



**FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER**

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May 25, 2023

To the FCMoD Community:

After three years navigating the challenges and difficult landscape brought forth by the COVID-19 pandemic, Fort Collins Museum of Discovery (“FCMoD”) entered 2023 stronger than ever. In our tenth year, we welcomed our millionth visitor and saw visitation climb back to pre-pandemic levels. We partnered with a record number of community organizations to create deeply relevant programs, experiences, and exhibits for even greater dimensions of our Northern Colorado community. All museum operating areas came back online by the end of the year, including a return to being open to the public six days per week. We rebuilt our staff team with an eye toward optimizing how we serve community and adapt to its needs, while working to strategically invest in compensation and culture to ensure a competitive, thriving workforce.

FCMoD’s 2022 audited financial statements put into clear focus the impacts of this extraordinary time and shed light into the bold steps taken by FCMoD’s board of directors and leadership team to safeguard FCMoD’s continued generational impact. However, like many cultural institutions across the country, FCMoD’s financial recovery is expected to continue for the next several years.

In 2020, FCMoD experienced more than four months of mandated closures. Additionally, FCMoD experienced required capacity reductions of up to 90% through much of 2021. Because FCMoD’s financial model relies considerably on earned revenue from areas such as admission, memberships, retail sales, and programs, the deep financial implications for FCMoD were unavoidable. FCMoD’s leadership team took swift action to mitigate lasting impacts, strategized for regenerative growth, and developed intentional timelines to allow FCMoD to operationally rebuild.

Federal, state, and local recovery program dollars continue to serve as a significant contributor to FCMoD’s short-term fiscal strategies that support financial recovery. Since 2020, FCMoD secured more than \$1.6 million in federal recovery dollars through programs such as Paycheck Protection Programs, Employee Retention Credits, Shuttered Venues Grants, CARES Act distributions, and ARPA funding. These important, one-time dollars bridge gaps in earned revenue, stabilize potential operational fluctuations, and launch FCMoD into spaces of experimentation to fuel learnings for FCMoD’s bright future. In addition to the planned draw-down of recovery dollars, we expect to see continued growth in our diversified earned revenue streams into 2025 which will bring us at or near structural

## Board of Directors

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Alma Vigo-Morales  
Diversity Solutions Group, LLC

FCMoD's long term health will always center on our unwavering commitment to serve as a community hub, a commitment that comes to life with support from our dear partners. As we emerge from the pandemic, the museum continues to experience extreme generosity from individuals, foundations, partners and sponsors whose contributions provide necessary and sustained support to serve our mission and continue our generational impact in Northern Colorado.

As FCMoD looks toward its next 10 years, we are energized by the opportunities in front of us. We are proud of the strength, resolve, and vision demonstrated by FCMoD's board of directors and leadership and staff teams over some of our history's most challenging moments secure FCMoD's optimistic and bright future.

To the board of directors - past and present, FCMoD's leadership and staff teams, volunteers, and dedicated partners and supporters, we thank you from the bottom of our hearts for your investment in FCMoD. Your belief and investments in FCMoD have charted a course for more than 1 million people of all ages to interact with science, history, and culture in ways beyond imagination.

Sincerely,



Cynthia Eichler  
FCMoD Board President



Laura Valdez  
Co-Executive Director, Nonprofit Partner



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Fort Collins Museum of Discovery, Nonprofit Partner  
Fort Collins, Colorado

### ***Opinion***

We have audited the accompanying financial statements of Fort Collins Museum of Discovery, Nonprofit Partner (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Fort Collins Museum of Discovery, Nonprofit Partner (the Museum) as of December 31, 2022 and 2021, 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 (U.S. GAAP).

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, as established by the Auditing Standards Board. 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 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 these 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 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 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, including omissions, are considered material if there is a 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 generally accepted auditing standards, as promulgated by the Auditing Standards Board, a division of the American Institute of Certified Public Accountants (AICPA), 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.

***Other Information***

The President's Letter is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and relates to the underlying accounting and other records used to prepare the financial statements. The President's Letter has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink, consisting of the letters 'RLR' in a stylized, cursive script. The signature is positioned above the typed name 'Fort Collins, Colorado'.

