Museum of the Bible

Financial Statements
December 31, 2021

Contents

RSM US LLP

Independent Auditor's Report

Audit Committee
Museum of the Bible

Opinion
We have audited the financial statements of Museum of the Bible (the Museum), which comprise the statements of financial position as of December 31, 2021 and June 30, 2021, the related statements of activities and cash flows for the period from July 1, 2021 through December 31, 2021, and year ended June 30, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as of December 31, 2021 and June 30, 2021, and the changes it its net assets and its cash flows for the period from July 1, 2021 through December 31, 2021, and year ended June 30, 2021, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Museum and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of 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 within one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

RSM US LLP

Oklahoma City, Oklahoma
May 31, 2022

Museum of the Bible

Statements of Financial Position
December 31, 2021 and June 30, 2021

	December 31, 2021	June 30, 2021
Assets		
Cash and cash equivalents	**$ 8,468,818**	$ 6,506,733
Investments	**43,579,955**	38,979,907
Accounts receivable	**754,633**	489,867
Contributions receivable, net	**5,227,408**	5,729,736
Inventory	**1,151,954**	1,161,896
Prepaid expenses, deposits, and other assets	**1,291,069**	819,813
Restoration and loans, net	**252,034**	288,249
Property and equipment, net	**411,235,165**	420,929,707
Total assets	**$ 471,961,036**	$ 474,905,908
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 2,518,374**	$ 2,275,228
Accrued liabilities	**7,258,115**	7,315,952
Total liabilities	**9,776,489**	9,591,180
Net assets:		
Without donor restrictions	**455,727,467**	459,766,355
With donor restrictions	**6,457,080**	5,548,373
Total net assets	**462,184,547**	465,314,728
Total liabilities and net assets	**$ 471,961,036**	$ 474,905,908

See notes to financial statements.

Museum of the Bible

Statements of Activities
Period From July 1 through December 31, 2021 and Year Ended June 30, 2021

	Period From July 1, 2021 Through December 31, 2021	Year Ended June 30, 2021
Net Assets Without Donor Restrictions		
Operating revenues and other support:		
Contributions	**$ 21,004,630**	$ 75,896,090
Admissions	**2,587,437**	2,574,624
Gift shop sales	**1,077,944**	1,177,895
Net investment income	**1,911,832**	6,320,004
Other income	**1,054,689**	6,103,182
Net assets released from restriction	**3,221,824**	10,714,022
Total operating revenues and other support	**30,858,356**	102,785,817
Operating expense:		
Payroll and related benefits	**7,945,047**	16,204,884
Contract services	**4,813,663**	7,094,723
Sponsorships	**94,600**	7,750
Awards and grants	**100,475**	359,037
Advertising	**1,982,603**	4,885,993
Technology	**1,703,048**	2,659,350
Operations	**2,432,942**	5,225,797
Non-employee and program-related travel	**389,331**	217,542
Depreciation and amortization	**10,338,073**	20,883,607
General and administrative	**4,326,153**	7,599,402
Cost of goods sold	**530,680**	1,655,276
Development	**240,630**	123,395
Total operating expense	**34,897,245**	66,916,756
Change in net assets without donor restrictions	**(4,038,889)**	35,869,061
Net Assets With Donor Restrictions		
Contributions, net	**4,074,219**	881,774
Net investment income	**56,313**	164,129
Net assets released from restriction	**(3,221,824)**	(10,714,022)
Change in net assets with donor restrictions	**908,708**	(9,668,119)
Change in net assets	**(3,130,181)**	26,200,942
Net assets at beginning of period/year	**465,314,728**	439,113,786
Net assets at end of year	**$ 462,184,547**	$ 465,314,728

See notes to financial statements.

