



INTERNATIONAL AFRICAN AMERICAN MUSEUM P.O. BOX 22761 CHARLESTON SC 29413 843 872-5352

**Statement of Non-Discrimination
By Organizations Funded in the
South Carolina General Appropriations Act**

Statement of Non-Discrimination

October 7, 2023

Date

Assurance is hereby given by the

International African American Museum

(Name of Organization)

that no person shall, upon the grounds of race, creed, color or national origin be excluded from participation in, be denied the benefit of or be otherwise subjected to discrimination under any program or activity for which this organization is responsible.

Signature

Title President and CEO



INTERNATIONAL AFRICAN AMERICAN MUSEUM P.O. BOX 22761 CHARLESTON SC 29413 843 872-5352

**SOUTH CAROLINA DEPARTMENT OF PARKS, RECREATION
&
TOURISM**

PROCUREMENT CERTIFICATION FORM

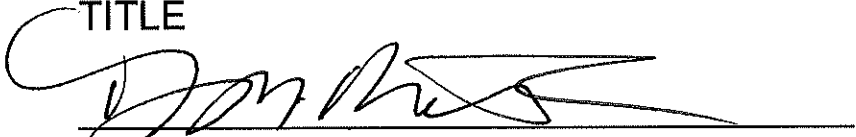
GRANTEE NAME: International African American Museum

PROJECT NAME: International African American Museum

I hereby certify that all labor, materials and contracts acquired or performed in the accomplishment of the above named project will be accomplished in accordance with the named entity's established procurement guidelines. Any questions, concerns or grievances should be directed to this agency.

Tonya M. Matthews, PhD
PRINTED NAME

President and Chief Executive Officer
TITLE


SIGNATURE

October 7, 2023
DATE



State of South Carolina Request for Contribution Distribution

This form is designed to collect the information required by South Carolina in accordance with Proviso 117.21 of the appropriations act and Executive Order 2022-19. This form must be submitted to the state agency that is providing the contribution for the designated organization. The state agency providing the contribution should use this form to collect information from the designated organization. The information must be collected from the designated organization before the funds can be disbursed.

Contribution Information

Amount	State Agency Providing the Contribution	Purpose
\$1,000,000.00	P280 - Department of Parks, Recreation, and Tourism	International African American Museum

Organization Information

Entity Name	International African American Museum
Address	PO Box 22761
City/State/Zip	Charleston SC 29413
Website	www.iaamuseum.org
SCEIS Vendor #	20-3398254
Entity Type	Nonprofit Organization

Organization Contact Information

Contact Name	Dianne Firment
Position/Title	Chief Financial Officer
Telephone	843-371-1430
Email	dfirment@iaamuseum.org

Plan/Accounting of how these funds will be spent:

Description	Budget	Explanation
Marketing Salaries	\$ 200,000.00	Marketing & Communications Staff
Advertising & Marketing	\$ 450,000.00	Print & Digital Marketing campaign, regional billboard, tourist/visitor centers
Membership & Ticket Sales Promotion	\$ 350,000.00	Member renewal solicitations, on-site and regional new member acquisition
Grand Total	\$1,000,000.00	

Please explain how these funds will be used to provide a public benefit:

To honor and preserve untold stories of the African American journey at one of our nation's most sacred sites in Charleston and across the state of South Carolina through exhibitions and programming of the International African American Museum.

Organization Certifications

- 1) Organization hereby gives assurance that no person shall, upon the grounds of race, creed, color, or national origin, be excluded from participation in, be denied the benefit of, or be otherwise subjected to discrimination under any program or activity for which this organization is responsible.
- 2) Organization certifies that it will provide quarterly spending reports to the Agency Providing Contribution listed above.
- 3) Organization certifies that it will provide an accounting at the end of the fiscal year to the Agency Providing Contribution listed above.
- 4) Organization certifies that it will allow the State Auditor to audit or cause to be audited the contributed funds.

Organization Signature

President & CEO
Title

Printed Name
Tonya M. Matthews

Date
10/7/2023

Certifications of State Agency Providing Contribution

- 1) State Agency certifies that the planned expenditure aligns with the Agency's mission and/or the purpose specified in the appropriations act.
- 2) State Agency certifies that the Organization has set forth a public purpose to be served through receipt of the expenditure.
- 3) State Agency certifies that it will make distributions directly to the organization.
- 4) State Agency certifies that it will provide the quarterly spending reports and accounting received from the organization to the Senate Finance Committee, House Ways and Means Committee, and the Executive Budget Office by June 30, 2024.
- 5) State Agency certifies that it will publish on their website any and all reports, accountings, forms, updates, communications, or other materials required by Proviso 117.21 of the appropriations act.
- 6) State Agency will certify to the Office of the Governor that it has complied with the requirements of Executive Order 2022-19 by June 30, 2024.