Fort Collins, Colorado  
May 25, 2023

**FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2022 and 2021**

	2022	2021
Current assets		
Cash and cash equivalents	\$ 875,546	\$ 698,933
Promises to give, net	99,264	88,333
Due from related party (Note 10)	5,000	36,241
Inventory, gift shop	28,819	20,742
Prepaid expenses	89,943	83,191
Employee Retention Credit receivable (Note 9)	100,427	139,464
<b>Total current assets</b>	<b>1,198,999</b>	<b>1,066,904</b>
 Cash and cash equivalents (restricted)	 1,225,471	 1,365,382
Cash and cash equivalents (endowment)	18,686	18,686
Beneficial interest in		
assets held by foundation (endowment)	1,182,562	1,372,785
Long-term promises to give, net	-	7,812
Prepaid content programming, net	31,494	38,466
Property and equipment, net	3,761,848	3,912,923
<b>Total assets</b>	<b>\$ 7,419,060</b>	<b>\$ 7,782,958</b>
 Current liabilities		
Accounts payable	\$ 59,109	\$ 28,745
Accrued expenses	93,568	78,494
Deferred revenue	93,138	399,126
Note payable, current maturities	-	40,000
<b>Total current liabilities</b>	<b>245,815</b>	<b>546,365</b>
<b>Total liabilities</b>	<b>245,815</b>	<b>546,365</b>
 Net assets		
Without donor restrictions	914,677	536,817
Invested in property and equipment	3,761,848	3,872,923
With donor restrictions		
Time and/or purpose	1,783,300	2,113,433
Perpetual in nature	713,420	713,420
<b>Total net assets</b>	<b>7,173,245</b>	<b>7,236,593</b>
 Total liabilities and net assets	 <b>\$ 7,419,060</b>	 <b>\$ 7,782,958</b>

See accompanying notes to the financial statements.

**FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2022</b>
Support, Revenues, and Gains			
Contributions			
In-kind support	\$ 42,581	\$ -	\$ 42,581
Foundations	67,743	73,000	140,743
Corporations	28,390	28,000	56,390
Individuals and other	578,036	2,000	580,036
Government grants	93,963	-	93,963
Admission fees and memberships	668,269	-	668,269
Investment return, net	(131,088)	-	(131,088)
Program revenue	78,130	-	78,130
Gift shops sales, net of cost of goods sold of \$86,547	48,237	-	48,237
COVID-19 relief funding (Note 9)	304,485		304,485
Loss on disposal of property and equipment	(693)	-	(693)
Net assets released from restrictions	433,133	(433,133)	-
<b>Total support, revenues, and gains</b>	<b>2,211,186</b>	<b>(330,133)</b>	<b>1,881,053</b>
Expenses and Losses			
Program services	1,533,985	-	1,533,985
Administration and general	183,334	-	183,334
Fundraising	227,082	-	227,082
<b>Total expenses and losses</b>	<b>1,944,401</b>	<b>-</b>	<b>1,944,401</b>
Change in Net Assets	266,785	(330,133)	(63,348)
Net Assets, Beginning of Year	4,409,740	2,826,853	7,236,593
Net Assets, End of Year	<u>\$ 4,676,525</u>	<u>\$ 2,496,720</u>	<u>\$ 7,173,245</u>

See accompanying notes to the financial statements.



**FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total 2021
Support, Revenues, and Gains			
Contributions			
In-kind support	\$ 95,279	\$ -	\$ 95,279
Foundations	94,896	82,753	177,649
Corporations	55,246	-	55,246
Individuals and other	126,255	-	126,255
Government grants	238,916	12,766	251,682
Admission fees and memberships	409,010	-	409,010
Investment return, net	1,074	186,430	187,504
Program revenue	3,432	50,000	53,432
Gift shops sales, net of cost of goods sold of \$30,917	29,652	-	29,652
COVID-19 relief funding (Note 9)	683,362	-	683,362
Loss on disposal of property and equipment	(587)	-	(587)
Net assets released from restrictions	464,227	(464,227)	-
<b>Total support, revenues, and gains</b>	<b>2,200,762</b>	<b>(132,278)</b>	<b>2,068,484</b>
Expenses and Losses			
Program services	1,306,207	-	1,306,207
Administration and general	79,175	-	79,175
Fundraising	88,046	-	88,046
<b>Total expenses and losses</b>	<b>1,473,428</b>	<b>-</b>	<b>1,473,428</b>
Change in Net Assets	727,334	(132,278)	595,056
Net Assets, Beginning of Year	3,682,406	2,959,131	6,641,537
Net Assets, End of Year	<u>\$ 4,409,740</u>	<u>\$ 2,826,853</u>	<u>\$ 7,236,593</u>

See accompanying notes to the financial statements.

**FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2022**

	Program Services	Administration and General	Fundraising	Total
Wages and benefits	\$ 844,642	\$ 108,064	\$ 194,415	\$ 1,147,121
Depreciation	146,841	8,082	-	154,923
Professional fees	64,198	30,021	100	94,319
Advertising	33,967	8,676	25,099	67,742
Contracted services	4,944	-	-	4,944
Supplies	18,813	5,578	615	25,006
Postage, printing and other	21,365	1,872	5,528	28,765
Meals and entertainment	43,303	3,270	-	46,573
Insurance	57,693	333	-	58,026
Fees	82,955	11,611	1,325	95,891
Interest expense	1,026	-	-	1,026
Content programming	6,629	-	-	6,629
Travel	24,751	827	-	25,578
Durable goods (exhibits)	172,500	-	-	172,500
Maintenance - exhibits	10,358	5,000	-	15,358
	<u>\$ 1,533,985</u>	<u>\$ 183,334</u>	<u>\$ 227,082</u>	<u>\$ 1,944,401</u>

See accompanying notes to the financial statements.

**FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2021**

	Program Services	Administration and General	Fundraising	Total
Wages and benefits	\$ 713,234	\$ 45,581	\$ 86,312	\$ 845,127
Depreciation	144,498	7,605	-	152,103
Professional fees	92,588	18,354	-	110,942
Advertising	11,045	-	-	11,045
Contracted services	13,504	-	-	13,504
Supplies	54,891	3,250	-	58,141
Postage, printing and other	36,608	-	-	36,608
Meals and entertainment	11,931	-	1,734	13,665
Insurance	45,855	293	-	46,148
Fees	67,002	4,092	-	71,094
Interest expense	3,448	-	-	3,448
Content programming	9,942	-	-	9,942
Travel	2,464	-	-	2,464
Durable goods (exhibits)	96,500	-	-	96,500
Maintenance - exhibits	2,697	-	-	2,697
	<u>\$ 1,306,207</u>	<u>\$ 79,175</u>	<u>\$ 88,046</u>	<u>\$ 1,473,428</u>

See accompanying notes to the financial statements.

**FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2022 and 2021**

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (63,348)	\$ 595,056
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	154,923	152,103
Amortization	6,629	9,942
Donation of property and equipment	-	(58,485)
Loss on disposal of property and equipment	693	587
Change in discount on long-term promises to give	-	(501)
Change in beneficial interest in investments, net	146,703	(186,430)
Changes in operating assets and liabilities		
Promises to give	(3,119)	78,333
Due from related party	31,241	(36,241)
Inventory, gift shop	(8,077)	3,490
Prepaid expenses	(6,752)	(49,629)
COVID-19 relief funding receivable	39,037	290
Cash and cash equivalents, restricted	139,911	(136,408)
Accounts payable	30,364	6,599
Accrued expenses	15,074	(18,334)
Deferred revenue	(305,988)	347,697
<b>Net cash provided by operating activities</b>	<b>177,291</b>	<b>708,069</b>
Cash flows from investing activities		
Distributions from beneficial interest in investments	43,520	7,040
Purchase of property and equipment	(3,848)	-
Purchase of content programming	(350)	-
<b>Net cash provided by investing activities</b>	<b>39,322</b>	<b>7,040</b>
Cash flows from financing activities		
Repayments on notes payable	(40,000)	(40,000)
<b>Net cash (used) by financing activities</b>	<b>(40,000)</b>	<b>(40,000)</b>
Net change in cash and cash equivalents	176,613	675,109
Cash and cash equivalents, beginning of year	698,933	23,824
Cash and cash equivalents, end of year	<b>\$ 875,546</b>	<b>\$ 698,933</b>
Supplemental disclosure of non-cash activity		
In-kind contributions	\$ 42,581	\$ 95,279
In-kind expenses	\$ (42,581)	\$ (36,794)
In-kind furniture and equipment	\$ -	\$ (58,485)
Supplemental cash flow disclosure		
Cash paid for interest	\$ 1,026	\$ 3,448

See accompanying notes to the financial statements.

# FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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### Note 1 - Organization and Summary of Significant Accounting Policies

#### Organization

The Fort Collins Museum of Discovery, Nonprofit Partner (the "Museum"), a nonprofit corporation, was incorporated in the state of Colorado on March 17, 1989 and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Museum and the City of Fort Collins (the "City") entered into a formal partnership on March 6, 2008. In December of 2011, the staff moved into a newly constructed facility, and on November 10, 2012, the new Fort Collins Museum of Discovery opened its doors. Together with the City, the Museum operates a museum where visitors from the northern Colorado region and surrounding areas can experience interactive exhibits and educational programs focused on science and culture.

#### New Accounting Pronouncement

In September 2020, FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The objective of this ASU is to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU apply to NFPs that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments in this ASU will improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requirements. The Museum has implemented ASU 2020-07 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented. There is no effect on the Museum's previously reported net assets.

