

MUSEUM OF CHINESE IN AMERICA

Financial Statements

December 31, 2020 and 2019

**MUSEUM OF CHINESE IN AMERICA
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Simione Macca & Larrow^{LLP}



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

"On Balance, We Offer You More."

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Museum of Chinese in America
New York, New York

We have audited the accompanying financial statements of Museum of Chinese in America (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT
(Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Museum of Chinese in America as of December 31, 2020 and 2019, 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.

Simone Macca & Larrow LLP

Hamden, Connecticut
September 27, 2021

MUSEUM OF CHINESE IN AMERICA
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,663,868	\$ 500,328
Marketable securities	22,083	8,810
Contributions receivable	133,965	94,685
Donor promises to give	1,468,000	130,000
Insurance proceeds receivable	413,757	-
Prepaid expenses	50,103	36,162
Total Current Assets	9,751,776	769,985
NON-CURRENT ASSETS		
Plant and equipment, net	759,590	648,332
Deferred exhibition costs, net	122,704	128,284
Collections (Note 9)	-	-
Donor promises to give	1,318,421	124,105
Security deposits	33,855	177,605
Total Non-Current Assets	2,234,570	1,078,326
Total Assets	\$ 11,986,346	\$ 1,848,311

See notes to financial statements.

LIABILITIES AND NET ASSETS	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 225,998	\$ 109,909
Credit cards payable	2,125	15,166
Agency funds payable	9,590	9,590
Deferred revenue	<u>43,449</u>	<u>14,178</u>
Total Current Liabilities	<u>281,162</u>	<u>148,843</u>
LONG-TERM LIABILITIES		
Note payable	-	250,000
Board member note payable	<u>-</u>	<u>100,000</u>
Total Long-Term Liabilities	<u>-</u>	<u>350,000</u>
Total Liabilities	<u>281,162</u>	<u>498,843</u>
NET ASSETS		
Without donor restrictions	6,511,863	889,363
With donor restrictions	<u>5,193,321</u>	<u>460,105</u>
Total Net Assets	<u>11,705,184</u>	<u>1,349,468</u>
 Total Liabilities and Net Assets	 <u>\$ 11,986,346</u>	 <u>\$ 1,848,311</u>

MUSEUM OF CHINESE IN AMERICA
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2020 and 2019

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
REVENUES AND SUPPORT				
Special event revenue	\$ 34,244	\$ -	\$ 846,945	\$ -
Less direct benefit to donors	(6,241)	-	(302,133)	-
Contributions	763,953	6,111,193	1,306,135	290,105
Government and foundation grants	4,124,674	540,895	1,079,676	-
In-kind contributions	190,600	-	-	-
Program revenue	63,777	-	334,084	-
Membership revenue	16,017	-	23,944	-
Insurance reimbursements	2,760,250	-	-	-
Other revenue	4,336	-	53,821	-
Investment return	9,439	-	4,590	-
Net assets released from restrictions: satisfaction of program restrictions	1,918,872	(1,918,872)	50,000	(50,000)
Total Revenues and Support	9,879,921	4,733,216	3,397,062	240,105
				3,637,167
EXPENSES				
Program services	3,225,756	-	2,672,954	-
Management and general	425,556	-	568,549	-
Fundraising	606,109	-	414,440	-
Total Expenses	4,257,421	-	3,655,943	-
				3,655,943
Change in Net Assets	5,622,500	4,733,216	(258,881)	240,105
				(18,776)
NET ASSETS, Beginning	889,363	460,105	1,148,244	220,000
				1,368,244
NET ASSETS, Ending	\$ 6,511,863	\$ 5,193,321	\$ 889,363	\$ 460,105
				\$ 1,349,468

See notes to financial statements.

