

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Kohl Children's Museum of Greater Chicago, Inc.
Glenview, Illinois

Report on the Audits of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kohl Children's Museum of Greater Chicago, Inc. (the Museum), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum, as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 the Museum adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding lease liability for all operating and finance leases with terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern for one year after the date 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 judgement, 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.



CliftonLarsonAllen LLP

Oak Brook, Illinois
December 19, 2023

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 4,977,264	\$ 5,567,726
Investments	1,580,501	1,235,529
Contributions Receivable, Net	891,104	1,218,940
In-Kind Rent Receivable	2,100,014	2,207,133
Prepaid Expenses	41,474	74,831
Property and Equipment, Net	8,901,659	9,007,909
Right-of-Use Assets, Net - Operating	294,886	-
Right-of-Use Assets, Net - Financing	6,538	-
	<u>\$ 18,793,440</u>	<u>\$ 19,312,068</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 419,229	\$ 437,154
Note Payable	26,079	34,007
Lease Liability - Operating	474,158	-
Lease Liability - Financing	6,966	12,686
Deferred Membership Revenue	500,840	397,765
Deferred Rent	-	177,563
Other Deferred Revenue	139,458	209,567
Total Liabilities	<u>1,566,730</u>	<u>1,268,742</u>
NET ASSETS		
Without Donor Restrictions	9,146,162	10,082,523
With Donor Restrictions	8,080,548	7,960,803
Total Net Assets	<u>17,226,710</u>	<u>18,043,326</u>
Total Liabilities and Net Assets	<u>\$ 18,793,440</u>	<u>\$ 19,312,068</u>

See accompanying Notes to Financial Statements.

**KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions, Gifts, and Other Support	\$ 359,449	\$ 445,511	\$ 804,960
Contributed Assets	37,674	-	37,674
Government Grants	146,247	1,361	147,608
Special Events, Net of Expenses of \$158,539	321,805	-	321,805
Admissions	1,145,208	-	1,145,208
Membership Income	1,018,178	-	1,018,178
Field Trips and Educational Programs	312,909	-	312,909
Facility Rental Income	87,748	-	87,748
Exhibit Rental Income	225	-	225
Other	36,515	-	36,515
Net Assets Released from Restrictions	510,332	(510,332)	-
Total Revenue, Support, and Gains	3,976,290	(63,460)	3,912,830
EXPENSES AND LOSSES			
Program Services			
Education and Exhibits	3,374,902	-	3,374,902
Support Services			
Management and General	1,155,150	-	1,155,150
Fundraising	382,599	-	382,599
Total Expenses	4,912,651	-	4,912,651
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	(936,361)	(63,460)	(999,821)
OTHER CHANGES IN NET ASSETS			
Play it Forward Campaign Contributions and Endowment Contributions	-	52,350	52,350
Interest Income	-	25,000	25,000
Net Realized and Unrealized Gains on Investments	-	105,855	105,855
Total Other Changes in Net Assets	-	183,205	183,205
CHANGE IN NET ASSETS	(936,361)	119,745	(816,616)
Net Assets - Beginning of Year	10,082,523	7,960,803	18,043,326
NET ASSETS - END OF YEAR	\$ 9,146,162	\$ 8,080,548	\$ 17,226,710

See accompanying Notes to Financial Statements.

**KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions, Gifts, and Other Support	\$ 327,718	\$ 582,942	\$ 910,660
Contributed Assets	200,000	-	200,000
Government Grants	1,485,868	-	1,485,868
Special Events, Net of Expenses of \$133,389	250,507	-	250,507
Admissions	933,939	-	933,939
Membership Income	866,383	-	866,383
Field Trips and Educational Programs	179,960	-	179,960
Facility Rental Income	1,675	-	1,675
Exhibit Rental Income	65,000	-	65,000
Other	11,842	-	11,842
Net Assets Released from Restrictions	687,928	(687,928)	-
Total Revenue, Support, and Gains	5,010,820	(104,986)	4,905,834
EXPENSES AND LOSSES			
Program Services			
Education and Exhibits	2,811,890	-	2,811,890
Support Services			
Management and General	1,164,158	-	1,164,158
Fundraising	390,684	-	390,684
Total Expenses	4,366,732	-	4,366,732
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	644,088	(104,986)	539,102
OTHER CHANGES IN NET ASSETS			
Play it Forward Campaign Contributions and Other Revenue	-	3,656	3,656
Interest Income	-	19,445	19,445
Net Realized and Unrealized Losses on Investments	-	(182,270)	(182,270)
Net Assets Released from Capital Restrictions	25,999	(25,999)	-
Total Other Changes in Net Assets	25,999	(185,168)	(159,169)
CHANGE IN NET ASSETS	670,087	(290,154)	379,933
Net Assets - Beginning of Year	9,412,436	8,250,957	17,663,393
NET ASSETS - END OF YEAR, AS RESTATED	\$ 10,082,523	\$ 7,960,803	\$ 18,043,326

