



THE JEWISH MUSEUM

Financial Statements

June 30, 2020

(With Summarized Comparative Financial Information
as of and for the year ended June 30, 2019)

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
The Jewish Museum:

We have audited the accompanying financial statements of The Jewish Museum, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Museum as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



Report on Summarized Comparative Information

We have previously audited The Jewish Museum's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived before the adjustments to adopt ASU 2016-18. As part of our audit of the 2020 financial statements, we also audited the adjustments described in Note 2(m) that were applied to adopt ASU 2016-18 retrospectively in the 2019 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

KPMG LLP

November 16, 2020

THE JEWISH MUSEUM

Statement of Financial Position

June 30, 2020

(with comparative financial information as of June 30, 2019)

Assets	2020	2019
Cash and cash equivalents	\$ 6,401,546	2,510,205
Contributions and grants receivable, net (note 6)	7,363,548	6,411,896
Other assets	2,618,792	2,102,500
Investments (note 4)	109,313,601	108,849,644
Fixed assets, net (note 8)	18,831,837	20,145,366
Collection (notes 2 and 11)		
Total assets	\$ 144,529,324	140,019,611
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,068,031	837,788
Accrued compensation payable	469,601	534,975
Line of credit (note 9)	5,000,000	1,000,000
Payroll Protection Program (PPP) loan payable (note 9)	2,107,227	—
Annuities payable	998,106	1,129,585
Total liabilities	9,642,965	3,502,348
Net assets (notes 12 and 13):		
Without donor restrictions	54,308,891	58,566,949
With donor restrictions	80,577,468	77,950,314
Total net assets	134,886,359	136,517,263
Total liabilities and net assets	\$ 144,529,324	140,019,611

See accompanying notes to financial statements.

THE JEWISH MUSEUM

Statement of Activities

Year ended June 30, 2020

(with comparative financial information as of June 30, 2019)

	Without donor restrictions			With donor restrictions	Total	
	Operating	Plant	Board-designated	Total	2020	2019
Revenues, gains, and other support:						
Contributions and grants	\$ 6,609,038	—	20,197	6,629,235	6,233,302	18,935,954
Net investment return	12,048	—	1,797,580	1,809,628	4,420,317	2,670,308
Admissions, tour fees, and ticket sales	611,366	—	—	611,366	611,366	872,019
Memberships	812,107	—	—	812,107	—	877,512
Fundraising events, net of expenses of \$1,462,852 in 2020 and \$1,600,714 in 2019	416,954	—	—	416,954	—	1,735,379
Museum shop	1,181,909	—	—	1,181,909	—	1,496,825
Other revenues	249,877	—	—	249,877	—	298,746
Net assets released from restrictions and transfers	8,793,255	335,682	(3,231,528)	5,897,409	(5,897,409)	—
Total revenues, gains, and other support	18,686,554	335,682	(1,413,751)	17,608,485	2,946,582	26,886,743
Expenses (note 7):						
Program services:						
Curatorial, collections, and exhibitions	8,540,893	1,160,100	—	9,700,993	—	10,782,507
Education, media, and public programs	3,167,935	218,887	—	3,386,822	—	3,577,235
Museum shop	1,891,199	109,443	—	2,000,642	—	2,080,845
Other	73,694	—	—	73,694	—	36,935
Total program services	13,673,721	1,488,430	—	15,162,151	—	16,477,522
Supporting services:						
Management and general	3,201,678	459,662	—	3,661,340	—	3,467,905
Fundraising:						
Development	2,118,773	175,109	—	2,293,882	—	1,911,482
Membership	683,504	65,666	—	749,170	—	738,316
Total fundraising	2,802,277	240,775	—	3,043,052	—	2,649,798
Total supporting services	6,003,955	700,437	—	6,704,392	—	6,117,703
Total expenses	19,677,676	2,188,867	—	21,866,543	—	22,595,225
Change in net assets before changes related to collection items not capitalized	(991,122)	(1,853,185)	(1,413,751)	(4,258,058)	2,946,582	4,291,518
Collection items purchased but not capitalized (note 2)	—	—	—	—	(319,428)	(440,302)
Change in net assets	(991,122)	(1,853,185)	(1,413,751)	(4,258,058)	2,627,154	3,851,216
Net assets at beginning of year	(666,709)	13,961,686	45,271,972	58,566,949	77,950,314	132,666,047
Net assets at end of year	\$ (1,657,831)	12,108,501	43,858,221	54,308,891	80,577,468	136,517,263

See accompanying notes to financial statements.

