

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023



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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, 2024 and 2023, 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, 2024 and 2023, 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.

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 9, 2024

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 4,346,753	\$ 4,977,264
Investments	1,984,058	1,580,501
Contributions Receivable, Net	1,467,222	891,104
In-Kind Rent Receivable	1,991,824	2,100,014
Prepaid Expenses	92,008	41,474
Property and Equipment, Net	8,471,552	8,901,659
Right-of-Use Assets, Net - Operating	286,749	294,886
Right-of-Use Assets, Net - Financing	934	6,538
	<u>\$ 18,641,100</u>	<u>\$ 18,793,440</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 364,507	\$ 419,229
Note Payable	17,627	26,079
Lease Liability - Operating	466,688	474,158
Lease Liability - Financing	1,012	6,966
Deferred Membership Revenue	466,808	500,840
Other Deferred Revenue	179,349	139,458
Total Liabilities	<u>1,495,991</u>	<u>1,566,730</u>
NET ASSETS		
Without Donor Restrictions	8,974,171	9,146,162
With Donor Restrictions	8,170,938	8,080,548
Total Net Assets	<u>17,145,109</u>	<u>17,226,710</u>
Total Liabilities and Net Assets	<u>\$ 18,641,100</u>	<u>\$ 18,793,440</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, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions, Gifts, and Other Support	\$ 429,627	\$ 540,530	\$ 970,157
Contributions of Nonfinancial Assets	43,724	-	43,724
Government Grants	937,231	8,370	945,601
Special Events, Net of Expenses of \$196,437	307,302	-	307,302
Admissions	1,130,700	-	1,130,700
Membership Income	1,163,721	-	1,163,721
Field Trips and Educational Programs	287,225	-	287,225
Facility Rental Income	89,027	-	89,027
Exhibit Rental Income	40,000	-	40,000
Other	(83,513)	-	(83,513)
Net Assets Released from Restrictions	794,532	(794,532)	-
Total Revenue, Support, and Gains	<u>5,139,576</u>	<u>(245,632)</u>	<u>4,893,944</u>
EXPENSES AND LOSSES			
Program Services:			
Education and Exhibits	4,004,400	-	4,004,400
Support Services:			
Management and General	900,046	-	900,046
Fundraising	407,121	-	407,121
Total Expenses	<u>5,311,567</u>	<u>-</u>	<u>5,311,567</u>
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	(171,991)	(245,632)	(417,623)
OTHER CHANGES IN NET ASSETS			
Play it Forward Campaign Contributions and Endowment Contributions	-	144,966	144,966
Play it Forward Campaign Expenses	(74,677)	-	(74,677)
Interest Income	-	20,000	20,000
Net Realized and Unrealized Gains on Investments	-	245,733	245,733
Net Assets Released from Restrictions	74,677	(74,677)	-
Total Other Changes in Net Assets	<u>-</u>	<u>336,022</u>	<u>336,022</u>
CHANGE IN NET ASSETS	(171,991)	90,390	(81,601)
Net Assets - Beginning of Year	<u>9,146,162</u>	<u>8,080,548</u>	<u>17,226,710</u>
NET ASSETS - END OF YEAR	<u>\$ 8,974,171</u>	<u>\$ 8,170,938</u>	<u>\$ 17,145,109</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
Contributions of Nonfinancial 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 Other Revenue	-	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 FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Support Services		Total
		Management and General	Fundraising	
Compensation	\$ 2,369,931	\$ 815,530	\$ 338,867	\$ 3,524,328
Supplies and Equipment	122,016	5,582	7,889	135,487
Travel and Meetings	95,657	6,642	10,466	112,765
Advertising, Printing, and Publications	60,684	4,041	33,184	97,909
Repair, Maintenance, and Construction	257,364	1,180	-	258,544
Rent and Occupancy	321,525	4,763	-	326,288
Utilities	140,139	20	-	140,159
Bank Fees and Interest	79,921	1,703	62	81,686
Depreciation	465,861	9,508	-	475,369
Consulting and Professional Fees	86,986	51,077	16,653	154,716
Miscellaneous	4,316	-	-	4,316
Total Expenses Before Special Event and Play it Forward Campaign Expenses	4,004,400	900,046	407,121	5,311,567
Special Events	-	-	196,437	196,437
Play it Forward Campaign	-	-	74,677	74,677
Total Expenses by Function	<u>\$ 4,004,400</u>	<u>\$ 900,046</u>	<u>\$ 678,235</u>	<u>\$ 5,582,681</u>