See accompanying Notes to Financial Statements.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Support Services		Total
		Management and General	Fundraising	
Compensation	\$ 2,033,696	\$ 754,691	\$ 306,032	\$ 3,094,419
Supplies and Equipment	138,613	4,955	8,150	151,718
Travel and Meetings	61,142	1,912	8,774	71,828
Advertising, Printing, and Publications	66,679	14,996	31,902	113,577
Repair, Maintenance, and Construction	233,275	107,995	-	341,270
Rent and Occupancy	115,042	41,564	694	157,300
Utilities	114,450	450	38	114,938
Bank Fees and Interest	-	4,880	167	5,047
Depreciation	465,856	7,807	-	473,663
Consulting and Professional Fees	69,725	188,218	26,528	284,471
Miscellaneous	76,424	27,682	314	104,420
Total Expenses Before Special Event and Play it Forward Campaign Expenses	3,374,902	1,155,150	382,599	4,912,651
Special Events	-	-	158,539	158,539
Total Expenses by Function	<u>\$ 3,374,902</u>	<u>\$ 1,155,150</u>	<u>\$ 541,138</u>	<u>\$ 5,071,190</u>

See accompanying Notes to Financial Statements.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Support Services		Total
		Management and General	Fundraising	
Compensation	\$ 1,724,548	\$ 686,172	\$ 318,149	\$ 2,728,869
Supplies and Equipment	115,331	3,878	9,838	129,047
Travel and Meetings	14,787	2,054	2,285	19,126
Advertising, Printing, and Publications	17,655	8,748	35,548	61,951
Repair, Maintenance, and Construction	106,635	140,475	-	247,110
Rent and Occupancy	119,915	95,266	-	215,181
Utilities	106,557	-	-	106,557
Bank Fees and Interest	-	1,241	49	1,290
Depreciation	459,141	19,183	-	478,324
Consulting and Professional Fees	143,936	83,312	24,815	252,063
Miscellaneous	3,385	123,829	-	127,214
Total Expenses Before Special Event Expenses	2,811,890	1,164,158	390,684	4,366,732
Special Events	-	-	133,389	133,389
Total Expenses by Function	<u>\$ 2,811,890</u>	<u>\$ 1,164,158</u>	<u>\$ 524,073</u>	<u>\$ 4,500,121</u>

See accompanying Notes to Financial Statements.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (816,616)	\$ 379,933
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	473,663	478,324
Noncash Lease Expense	1,709	-
Change in Discount on Pledges	21,892	(2,201)
Change in Provision for and Write-Off of Uncollectible Pledges	12,122	8,006
Net Realized and Unrealized Investment (Gain) Loss	(105,855)	182,270
Forgiveness of Debt	-	(523,176)
In-Kind Rent Receivable	107,119	106,058
Contributed Assets	-	(200,000)
Changes in Operating Assets and Liabilities:		
Contributions and Other Receivables	293,822	56,934
Prepaid Expenses and Deposits	33,357	28,610
Accounts Payable and Accrued Expenses	(17,925)	98,396
Deferred Revenue	32,966	(10,077)
Deferred Rent	-	2,813
Net Cash Provided by Operating Activities	36,254	605,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(373,951)	(16,722)
Purchases of Investments	(813,628)	(480,711)
Proceeds from Sales of Investments	574,511	298,073
Net Cash Used by Investing Activities	(613,068)	(199,360)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Note Payable	(7,891)	(7,462)
Payments on Financing Lease	(5,757)	(5,551)
Net Cash Used by Financing Activities	(13,648)	(13,013)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(590,462)	393,517
Cash and Cash Equivalents - Beginning of Year	5,567,726	5,174,209
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,977,264	\$ 5,567,726