#### Basis of Presentation

The financial statements of the Museum have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The Museum reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restrictions are those currently available at the discretion of the Board of Directors (the "Board") for use in the Museum's operations and those resources invested in property and equipment.

Net assets with donor restrictions are assets restricted by donors either for certain time periods, purposes, or exhibit campaign, or assets that must be maintained permanently by the Museum as required by the donor, but the Museum is permitted to use or expend part or all of any income derived from those assets.

#### Cash and Cash Equivalents

The Museum considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless held as part of the long-term investment portfolio. The Museum continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. The Museum has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash accounts.

## FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

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#### Note 1 - Organization and Summary of Significant Accounting Policies (continued)

##### Promises to Give

Promises to give consist of contributions relating to the exhibit campaign. Promises to give that are expected to be collected within one year are recorded at their net realizable value, and promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met. All outstanding amounts are deemed collectible; thus, no allowance is considered necessary. The Museum had promises to give from one donor totaling 70% and 72% of total promises to give as of December 31, 2022 and 2021, respectively.

##### Beneficial Interest in Assets Held by Foundation

The Museum has an endowment fund that is held by the Community Foundation of Northern Colorado (the "Foundation"). Under the terms and conditions of the agreement, the Museum makes transfers of permanently restricted endowment funds to the Foundation, and the Foundation provides investment management services. Distributions from the endowment fund, per terms of the agreement, will be paid to the Museum. The Museum's investment in the Foundation, including funds transferred and investment earnings, totaled \$1,182,562 and \$1,372,785 at December 31, 2022 and 2021, respectively.

Funds transferred to the Foundation are not considered to be a contribution from the Museum to the Foundation, but rather are accounted for as a reciprocal transfer. Accordingly, the assets are reflected in the statements of financial position as a restricted beneficial interest in the assets held by the Foundation.

Due to the level of risk associated with investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

##### Fair Value

Fair value is the price that would be received from the sale of an asset or settlement of a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, the Museum considers the principal or most advantageous market in which a hypothetical sale or transfer would take place and consider assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance. The fair value hierarchy is made up of three levels of inputs which may be used to measure fair value: Level 1—observable inputs such as quoted prices for identical instruments in active markets; Level 2—observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model derived valuations in which all significant inputs are observable in active markets; and Level 3—unobservable inputs for which there is little or no market data and which require us to develop our own assumptions. The Museum categorizes fair value measurements within the fair value hierarchy based upon the lowest level of the most significant inputs used to determine such fair value measurement.

##### Prepaid Content Programming

Long-term prepaid usage agreements for content programming within the Museum are expensed over the remaining usage period, ranging from 5 to 20 years.

## FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER

### NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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#### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

##### Exhibits

The Museum's exhibits are comprised of scientific specimens and exhibits that are held for educational, research, scientific, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying its existence and assessing its condition are performed continuously.

The Museum expenses exhibit costs to exhibits expense as they are incurred. Exhibits in progress are expensed during construction as work is completed. During the years ended December 31, 2022 and 2021, \$172,500 and \$96,500, respectively, was charged to exhibits expense.

##### Traveling Exhibit Deposit

Exhibit deposits are expensed over the remaining exhibit display period. The Museum had \$45,000 and \$37,500 in exhibit deposits as of December 31, 2022 and 2021, respectively.

##### Property and Equipment

Property and equipment are recorded at cost. Donated fixed assets are capitalized at fair value at the date of donation. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets, which range from 3 to 39 years.

##### Long-Lived Assets

The Museum is required to test for asset impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable. The Museum analyzes assets for impairment when indicators of impairment are present. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets. The Museum did not recognize an impairment of long-lived assets during the years ending December 31, 2022 and 2021.

##### Lease Accounting

The Museum determines whether to account for its leases as operating or financing leases depending on the underlying terms of the lease agreement. This determination of classification is complex and requires significant judgment relating to certain information including the estimated fair value and remaining economic life of the leased asset, the Museum's cost of funds, minimum lease payments and other lease terms. The Museum records the value of the right-of-use asset at the present value of future lease payments, discounted at the Museum's estimated incremental borrowing rate, and any direct costs related to the lease. Total lease payments are recognized on a straight-line basis over the term of the lease. The related lease liability is recorded at the present value of any unpaid lease payments.