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 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.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (81,601)	\$ (816,616)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	475,369	473,663
Noncash Lease Expense	667	1,709
Change in Discount on Pledges	2,671	21,892
Loss of Disposal of Property and Equipment	155,000	-
Change in Provision for and Write-Off of Uncollectible Pledges	(24,237)	12,122
Net Realized and Unrealized Investment Gains	(245,733)	(105,855)
In-Kind Rent Receivable	108,190	107,119
Changes in Operating Assets and Liabilities:		
Contributions and Other Receivables	(554,552)	293,822
Prepaid Expenses and Deposits	(50,534)	33,357
Accounts Payable and Accrued Expenses	(54,722)	(17,925)
Deferred Revenue	5,859	32,966
Deferred Rent	-	-
Net Cash Provided (Used) by Operating Activities	(263,623)	36,254
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(194,658)	(373,951)
Purchases of Investments	(862,040)	(813,628)
Proceeds from Sales of Investments	704,216	574,511
Net Cash Used by Investing Activities	(352,482)	(613,068)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Note Payable	(8,452)	(7,891)
Payments on Financing Lease	(5,954)	(5,757)
Net Cash Used by Financing Activities	(14,406)	(13,648)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(630,511)	(590,462)
Cash and Cash Equivalents - Beginning of Year	4,977,264	5,567,726
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,346,753	\$ 4,977,264

See accompanying Notes to Financial Statements.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 AND 2023

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% in 2024 and 2023.

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, 2024 AND 2023

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, 2024 and 2023.

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, 2024 AND 2023

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

At the beginning of 2023, the Museum adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Museum adopted this new guidance utilizing the modified retrospective transition method. The Museum adopted the requirements of the guidance effective July 1, 2023. Adoption of this standard had no impact on the Museum's financial statements

Subsequent Events

The Museum has evaluated subsequent events through December 9, 2024, the date the financial statements were available to be issued.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CONTRIBUTIONS RECEIVABLE

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

	<u>2024</u>	<u>2023</u>
Due Within One Year	\$ 953,268	\$ 319,893
Due in One to Five Years	579,177	686,843
Total	<u>1,532,445</u>	<u>1,006,736</u>
Less: Allowance for Uncollectible Contributions	7,567	31,804
Less: Allowance for Net Present Value Discount	57,656	83,828
Contributions Receivable, Net	<u><u>\$ 1,467,222</u></u>	<u><u>\$ 891,104</u></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.

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.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2024 and 2023, and the valuation techniques used by the Museum to determine those fair values:

	2024		
	Level 1	Level 2	Total
Money Market Funds	\$ 29,713	\$ -	\$ 29,713
Equity Funds	1,432,412	-	1,432,412
Fixed Income Funds	472,267	-	472,267
Real Estate Funds	49,666	-	49,666
Total	\$ 1,984,058	\$ -	\$ 1,984,058
	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	\$ 1,580,501	\$ -	\$ 1,580,501

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 2024 and 2023.

NOTE 4 PROPERTY AND EQUIPMENT

The cost of property and equipment is summarized as follows:

	2024	2023
Buildings and Improvements	\$ 13,974,676	\$ 14,262,288
Exhibits	5,838,759	6,017,548
Vehicles	93,522	76,813
Office Equipment	970,102	964,498
Construction in Progress	919,182	474,832
Total	21,796,241	21,795,979
Less: Accumulated Depreciation	13,324,689	12,894,320
Property and Equipment, Net	\$ 8,471,552	\$ 8,901,659

Depreciation expense was \$475,369 and \$473,663 for 2024 and 2023, respectively.

KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 LINE OF CREDIT

As of June 30, 2024 and 2023, 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, 2024 and 2023. Repayment of any borrowings under the line of credit is due upon demand from the bank.

NOTE 6 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, 2024 and 2023 is \$17,627 and \$26,079, respectively. Principal maturities are as follows:

Year Ending June 30,	Amount
2025	\$ 8,922
2026	8,705
Total	\$ 17,627

NOTE 7 REVENUE AND DEFERRED REVENUE

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

	2024	2023
Revenue:		
Recognized Over Time:		
Membership Income	\$ 1,163,721	\$ 1,018,178
Recognized at a Point in Time:		
Admissions	1,130,700	1,145,208
Field Trips and Educational Programs	287,225	312,909
Special Events, Net	181,689	136,421
Other	41,067	23,876
Total Recognized at a Point in Time	1,640,681	1,618,414
Total	\$ 2,804,402	\$ 2,636,592

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NOTE 7 REVENUE AND DEFERRED REVENUE (CONTINUED)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Deferred Revenue:			
Recognized Over Time:			
Membership Revenue	\$ 466,808	\$ 500,840	\$ 397,765
Recognized at a Point in Time:			
Gift Cards	86,883	118,300	111,318
Exhibit	-	-	50,000
Sponsorship	77,166	17,500	41,500
Other	15,300	3,658	6,749
Total Recognized at a Point in Time	<u>179,349</u>	<u>139,458</u>	<u>209,567</u>
Total	<u>\$ 646,157</u>	<u>\$ 640,298</u>	<u>\$ 607,332</u>

NOTE 8 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, 2024 and 2023, the Museum contributed \$65,016 and \$59,339, respectively, to the plan.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose:		
Play it Forward Campaign	\$ 3,474,500	\$ 3,404,118
Annual Fund and Other Programs	-	31,509
Early Childhood and Other Programs	208,546	314,572
Donor-Restricted Endowment Funds	2,058,758	2,009,915
Endowment Earnings	437,310	220,420
In-Kind Rent Receivable	1,991,824	2,100,014
Total Net Assets With Donor Restrictions	<u>\$ 8,170,938</u>	<u>\$ 8,080,548</u>

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NOTE 10 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.