Museum of the Bible

Statements of Cash Flows
Period From July 1 through December 31, 2021 and Year Ended June 30, 2021

	Period From July 1, 2021 Through December 31, 2021	Year Ended June 30, 2021
Cash flows from operating activities:		
Change in net assets	**$ (3,130,181)**	$ 26,200,942
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**10,338,073**	20,883,607
Bad debt expense	**-**	55,221
Discount on contribution receivable	**(52,913)**	(102,740)
PPP loan forgiveness	**-**	(4,234,023)
Reserve for obsolete inventory	**(48,106)**	1,010,813
Gifts restricted for capital expenditures	**-**	(7,595,442)
Unrealized losses (gains)	**1,155,634**	(6,484,133)
Change in operating assets and liabilities:		
Accounts receivable	**(264,766)**	(163,849)
Contributions receivable	**555,241**	9,331,446
Inventory	**58,048**	406,510
Prepaid expenses, deposits and other assets	**(471,255)**	442,497
Accounts payable	**516,175**	(1,137,922)
Accrued liabilities	**(57,837)**	737,835
Net cash provided by operating activities	**8,598,113**	39,350,762
Cash flows from investing activities:		
Purchase of marketable securities	**(19,159,292)**	(50,541,940)
Sales of marketable securities	**13,403,610**	33,126,149
Purchases of property and equipment	**(880,346)**	(453,546)
Net cash used in investing activities	**(6,636,028)**	(17,869,337)
Cash flows from financing activities:		
Borrowings on short-term debt	**173,356**	48,529,756
Payments on short-term debt	**(173,356)**	(71,718,021)
Purchases of collections	**-**	7,595,442
Net cash (used in) financing activities	**-**	(15,592,823)
Net change in cash and cash equivalents	**1,962,085**	5,888,602
Cash and cash equivalents:		
Beginning of year	**6,506,733**	618,131
End of year	**$ 8,468,818**	$ 6,506,733
Supplemental data:		
Capital asset additions financed via accruals	**$ -**	$ 364,826
Prepaid additions financed via accrued liabilities	**$ 91,796**	$ -
Interest paid	**$ 23**	$ 205,814

See notes to financial statements.

Note 1. Significant Accounting Policies

Nature of operations: Museum of the Bible (the Museum) is a publicly supported not-for-profit organization headquartered in Oklahoma City, Oklahoma. The Museum is an innovative, global, educational institution whose purpose is to invite all people to engage with transformative power of the Bible. The Museum has domestic and international traveling exhibits and, in 2017, the Museum opened its 430,000 square-foot not-for-profit museum in Washington D.C., located three blocks from the Capitol. The Museum supports scholarships and academic research activities through its Scholars Initiative and through development of Bible curricula for domestic and international use. During the current period, the Museum changed its year end from June 30 to December 31.

Basis of presentation: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net asset classifications: The Museum has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as enacted by the state of Oklahoma (OK UPMIFA) to require the Museum to exercise prudence in determining whether to spend from or accumulate to donor-restricted endowment funds with a view toward the permanent nature and long-term continuing viability of such funds.

Net assets, revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Museum is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions: Net assets that are generally not subject to donor-imposed restrictions. These may be designated for specific purposes by the Museum's Board of Directors. As of December 31, 2021 and June 30, 2021, the Board of Directors has designated $33,950,037 as an endowment to support the operations of the Museum and recorded as accumulated earnings $8,767,697 and $6,855,564 for the period from July 1 through December 31, 2021, and the year ended June 30, 2021, respectively.

Net assets with donor restrictions: Net assets that are subject to donor-imposed restrictions. Certain donor-imposed restrictions are temporary in nature and may or will be met either by actions of the Museum and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The amount of net assets identified as released from restrictions includes any amounts released whether received in the current period or prior years. Other donor-imposed restrictions are perpetual in nature and require the Museum to maintain the contributed resources in perpetuity. Generally, the donors of assets with perpetual restrictions permit the Museum to use all or part of the income earned on these resources for general or specific purposes.

Cash and cash equivalents: Cash and cash equivalents include cash on hand, on deposit in demand, interest-bearing accounts and money market funds administered by the Museum with original maturities of three months or less. At December 31, 2021 and June 30, 2021, the Museum had certain concentrations of credit risk with financial institutions in the form of uninsured cash and time deposits. For purposes of evaluating credit risk, the stability of financial institutions conducting business with the Museum is periodically reviewed, and management believes that credit risk related to the balances is minimal.