Agency Head Signature

Date

Printed Name

Business Entities Online

File, Search, and Retrieve Documents Electronically

INTERNATIONAL AFRICAN AMERICAN MUSEUM

Corporate Information

Entity Id: 00408045

Entity Type: Nonprofit

Status: Good Standing

Domestic/Foreign: Domestic

Incorporated State: South Carolina

Important Dates

Effective Date: 08/04/2005

Expiration Date: N/A

Term End Date: N/A

Dissolved Date: N/A

Registered Agent

Agent: CAROLEE WILLIAMS

Address: 75 CALHOUN ST. THIRD FLOOR
CHARLESTON, South Carolina 29401

Official Documents On File

Filing Type	Filing Date
Notice of Change of Principal Office	03/21/2017
Incorporation	08/04/2005

International African American Museum
2023 Approved Operating Budget
 Period Ending 12/31/2023

	YTD Operating Budget
Revenue	
Donations	
Restricted Donations	
41101 - Restricted Donations	850,000
Total Restricted Donations	\$ 850,000
Unrestricted Donations	
41301 - Unrestricted Donations	3,247,499
Total Unrestricted Donations	\$ 3,247,499
Total Donations	\$ 4,097,499
Government Support	\$ 3,887,500
Earned Revenue	\$ 4,361,980
Membership	
43402 - Membership Revenue - CCAH	1,225,902
Total Membership	\$ 1,225,902
Miscellaneous Revenue	\$ 3,787
Interest Earned	\$ 122,647
Endowment Proceeds	
41302 - Unrestricted Endowment Proceeds	785,331
Total IAAM Endowment Proceeds	785,331
Total Revenue	\$ 14,484,646
Expenses	
Salaries	\$ 3,473,048
Taxes & Benefits	\$ 625,149
Recruiting	\$ 80,000
Professional Development & Training	\$ 50,000
Marketing and Communications	\$ 401,134
Financial	\$ 119,106
Fundraising Costs	\$ 275,778
Hardware/Software	\$ 143,471
Membership Program- CCAH	\$ 750,000
Miscellaneous Expense	\$ 534,106
Buildings and Grounds	1,113,184
Occupancy Costs	\$ 717,968
Office Expenses	\$ 112,411
Outside Services	\$ 966,526
Printing and Photography	\$ 21,537
Collections	\$ 175,276
Exhibit Development	\$ 1,140,000
Programs	\$ 399,000
Travel and Meeting	\$ 106,000
Special Events & Rental Costs	\$ 2,885,800
Depreciation and Amortization	\$ 3,468
Retail and Cafe Costs	
51050 - Retail Shop- COGS	75,612
51055 - Concessions - COGS	132,942
Total Retail and Cafe Costs	208,554
Total Expenses	\$ 14,301,516
Total Change in Net Assets	\$ 183,130

INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
International African American Museum
Charleston, South Carolina

Opinion

We have audited the consolidated financial statements of the International African American Museum and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of International African American Museum and its subsidiaries as of December 31, 2022 and 2021, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of International African American Museum, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about International African American Museum's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud

is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 International African American 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about International African American 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.

Report on other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Mount Pleasant, South Carolina
August 1, 2023

INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 7,348,029	\$ 15,049,688
Investments, at fair value	2,480,473	2,335,367
Contribution receivables, net	6,634,621	6,784,956
Inventory	41,995	7,677
Prepaid expenses, current portion	766,207	168,633
Cash and cash equivalents, with donor restriction	5,616,522	13,777,955
Prepaid expenses, long term portion	170,877	169,913
Notes receivable	11,970,480	11,970,480
Property and equipment, net	<u>15,769,528</u>	<u>4,595,840</u>
TOTAL ASSETS	<u><u>\$ 50,798,732</u></u>	<u><u>\$ 54,860,509</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 2,043,906	\$ 1,015,071
Accrued expenses	124,565	73,895
Interest payable	46,008	46,008
Deferred revenue	125,000	-
Notes payable, long-term portion, net	<u>17,022,080</u>	<u>16,929,528</u>
Total liabilities	<u>19,361,559</u>	<u>18,064,502</u>
NET ASSETS		
Without donor restrictions	16,844,535	15,698,251
With donor restrictions	<u>14,592,638</u>	<u>21,097,756</u>
Total net assets	<u>31,437,173</u>	<u>36,796,007</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 50,798,732</u></u>	<u><u>\$ 54,860,509</u></u>

