Climate Museum

(A Not-for-Profit Organization)
Financial Statements
Year ended December 31, 2021 and 2020

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CERTIFIED PUBLIC ACCOUNTANTS

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Report of Independent Auditors

The Board of Directors
Climate Museum
New York, NY

Opinion

We have audited the accompanying financial statements of Climate Museum (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, 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 Climate Museum as of December 31, 2021 and 2020, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Climate Museum and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Climate Museum's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Climate Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Climate 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.

Lehman Flynn Vollaro

Melville, NY
November 15, 2022

Climate Museum

Statements of Financial Position

December 31,

	2021	2020
Assets		
Cash and cash equivalents	$ 1,229,466	$ 796,107
Contributions receivable	157,894	152,535
Total assets	$ 1,387,360	$ 948,642
Liabilities and net assets		
Accounts payable and accrued expenses	$ 18,872	$ 19,703
Total liabilities	18,872	19,703
Net assets		
With donor restrictions	958,490	406,989
Without donor restrictions	409,998	521,950
Total net assets	1,368,488	928,939
Total liabilities and net assets	$ 1,387,360	$ 948,642

Climate Museum
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Public Support			
Contributions:			
Foundation	$ 14,999	$ 800,000	$ 814,999
Individual	677,324	-	677,324
Government	90,397	-	90,397
Board	93,143	-	93,143
In kind	332,775	-	332,775
Total contributions	1,208,638	800,000	2,008,638
Investment income	757	-	757
Program service fees	7,500	-	7,500
Other revenue	5,797	-	5,797
Net assets released from restrictions	248,499	(248,499)	-
Total revenue, support, and gains	1,471,191	551,501	2,022,692
Expenses			
Program services	790,070	-	790,070
Supporting services			
Management and general	455,085	-	455,085
Fundraising	337,988	-	337,988
Total support services	793,073	-	793,073
Total expenses	1,583,143	-	1,583,143
Change in net assets	(111,952)	551,501	439,549
Net assets, beginning of year	521,950	406,989	928,939
Net assets, end of year	$ 409,998	$ 958,490	$ 1,368,488

Climate Museum
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Public Support			
Contributions:			
Foundation	$ 66,698	$ -	$ 66,698
Individual	298,128	-	298,128
Government	107,102	-	107,102
Board	24,983	-	24,983
Corporations	3,966	-	3,966
In kind	470,760	-	470,760
Total contributions	971,637	-	971,637
Investment income	3,043	-	3,043
Other revenue	10,000	-	10,000
Net assets released from restrictions	571,665	(571,665)	-
Total revenue, support, and gains	1,556,345	(571,665)	984,680
Expenses			
Program services	794,583	-	794,583
Supporting services			
Management and general	249,269	-	249,269
Fundraising	202,588	-	202,588
Total support services	451,857	-	451,857
Total expenses	1,246,440	-	1,246,440
Change in net assets	309,905	(571,665)	(261,760)
Net assets, beginning of year	212,045	978,654	1,190,699
Net assets, end of year	$ 521,950	$ 406,989	$ 928,939

Climate Museum
Statement of Functional Expenses
Year Ended December 31, 2021

	Program	Supporting Services			Grand
		Management and General	Fundraising	Total	Total
Payroll and related expenses	$ 484,190	$ 131,865	$ 184,369	$ 316,234	$ 800,424
Payroll taxes and benefits	67,119	18,279	25,558	43,837	110,956
	$ 551,309	$ 150,144	$ 209,927	$ 360,071	$ 911,380
Accounting and auditing	-	38,200	-	38,200	38,200
Communication	201	4,649	-	4,649	4,850
Consultants	23,181	-	1,800	1,800	24,981
Exhibit and programming expenses	161,657	269	120,000	120,269	281,926
Insurance	11,855	4,748	-	4,748	16,603
Legal (in-kind)	-	145,775	-	145,775	145,775
Legal fees	-	2,086	-	2,086	2,086
Marketing	5,761	-	2,875	2,875	8,636
Meetings	1,761	-	-	-	1,761
Occupancy	17,596	75,473	-	75,473	93,069
Office and other expenses	12,420	22,606	295	22,901	35,321
Technology	4,165	11,033	3,091	14,124	18,289
Travel	164	102	-	102	266
Total expenses by function	$ 790,070	$ 455,085	$ 337,988	$ 793,073	$ 1,583,143

Climate Museum

Statement of Functional Expenses

Year Ended December 31, 2020

		Supporting Services			
	Program	Management and General	Fundraising	Total	Grand Total
Payroll and related expenses	$ 309,302	$ 97,792	$ 115,293	$ 213,085	$ 522,387
Payroll taxes and benefits	18,287	18,011	8,672	26,683	44,970
	$ 327,589	$ 115,803	$ 123,965	$ 239,768	$ 567,357
Accounting and auditing	-	18,957	-	18,957	18,957
Communication	-	1,415	-	1,415	1,415
Consultants	53,200	-	3,807	3,807	57,007
Exhibit and programming expenses	208,919	(100)	40,446	40,346	249,265
Insurance	-	5,329	-	5,329	5,329
Legal (in-kind)	-	66,777	-	66,777	66,777
Marketing	-	-	5,357	5,357	5,357
Meetings	-	425	-	425	425
Occupancy (in-kind)	199,480	11,236	10,560	21,796	221,276
Office and other expenses	2,574	12,697	896	13,593	16,167
Technology	2,821	14,738	17,557	32,295	35,116
Travel	-	1,992	-	1,992	1,992
Total expenses by function	$ 794,583	$ 249,269	$ 202,588	$ 451,857	$ 1,246,440