Inventory: Inventory consists of retail items sold through the museum gift shop or online and are valued at the lower of cost or net realizable value using the average cost method.

Note 1. Significant Accounting Policies (Continued)

Investments: Marketable securities are stated at fair value and consist primarily of mutual funds and debt and equity securities. Investments acquired by gift or bequest are recorded at fair value at the date donated. Thereafter, donated marketable securities are carried at fair value. Investments in debt and equity securities with readily determinable fair values are periodically re-measured to fair value. Fair value is determined by quoted market prices, if available, or by a reasonable estimate of fair value provided by an investment manager. The Museum has investments in various investment securities which, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Further, due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the Museum's financial statements. It is the policy of the Museum to liquidate as soon as practicably possible all gifts or bequests of investment securities.

Collections, restorations and loans: The Museum's collections consist of donated and purchased biblical artifacts, facsimiles and restoration costs for items held for public exhibition, education, or research in the furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for and preserved in perpetuity and, as a result, their service potential is undiminished.

In conformity with accounting policies generally followed by museums with similar collections, the value of the Museum's collections has been excluded from the statements of financial position, and gifts of artifacts are excluded from revenue in the statements of activities. Purchases of artifacts for the collection by the Museum are recorded as decreases in net assets in the statements of activities as with or without donor restrictions based on the restriction of the donor. Proceeds from the deaccession of biblical artifacts are recorded as net assets with donor restrictions and are restricted to the acquisition of other biblical artifacts.

The Museum has entered into a separate restoration and loan agreement with a third-party and long-term loan agreements with various parties for the use of artifacts as part of its exhibits. Capitalized costs associated with this agreement at December 31, 2021 and June 30, 2021, are $1,456,981. Accumulated amortization is $1,204,947 and $1,168,732 at December 31, 2021 and June 30, 2021, respectively.

Property and equipment: Land, buildings and improvements, museum long-term exhibits, traveling exhibits, furniture and fixtures, durable equipment, software and computers equipment are stated at cost. The Museum's capitalization policy includes purchases with a cost of $10,000 or more and an estimated useful life of greater than one year. Assets are depreciated on the straight-line method over the estimated useful lives of the respective asset. Estimated lives for purposes of depreciation are as follows:

Buildings and improvements	50 years
Museum long-term exhibits	7 to 10 years
Traveling exhibits	5 to 10 years
Furniture and fixtures	7 to 10 years
Durable equipment	5 years
Software and computer equipment	3 years

Museum operations: The Museum includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities.

Note 1. Significant Accounting Policies (Continued)

Contributions and promises to give: Contributions, including promises to give, are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. Other similar contributions may not be accompanied by a donor stipulation but are time restricted until due. An allowance is recognized for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. Contributions receivable that are no longer expected to be expected are written off to bad debt expense. As of December 31, 2021 and June 30, 2021, the Museum has the following unconditional promises to give recorded as contributions receivable:

	December 31, 2021	June 30, 2021
Due in less than one year	$ 3,246,425	$ 3,686,257
Due in one to five years	1,935,491	1,709,900
Thereafter	150,000	491,000
	5,331,916	5,887,157
Less time value discount on pledge receivables (2%)	(104,508)	(157,421)
Net contributions receivable	$ 5,227,408	$ 5,729,736

Conditional promises to give are not recognized until the conditions on which they depend are substantially met (see Note 14). When a donor restriction expires, that is, when a stipulated purpose restriction is satisfied either by the passage of time or by actions of the Museum, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Museum reports gifts of long-lived assets as without donor restriction unless explicit donor stipulations specify how the donated asset must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Admissions and gift shop sales: Admission and gift shop sales revenue is recorded when earned, which is the date of sale. Inventory is relieved at the time gift shop revenue is recognized.

Income tax status: The Museum is an organization exempt from federal income tax pursuant to section 501(a) of the Internal Revenue Code (the Code) as an organization described in section 501(c)(3) of the Code. Provision has been made, where material, for any taxes due on unrelated business income. Management has evaluated their tax positions and concluded they have taken no uncertain tax positions that require recognition or disclosure in the financial statements.