The Museum elected the optional transition method and adopted ASU No. 2016-02 as of January 1, 2022, using the modified retrospective method permitted under ASU No. 2018-11 for all existing leases, which does not include retrospectively adjusting prior periods presented in the financial statements. As allowed under the new accounting standard, the Museum elected to apply practical expedients to carry forward the original lease determinations, leases classifications and accounting of initial direct costs for all asset classes at the time of adoptions. The Museum also elected not to separate lease components from non-lease components and to exclude short-term leases from its Statement of Financial Position. As such, the Museum did not recognize a right-of-use asset or correlating lease liability due to the nature of the leases.

# FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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### Note 1 - Organization and Summary of Significant Accounting Policies (continued)

#### Contributions

Contributions are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when cash or ownership of donated assets is unconditionally promised to the Museum. Net assets with donor restrictions are subsequently released to net assets without donor restrictions when expenses have been incurred in satisfaction of those restrictions, or when restrictions have otherwise been satisfied

#### Revenue and Revenue Recognition

The Museum recognizes revenue from sales of products and services when the products are transferred and the services are provided. Gift shop sales are recognized at the time of purchase. Membership dues, which are nonrefundable, are considered exchange transactions based on the benefits received. The Museum recognizes the membership dues over the membership period. The Museum records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. With the exception of goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

#### In-Kind Contributions

The Museum's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Museum. If an asset is provided that does not allow the Museum to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

In-kind contributions consist of donated professional services, supplies, and equipment. Donated services and materials are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of receipt determined using Level 3 inputs of the fair value hierarchy. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteer services are not recorded in the financial statements as these contributions do not meet the requirements to be recorded as revenue and expense.

The Museum received the following gifts-in-kind for year ended December 31:

	2022	2021
Professional Fees	\$ 11,055	\$ 1,949
Meals	31,526	1,542
Supplies	-	33,303
Furniture	-	58,485
	<u>\$ 42,581</u>	<u>\$ 95,279</u>

#### Advertising

Advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2022 and 2021 was 67,742 and 11,045, respectively.



## FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER

### NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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#### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

##### Functional Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated among the program and supporting services benefited. Expenses incurred directly for a program service are charged to such service. Fringe benefits are allocated to all services based on a pro-rata basis of total direct salary expenses incurred. Allocations of certain overhead costs are allocated to services on a pro-rata basis of total space occupied by each service.

##### Income Taxes

The Museum is a not-for-profit corporation and qualifies as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in these financial statements.

The Museum has adopted the recognition requirements for uncertainty in income taxes as required by ASC 740-10. The standard prescribes a comprehensive model for how an organization should recognize, measure, present and disclose in the financial statements uncertainty in income taxes the organization has taken or expects to take on a tax return. The Museum's income tax filings are subject to audit by various taxing authorities.

In evaluating the Museum's tax provisions and accruals, interpretations and tax planning strategies are considered. The Museum believes their estimates are appropriate based on current facts and circumstances and have not recorded any reserves, or related accruals for interest and penalties for uncertainty in income taxes at December 31, 2022 and 2021.

##### Presentation of Sales Tax

The Museum conducts business in governmental jurisdictions in which a sales tax is imposed on all of the Museum's retail sales to non-exempt customers within their taxing district. The Museum collects sales tax from customers and remits the entire amount to the taxing authorities. The Museum's accounting policy is to exclude the tax collected and remitted from revenue and cost of goods sold.

##### Use of Estimates

The preparation of financial statements in conformity with U.S. 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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

##### Subsequent Events

The Museum has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available for issuance.

# FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

### Note 2 - Promises to Give

Unconditional promises to give consist of the following:

	2022	2021
Exhibit campaign	\$ 70,000	\$ 70,000
Other	29,786	26,667
	<u>\$ 99,786</u>	<u>\$ 96,667</u>

Unconditional promises to give are expected to be received as follows:

	2022	2021
Receivables due within one year for operating expenses	\$ 29,786	\$ 18,333
Receivables due within one year for exhibit projects	70,000	70,000
Receivables due after one year	-	8,334
Total unconditional promises to give	99,786	96,667
Less discounts to net present value	(522)	(522)
Net unconditional promises to give	<u>\$ 99,264</u>	<u>\$ 96,145</u>

The discount rate used on long-term promises to give that were outstanding as of December 31, 2022 and 2021 was 0.42%.