MUSEUM OF CHINESE IN AMERICA
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2020 and 2019

	2020			2019			
	Program Services	Supporting Services Management and General	Fundraising	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 964,068	\$ 122,034	\$ 134,237	\$ 1,086,953	\$ 137,589	\$ 151,348	\$ 1,375,890
Occupancy	1,001,250	117,794	58,897	679,196	79,905	39,953	799,054
Contractual services	252,747	25,439	352,000	325,452	26,800	161,000	513,252
Depreciation	466,200	54,847	27,424	445,032	52,357	26,178	523,567
Fire recovery expenses	407,312	-	-	-	-	-	-
Office supplies and expense	67,393	86,921	22,680	28,262	250,918	9,100	288,280
Payroll taxes	63,401	8,026	8,828	71,628	9,067	9,973	90,668
Interest expense	-	9,293	-	-	9,660	-	9,660
Travel and meetings	3,385	-	2,043	36,431	-	16,888	53,319
Other taxes	-	1,202	-	-	2,253	-	2,253
Total Functional Expenses	\$ 3,225,756	\$ 425,556	\$ 606,109	\$ 2,672,954	\$ 568,549	\$ 414,440	\$ 3,655,943

See notes to financial statements.

MUSEUM OF CHINESE IN AMERICA
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,355,716	\$ (18,776)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	548,471	523,567
Gain on sale of marketable securities	-	(542)
Unrealized gain on marketable securities	(8,321)	(4,077)
Contributed marketable securities	(4,952)	(112,021)
Utilization of security deposits	168,750	-
Changes in operating assets and liabilities:		
Inventories	-	615
Contributions receivable	(39,280)	22,627
Donor promises to give	(2,532,316)	(254,105)
Insurance proceeds receivable	(413,757)	-
Prepaid expenses	(13,941)	(13,266)
Security deposits	(25,000)	-
Accounts payable and accrued expenses	116,089	29,488
Deferred revenue	29,271	3,754
Credit cards payable	(13,041)	(3,647)
Net Cash Provided by Operating Activities	<u>8,167,689</u>	<u>173,617</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(654,149)	(54,391)
Proceeds from sale of marketable securities	-	112,562
Net Cash Provided by (Used in) Investing Activities	<u>(654,149)</u>	<u>58,171</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of note payable	(250,000)	-
Repayment of board member note payable	(100,000)	-
Net Cash Used in Financing Activities	<u>(350,000)</u>	<u>-</u>
Net increase in cash and cash equivalents	7,163,540	231,788
CASH AND CASH EQUIVALENTS, Beginning	<u>500,328</u>	<u>268,540</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 7,663,868</u>	<u>\$ 500,328</u>

See notes to financial statements.

MUSEUM OF CHINESE IN AMERICA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - The Museum of Chinese in America ("MOCA") is a non-profit educational and cultural institution that preserves and presents the history, heritage, culture and diverse experiences of people of Chinese descent in the United States. Founded in 1980, MOCA aims to engage audiences in an ongoing and historical dialogue, in which people of all backgrounds are able to see American history through a critical perspective, to reflect on their own experiences, and to make meaningful connections between: the past and the present, the global and the local, themselves and others.

Through innovative exhibitions, as well as educational and public programs, MOCA promotes dialogue and understanding among people of all cultural backgrounds. MOCA derives fee income from admissions, workshops, memberships, photo reproduction as well as from tours of Chinatown. During the year ended December 31, 2020, as a result of the Covid-19 pandemic, MOCA's fee income was reduced and programming and exhibitions temporarily moved to a virtual offering. Refer to Note 19.

Basis of Presentation - In accordance with Accounting Standards Codification ("ASC") Topic 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*, MOCA reports information regarding their financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of MOCA. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of MOCA or by the passage of time. Other donor restrictions are perpetual in nature; the donor has stipulated the fund be maintained in perpetuity.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - MOCA includes cash on hand, and unrestricted demand deposits with financial institutions, in "Cash and Cash Equivalents" as used in the Statements of Cash Flows. MOCA also considers short-term, highly liquid investments with maturities of three months or less from the date of original acquisition to be cash equivalents. There were no cash equivalents at December 31, 2020 or 2019.