	2024	2023
Satisfaction of Purpose Restrictions:		
Play it Forward Campaign	\$ 74,677	\$ -
Early Childhood and Other Programs	794,532	510,332
Total Net Assets Released from Donor Restrictions	\$ 869,209	\$ 510,332

NOTE 11 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, 2024 and 2023, there are no board-designated endowment funds.

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, 2024 or 2023. 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

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NOTE 11 DONOR-RESTRICTED ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 2,230,335	\$ 2,230,335
Investment Income:			
Investment Income	-	20,000	20,000
Net Realized and Unrealized Gains on Investments	-	245,733	245,733
Total Investment Return	-	265,733	265,733
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 2,496,068</u>	<u>\$ 2,496,068</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 2,099,480	\$ 2,099,480
Investment Return:			
Investment Income	-	25,000	25,000
Net Realized and Unrealized Gains on Investments	-	105,855	105,855
Total Investment Return	-	130,855	130,855
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 2,230,335</u>	<u>\$ 2,230,335</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 2024 and 2023.

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NOTE 12 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>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 4,346,753	\$ 4,977,264
Contributions Receivable	1,467,222	891,104
Other Investments	<u>1,984,058</u>	<u>1,580,501</u>
Total	7,798,033	7,448,869
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>6,179,114</u>	<u>5,980,534</u>
Total Financial Assets Available to Meet Cash		
Needs for General Expenditures Within One Year	<u>\$ 1,618,919</u>	<u>\$ 1,468,335</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 13 CONTRIBUTIONS OF NONFINANCIAL ASSETS

The Museum received contributions of exhibit space for a three-month placement and auction gift items for various events during the year ended June 30, 2024 for \$43,724. 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 recognizes contributed nonfinancial assets at their estimated fair value when received, based on estimated market value of similar items if purchased. All contributions received were unrestricted.

NOTE 14 LEASE AGREEMENTS

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. Rent expense for each of the years ended June 30, 2024 and 2023 was \$132,343 and \$94,314, respectively.

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NOTE 14 LEASE AGREEMENTS (CONTINUED)

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

	<u>2024</u>	<u>2023</u>
Lease Costs:		
Finance Lease Cost		
Amortization of Right-of-Use Assets	\$ 5,604	\$ 5,604
Interest on Lease Liabilities	126	323
Operating Lease Cost	<u>23,633</u>	<u>23,633</u>
Total Lease Costs	<u>\$ 29,363</u>	<u>\$ 29,560</u>
Other Information:		
Operating Cash Flows from Financing Leases	\$ 126	\$ 323
Operating Cash Flows from Operating Leases	22,965	21,924
Financing Cash Flows from Financing Leases	5,954	5,757
Right-of-Use Assets Obtained in Exchange for New Lease Liabilities	-	302,811
Weighted-Average Remaining Lease Term - Finance Leases	0.2 Years	1.2 Years
Weighted-Average Remaining Lease Term - Operating Leases	19.8 Years	20.8 Years
Weighted-Average Discount Rate - Finance Leases	3.37%	3.37%
Weighted-Average Discount Rate - Operating Leases	3.30%	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, 2024 is as follows:

<u>Year Ending December 31,</u>	<u>Operating</u>	<u>Finance</u>	<u>Totals</u>
2025	\$ 28,170	\$ 1,013	\$ 29,183
2026	28,170	-	28,170
2027	28,170	-	28,170
2028	28,170	-	28,170
2029	28,244	-	28,244
Thereafter	<u>507,737</u>	<u>-</u>	<u>507,737</u>
Undiscounted Cash Flows	648,660	1,013	649,673
Less: Imputed Interest	<u>(181,972)</u>	<u>1</u>	<u>(181,971)</u>
Total Present Value	<u>\$ 466,688</u>	<u>\$ 1,014</u>	<u>\$ 467,702</u>
Short-Term Lease Liabilities	\$ 13,033	\$ 1,012	\$ 14,045
Long-Term Lease Liabilities	<u>453,655</u>	<u>-</u>	<u>453,655</u>
Total	<u>\$ 466,688</u>	<u>\$ 1,012</u>	<u>\$ 467,700</u>

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NOTE 15 EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) is a grant from the government and is recognized as revenue when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. In 2024, the Museum complied with the conditions of the ERC funding from the Internal Revenue Service in the amount of \$654,231 and recognized the revenue accordingly. The revenue is classified as government grants on the accompanying statement of activities and changes in net assets and the related receivable is classified as contributions receivable on the accompanying statements of financial position.

Eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors are subject to review. 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 Museum's financial position.



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