See accompanying Notes to Financial Statements.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Kohl Children's Museum of Greater Chicago, Inc. (the Museum) was incorporated as a nonprofit organization in May 1990 under the laws of the state of Illinois. The Museum is supported primarily by admissions, memberships, special events, and publicly provided contributions, gifts, and grants obtained through operation of its museum facilities in Glenview, Illinois. The Museum is a leader in demonstrating the role of interactive play in learning, creating exemplary, developmentally appropriate, and hands-on educational experiences for young children in a fun, intimate environment. In addition, children learn best through play, and that interactive play between children and caring adults fosters learning and relationship development. In achieving this mission, the Museum strives to engage a multicultural and economically diverse audience to interact in the learning process, serve as a catalyst for constructive new forms of participatory learning for schools and families, implement innovative programs at the Museum and in the community, and impact schools through ongoing, innovative programs.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). This method records revenue and related assets when earned and records expenses and related liabilities when the obligations are incurred. These financial statements report amounts separately by class of net assets.

Classification of Net Assets

Net assets of the Museum are classified based on the presence or absence of donor-imposed restrictions and are defined as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Museum.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and granters. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Museum or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less. Throughout the year, the Museum may have amounts on deposit with a financial institution in excess of those insured by the Federal Deposit Insurance Corporation. Management does not believe this presents a significant risk to the Museum.

Contributions Receivable

Contributions are recognized as revenue when the donor's commitment is received. Contributions expected to be received over more than one year are initially recorded at fair value by the Museum as contributions receivable. They are subsequently valued at the present value of future cash flows. The valuation of contributions receivable is based upon management's estimate of the collectability of such receivables. Management records a general reserve equal to the three-year rolling average of historical write-offs. Management monitors the collection of these receivables on a monthly basis. Receivables are deemed delinquent if not collected from the donor in the period they are expected to be received. Delinquent receivables are monitored, and amounts are written off when deemed uncollectible.

The discount rate was 5% and 1% in 2023 and 2022, respectively.

In-Kind Rent Receivable

In-kind rent receivable consists of a below market rent land lease through March 2044, with the Village of Glenview. The present value of the contribution, as determined at the date of the lease was effective using a 1% interest rate, is recorded in net assets with donor restrictions and in-kind receivable. Annually, this receivable is amortized and released from restriction at approximately \$106,000.

Property and Equipment

Property and equipment in excess of \$5,000 are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Costs of repairs and maintenance are charged to expense as incurred.

Buildings and Improvements	40 Years
Exhibits	10 Years
Vehicles	3 to 5 Years
Office Equipment	3 to 10 Years

Deferred Revenue

Deferred membership revenue consists of income from membership dues, which is deferred and recognized over the periods to which the dues relate. Deferred revenue – other consists of funds received in advance for future special events and exhibits. Deferred revenue also contains amounts on gift cards, which do not expire.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Gifts, and Grants

Unconditional promises to give cash and other assets to the Museum are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Admissions, Special Events Revenue, Field Trips, and Educational Programs

Income collected for daily admissions, special events, field trips, and educational programs is recognized when earned.

Membership Revenue

Membership dues are recorded as deferred revenue and are recognized ratably over the membership period. Memberships are valid one year from the date of purchase.

Facility and Exhibit Rental

Facility and exhibit rental revenue is recognized when earned.

Donated Services

The Museum receives a substantial amount of donated services from unpaid volunteers who have made significant contributions of their time to help execute the Museum's programs. There were no donated services reflected in the financial statements for the years ended June 30, 2023 and 2022.

Income Taxes

The Museum is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of state law. However, the Museum is subject to federal income tax on any unrelated business taxable income. The Museum is not considered to be a private foundation.

Use of Estimates

The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Costs are charged to program and support services on an actual basis when available. Indirect costs for rent and occupancy, utilities and depreciation and amortization are primarily allocated between program and support services based on square footage of the Museum facility. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Leases

The Museum leases land and certain office equipment and determines if an arrangement is a lease at inception. Leases are included in right-of-use (ROU) assets and lease liability in the statements of financial position.

ROU assets represent the Museum's right to use an underlying asset for the lease term and lease liabilities represent the Museum's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Museum will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Museum has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Museum has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

Change in Accounting Principles

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Topic 842 increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles (Continued)

Leases (Continued)

The Museum has adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this lease standard to the beginning of the period of adoption. The Museum has elected to adopt the package of practical expedients available in the year of adoption. The Museum has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Museum's ROU assets. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB Accounting Standards Codification (ASC) 840.