THE JEWISH MUSEUM

Statement of Cash Flows

Year ended June 30, 2020

(with comparative financial information as of June 30, 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (1,630,904)	3,851,216
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	2,188,867	1,729,766
Net realized and unrealized gains on investments	(4,098,332)	(1,891,790)
Purchase of collection items	319,428	440,302
In-Kind Contribution	(207,725)	—
Contribution revenue donor restricted-for endowments and capital projects	(2,273,800)	(5,285,000)
Change in actuarial value of annuities payable	50,625	155,309
Changes in other assets and liabilities:		
Contributions and grants receivable, excluding portions donor-restricted for endowments and capital projects	297,148	(3,350,410)
Other assets	(516,292)	360,188
Accounts payable and accrued expenses	230,243	(416,054)
Accrued compensation payable	(65,374)	(5,288)
Net cash used in operating activities	(5,706,116)	(4,411,761)
Cash flows from investing activities:		
Purchase of investments	(40,835,075)	(53,824,159)
Proceeds from sale of investments	44,929,769	57,104,805
Fixed asset acquisitions	(667,613)	(1,665,992)
Collection items purchased but not capitalized	(319,428)	(440,302)
Net cash provided by investing activities	3,107,653	1,174,352
Cash flows from financing activities:		
Proceeds from contributions donor-restricted for endowments and capital projects	1,025,000	5,305,000
Payment of annuities	(182,104)	(199,938)
Borrowings of PPP Loan Payable	2,107,227	—
Drawdown of line of credit	4,000,000	—
Net cash provided by financing activities	6,950,123	5,105,062
Net increase in cash and cash equivalents	4,351,660	1,867,653
Cash, cash equivalents, and restricted cash at beginning of year	4,518,125	2,650,472
Cash, cash equivalent, and restricted cash at end of year	\$ 8,869,785	4,518,125
Reconciliation of cash, cash equivalent, and restricted cash reported within the statement of financial position that sum to the amounts above:		
Cash and cash equivalents	\$ 6,401,546	2,510,205
Restricted cash included in investments	2,468,239	2,007,920
Total cash, cash equivalent, and restricted cash shown above	\$ 8,869,785	4,518,125

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2020

(with comparative financial information
as of and for the year ended June 30, 2019)

(1) Nature and Purpose of Organization

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

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

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic and consequently, the Museum was closed to the public in accordance with New York State executive orders and guidance related to the pandemic. On September 24, 2020, the Museum reopened to visitors in accordance with New York State safety guidance and directives, including attendance capacity limitations.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

(b) Basis of Presentation

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

Net assets without donor restrictions net assets are not subject to any donor-imposed stipulations. However, the board of trustees may choose to designate such funds for particular uses. The change in operating net assets excludes depreciation on buildings and equipment, and investment return allocated to board-designated assets.

Net assets with donor restrictions net assets are subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Museum and/or by the passage of time. Other donor restrictions are subject to stipulations that they be maintained permanently by the Museum. Generally, the donors of these assets permit the Museum to use all or part of the income earned on related investments for general or specific purposes.

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Revenue is reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(c) Use of Estimates

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

(d) Income Taxes

The Museum recognizes the effect of income tax positions only if such positions are more likely than not of being sustained. The Museum believes it has taken no significant uncertain tax positions and does not have any material unrelated business income tax liability for the years ended June 30, 2020 or 2019.

(e) Functional Allocation of Expenses

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

(f) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. The Museum discloses fair value measurements by level within that hierarchy. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Museum. Unobservable inputs reflect the Museum's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Fair value measurements are categorized into three levels based on the inputs as follows:

Level 1 Inputs that reflect unadjusted quoted prices or published values per share in active markets for identical assets or liabilities that the Museum has the ability to access at the measurement date

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Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active

Level 3 Inputs that are unobservable

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

(g) Cash and Cash Equivalents

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

(h) Investments

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

Investments in debt securities are measured using quoted market prices where available. If quoted market prices are not available, the fair value for investments in debt securities is determined using an income approach valuation technique that considers among other factors, rates currently observed in publicly traded markets for debt of similar terms to issuers with comparable credit risk, the issuer's credit spread, and illiquidity by sector and maturity.