Climate Museum
Statements of Cash Flows
Years Ended December 31,

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 439,549	$ (261,760)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Donated stock	(282,256)	(86,368)
Unrealized loss	3	-
Changes in operating assets and liabilities		
Contributions receivable	(5,359)	(96,502)
Grants receivable, net	-	478,654
Prepaid expenses	-	6,000
Accounts payable and accrued expenses	(831)	(6,365)
Deferred revenue	-	(7,366)
Net cash from operating activities	151,106	26,293
Cash flows from investing activities		
Proceeds from sale of investments	282,253	86,374
Net cash from investing activities	282,253	86,374
Net change in cash and cash equivalents	433,359	112,667
Cash and cash equivalents, beginning of year	796,107	683,440
Cash and cash equivalents, end of year	$ 1,229,466	$ 796,107
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	$ -	$ -
Unrelated business income taxes	$ -	$ -

See notes to financial statements

Note 1 - Principal activity and significant accounting policies

Organization

Climate Museum (the "Organization", we, us, our) is a nonprofit organization established to employ the sciences, art, and design to inspire dialogue and innovation that address the challenges of climate change, moving solutions to the center of our shared public life and catalyzing broad community engagement.

Cash and cash equivalents

The Organization consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Contributions receivable

Contributions receivable consist primarily of noninterest-bearing amounts due from contributions and grants. The Organization determines the allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. At December 31, 2021 and 2020, management has determined that no allowance for doubtful accounts is necessary.

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donated services and in-kind contributions

Contributed goods, professional services and use of facilities are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received:

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes

Climate Museum is organized as a New York nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and has been determined not to be private foundations under IRC Sections 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that is unrelated to its exempt purpose. The Organization is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. The Organization believes that the Organization has appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial instruments and credit risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, The Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of our mission.

Subsequent events

The Organization has evaluated subsequent events through November 15, 2022, the date the consolidated financial statements were available to be issued.

Recent accounting pronouncements

In February 2016, The FASB issued Accounting Standards Update (ASU) 2016-02, Lease (Topic 842). The ASU requires most lease obligations to be recognized as a right-of-use asset with a corresponding liability on the statement of financial position. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. The guidance should be implemented for the earliest period presented using a modified retrospective approach, which includes optional practical expedients primarily focused on leases that commence before the effective date. We plan to elect to use such practical expedients upon adoption on January 1, 2022. Management is currently evaluating the impact of adopting ASU 2016-02 on the Organization's financial statements.

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The amendments in this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the impact of adopting ASU 2020-07 on the Organization's financial statements.

Note 2 - Liquidity and availability

The Organization regularly monitors the availability of resources required to meet our operating needs and other contractual commitments**.**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, consists of the following:

	2021	2020
Cash and cash equivalents	$ 1,229,466	$ 796,107
Contributions receivable	157,894	152,535
Less net assets with donor restrictions	(958,490)	(406,989)
	$ 428,870	$ 541,653

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 3 - Investment income

Investment activity consists of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Interest and dividends from investments	$ 834	$ 2,991
Net realized/unrealized gain (loss) on investments	(77)	52
	$ 757	$ 3,043

Note 4 - PPP loan

The Organization received a loan from Citibank in the amount of $73,747 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was forgiven in full in July 2022 and the proceeds were included as grant revenue in 2021.

The Organization received a loan from Citibank in the amount of $73,700 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was forgiven in full in July 2021 and the proceeds were included as grant revenue in 2020.

Note 5 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	2021	2020
Subject to the passage of time:		
Grants received to be used for future periods	$ 958,490	$ 406,989
	$ 958,490	$ 406,989

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Expiration of time restrictions	$ 248,499	$ 571,665

Note 6 - Donated professional services and materials

The Organization received donated professional services and materials as follows during the years ended December 31,

	2021			
	Program Services	Management and General	Fundraising	Total
Exhibit and programming expenses	$ 43,000	$ -	$ 120,000	$ 163,000
Legal	-	145,775	-	145,775
Accounting and auditing	-	24,000	-	24,000
	$ 43,000	$ 169,775	$ 120,000	$ 332,775

	2020			
	Program Services	Management and General	Fundraising	Total
Exhibit and programming expenses	$ 150,000	$ -	$ 15,000	$ 165,000
Legal	-	66,660	-	66,660
Accounting and auditing		12,000		12,000
Technology	-	6,500	-	6,500
Occupancy	199,480	10,560	10,560	220,600
	$ 349,480	$ 95,720	$ 25,560	$ 470,760

Note 7 - Commitments and contingencies

The Organization entered into a lease for office space on May 4, 2021 that expires on August 31, 2023.

Future minimum lease payments are as follows:

2022	$ 119,012
2023	80,595
Total	$ 199,607

Note 8 - Functionalized expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and other categories, which are allocated on the basis of estimates of time and effort.