Reclassification

Prior year amounts have been reclassified, where appropriate, to conform to the current year method of presentation. These changes had no impact to the change in net assets.

Subsequent Events

We have evaluated subsequent events through December 19, 2023, the date the financial statements were available to be issued.

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be collected during the following periods:

	<u>2023</u>	<u>2022</u>
Due Within One Year	\$ 319,893	\$ 480,760
Due in One to Five Years	686,843	777,920
Due in Six to Seven Years	-	-
Total	<u>1,006,736</u>	<u>1,258,680</u>
Less: Allowance for Uncollectible Contributions	31,804	19,682
Less: Allowance for Net Present Value Discount	83,828	20,058
Contributions Receivable, Net	<u>\$ 891,104</u>	<u>\$ 1,218,940</u>

NOTE 3 FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Museum has the ability to access.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 FAIR VALUE INSTRUMENTS (CONTINUED)

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Museum's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Level 1 investments consist of money market funds, common stock funds, government bond funds, fixed- income exchange-traded funds, real estate funds, commodity-linked funds, and commodity exchange-traded funds. Estimated fair values for the Museum's Level 1 investments were based on quoted market prices.

Level 2 investments consist of negotiable certificate of deposits. Estimated fair values of the Museum's Level 2 investments were based on quoted prices for similar assets in active markets.

The Museum currently uses no Level 3 inputs.

The following tables present information about the Museum's assets measured at fair value on recurring basis at June 30, 2023 and 2022, and the valuation techniques used by the Museum to determine those fair values:

	2023		
	Level 1	Level 2	Total
Money Market Funds	\$ 62,917	\$ -	\$ 62,917
Equity Funds	1,061,556	-	1,061,556
Fixed Income Funds	419,984	-	419,984
Real Estate Funds	36,044	-	36,044
Total	<u>\$ 1,580,501</u>	<u>\$ -</u>	<u>\$ 1,580,501</u>
	2022		
	Level 1	Level 2	Total
Money Market Funds	\$ 72,383	\$ -	\$ 72,383
Equity Funds	864,340	-	864,340
Fixed Income Funds	253,930	-	253,930
Real Estate Funds	44,876	-	44,876
Total	<u>\$ 1,235,529</u>	<u>\$ -</u>	<u>\$ 1,235,529</u>

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 FAIR VALUE INSTRUMENTS (CONTINUED)

The Museum's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the actual date of the event of change in circumstances that caused the transfer. There were no significant transfers between levels of the fair value hierarchy during 2023 and 2022.

NOTE 4 PROPERTY AND EQUIPMENT

The cost of property and equipment is summarized as follows:

	<u>2023</u>	<u>2022</u>
Buildings and Improvements	\$ 14,262,288	\$ 13,968,424
Exhibits	6,017,548	5,937,463
Vehicles	76,813	76,813
Office Equipment	964,498	971,036
Construction in Progress	<u>474,832</u>	<u>474,832</u>
Total	21,795,979	21,428,568
Less: Accumulated Depreciation	<u>12,894,320</u>	<u>12,420,659</u>
Property and Equipment, Net	<u>\$ 8,901,659</u>	<u>\$ 9,007,909</u>

Depreciation expense was \$473,663 and \$478,324 for 2023 and 2022, respectively.

NOTE 5 LINE OF CREDIT

As of June 30, 2023 and 2022, the Museum has a \$500,000 line of credit available with Northern Trust that bears interest at the prime rate and is secured by the assets of the Museum. There were no borrowings outstanding on this line of credit as of June 30, 2023 and 2022. Repayment of any borrowings under the line of credit is due upon demand from the bank.

NOTE 6 PAYCHECK PROTECTION PROGRAM

The Museum received a Second Draw Paycheck Protection Program Loan to fund payroll, rent, utilities, and interest on mortgages and existing debit in the amount of \$520,962 on January 29, 2021. This amount was forgiven by the U.S. Small Business Administration (SBA) on January 25, 2022 and the revenue from this matter is included in the accompanying statements of activities as government grants in 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 PROPERTY AND EQUIPMENT LOAN

During the year ended June 30, 2021, the Museum acquired certain property and equipment under a financing agreement that requires monthly payments of \$815 including interest at 5.99%. The balance due under the agreement at June 30, 2023 and 2022 is \$26,079 and \$34,007, respectively. Principal maturities are as follows:

Year Ending June 30,	Amount
2024	\$ 8,405
2025	8,922
2026	8,752
Total	\$ 26,079

NOTE 8 REVENUE AND DEFERRED REVENUE

The following table shows the Museum's revenue disaggregated according to the timing of the transfer of goods and services:

	2023	2022
Revenue		
Recognized Over Time		
Membership Income	\$ 1,018,178	\$ 866,383
Recognized at a Point in Time		
Admissions	1,145,208	933,939
Field Trips and Educational Programs	312,909	179,960
Special Events, Net	136,421	77,570
Other	22,805	11,450
Total Recognized at a Point in Time	1,617,343	1,202,919
Total	\$ 2,635,521	\$ 2,069,302

The following table shows the Museum's deferred revenue disaggregated according to the timing of the transfer of goods and services:

	2023	2022	2021
Deferred Revenue			
Recognized Over Time			
Membership Revenue	\$ 500,840	\$ 397,765	\$ 465,308
Recognized at a Point in Time			
Gift Cards	118,300	111,318	103,552
Exhibit	-	50,000	35,000
Sponsorship	17,500	41,500	10,000
Other	3,658	6,749	3,549
Total Recognized at a Point in Time	139,458	209,567	152,101
Total	\$ 640,298	\$ 607,332	\$ 617,409

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 RETIREMENT PLAN

The Museum offers a 401(k) plan covering all eligible employees. The Museum makes employer contributions amounting to 100% of the employee contribution, not exceeding 3% of compensation, plus 50% of contributions in excess of 3%, but not greater than 5% of compensation. During the years ended June 30, 2023 and 2022, the Museum contributed \$59,339 and \$51,431, respectively, to the plan.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Play it Forward Campaign	\$ 3,404,118	\$ 3,351,768
Annual Fund and Other Programs	31,509	31,509
Early Childhood and Other Programs	314,572	270,913
Donor-Restricted Endowment Funds	2,009,915	1,984,915
Endowment Earnings	220,420	114,565
In-Kind Rent Receivable	2,100,014	2,207,133
Total Net Assets with Donor Restrictions	<u>\$ 8,080,548</u>	<u>\$ 7,960,803</u>

NOTE 11 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions:		
Play it Forward Campaign	\$ -	\$ 25,999
Early Childhood and Other Programs	510,332	687,928
Total Net Assets Released from Donor Restrictions	<u>\$ 510,332</u>	<u>\$ 713,927</u>

NOTE 12 DONOR-RESTRICTED ENDOWMENTS

The Museum's endowment consists of one donor-restricted fund. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2023 and 2022, there are no board-designated endowment funds.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 DONOR-RESTRICTED ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The Museum is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the Museum had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Museum considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Museum has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. There were no underwater endowments at June 30, 2023 or 2022. Additionally, in accordance with SPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 2,099,480	\$ 2,099,480
Investment Income (Loss):			
Investment Income	-	25,000	25,000
Net Realized and Unrealized Losses on Investments	-	105,855	105,855
Total Investment Loss	-	130,855	130,855
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 2,230,335</u>	<u>\$ 2,230,335</u>

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 DONOR-RESTRICTED ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ -	\$ 2,262,305	\$ 2,262,305
Investment Return:			
Investment Income	-	19,445	19,445
Net Realized and Unrealized Gains on Investments	-	(182,270)	(182,270)
Total Investment Return	-	(162,825)	(162,825)
Reclassification from Capital Campaign	-		-
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 2,099,480</u>	<u>\$ 2,099,480</u>

Return Objectives and Risk Parameters

The Museum has adopted investment and spending policies for endowment assets that attempt to preserve, protect, and grow the assets, as well as maintain sufficient liquid reserves to meet obligations arising from planned activities. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity.

Strategies Employed for Achieving Objectives

The endowment will achieve a long-term rate of return on investments that ensures the growth of the assets will be sufficient to offset or exceed inflation, required spending, investment management fees, expenses, and taxes over a full market cycle. The portfolio will also be diversified among various asset classes with the goal of reducing volatility of return and, among various issues of securities, to reduce nonsystematic, single-issuer, principal risk. The endowment will maintain liquidity in the portfolio sufficient to meet the obligations as they arise over time. Administrative, investment, and management expenses will also be controlled.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment will spend an amount each year determined annually by the finance committee after considering all factors enumerated in Section 4 of the Illinois Uniform Prudent Management of Institutional Funds Act. There was no spending in 2023 and 2022.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Museum's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or board designations that limit availability within one year of the statement of financial position date.