Advertising costs: The Museum expenses the costs of advertising as incurred. For the period from July 1 through December 31, 2021, and the year ended June 30, 2021, advertising expense totaled $1,982,603 and $4,885,993, respectively.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 1. Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized in the statements of activities. Costs are allocated between program services and management and general expenses based on management's evaluation of the resources expended in the related activities (see Note 10). Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Museum.

Fair value measurements: The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures, defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

The following is a brief description of those three levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs that are derived principally from or corroborated by observable market data.

Level 3: Inputs that are unobservable and significant to the overall fair value measurement.

Financial assets carried at fair value include marketable securities (see Note 4).

Subsequent events: The Museum has evaluated subsequent events through May 31, 2022, which is the date the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

Note 2. Property and Equipment

Property and equipment are summarized as follows:

	December 31, 2021	June 30, 2021
Land	$ 37,002,600	$ 37,002,600
Buildings and improvements	323,846,394	323,466,574
Museum long-term exhibits	121,848,808	121,848,808
Traveling exhibits	6,514,656	6,514,656
Furniture and fixtures	4,166,355	4,166,355
Durable equipment	4,829,886	4,829,886
Software and computer equipment	6,583,322	6,567,834
Construction in progress:		
Traveling exhibits	2,316,150	2,104,142
	507,108,171	506,500,855
Less accumulated depreciation	(95,873,006)	(85,571,148)
Net property and equipment	$ 411,235,165	$ 420,929,707

Note 2. Property and Equipment (Continued)

Depreciation expense relating to property and equipment totaled $10,301,858 and $20,811,179 for the period from July 1 through December 31, 2021, and the year ended June 30, 2021, respectively.

Note 3. Funds Held by Others

The Museum has a Single Charity Fund Agreement (the Museum Foundation) at the National Christian Foundation, Inc. (NCF). Individuals and other organizations may contribute to the NCF and designate their contributions to benefit the Museum Foundation. All funds held in the Museum Foundation are the property of NCF. NCF retains full and unlimited control, use and distribution of the assets of the fund. Further, NCF may distribute the Museum Foundation assets in contravention of the Museum's Single Charity Fund Agreement to the extent it determines that such a restriction is unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served.

Due to the conditions outlined above, assets held in the Museum Foundation are not reflected as assets of the Museum in the accompanying statements of financial position. As of December 31, 2021 and June 30, 2021, the Museum Foundation held $1,843 and $404, respectively, designated for the benefit of the Museum.

Note 4. Fair Value Measurements

The Museum uses quoted market prices to determine the fair value of an asset or liability when available. If quoted market prices are not available, the Museum uses net asset values when available or determines fair value using valuation techniques that use market-based or independently sourced market data, such as interest rates. The Museum has no liabilities measured on a recurring or nonrecurring basis.

Note 4. Fair Value Measurements (Continued)

Assets measured at fair value on a recurring basis are classified within the fair value hierarchy as follows:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Common stock:				
Consumer discretionary	$ 706,719	$ -	$ -	$ 706,719
Consumer staples	526,491	-	-	526,491
Financials	880,249	-	-	880,249
Healthcare	1,181,444	-	-	1,181,444
Industrials	1,654,233	-	-	1,654,233
Information technology	1,203,210	-	-	1,203,210
Materials	69,814	-	-	69,814
Communication services	290,635	-	-	290,635
Total common stock	6,512,795	-	-	6,512,795
Mutual funds:				
Funds and pooled investments	24,030,631	-	-	24,030,631
Alternative strategies	4,415,857	-	-	4,415,857
Total mutual funds	28,446,488	-	-	28,446,488
Fixed income:				
U.S. government securities	1,546,421	-	-	1,546,421
Agency bonds	-	2,339,520	-	2,339,520
Corporate bonds	-	4,146,572	-	4,146,572
Foreign bonds	-	588,159	-	588,159
Total fixed income securities	1,546,421	7,074,251	-	8,620,672
Total assets measured at fair value on a recurring basis	$ 36,505,704	$ 7,074,251	$ -	$ 43,579,955