### Note 3 – Beneficial Interest in Investments Held by the Foundation

Beneficial interest in investments held by the Community Foundation of Northern Colorado (the Foundation) consist of the following items:

	2022	2021
Equity securities in restricted beneficial interest in assets held by the Foundation	\$ 709,537	\$ 823,671
Debt securities in restricted beneficial interest in assets held by the Foundation	473,025	549,114
Total investments, at fair value	<u>\$ 1,182,562</u>	<u>\$ 1,372,785</u>

The fair value of the beneficial interest in assets held by the Foundation are determined by using Level 3 inputs of the fair value hierarchy. The fair value of Level 3 beneficial interest in investments held in the Foundation is determined by assuming a hypothetical transaction at the measurement date, as there is currently no market in which beneficial interests are traded and no observable exit price exists for a beneficial interest. The Museum has determined the fair value of the beneficial interest by using the fair value of the assets contributed to the fund, adjusted by the changes in fair value and distribution of the assets held in the fund, as reported to the Museum by the Foundation.

# FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

### Note 4 - Restricted Cash and Cash Equivalents and Investments

As of December 31, 2022, the Museum had restricted cash and cash equivalents and investments, which consist of pledge receipts that are to be used in the Museum's endowment and capital projects. They are restricted as follows:

	With Donor Restrictions		Without Donor Restrictions	Total
	Perpetuity	Time / Purpose		
Cash and cash equivalents	\$ 18,686	\$ 1,225,471	\$ 875,546	\$ 2,119,703
Beneficial interest in assets held by the Foundation	694,734	487,828	-	1,182,562
	<u>\$ 713,420</u>	<u>\$ 1,713,299</u>	<u>\$ 875,546</u>	<u>\$ 3,302,265</u>

As of December 31, 2021, the Museum had restricted cash and cash equivalents and investments, which consist of pledge receipts that are to be used in the Museum's endowment and capital projects. They are restricted as follows:

	With Donor Restrictions		Without Donor Restrictions	Total
	Perpetuity	Time / Purpose		
Cash and cash equivalents	\$ 18,686	\$ 1,365,382	\$ 698,933	\$ 2,083,001
Beneficial interest in assets held by the Foundation	694,734	678,051	-	1,372,785
	<u>\$ 713,420</u>	<u>\$ 2,043,433</u>	<u>\$ 698,933</u>	<u>\$ 3,455,786</u>

### Note 5 - Investments in Endowment

The Museum's endowment consists of funds held by the Foundation (Note 3) and cash and cash equivalents (Note 4). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), which governs the investment and management of donor-restricted endowment funds by not-for-profit organizations. In 2008, the state of Colorado enacted UPMIFA, which provides for net asset classification of donor-restricted endowment funds that are subject to UPMIFA as well as additional disclosure requirements for both donor-restricted and Board-designated endowments.

Under this guidance, the portion of an endowment that is perpetual in nature shall be classified as net assets with donor restrictions – perpetual in nature. The remaining portion of accumulations to donor-restricted endowment funds that is not classified in perpetual in nature is classified as dictated by the donor or, in absence of donor stipulation, as net assets with donor restrictions – time and/or purpose restricted until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA.

During the years ended December 31, 2022 and 2021, the fair value of assets associated with donor-restricted endowment funds exceeded the level that the donors required the Museum to retain as a fund of perpetual duration. Therefore, the excess amounts of \$487,828 and \$678,051 are reported in net assets with donor restrictions – time and/or purpose restricted as of December 31, 2022 and 2021, respectively. This excess is a result of favorable market fluctuations and an absence of spending of endowment earnings.

# FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

### Note 5 - Investments in Endowment (continued)

The Board is responsible for selecting the asset mix and has chosen the following asset allocation: 40% fixed income and 60% equities.

The spending policy is determined pursuant to the agreement with the Foundation. Distributions from the Foundation are available at 5% of the total fixed balance based on a 16-quarter trailing average. The Foundation determines a percentage each year based on the rolling average of the endowment for the prior three years. For the year ended December 31, 2022 and 2021 the Museum elected to take distributions of \$43,520 and \$7,040, respectively, to pay for the current year loan principal and interest.

Invested endowment net asset composition by type of fund and changes in invested endowment net assets for the fiscal year ended December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and/or Purpose	Perpetuity	
Endowment net assets, beginning of year	\$ -	\$ 678,051	\$ 713,420	\$ 1,391,471
Investment return				
Investment gain, net	-	24,628	-	24,628
Refund of fees overcharged		11,527		11,527
Net appreciation	-	(182,858)	-	(182,858)
Total investment return	-	(146,703)	-	(146,703)
Distributions	-	(43,520)	-	(43,520)
Endowment net assets, end of year	\$ -	\$ 487,828	\$ 713,420	\$ 1,201,248