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 4,977,264	\$ 5,567,726
Contributions Receivable	891,104	1,218,940
Other Investments	<u>1,580,501</u>	<u>1,235,529</u>
Total	7,448,869	8,022,195
Less: Those Unavailable for General Expenditures Within One Year Due to Contractual or Donor-Imposed Restrictions - Restricted by Donor With Time or Purpose Restrictions	<u>5,980,534</u>	<u>5,753,670</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,468,335</u>	<u>\$ 2,268,525</u>

The Museum has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Museum invests cash in excess of daily requirements in various short-term investments, including certificate of deposits and short-term treasury investments. In addition to the above financial assets, the Museum has the ability to borrow up to \$500,000 under the line of credit disclosed in Note 5.

NOTE 14 CONTRIBUTIONS OF NONFINANCIAL ASSETS

The Museum received contributions of billboard advertising space for a one-month placement and auction gift items for various events during the year ended June 30, 2023 for \$37,674. The Museum received a contribution of an exhibit during the year ended June 30, 2022 for \$200,000. The Museum recognizes contributed nonfinancial assets at their estimated fair value when received. All contributions received were unrestricted.

NOTE 15 LEASE AGREEMENTS – ASC 842

The Museum has a ground lease agreement with the Village of Glenview, Illinois. The term of the lease is 39 years, expiring in 2044, with an option for an additional 40 years. The Museum also has a financing lease for copiers expiring in 2025.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 LEASE AGREEMENTS – ASC 842 (CONTINUED)

The following table provides quantitative information concerning the Museum's leases:

Lease Costs	
Finance Lease Cost	
Amortization of Right-of-Use Assets	\$ 5,604
Interest on Lease Liabilities	323
Operating Lease Cost	<u>23,633</u>
Total Lease Costs	<u><u>\$ 29,560</u></u>
Other Information	
Operating Cash Flows from Financing Leases	\$ 323
Operating Cash Flows from Operating Leases	\$ 21,924
Financing Cash Flows from Financing Leases	\$ 5,757
Right-of-Use Assets Obtained in Exchange for New Lease Liabilities	\$ 302,811
Weighted-Average Remaining Lease Term - Finance Leases	1.2 Years
Weighted-Average Remaining Lease Term - Operating Leases	20.8 Years
Weighted-Average Discount Rate - Finance Leases	3.37%
Weighted-Average Discount Rate - Operating Leases	3.30%

The Museum classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

<u>Year Ending December 31,</u>	<u>Operating</u>	<u>Finance</u>	<u>Totals</u>
2024	\$ 22,965	\$ 6,080	\$ 29,045
2025	28,170	1,014	29,184
2026	28,170	-	28,170
2027	28,170	-	28,170
2028	28,170	-	28,170
Thereafter	<u>535,980</u>	<u>-</u>	<u>535,980</u>
Undiscounted Cash Flows	671,625	7,094	678,719
Less: Imputed Interest	<u>(197,467)</u>	<u>(128)</u>	<u>(197,595)</u>
Total Present Value	<u><u>\$ 474,158</u></u>	<u><u>\$ 6,966</u></u>	<u><u>\$ 481,124</u></u>
Short-Term Lease Liabilities	\$ 7,470	\$ 5,954	\$ 13,424
Long-Term Lease Liabilities	<u>466,688</u>	<u>1,012</u>	<u>467,700</u>
Total	<u><u>\$ 474,158</u></u>	<u><u>\$ 6,966</u></u>	<u><u>\$ 481,124</u></u>

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 16 LEASE AGREEMENTS – ASC 840

The Museum elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

Future minimum payments under the agreement are as follows:

<u>Year Ending December 31,</u>	<u>Operating</u>	<u>Capital</u>	<u>Amount</u>
2023	\$ 24,360	\$ 5,741	\$ 30,101
2024	26,095	5,937	32,032
2025	31,300	1,008	32,308
2025	31,300	-	31,300
2026	31,300	-	31,300
Thereafter	624,225	-	624,225
Total	<u>\$ 768,580</u>	<u>\$ 12,686</u>	<u>\$ 781,266</u>



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAglobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.