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Common stock:				
Consumer discretionary	$ 215,468	$ -	$ -	$ 215,468
Consumer staples	63,487	-	-	63,487
Financials	490,864	-	-	490,864
Healthcare	216,236	-	-	216,236
Industrials	1,301,032	-	-	1,301,032
Information technology	335,597	-	-	335,597
Communication services	126,126	-	-	126,126
Total common stock	2,748,810	-	-	2,748,810
Mutual funds:				
Funds and pooled investments	21,657,914	-	-	21,657,914
Alternative strategies	2,997,336	-	-	2,997,336
Total mutual funds	24,655,250	-	-	24,655,250
Fixed income:				
U.S. government securities	2,525,496	-	-	2,525,496
Agency bonds	-	2,948,849	-	2,948,849
Corporate bonds	-	5,249,124	-	5,249,124
Foreign bonds	-	852,378	-	852,378
Total fixed income securities	2,525,496	9,050,351	-	11,575,847
Total assets measured at fair value on a recurring basis	$ 29,929,556	$ 9,050,351	$ -	$ 38,979,907

Note 4. Fair Value Measurements (Continued)

Investment in common stock, mutual funds and fixed income are based on quoted prices and are available in an active market, and as such, securities, securities are classified within Level 1 and Level 2 of the hierarchy. All transfers between fair value hierarchy levels are recognized by the Museum at the beginning of each reporting period. There were no transfers between levels in the current year.

Note 5. Revenue from Exchange Transactions

Revenue from contracts with customers include proceeds from museum operations, curatorial services, curriculum sales and other sources. Museum operations consist of admission ticket sales, sales of membership, sales to special exhibits, docent tours, the Museum's Washington Revelations Flythrough ride, Lecture Series events, virtual reality theater, performance hall event sales, ballroom and other room rentals, gift shop sales and food beverage sales. Curatorial services are fees charged to various collection owners who have contracted with the Museum to care for and restore their collections. Curriculum sales are from limited sales of its Bible curricula for special projects outside of its normal curricula projects in which curricula is given away to further the Museum's mission. Lastly, other revenue is collected from various sources and traveling exhibits as part of the Museum's mission.

The Museum's revenues from contracts with customers included from operations in the statements of activities, are comprised of the following for the period from July 1 through December 31, 2021, and the year ended June 30, 2021:

	December 31, 2021	June 30, 2021
Museum operations	$ 3,665,381	$ 3,752,519
Curatorial services	910,000	1,760,000
Curriculum sales	16,908	44,178
Other	56,192	94,682
	$ 4,648,481	$ 5,651,379

Note 6. Loan Agreements

On August 1, 2017, the Museum entered into a $25,000,000 revolving line of credit arrangement to be used to fund operational needs as necessary and was renewed on March 25, 2019. The revolving line of credit has a three-year term with a maturity date of July 31, 2022. Interest is computed on the daily outstanding principal balance of indebtedness at a rate of 1.85% over the one-month London Interbank Offered Rate (1.95% as of December 31, 2021 and June 30, 2021). Interest is due on the same dates as the amortizing portion of the debt. An administrative and commitment fee of 0.20% on the full $25,000,000 commitment has been recognized and will be amortized over the life of the line of credit. In addition, a 0.25% fee on any unused portion of the line of credit is calculated on a daily basis and remitted quarterly to the lender. At December 31, 2021 and June 30, 2021, there was an outstanding balance of $0 on the revolving line of credit.

The line of credit is not collateralized by assets, but assets may not be pledged on any future debt without written authorization by the lender. The line of credit has been guaranteed by a trust controlled by a third-party to the satisfaction of the lender.

Note 7. Related Party Transactions

The Museum engages in business transactions with one of its board members and/or companies they control for goods and services, at fair value, that it would otherwise purchase or provide in the ordinary course of business.