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and Equipment - It is MOCA's policy to capitalize plant and equipment over \$500. Plant and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Expenditures for repairs and maintenance are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 15 years.

Contributions Receivable - MOCA evaluates its contributions receivable on a periodic basis and establishes an allowance for uncollectible receivables through a provision for bad debt expense and an adjustment to an allowance for uncollectible receivables, when deemed necessary, based on its history of collections. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible receivables and a credit to contributions receivable. The allowance for uncollectible receivables was \$5,000 at December 31, 2020 and 2019.

Donor Promises to Give - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met.

Marketable Securities - Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the Statements of Financial Position, and changes in fair value are reported as investment return in the Statements of Activities. The basis of determining the fair value of investments is the readily determinable sales price of the investments based on prices or quotations from over-the-counter markets.

Investment income (including gains and losses on investments, and interest and dividends) is included in the Statements of Activities. Realized and unrealized gains and losses allocated to the net assets without donor restrictions and net assets with donor restrictions are recognized as incurred and recorded in the Statements of Activities as income or loss in accordance with donor restrictions. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the Statements of Activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Grants - In accordance with ASU ("Accounting Standards Update") 2018-08, grants from government agencies are accounted for as conditional contributions. Conditional contributions are recorded when the condition has been satisfied. Grant funds received prior to satisfaction of the condition are reported as deferred revenue. Conditions satisfied in advance of grant funds being received are reported as a receivable.

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exhibitions - MOCA capitalizes exhibition costs for all exhibitions that have a useful life of more than a year. Upon the opening of an exhibition, the capitalized costs are amortized on a straight-line basis over its estimated useful life, which is generally seven years. The exhibition costs for Journey Wall are amortized over the period from October 2009 to February 2021, the expiration of the lease term at 215 Centre Street. The net unamortized exhibition costs are reflected as deferred exhibition costs on the accompanying Statements of Financial Position. The costs incurred to building infrastructure to accommodate exhibitions are capitalized as plant and equipment in the accompanying Statements of Financial Position.

Advertising Costs - Advertising costs, which are expensed as incurred, were \$852 in 2020 and \$4,608 in 2019.

Contributions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. Contributions are defined as voluntary, nonreciprocal transfers. Contributions are recognized when the donor makes a promise to give to MOCA that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Revenue Recognition - Revenues are generally recognized when the promised services are provided to the customer, either at a point in time or over time, in an amount that reflects the consideration MOCA expects to be entitled to in exchange for those services reduced by estimates for return allowances and discounts. MOCA's contracts with customers typically contain only one performance obligation and as such, the full transaction price is allocated to that obligation. MOCA's contracts do not include variable consideration.

Income Taxes - MOCA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provision of the State Code. The Internal Revenue Service has determined that MOCA is other than a private foundation. MOCA incurred income tax of \$1,202 and \$2,253 on unrelated business income related to rental activities during the years ended December 31, 2020 and 2019.

Uncertain Tax Positions - Management has determined that MOCA does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that MOCA's tax returns will not be challenged by the taxing authorities and that MOCA will not be subject to additional tax, penalties, and interest as a result of such challenge. As of December 31, 2020, MOCA's tax returns generally remain subject to examination by major tax jurisdictions for the last three years.

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services - MOCA recognizes donated services if they create or enhance non-financial assets or require specialized skills that would typically be purchased. General volunteer services do not meet these criteria for recognition in the financial statements. However, a substantial number of volunteers have donated significant amounts of time to MOCA's programs.

Functional Expenses - The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Occupancy	Square footage
Contractual services	Utility of service
Depreciation	Utility of asset
Office supplies and expense	Utility of purchase
Payroll taxes	Time and effort
Travel and meetings	Time and effort

Fair Value Measurements - MOCA follows the guidance in ASC Topic 820 *Fair Value Measurements and Disclosures*, which defines fair value, establishes guidelines for measuring fair value, and expands disclosure regarding fair value measurements.