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

(i) Contributions

Contributions, which include unconditional promises to give, are reported at fair value at the date the contribution is received. Contributions to be received after one year are discounted to reflect the present value of future cash flows. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

(j) Fixed Assets

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

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as of and for the year ended June 30, 2019)

(k) Collection

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

(l) Annuities Payable

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

(m) New Accounting Pronouncements

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

The FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*, the amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. In many cases, the end-of-period total per the statement of cash flows may no longer agree to the cash and cash equivalents line item on the face of the statement of financial position. The Museum adopted ASU No. 2016-18 for the year ended June 30, 2020. The adoption of this ASU resulted in the inclusion of restricted cash of \$2,468,239 and \$2,007,920 in fiscal year 2020 and 2019, respectively, in the total cash, cash equivalent, and restricted cash of the statement of cash flows.

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Notes to Financial Statements

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(with comparative financial information
as of and for the year ended June 30, 2019)

(n) New Accounting Pronouncements Not Yet Adopted

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

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This guidance, effective for the Museum's fiscal year ending June 30, 2021, is designed to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The Museum is currently evaluating the impact of this ASU and expects to apply it using the modified retrospective approach for the year ending June 30, 2023.

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

(o) Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Museum's financial statements as of and for the year ended June 30, 2019, from which the summarized financial information was derived.

(p) Reclassifications

Certain prior-year financial statement amounts have been reclassified to be consistent with the current year financial statement presentation.

(3) Affiliated Organization

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

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

THE JEWISH MUSEUM

Notes to Financial Statements

June 30, 2020

(with comparative financial information
as of and for the year ended June 30, 2019)

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

(4) Investments

The following tables present the fair value hierarchy of investments, the only financial instruments that are measured at fair value on a recurring basis at June 30, 2020 and 2019:

	2020		
	Total	Level 1	Level 2
Short-term investments	\$ 9,701,492	9,701,492	—
Fixed-income mutual funds	6,089	6,089	—
U.S. government and agency bonds	12,524,989	12,524,989	—
Corporate bonds	564,736	—	564,736
Auction rate securities	230,250	—	230,250
Domestic common stock	28,742,665	28,742,665	—
International common stock	278,097	278,097	—
Hedge funds	11,637,098	11,637,098	—
Subtotal	<u>63,685,416</u>	<u>62,890,430</u>	<u>794,986</u>
Investments reported at NAV:			
Hedge funds	<u>45,628,185</u>		
Total investments reported at NAV	<u>45,628,185</u>		
Total investments	<u>\$ 109,313,601</u>		

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Notes to Financial Statements

June 30, 2020

(with comparative financial information
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		2019		
		Total	Level 1	Level 2
Short-term investments	\$	15,073,235	15,073,235	—
Fixed-income mutual funds		5,826	5,826	—
U.S. government and agency bonds		12,322,576	12,322,576	—
Corporate bonds		650,617	—	650,617
Auction rate securities		230,250	—	230,250
Domestic common stock		27,072,099	27,072,099	—
International common stock		1,060,803	1,060,803	—
Hedge funds		13,942,277	13,942,277	—
Subtotal		<u>70,357,683</u>	<u>\$ 69,476,816</u>	<u>880,867</u>
Investments reported at NAV:				
Hedge funds		33,733,687		
Distressed opportunities		<u>4,758,274</u>		
Total investments reported at NAV		<u>38,491,961</u>		
Total investments	\$	<u>108,849,644</u>		

There were no Level 3 investments in 2020 or 2019.

The Museum's investment's portfolio includes charitable gift annuities of \$1,087,662 and \$1,227,600 at June 30, 2020 and 2019, respectively.

At June 30, 2020, the Museum had no outstanding commitments to invest in any alternative investment funds.

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The alternative investment funds included in the Museum's investment portfolio at June 30, 2020 and 2019 are redeemable based on the following terms and conditions:

	2020	2019
Hedge funds:		
Monthly redemption with 6–60 days' notice	\$ 10,912,058	14,760,526
Quarterly redemption with 30–60 days' notice	40,183,572	32,915,438
Annual redemption with 90 days notice	6,169,653	—
	57,265,283	47,675,964
Distressed opportunities:		
Annual redemption (on July 1) with 60 days' notice	—	4,758,274
	—	4,758,274
	\$ 57,265,283	52,434,238

Hedge funds: These hedge funds invest in equity, fixed income, and derivative investments and vary their investment strategies in response to changing market opportunities.

Distressed opportunities: These funds invest in debt, equity, or other securities or obligations of misvalued, leveraged, or financially distressed companies and in event-oriented and other special situations.