The Museum's services agreement provides for the curation of biblical artifacts on a month-to-month basis. The monthly rate is currently $110,000 per month in 2021.

In January 2021, the Museum outsourced much of its information technology services to a related party who provides the services at no cost to the Museum. These services have been valued at $941,025 and $1,015,525 for the six months ended at December 31, 2021 and year ended June 30, 2021, respectively, and recognized as both revenue and expense in the statements of activities.

A summary of the expenses (revenue/cost recovery) related to these agreements and other transactions between the Museum and its related parties are as follows:

	December 31, 2021	June 30, 2021
Curatorial services	$ (689,432)	$ (1,276,623)
Office lease and other leasing expenses	181,038	379,666
Other expenses	13,293	35,906
	$ (495,101)	$ (861,051)

As of December 31, 2021 and June 30, 2021, the Museum had related party receivables of $0. As of December 31, 2021 and June 30, 2021, the Museum had related party payables of $3,345 and $364,826, respectively.

Note 8. Commitments and Contingencies

As the Museum has commenced operations in its new facility in Washington D.C., it has entered into many contracts related to its operations and continued maintenance. As of December 31, 2021 and June 30, 2021, the Museum has approximately $24,141,653, and $23,690,376, respectively, of outstanding commitments related to these activities.

The Museum occasionally becomes involved in various claims and legal disputes arising in the normal course of business. The Museum's management does not believe that the outcome of these matters will have a material adverse impact on the Museum's financial position.

Note 9. Employee Benefit Plan

The Museum maintains and offers a defined contribution retirement plan with a 401(k) feature. Substantially all employees meeting certain age and service requirements are eligible to participate in the 401(k) plan. The Museum provides a discretionary match of 50% on an employee's contribution, up to a maximum of 6% of their income. The Museum incurred minimal expense associated with the 401(k) plan in 2021. The Museum contributed $158,143 and $ 325,977 of matching employer contributions for the six months ended at December 31, 2021 and year ended June 30, 2021, respectively.

Note 10. Expenses by Functional Classification

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated based on square footage, head count and direct costs.

Expenses by functional and natural classification for the period from July 1 through December 31, 2021, and the year ended June 30, 2021, are as follows:

	December 31, 2021							
	Museum Program Expenses					Supporting Services		
	Traveling Exhibits	Museum Collections	Research	Permanent Museum	Education	Management and General	Fundraising	Total
Payroll and related benefits	$ -	$ 748,944	$ 70,006	$ 4,235,891	$ -	$ 2,181,198	709,008	$ 7,945,047
Contract services	-	90,681	5,544	3,151,948	181,752	320,813	1,062,925	4,813,663
Sponsorships	-	-	-	94,600	-	-	-	94,600
Awards and grants	-	-	100,475	-	-	-	-	100,475
Advertising	-	1,018	-	1,855,103	-	324	126,158	1,982,603
Technology	-	7,652	-	53,144	25,272	1,615,327	1,653	1,703,048
Operations	-	16,367	-	2,356,487	-	30,344	29,744	2,432,942
Non-employee and program-related travel	-	8,238	373	40,577	9,614	22,644	307,885	389,331
Depreciation and amortization	439	50,138	362	10,092,132	-	188,995	6,007	10,338,073
General and administrative	131	40,171	3,772	1,772,963	-	2,330,250	178,866	4,326,153
Cost of goods sold	-	-	-	530,680	-	-	-	530,680
Development	-	40	-	26,530	-	9	214,051	240,630
	$ 570	$ 963,249	$ 180,532	$ 24,210,055	$ 216,638	$ 6,689,904	$ 2,636,297	$ 34,897,245