Disclosure of Subsequent Events - Management has evaluated subsequent events through September 27, 2021, the date the financial statements were available to be issued. Management is not aware of any events subsequent to the statement of financial position date which would require additional adjustment to, or disclosure in, the accompanying financial statements, except as noted in Note 13.

NOTE 2 - RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This standard supersedes the revenue recognition requirements in ASC 605 Revenue Recognition and most industry-specific guidance. The standard requires an entity to recognize revenue in an amount that reflects the consideration to which the entity expects to receive in exchange for goods or services. During 2016, the FASB issued additional interpretive guidance relating to the standard which covered the topics of principal versus agent considerations and identifying performance obligations and licensing. The new revenue guidance under Topic 606 was adopted on January 1, 2020 using the modified retrospective transition method. No adjustment was made to MOCA's financial statements as of and for the year ended December 31, 2019 for the application of the new revenue standard.

MUSEUM OF CHINESE IN AMERICA NOTES TO FINANCIAL STATEMENTS

NOTE 2 - RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

Under the new revenue recognition rules adopted in 2020, revenues from contracts with customers continue to be recognized at either a point in time or over time and are not materially impacted by the adoption of the new revenue recognition standard.

In March 2019, FASB issued ASU No. 2019-03, “Not-for-Profit Entities (Topic 958): Updating the Definition of Collections.” This standard modified the definition of the term “collections” to allow proceeds from deaccessioned collection items to be used for direct care. The new guidance under Topic 958 was adopted on January 1, 2020 using a prospective transition method. No adjustment was made to MOCA’s financial statements as of and for the year ended December 31, 2019 for the application of the new collections standard.

NOTE 3 - CREDIT RISK

At certain times, MOCA has amounts on deposit with financial institutions in excess of the FDIC insured limit. MOCA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2020, the aggregate cash balances at the financial institutions used by MOCA exceeded the federally insured limit by \$7,164,523.

Financial instruments which potentially subject MOCA to concentrations of credit risk consist principally of marketable securities. Investments are only acquired through donor contribution and are liquidated as close to the date of receipt as possible.

NOTE 4 - MARKETABLE SECURITIES

Marketable securities are stated at fair value and consist of equity securities. MOCA follows the guidance contained in ASC Topic 820 *Fair Value Measurements and Disclosures*, which defines fair value, establishes guidelines for measuring fair value, and expands disclosure regarding fair value measurements. ASC 820 establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. ASC 820 establishes and prioritizes three levels of inputs that may be used to measure fair value.

Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including quoted prices in active markets for similar assets/liabilities in active markets, quoted prices for identical or similar asset in non-active markets, inputs other than quoted prices that are observable for the asset/liability, and inputs that are derived principally from or corroborated by other observable market data.

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - MARKETABLE SECURITIES (Continued)

Level 3 – Inputs that are generally unobservable and typically reflect management’s estimates of assumptions that market participant would use in pricing the asset or liability. Valuation methodologies include, but are not limited to, discounted cash flow analysis, comparable asset analysis, third-party appraisals, third-party pricing service, and other applicable indices.

The following table presents MOCA’s marketable securities measured at fair value on a recurring basis at December 31, 2020 and 2019.

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate stocks	\$ 22,083	\$ 22,083	\$ -	\$ -
Investments at fair value as of December 31, 2020	<u>\$ 22,083</u>	<u>\$ 22,083</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate stocks	\$ 8,810	\$ 8,810	\$ -	\$ -
Investments at fair value as of December 31, 2019	<u>\$ 8,810</u>	<u>\$ 8,810</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 - REVENUES

On January 1, 2020, MOCA adopted the new revenue recognition standard pursuant to ASC Topic 606 to all contracts using the modified retrospective method. There was no impact to the 2019 amounts based on the adoption of the standard. MOCA does not expect the adoption of the revenue standard to have a material impact on the financial statements on an ongoing basis.