Invested endowment net asset composition by type of fund and changes in invested endowment net assets for the fiscal year ended December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and/or Purpose	Perpetuity	
Endowment net assets, beginning of year	\$ -	\$ 498,661	\$ 713,420	\$ 1,212,081
Investment return				
Investment loss, net	-	(12,327)	-	(12,327)
Refund of fees overcharged		55,477		55,477
Net appreciation	-	143,280	-	143,280
Total investment return	-	186,430	-	186,430
Distributions	-	(7,040)	-	(7,040)
Endowment net assets, end of year	\$ -	\$ 678,051	\$ 713,420	\$ 1,391,471

**FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**Note 5 - Investments in Endowment (continued)**

Net investment return (loss) consists of the following for the years ending December 31,

	2022	2021
Endowment fund	\$ (146,703)	\$ 186,430
Interest earned on deposit accounts	15,615	1,074
	<u>\$ (131,088)</u>	<u>\$ 187,504</u>

**Note 6 - Property and Equipment**

The Museum's property and equipment are comprised of the following:

	2022	2021
Building and improvements	\$ 5,373,999	\$ 5,373,999
Equipment	405,678	402,184
Furniture and fixtures	360,124	360,124
	<u>6,139,801</u>	<u>6,136,307</u>
Less accumulated depreciation	<u>(2,377,953)</u>	<u>(2,223,384)</u>
Total property and equipment	<u>\$ 3,761,848</u>	<u>\$ 3,912,923</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$154,569 and \$152,103, respectively.

**Note 7. Note Payable**

The Museum had a \$200,000 note payable agreement with First Western Trust Bank that matured on December 21, 2022. Beginning January 2018, the Museum was required to make monthly interest-only payments at 4.25% for the term of the agreement. Beginning December 21, 2018, the Museum was required to make annual principal payments of \$40,000 until maturity, at which time all unpaid principal and interest are due. The note was secured by the assignment of the endowment fund at the Community Foundation of Northern Colorado. The loan was fully satisfied during the year ended December 31, 2022. The outstanding balance at December 31, 2021 was \$40,000.

**Note 8. Net Assets with Donor Restrictions**

Time and/or Purpose: These restricted net assets represent the net proceeds of donations and pledges receivable that have been restricted by the donors to be used only for the following purpose:

	2022	2021
Earnings on endowment fund	\$ 487,828	\$ 678,051
Exhibit campaign	1,295,472	1,435,382
	<u>\$ 1,783,300</u>	<u>\$ 2,113,433</u>

Perpetual in Nature: These restricted net assets represent the net proceeds of donations and pledges receivable that have been restricted by the donors to be used only for the following purpose:

	2022	2021
Endowment fund	<u>\$ 713,420</u>	<u>\$ 713,420</u>

## FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER

### NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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#### **Note 9. COVID-19 Relief Funding**

##### Paycheck Protection Program

During the year ended December 31, 2021, the Museum received a second draw loan from the Federal Paycheck Protection Program in the amount of \$185,875. The second draw loan provided initial funds as an unsecured loan agreement that bore interest of 1% per year. The Museum elected to treat the funds as a conditional contribution in accordance with ASC 958-605, Not-for-Profit Entities: Revenue Recognition. The proceeds are included in COVID-19 relief funding on the Statement of Activities at December 31, 2021. During the year ended December 31, 2021, the Museum received loan forgiveness in accordance with the terms of the Paycheck Protection Program, which was reviewed and approved by the Small Business Administration and the financial institution.

##### Employee Retention Credit

During the years ended December 31, 2021 and 2020, the Museum met the qualifications for the Employee Retention Credit (ERC) through the retroactive changes to the CARES Act. The Museum calculated the credit based on eligible wages paid per employee during the qualifying time period. The amount the Museum expects to receive from the ERC is shown on the statement of financial position as Employee Retention Credit receivable and included in COVID-19 relief funding on the statement of activities for the years ended December 31, 2022 and 2021.

##### Shuttered Venue Operator Grant

During the year ended December 31, 2021, the Museum applied for and received funds from the Shuttered Venue Operator Grant (SVOG) through the Small Business Administration. The Museum recognized \$397,492 of revenue presented on the statement of activities as part of COVID-19 relief funding during the year ended December 31, 2021. The Museum received an additional \$304,485 during the year ended December 31, 2021 that was not earned in accordance with ASC 958-605, Not-for-Profit Entities: Revenue Recognition. This amount is included in deferred revenue on the statement of financial position at December 31, 2021.

During the ended December 31, 2022, the Museum fully earned the remaining \$304,485 from the SVOG. This amount is included on the statement of activities as part of COVID-19 relief funding.