	June 30, 2021							
	Museum Program Expenses					Supporting Services		
	Traveling Exhibits	Museum Collections	Research	Permanent Museum	Education	Management and General	Fundraising	Total
Payroll and related benefits	$ -	$ 1,625,341	$ 187,677	$ 8,480,502	$ -	4,781,491	1,129,873	$ 16,204,884
Contract services	-	177,327	89,953	4,432,318	233,587	858,682	1,302,856	7,094,723
Sponsorships	-	500	-	4,500	-	-	2,750	7,750
Awards and grants	-	25	359,012	-	-	-	-	359,037
Advertising	-	9,584	-	4,852,130	-	1,637	22,642	4,885,993
Technology	-	14,876	-	160,050	34,728	2,435,507	14,189	2,659,350
Operations	72	25,581	-	5,092,845	-	95,815	11,484	5,225,797
Non-employee and program-related travel	114	30,468	268	79,488	5,676	44,089	57,439	217,542
Depreciation and amortization	879	103,650	725	20,561,206	-	205,133	12,014	20,883,607
General and administrative	2,318	61,693	3,836	2,885,092	3,112	4,511,451	131,900	7,599,402
Cost of goods sold	-	-	-	1,655,276	-	-	-	1,655,276
Development	-	-	-	30,045	-	173	93,177	123,395
	$ 3,383	$ 2,049,045	$ 641,471	$ 48,233,452	$ 277,103	$ 12,933,978	$ 2,778,324	$ 66,916,756

Note 11. Concentrations

For the period from July 1 through December 31, 2021, and the year ended June 30, 2021, the Museum received 40% and 68%, respectively, of its contributions from one donor.

Note 12. Net Assets With Donor Restrictions

The Museum's net assets with donor restrictions are comprised of the following as of December 31, 2021 and June 30, 2021:

	December 31, 2021	June 30, 2021
Net assets with donor restrictions:		
Purposes or time restrictions:		
Permanent museum	$ 948,870	$ 268,302
Traveling exhibits	5,014	4,714
Research	369,911	152,048
Education	602,945	620,945
Time restricted	3,272,087	3,300,124
Accumulated earnings on donor-restricted endowment	258,253	202,240
	5,457,080	4,548,373
Perpetual in nature:		
Scholarship endowment	1,000,000	1,000,000
	$ 6,457,080	$ 5,548,373

Note 13. Endowments

In April 2019, the Museum created one donor-restricted endowment fund and one fund designated by the Board of Directors to function as an endowment.

Interpretation of relevant law: The Museum is subject to OK UPMIFA and classifies funds which are donor-restricted in perpetuity and the related accumulated and unappropriated earnings, including any underwater amounts, as net assets with donor restrictions until appropriated for expenditure by the Board of Directors. The Museum's donor-restricted endowment funds are also subject to purpose restrictions that must be met before reclassifying such amounts to net assets without donor restrictions. The Board of Directors has interpreted OK UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor specifically stipulates the contrary. As a result of this interpretation, 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 OK UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with OK UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: 1) the duration and preservation of the fund, 2) the purposes of the Museum and the donor restricted endowment fund, 3) general economic conditions, 4) the possible effect of inflation and deflation, 5) the expected total return from income and the appreciation of investments, 6) other resources of the Museum and 7) the investment policies of the Museum.

Note 13. Endowments (Continued)

Endowment net assets composition by type of fund as of December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	$ 42,717,734	$ -	$ 42,717,734
Donor-restricted endowment funds	-	1,258,253	1,258,253
Total endowment funds	$ 42,717,734	$ 1,258,253	$ 43,975,987

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 40,805,601	$ 1,202,240	$ 42,007,841
Investment earnings	1,912,133	56,013	1,968,146
Endowment net assets, end of year	$ 42,717,734	$ 1,258,253	$ 43,975,987

Endowment net assets composition by type of fund as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	$ 40,805,601	$ -	$ 40,805,601
Donor-restricted endowment funds	-	1,202,240	1,202,240
Total endowment funds	$ 40,805,601	$ 1,202,240	$ 42,007,841

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 14,131,703	$ 1,041,969	$ 15,173,672
Contributions	20,350,037	-	20,350,037
Investment earnings	6,323,861	160,271	6,484,132
Endowment net assets, end of year	$ 40,805,601	$ 1,202,240	$ 42,007,841

Return objective and risk parameters: The Museum has adopted investment and spending policies for endowment assets that provide for growth and a predictable stream of funding to operations, programs and other specified purposes supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Note 13. Endowments (Continued)