MOCA derives revenue principally from its museum operations, rental program, and membership sales. The revenue recognition policies for each are described in further detail below:

- Museum operations:

MOCA has contracts with customers for admission to the museum, retail sales, tours, programs, and other various museum functions. Revenue is recognized at a point in time when the service is offered to the customer.

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - REVENUES (Continued)

- Rental program:

MOCA rents out space in the museum to groups looking for a unique venue to host a meeting or event. Revenue is typically recognized at a point in time when the space is rented. From time to time, MOCA will engage in contracts with customers for access to the space for a duration of time, such as several months. In this case, revenue is recognized over the period of time for which the contract is effective.

- Memberships:

MOCA offers memberships to individuals and families which offer benefits such as free admission, discounts at the gift shop and on public programs, as well as invitations to exclusive member events. Revenue is recognized over a period of twelve months for which the membership is effective.

MOCA's revenues do not include variable consideration. MOCA's payment terms vary by the type of services offered. Customers are billed in advance of services for museum operations, rental programs, and memberships and payment is typically collected before or at the time of service. MOCA has elected the practical expedient to not adjust the total consideration within a contract to reflect a financing component when the duration of the financing is one year or less, however, contracts do not generally include a significant financing component. MOCA's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties.

MOCA's disaggregated sources of revenue are presented below:

	2020	2019
Museum operations		
Admission	\$ 19,417	\$ 143,568
Retail	4,011	35,321
Tours	18,815	68,131
Programs	8,468	47,576
Other	325	21,345
Total Museum Operations	51,036	315,941
Membership revenue	16,017	23,944
Rental income	17,077	71,964
Total Revenues from		
Contracts with Customers	\$ 84,130	\$ 411,849

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - REVENUES (Continued)

Total revenues from contracts with customers are comprised of the following revenue items as presented in the statements of activities and changes in net assets:

	2020	2019
Program revenue	\$ 63,777	\$ 334,084
Membership revenue	16,017	23,944
Other revenue	4,336	53,821
Total Revenues from		
Contracts with Customers	\$ 84,130	\$ 411,849

MOCA's revenues related to museum operations and one-time rentals are recorded at the point in time when the service or access is provided to the customer and the performance obligations are satisfied. Revenues related to memberships are recorded over the course of a year as the performance obligations are satisfied. Lastly, rental contracts which provide access to space over a period of time are recognized as performance obligations are satisfied over the term of the agreement. MOCA does not typically have any contracts greater than one year with transaction price allocated to remaining performance obligations.

A contract asset results when goods or services have been transferred to the customer, but payment is contingent upon a future event, other than the passage of time (i.e. type of unbilled receivable). MOCA does not have any material unbilled receivables, therefore, does not have any contract assets.

MOCA records deferred revenues (also referred to as contract liabilities under Topic 606) when cash payments are received or due in advance of performance. Customers are billed in advance of certain services. Deferred revenues primarily consist of payments for rental agreements and memberships in advance of services performed. Deferred revenues also include deferred recognition of insurance proceeds of \$25,620 as of December 31, 2020 related to reimbursement of 2021 rent expense following a fire at a former storage facility which is not considered to be a contract liability.

Deferred revenues as of December 31, 2020 and 2019 are \$43,449 and \$14,178, respectively. The increase of \$29,271 in the deferred revenue balance for the year ended December 31, 2020 is driven by receipt of insurance reimbursements, the passage of time on contracts, and prepayments of rental agreements and memberships. During the years ended December 31, 2020 and 2019, membership revenue contained \$10,012 and \$10,424 of previously deferred membership revenues. In addition, during the year ended December 31, 2020, program revenue contained \$4,166 of previously deferred rental revenues.