(5) Liquidity and Availability

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

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

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June 30, 2020
(with comparative financial information
as of and for the year ended June 30, 2019)

The Museum's financial assets as of June 30, 2020 and 2019 comprised the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 6,401,546	2,510,205
Contributions and grants receivable, net	7,363,548	6,411,896
Accounts receivable, included in other assets	505,566	742,398
Investments	<u>109,313,601</u>	<u>108,849,644</u>
Total financial assets	<u>\$ 123,584,261</u>	<u>118,514,143</u>

The Museum's financial assets as of June 30, 2020 and 2019 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 6,401,546	253,943
Contributions and grants receivable, net due within one year or less	81,823	81,823
Accounts receivable	505,566	742,398
Subsequent year's payout on donor-restricted endowments – board approved	3,568,904	3,248,835
Subsequent year's payout on board-designated endowments – board approved	<u>2,339,575</u>	<u>2,702,089</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,897,414</u>	<u>7,029,088</u>

In addition to these financial assets available within one year, the Museum also has a line of credit of \$5,000,000 available through October 2021. The Museum maintains board-designated endowment funds of \$41,626,516 at June 30, 2020, which are invested for long-term appreciation and current income. However, these amounts could be made available at any time to meet cash needs for general expenditures at the discretion of the board.

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(6) Contributions and Grants Receivable

Contributions and grants receivable at June 30, 2020 and 2019 are scheduled to be collected as follows:

	<u>2020</u>	<u>2019</u>
Within one year	\$ 3,294,610	1,722,754
From one year to five years	4,100,000	225,000
More than five years	<u>509,347</u>	<u>5,452,187</u>
	7,903,957	7,399,941
Discount to present value at rates of 1.41% to 5.00%	(378,409)	(733,045)
Allowance for uncollectible	<u>(162,000)</u>	<u>(255,000)</u>
	<u>\$ 7,363,548</u>	<u>6,411,896</u>

Included in contributions receivable at June 30, 2020 and 2019 are pledges of \$6.9 million from six donors and \$5.7 million from six donors, respectively.

Conditional pledges are not included as support until the condition are substantially met; there were no conditional pledges as of June 30, 2020.

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(7) Functional Expense Classification

Operating expenses by natural and functional classification for the years ended June 30, 2020 and 2019 were as follows:

	Program				Support		Total	
	Curatorial, collections, and exhibitions and other	Education, media, and public programs	Museum shop, and other	Total	Management and general	Fund-raising	2020	2019
Salaries, payroll taxes, and fringe benefits	\$ 5,380,858	2,282,222	1,003,052	8,666,132	1,869,103	2,286,461	12,821,696	12,521,155
Professional fees and contracted services	492,600	317,323	70,164	880,087	450,343	85,002	1,415,432	1,399,771
Advertising and promotions	98,230	78,584	9,823	186,637	24,792	43,937	255,366	643,277
Office expense, postage, shipping, and printing	821,624	97,059	37,362	956,045	64,746	99,710	1,120,501	1,537,117
Occupancy and utilities	750,168	125,870	89,026	965,064	618,208	126,683	1,709,955	1,973,148
Amortization and depreciation	1,214,822	262,664	114,916	1,592,402	350,217	246,248	2,188,867	1,729,766
Miscellaneous	942,691	223,100	749,993	1,915,784	283,931	155,011	2,354,726	2,790,991
Total expenses, excluding fundraising events	9,700,993	3,386,822	2,074,336	15,162,151	3,661,340	3,043,052	21,866,543	22,595,225
Fundraising events*	—	—	—	—	—	1,462,852	1,462,852	1,600,714
Total expenses	\$ 9,700,993	3,386,822	2,074,336	15,162,151	3,661,340	4,505,904	23,329,395	24,195,939

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

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

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(8) Fixed Assets

Fixed assets at June 30, 2020 and 2019 consist of the following:

	2020	2019
Land	\$ 883,750	883,750
Building	4,063,176	2,217,779
Building and leasehold improvements	35,605,891	35,605,891
Furniture and equipment	9,622,981	8,705,840
Permanent exhibition (design and construction)	9,530,421	9,530,421
Work in progress	1,828,319	3,715,518
	61,534,538	60,659,199
Accumulated depreciation and amortization	(42,702,701)	(40,513,833)
	\$ 18,831,837	20,145,366

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

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

(9) Line of Credit and Loan Payable

In August 2016, the Museum entered into a line of credit agreement with a financial institution of up to \$5,000,000 with interest at a variable LIBOR plus 1.50% (1.68% as of June 30, 2020), which expired on October 31, 2019. The line of credit note dated October 31, 2019 was amended and extended through October 31, 2021. At June 30, 2020 and 2019, the Museum had \$5,000,000 and \$1,000,000, respectively, outstanding on this line of credit. This line of credit is collateralized by two investments held by the financial institution as custodian.