Strategies employed for achieving objectives: Under its investment policy, as approved by the Board of Directors in October 29, 2021, the assets of the endowment are invested in accordance with the following objectives: to generate a real return from the Museum's investments that will provide a sustainable funding source for the Museum while preserving the portfolio's purchasing power over the long-run; to maximize the real rate of return on investments within a prudent level of risk; and to look at investment returns over a long-term horizon while also recognizing the need for annual endowment draws. The Museum has set an objective of achieving returns on its portfolio investments that, over the long-term, will achieve returns net of inflation and fees that exceed the endowment draw by an amount that will allow for additional growth in the portfolio (currently 7%). The Museum's investment policy targets a diversified asset allocation that places a greater emphasis on equity-based securities (target ranges from 40% to 80%) than fixed income securities (10% to 50%) and cash equivalents (0% to 30%) to achieve its long-term objectives with prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The endowment's investment earnings are allocated in a reasonable and balanced way between current distribution and reinvestment for future earnings. Distributions should provide a reasonably stable and predictable source of funds for the activities of the Museum that are supported by the endowment. Subject to OK UPMIFA (to the extent applicable), the annual distributable funds from the endowment will be no more than 4.5%. The distribution percentage rate will be defined using a three-year investment average. Until an endowment has been invested for three years, the annual average will be used after the initial 12 months. Specific gifts may be excluded from averaging and/or be subject to other distribution rules, when explicitly directed by the donor or by a 75% approval of the Board of Directors.

The Museum's policy permits spending from underwater endowment funds when deemed prudent by 75% of the Board of Directors. Distributions will be made annually, and endowments may be held for more than 12 months based on the date of the charitable gift.

Note 14. Liquidity Management and Funds Available

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 within one year of the statements of financial position date.

The Museum's financial assets available within one year of the statement of financial position for general expenditure are as follows at December 31, 2021 and June 30, 2021:

	December 31, 2021	June 30, 2021
Financial assets, at year-end	$ 58,030,814	$ 51,706,243
Less those unavailable for general expenditures within one year due to:		
Contributions receivables not due in one year, net	(1,980,983)	(2,043,479)
Contributions receivables due in one year for restricted purposes	(2,059,829)	(3,686,257)
Funds to be used for other commitments in the next year	(13,606,947)	(7,275,209)
Board designated endowment	(42,717,734)	(40,805,601)
Donor restricted for specific purposes and/or in perpetuity	(2,416,268)	(917,233)
Financial assets available to meet cash needs for general expenditures within one year	$ (4,750,947)	$ (3,021,536)

Note 14. Liquidity Management and Funds Available (Continued)

The Museum maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Museum invests cash in excess of weekly requirements in short-term investments (money market funds).

Further, the Museum has received contingent promise to give up to $36,000,000 at June 30, 2021. Management expects these amounts to be received through December 31, 2022 as needed to fund Museum operations and cash expenditures.

Note 15. COVID-19 and CARES Act

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Museum's operations, suppliers or other vendors, and businesses. The operations for the Museum's services could be negatively impacted by the regional and global outbreak of COVID-19, including stop-work orders on existing contract work for an unknown period of time. The extent to which the coronavirus impacts the Museum's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

Payroll Protection Program (PPP): On April 9, 2020, the Museum was granted a loan from BOKF, NA in the aggregate amount of $4,228,500, pursuant to the Paycheck Protection Program under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, bears an interest rate of 1% per annum, payable monthly commencing on November 9, 2020. The loan may be prepaid by the Museum at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred before February 15, 2020. The Museum has used the entire loan amount for qualifying expenses. Under the terms of the payroll protection program, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On June 16, 2021, the Museum has received full forgiveness of this loan and recognized and recorded the forgiveness as other income within operating revenue and other support in the statements of activities.

Employee retention credits: During the year of 2021, the Museum has received $1,025,143 as employee retention credits and recognized and recorded them as a reduction of the payroll and related benefits expenses within the operating expenses.