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - DONOR PROMISES TO GIVE

In 2020 and 2019 MOCA received promises to give from donors with the pledged amounts expected to be received over several years. Amounts receivable from the donors that were recorded as promises to give as of December 31, 2020 and 2019 were calculated as follows:

	2020	2019
Amounts due:		
In less than one year	\$ 1,468,000	\$ 130,000
One year to five years (future value)	1,400,000	130,000
	2,868,000	260,000
Less present value discounts	81,579	5,895
Total Donor Promises to Give	\$ 2,786,421	\$ 254,105

Donor promises that will be received after one year are discounted at 3.25% if pledged in 2020 and 4.75% if pledged in 2019. Management expected donor pledges to be fully collectible as of December 31, 2020 and 2019.

NOTE 7 - AVAILABILITY OF FINANCIAL ASSETS

The following represents MOCA's financial assets at December 31, 2020:

Financial Assets at December 31, 2020:	
Cash and cash equivalents	\$ 7,663,868
Contributions receivable	133,965
Donor promises to give	2,786,421
Insurance proceeds receivable	413,757
Marketable securities	22,083
Total financial assets	11,020,094
Less amounts not available to be used within one year	
Net assets with donor restriction	5,193,321
Less net assets with a purpose or time restriction to be met in less than one year	(3,754,900)
	1,438,421
Financial assets available to meet general expenditures over the next twelve months	\$ 9,581,673

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - AVAILABILITY OF FINANCIAL ASSETS (Continued)

MOCA plans to have sufficient financial assets to meet obligations as they come due. In addition to the financial assets available, MOCA also has a credit card with a credit limit of \$29,700, of which \$27,575 was available as of December 31, 2020. In order to protect against unforeseen events creating liquidity issues in the course of business, MOCA holds a business interruption insurance policy. This policy covers lost earnings from significant events interrupting business operations in order to fund ongoing costs such as utilities, maintenance, etc.

NOTE 8 - PLANT AND EQUIPMENT

As of December 31, 2020 and 2019 plant and equipment consists of the following:

	2020	2019
Leasehold improvements	\$ 5,922,512	\$ 5,812,283
Office equipment	64,580	64,580
Computer equipment	102,593	40,835
Furniture and fixtures	173,036	43,695
Building	362,820	10,000
	6,625,541	5,971,393
Less accumulated depreciation	5,865,951	5,323,061
Total Plant and Equipment	\$ 759,590	\$ 648,332

NOTE 9 - COLLECTIONS

MOCA maintains a collection of letters and documents, business and organizational records, oral histories, clothing and textiles, photographs and other artifacts relating primarily to the history of Asians in America. Some of these items were donated to MOCA while others were recovered from old businesses and apartments. Although some items are replaceable, many are one-of-a-kind. It is therefore not feasible to place a monetary value on these collections and, therefore, these items are not recognized as assets on the Statements of Financial Position.

Proceeds from the sale of any collection items are used to acquire other collection items or provide for the care of existing collections. Proceeds from deaccessions are reflected as increases in net assets without donor restrictions. There were no acquisitions or proceeds from deaccessions of collection items during 2020 or 2019. In January 2020, a building that previously served as gallery space, and was being used as an archival space and research center caught fire which destroyed many of MOCA's priceless collections. Although the fire does not result in an immediate and determinable financial loss, MOCA received a settlement from the insurance provider which included \$2,760,250 in property, collection, rent and debris removal reimbursement, of which \$413,757 is outstanding from the insurance company and receivable as of December 31, 2020. Management has made efforts to recover as much of the remaining collections as they can.

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - AGENCY FUNDS PAYABLE

MOCA is the fiscal sponsor of Digital Quilt Project and FF Fraternity. The net assets for these sponsored projects as of December 31, 2020 and 2019 are reflected in the accompanying financial statements as agency funds payable.

NOTE 11 - NOTE PAYABLE

In August 2017, MOCA obtained financing from a significant donor to assist with operating cash requirements. The amount of the promissory note at December 31, 2019, maturing in July 2022, was \$250,000 and accrued interest at 2.76%, payable as incurred. In December 2020, the note was paid off including all accrued interest.