#### **Note 10. Operating Agreement and Related Party**

During March 2008, the Museum entered into an operating agreement (the "Agreement") with the City, which owned and operated the Fort Collins Museum ("FCM"). The Museum and the City wished to jointly create a premier educational experience for local residents and visitors by combining the current operations of the FCM and Museum into one institution. In order to facilitate the planning and construction of a new facility for the combined museum, it was decided to co-locate both organizations in one facility, 200 Mathews Street, which was the location of the FCM. The co-location was effective June 2009 through December 2011. During 2012, the new museum facility was substantially completed and was opened for public access, at which time the combined institution, Fort Collins Museum of Discovery, began operating at its new location at 408 Mason Court.

As a result of the Agreement, and the City's right to appoint up to three directors to the Museum's Board of Directors, the City is considered a related party to the Museum. The Museum recognized revenue of 39,577 and \$124,192 from the City during the years ended December 31, 2022 and 2021, respectively. In addition, the City reimbursed the Museum for the City's portion of insurance premiums paid by the Museum in the amount of \$39,766 and \$36,241 for the years ended December 31, 2022 and 2021, respectively. The Museum is due \$5,000 and \$36,241 from the City at December 31, 2022 and 2021, respectively.

# FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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### Note 11. Retirement Plan

The Museum offers a simple individual retirement account ("IRA"). Eligible employees may participate in the IRA immediately, which allows for pre-tax eligible salary deferrals into the IRA. The Museum will contribute up to 3% of the employee's eligible gross salary, depending on the employee's deferral amount. The Museum contributed \$16,327 and \$3,342 to the IRA during the years ended December 31, 2022 and 2021, respectively.

### Note 12. Commitments and Subsequent Event

During the year ended December 31, 2022, the Museum entered into a contract for a traveling exhibit. The contract requires a \$45,000 deposit which was paid during the year ended December 31, 2022. The future minimum commitment under this contract is \$45,000 due during the year ending December 31, 2023 and \$90,000 due during the year ended December 31, 2024.

During the year ended December 31, 2017, the Museum entered into a software subscription contract with an annual payment of \$14,459 through the year ending December 31, 2022. During the year ended December 31, 2022, the contract was fully satisfied.

Subsequent to December 31, 2022, the Museum entered into a three year renewal contract for the same software subscription. The renewal contract requires minimum payments of \$14,892, \$15,339, and \$15,799 due during the years ending December 2023, 2024, and 2025, respectively.

### Note 13. Liquidity and Availability of Financial Assets

The Museum monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash.

The statement of cash flows identifies the sources and uses of the Museum's cash and shows net cash and cash equivalents provided by operations of \$176,937 and \$708,069 for years ending December 31, 2022 and 2021, respectively. This net revenue is held in a board-authorized operating reserve that is recalculated yearly to ensure a balance equal to three months of expenses should the Museum face a situation that would limit its ability to generate revenue from regular sources. All sources of liquidity, including the board-authorized operating reserve, continue to be closely monitored for the health of the Museum. By the year ending in December 31, 2021, the Museum secured several sources of state and federal relief funding, and the Museum anticipates utilizing this liquidity in the coming years to support its continued financial recovery from the impacts of the global pandemic.

The Museum has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

	2022	2021
Cash and cash equivalents, without donor restrictions	\$ 875,546	\$ 698,933
Promises to give	99,264	88,333
Due from related party	5,000	36,241
Employee Retention Credit receivable	100,427	139,464
	<u>\$ 1,080,237</u>	<u>\$ 962,971</u>

**FORT COLLINS MUSEUM OF DISCOVERY, NONPROFIT PARTNER**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**Note 13. Liquidity and Availability of Financial Assets**

The Museum also has cash and cash equivalents in the amount of \$1,225,471 and \$1,365,382 at December 31, 2022 and 2021, which are donor restricted and designated for future exhibit expenditures. The Museum also has available for spending, within the restricted time and/or purpose limitations, the spendable portion of the endowment of \$487,828 and \$678,051 for the years ending December 31, 2022 and 2021, respectively. These resources are invested for long-term appreciation and current income but may be spent within the restricted time and/or purpose limitations. See Notes 3, 4, and 5 for further information about the Museum's investments and endowment. The Museum anticipates it will be necessary to utilize these assets along with additional contributed cash and cash equivalents in the near term for liquidity needs as the Museum continues in its financial recovery from the impacts from the world-wide coronavirus pandemic and resulting operational closures. The Museum also anticipates utilizing these assets to fund future capital needs including major repairs and improvements, special exhibitions, and continued growth and expansion of the Museum and its operations. As part of the liquidity management plans, the Organization expects cash and cash equivalents, short-term investments, and cash flows from operations to continue to be sufficient to fund ongoing operating activities.