi-annual payments of interest only through maturity in July 2032, at which time a balloon payment of principal is due; interest is 4.50%.

The Series A and Series B bonds were collateralized by the Museum building. A related trust indenture agreement contained restrictive financial covenants which required the maintenance of certain financial ratios relating to leverage, as defined in the agreement. The Museum was not in compliance with the restrictive financial covenants as of June 30, 2021, and was unable to obtain a forbearance agreement from Bridgehampton National Bank. Therefore, the Museum was in default with its Series A and Series B bonds, which were included in liabilities subject to compromise as of June 30, 2021.

Interest expense under the bonds for the years ended June 30, 2022 and 2021 was \$248,147 and \$1,156,295, respectively.

As discussed in Note B[1], all of the Museum's debt, including the Series A and Series B, was eliminated and replaced with a 12-month interest free loan of \$360,000 to Dime Savings Bank, payable in monthly installments of \$30,000 through September 2023. The loan balance was \$90,000 as of June 30, 2022.

In June 2020, the Museum received a \$150,000 loan pursuant to the COVID-19 Economic Injury Disaster Loan. Neither principal nor interest is due for a 30-month deferral period through December 2022; at the end of the 30-month deferral period, installment payments of principal and interest of \$641 are due monthly. The loan has an interest rate of 2.75% and the loan matures in May 2050. There was no interest expense under the loan for the years ended June 30, 2022 and 2021.

Scheduled future maturities of debt not subject to compromise as of June 30, 2022 are as follows.

<u>Year Ending June 30,</u>	
2023	\$ 91,893
2024	3,317
2025	3,409
2026	3,504
2027	3,602
Thereafter	<u>134,275</u>
	<u>\$ 240,000</u>

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE H - DEBT (CONTINUED)

Debt subject to compromise (see Note C) as of June 30, 2021 is as follows.

<u>Year Ending June 30,</u>	
2021	\$ 30,063,280
Less unamortized debt issuance costs	<u>265,545</u>
	<u>\$ 29,797,735</u>

### NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of and for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
<b>Subject to expenditures for specified purpose:</b>		
Operations	\$ 126,475	\$ 596,375
Dream.Dare.Do	1,009,036	694,648
Education	97,316	97,316
Education outreach	36,974	36,974
New Jewish Culture Network	4,000	4,000
Internship and academic programs	102,967	102,967
Promises to give, the proceeds from which have been restricted by donors for:		
Dream.Dare.Do	<u>160,000</u>	<u>569,388</u>
	<u>1,536,768</u>	<u>2,101,668</u>
<b>Subject to time restrictions</b>	<u>208,082</u>	<u>301,452</u>
<b>Endowments:</b>		
Perpetual in nature, earnings from which are subject to the Museum's spending policy and appropriation:		
Amounts in perpetuity:		
Operations	950,555	1,059,386
Lecture series	290,174	323,102
Museum Director position	962,894	1,096,135
Pledges receivable - operations	<u>14,000,000</u>	<u>200,000</u>
	<u>16,203,623</u>	<u>2,678,623</u>
	<u>\$ 17,948,473</u>	<u>\$ 5,081,743</u>

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE I - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restrictions as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
<b>Satisfaction of purpose restrictions:</b>		
Operations	\$ 161,753	\$ 261,762
Dream.Dare.Do	95,000	192,500
Education	<u>-</u>	<u>10,000</u>
	<u>256,753</u>	<u>464,262</u>
<b>Expiration of time restrictions</b>	<u>93,370</u>	<u>423,077</u>
<b>Restricted purpose spending-rate distributions and appropriations:</b>		
Operations	108,831	126,501
Lecture series	32,928	37,638
Museum Director position	<u>133,241</u>	<u>187,549</u>
	<u>275,000</u>	<u>351,688</u>
<b>Donor redesignation of endowments</b>	<u>200,000</u>	<u>250,000</u>
	<u>\$ 825,123</u>	<u>\$ 1,489,027</u>

### NOTE J - ENDOWMENT FUNDS

The Museum's endowment consists of five individual gifts designated for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Museum has interpreted the Commonwealth of Pennsylvania state law as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) enhancements and diminution of the fund after amount deemed income under Pennsylvania law. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Museum in a manner consistent with the Commonwealth of Pennsylvania state law.

# WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE J - ENDOWMENT FUNDS (CONTINUED)

As of June 30, 2022 and 2021, the Museum's endowment had the following net asset composition:

	<u>2022</u>	<u>2021</u>
	<b>Net Assets With Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 17,875,577	\$ 4,075,577
Appropriations of endowment corpus approved by the Board of Directors of the Museum	<u>(1,671,954)</u>	<u>(1,396,954)</u>
	<u>\$ 16,203,623</u>	<u>\$ 2,678,623</u>

The Museum's endowment had the following activity for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
	<b>Net Assets With Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>
Endowment net assets at beginning of year	<u>\$ 2,678,623</u>	<u>\$ 3,280,311</u>
Donor redesignation of endowments: Without donor restrictions	(200,000)	(250,000)
Contributions	14,000,000	-
Appropriation of endowment assets pursuant to spending-rate policy:		
Operations	(108,831)	(126,501)
Lecture series	(32,928)	(37,638)
Museum Director position	<u>(133,241)</u>	<u>(187,549)</u>
Change in net assets	<u>13,525,000</u>	<u>(601,688)</u>
Endowment net assets at end of year	<u>\$ 16,203,623</u>	<u>\$ 2,678,623</u>
Endowment receivables at end of year	<u>\$ 14,000,000</u>	<u>\$ 200,000</u>



## **WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY**

### **Notes to Financial Statements June 30, 2022 and 2021**

#### **NOTE J - ENDOWMENT FUNDS (CONTINUED)**

##### **[1] Return objectives and risk parameters, and strategies for achieving objectives:**

Prior to filing for Chapter 11 bankruptcy protection, the Museum had adopted investment and spending policies for endowment assets that attempted to provide a relatively predictable and growing stream of annual distributions in support of the Museum while preserving the long-term, real purchasing power of assets. As part of Chapter 11 bankruptcy protection, the Museum was required to completely convert the investments balance to cash and cash equivalents.

The Board of Directors and management are reevaluating key factors relating to the endowment fund, including return objectives and risk parameters, and strategies for achieving objectives. As of June 30, 2022, there are no formal policies established to address these matters.

##### **[2] Spending policy:**

Pursuant to this Commonwealth of Pennsylvania law, the Board of Trustees appropriated for spending and released to net assets without donor restrictions \$275,000 and \$351,688 of the endowments corpus for the years ended June 30, 2022 and 2021, respectively, and have been reported as net assets released from restrictions in the accompanying statements of activities.

##### **[3] Appropriations of the endowment corpus:**

The Museum has interpreted Pennsylvania state law to permit spending from the endowment's corpus in accordance with prudent measures required under the law. Appropriations of this nature exist in the net assets with donor restrictions held in perpetuity, which had an original gift value of \$17,875,577, a remaining corpus of \$16,203,620 and an appropriation of endowment corpus of \$1,671,957 as of June 30, 2022. Appropriations of this nature exist in the net assets with donor restrictions held in perpetuity, which had an original gift value of \$4,075,577, a remaining corpus of \$2,678,623 and an appropriation of endowment corpus of \$1,396,954 as of June 30, 2021.

#### **NOTE K - BENEFIT PLANS**

The Museum participates as a covered entity in a 401(k) plan under its third-party Professional Employer Organization ("PEO"). The PEO manages the Museum's human resources and payroll functions. Eligible employees are covered under this plan, and the Museum may make matching contributions equal to a discretionary percentage of the participants' contributions to be determined by the Board of Trustees.

Total contributions to the benefit plan for the years ended June 30, 2022 and 2021 totaled \$53,107 and \$45,621, respectively.

#### **NOTE L - CONCENTRATIONS OF CREDIT AND MARKET RISK**

##### **[1] Pledges receivable:**

Approximately 97% of pledges receivable on the statements of financial position are from one donor for the year ended June 30, 2022.

## **WEITZMAN NATIONAL MUSEUM OF AMERICAN JEWISH HISTORY**

### **Notes to Financial Statements June 30, 2022 and 2021**

#### **NOTE L - CONCENTRATIONS OF CREDIT AND MARKET RISK (CONTINUED)**

##### **[2] Coronavirus:**

The extent of further impact and effects of the outbreak of COVID-19 on the operation and financial performance of the Museum will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions, the recovery time of the disrupted economy, and the consequential staff shortages, and the uncertainty with respect to philanthropic giving, all of which are highly uncertain and cannot be predicted. If the Museum's individual and corporate contributions continue to be impacted by this outbreak for an extended period, its results of operations or liquidity may be materially adversely affected.

#### **NOTE M - SUBSEQUENT EVENTS**

The Museum has evaluated subsequent events through March 28, 2023, which is the date the financial statements were available to be issued.