NOTE 12 - RELATED PARTY NOTE PAYABLE

In August 2017, one of MOCA's board members loaned funds to MOCA to assist with operating cash requirements. The note accrues interest at 2.76% and matures in December 2022. The amount of the board member note payable was \$100,000 at December 31, 2019. Interest in the amount of \$2,393 and \$2,760 was incurred on the note to the board member in 2020 and 2019, respectively. In December 2020, the note was paid off in full including accumulated accrued interest of \$6,874.

NOTE 13 – PAYCHECK PROTECTION PROGRAM LOAN

On April 30, 2020, MOCA received loan proceeds from Cache Valley Bank in the aggregate amount of \$253,270 pursuant to the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for Small Business Administration ("SBA") loans to qualifying businesses. The loans and accrued interest are forgivable after an eight or twenty-four week period as long as the borrower uses the loan proceeds for eligible purposes and maintains its payroll levels. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of all payments until the date the SBA remits the borrower's loan forgiveness amount to the lender (or until ten months after the covered period if the borrower does not apply for forgiveness). MOCA believes that its use of the loan proceeds will meet the conditions for forgiveness by the SBA.

In accordance with ASU 2018-08, MOCA is treating the PPP loan as a conditional contribution. Therefore, MOCA has recognized the full amount of \$253,270 as a contribution based on expending the amount on payroll through December 31, 2020. Subsequent to the year ended December 31, 2020 MOCA has received forgiveness of the full amount, including interest accrued, from the SBA. In addition, in February 2021, MOCA received a second PPP loan in the amount of \$253,270 payable over five years at a 1% interest rate with no payments due for the first 6 months, which is subject to forgiveness if certain conditions are met.

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 and 2019 are available for the following purposes:

	2020	2019
Specific Purpose		
Time restricted	\$ 130,000	\$ 254,105
Programmatic support	139,425	16,000
Music and movies	-	20,000
Temporary exhibits	80,000	50,000
Technological support	15,000	-
Captial campaign - building acquisition	4,708,896	-
	5,073,321	340,105
Perpetual		
Legacy Builders Fund	20,000	20,000
Harry K. Ligh Lecture Endowment Fund	100,000	100,000
	120,000	120,000
 Total Net Assets With Donor Restrictions	 \$ 5,193,321	 \$ 460,105

Net assets with donor restrictions subject to perpetual purpose are restricted to investments in perpetuity.

The income from the Legacy Builders Fund is expendable to support the operations and any unappropriated income is included in the net assets with donor restrictions. The income from Harry K. Ligh Lecture Endowment Fund is to be restricted for lectures and presentations.

NOTE 15 - LEASE COMMITMENTS

MOCA entered into a fifteen year lease agreement for its national museum under an operating lease which commenced on August 1, 2006. The monthly rent, which began at \$28,125 per month is increased annually as outlined in the lease agreement to a maximum of \$44,622 per month. In 2020, MOCA agreed to a 5-year extension of this lease through July 2026 continuing annually increasing monthly payments.

MOCA was also renting out the second floor of the museum building for additional space on a month-to-month agreement at the rate of \$3,600 per month. In June 2019, MOCA entered into an operating lease agreement for additional space on the second floor which also includes the space previously rented under the month to month arrangement. The new lease expires in February 2021 and calls for rent payments of \$13,000 per month.

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - LEASE COMMITMENTS (Continued)

In addition, MOCA's previous gallery space was retained and transformed into an archival center which serves as a research center open to anyone with a desire to learn or research Chinese American history. MOCA had a month-to-month lease with the City of New York at the rate of \$2,190 per month for this center. In January 2020, there was a fire at this location leaving the building to be declared uninhabitable. Consequently, the City of New York suspended the obligation under this month-to-month lease while the building remains uninhabitable.