In April 2020, the Museum received a Small Business Administration loan through the CARES Act for the Paycheck Protection Program (PPP) for \$2,107,227. The term of the loan is two years with a 1% interest rate.

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(10) Employee Benefits Program

All non-union employees who work at least 1,000 hours per year are eligible to participate in the Museum's defined-contribution retirement plan, which is qualified under section 403(b) of the Internal Revenue Code. The Museum contributes 3% of compensation for eligible non-union staff and matches contributions up to an additional 5%. This match was suspended as of May 1, 2020 as a cost saving measure. Unionized personnel are eligible to participate in a separate 403(b) retirement savings plan, the terms of which are defined by a collective bargaining agreement. The cost of these defined-contribution plans for the years ended June 30, 2020 and 2019 was approximately \$444,000 and \$505,000, respectively.

(11) Collection

The Museum's collection is comprised of approximately 25,000 objects related to Jewish religious and cultural history, including paintings, sculpture, works on paper, photographs, ethnographic material, archaeological artifacts, numismatics, ceremonial objects, and broadcast media materials. The collection is held for exhibition, education, and research and is administered and stored in accordance with a formal collection management policy approved by the American Alliance of Museums. The Museum maintains a policy that requires the proceeds from the sale of collection objects (deaccessions) be used to acquire other items for the collection. There were no deaccessions during the fiscal year ended June 30, 2020 or 2019.

(12) Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2020 and 2019 are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Curatorial collections and exhibitions	\$ 38,945,727	36,017,348
Education, media, and public programs	11,331,902	12,049,229
Collection acquisitions	3,558,803	3,687,340
Unappropriated investment earnings	8,010,941	8,141,966
General purposes	13,361,345	13,554,431
Time or restricted	<u>5,368,750</u>	<u>4,500,000</u>
	<u>\$ 80,577,468</u>	<u>77,950,314</u>

Total net assets restricted for time or purpose were \$25,704,238 and \$25,350,883, in 2020 and 2019, respectively. Total net assets perpetually restricted (corpus) were \$54,873,230 and \$52,599,431, in 2020 and 2019, respectively.

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(13) Endowment Funds

The Museum's endowment consists of 64 funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Museum to function as endowments. Net assets associated with endowment funds, including funds designated by the Museum to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Museum is subject to the provisions of New York Prudent Management of Institutional Funds Act (NYPMIFA) and has interpreted NYPMIFA as allowing the Museum to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as the Museum deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary.

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

The Museum has a spending policy of appropriating for distribution each year 5.5% of the endowment funds' average of the preceding 20 quarters through the first quarter of the year preceding the fiscal year in which the distribution is planned.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the law requires to retain as a fund of perpetual duration due to unfavorable market fluctuations subsequent to the investment of endowment contributions. Deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies at June 30, 2020 or 2019.

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

	Without Donor restrictions	With Donor restrictions	Total
Donor-restricted endowment funds	\$ —	66,301,499	66,301,499
Board-designated endowment funds	41,626,516	—	41,626,516
Total endowment net assets	\$ 41,626,516	66,301,499	107,928,015

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Endowment net assets consist of the following at June 30, 2019:

	Without Donor restrictions	With Donor restrictions	Total
Donor-restricted endowment funds	\$ —	66,068,294	66,068,294
Board-designated endowment funds	<u>46,237,897</u>	<u>—</u>	<u>46,237,897</u>
Total endowment net assets	<u>\$ 46,237,897</u>	<u>66,068,294</u>	<u>112,306,191</u>

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

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

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Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Without Donor restrictions	With Donor restrictions	Total
Endowment net assets, June 30, 2018	\$ 48,170,183	62,689,978	110,860,161
Total investment return, net	1,093,041	1,502,108	2,595,149
Contributions	—	5,305,000	5,305,000
Appropriation of endowment assets for expenditures	(2,727,391)	(3,428,792)	(6,156,183)
Board approved transfer	(297,936)	—	(297,936)
Endowment net assets, June 30, 2019	<u>\$ 46,237,897</u>	<u>66,068,294</u>	<u>112,306,191</u>

(14) Subsequent Events

In connection with the preparation of the financial statements, the Museum evaluated events after the statement of financial position date of June 30, 2020 through November 16, 2020, which was the date the financial statements were available to be issued, and has concluded that there are no subsequent events for disclosure.