Beginning in March 2020, MOCA entered into a below-market lease agreement for new archival and storage space through February 2022 with Centre Plaza, L.L.C. which is managed by Centre Court Property Management LLC d/b/a Chu Enterprises, an affiliate of MOCA's board of directors Co-Chair. In addition, the Co-Chair's family is the owner of the building under the lease. The lease requires payments of \$15,000 per month. In September 2020, a new lease was entered into at this location, which now includes expansion of the space under lease to the second floor of the building. The new lease requires monthly payments of \$25,000 through August 2023.

MOCA rents office equipment under a month to month arrangement with monthly payments of \$555 through July 2020 and \$580 through November 2020. In December 2020 MOCA entered into a lease for replacement office equipment through February 2024 with a monthly payment of \$398.

Total rent expense under these arrangements was \$858,950 in 2020 and \$616,691 in 2019.

Future minimum annual rentals on the operating leases at December 31, 2020 are as follows:

Year Ending December 31,		
2021	\$	843,007
2022		835,974
2023		751,801
2024		559,213
2025		575,170
Thereafter		341,315
Total Lease Commitments	\$	3,906,480

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - SUPPLEMENTARY CASH FLOW INFORMATION

MOCA uses the indirect method when presenting its cash flow from operating activities in the Statements of Cash Flows. Therefore, MOCA is required to disclose the following supplementary information. Total interest paid was \$13,199 in 2020 and \$9,458 in 2019. No unrelated business income taxes were paid in 2020 and total unrelated business income taxes paid in 2019 was \$2,253.

NOTE 17 - IN-KIND CONTRIBUTIONS

During 2019, an individual contributed time and services to develop the website for the MOCA Spike 150 event with an estimated value of \$13,000. The \$13,000 has been recognized in the financial statements as a contribution and capitalized as computer equipment. There were no donated services that were recognized in 2020.

In 2020 MOCA received a donation of non-financial assets including lamps and handbags with estimated fair values totaling \$40,600, presented on the statement of activities as gifts in-kind. These items were used in museum operations in 2020 and were included in office supplies and expense.

During 2020, MOCA entered into the archival and storage space lease with Centre Plaza LLC for an amount below market rates. The total difference between market rate and the amount charged in the lease occurring in 2020 was \$150,000 and has been recognized as gifts in-kind and related rent expense in 2020.

NOTE 18 - MOCA SHOP OPERATIONS

In January 2019, MOCA entered into an agreement with Pearl River Mart Holdings LLC ("PRM") through January 2022 wherein PRM will provide store inventory for the MOCA Shop, point-of-sale system, and merchandising displays. In exchange, MOCA agreed to manage the day-to-day operations of the MOCA Shop and the online website for the store as well as a revenue sharing structure with PRM. There is no amount due to PRM as of December 31, 2020 and the amount due to PRM as of December 31, 2019 was \$5,476.

NOTE 19 - CONTINGENCIES

MOCA receives federal, state and city contracts for its programs. These contracts may be subject to financial and compliance audits by the funding agencies. The amount of expenditures, if any, which may be disallowed by the funding agencies cannot be determined at this time. Hence, no provision for such disallowance has been reflected in the financial statements.

MUSEUM OF CHINESE IN AMERICA
NOTES TO FINANCIAL STATEMENTS

NOTE 19 - CONTINGENCIES (Continued)

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. The national economy has felt the effects of this global Coronavirus pandemic, including the temporary curtailment or limitation of on-site activity by certain types of businesses. The duration and extent of those effects on MOCA cannot be accurately determined by Management.

MOCA closed museum operations during 2020 and reopened to the public in 2021. Employees with the ability to work remotely have returned to the office on a hybrid schedule. A few programs have returned in person, however, most have continued to operate remotely throughout much of the year including virtual events.

Based on world events it is reasonably possible that MOCA's financial position could be adversely affected. Management continues to monitor world, national and local events as they relate to future business opportunities and labor availability.