See accompanying notes.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 2,524,507	\$ 7,521,382	\$ 10,045,889
Membership revenue	1,731,617	-	1,731,617
Contributed nonfinancial assets	1,997,676	-	1,997,676
Interest income	<u>137,704</u>	<u>-</u>	<u>137,704</u>
Subtotal	6,391,504	7,521,382	13,912,886
Net assets released from restriction	<u>14,026,500</u>	<u>(14,026,500)</u>	<u>-</u>
Total support and revenues	20,418,004	(6,505,118)	13,912,886
EXPENSES			
Program services			
Museum planning	2,272,382	-	2,272,382
Education & Engagement	1,854,499	-	1,854,499
Supporting services			
Management and general	2,430,156	-	2,430,156
Fundraising	<u>12,714,683</u>	<u>-</u>	<u>12,714,683</u>
Total expenses	<u>19,271,720</u>	<u>-</u>	<u>19,271,720</u>
CHANGE IN NET ASSETS	1,146,284	(6,505,118)	(5,358,834)
NET ASSETS, beginning of year	<u>15,698,251</u>	<u>21,097,756</u>	<u>36,796,007</u>
NET ASSETS, end of year	<u><u>\$ 16,844,535</u></u>	<u><u>\$ 14,592,638</u></u>	<u><u>\$ 31,437,173</u></u>

See accompanying notes.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 13,267,298	\$ 14,607,819	\$ 27,875,117
Membership revenue	1,639,999	-	1,639,999
Contributed nonfinancial assets	240,281	-	240,281
Realized gain on investments	2,998	-	2,998
Interest income	137,667	-	137,667
Subtotal	15,288,243	14,607,819	29,896,062
Net assets released from restriction	3,817,362	(3,817,362)	-
Total support and revenues	19,105,605	10,790,457	29,896,062
EXPENSES			
Program services			
Museum Planning	1,130,160	-	1,130,160
Curatorial affairs	764,009	-	764,009
Education & Engagement	401,972	-	401,972
Supporting services			
Management and general	703,904	-	703,904
Fundraising	3,286,341	-	3,286,341
Total expenses	6,286,386	-	6,286,386
INCREASE IN NET ASSETS	12,819,219	10,790,457	23,609,676
NET ASSETS, beginning of year	2,941,032	10,245,299	13,186,331
Reclassifications	(62,000)	62,000	-
NET ASSETS, end of year	<u>\$ 15,698,251</u>	<u>\$ 21,097,756</u>	<u>\$ 36,796,007</u>

See accompanying notes.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Museum Planning	Education & Engagement	Total Program	Support Services Management & General	Fund- raising	Total
COMPENSATION AND RELATED EXPENSES						
Salaries	\$ -	\$ 694,700	\$ 694,700	\$ 712,315	\$ 512,995	\$ 1,920,010
Employee benefits	-	101,315	101,315	133,392	69,391	304,098
Total compensation and related expenses	-	796,015	796,015	845,707	582,386	2,224,108
OTHER EXPENSES						
Transfer to endowment	-	-	-	-	8,720,000	8,720,000
Professional fees	1,138,757	909,005	2,047,762	659,471	2,969,392	5,676,625
Occupancy expense	199,832	1,708	201,540	459,708	15	661,263
Collections acquisition	602,945	47,766	650,711	-	-	650,711
Interest expense	276,583	-	276,583	-	-	276,583
Computer hardware and software	36,865	23,971	60,836	174,645	38,081	273,562
Discount on pledge receivables	-	-	-	-	197,648	197,648
Office expense	-	10,732	10,732	161,244	4,805	176,781
Fundraising costs	-	-	-	-	133,831	133,831
Program expense	-	57,829	57,829	38	-	57,867
Credit card fees	-	-	-	3,461	47,720	51,181
Travel	-	5,378	5,378	30,132	4,539	40,049
Miscellaneous expense	-	821	821	26,887	-	27,708
Management fee	-	-	-	27,504	-	27,504
Training	-	-	-	14,802	3,379	18,181
Loan servicing fee	17,400	-	17,400	-	-	17,400
Telephone	-	-	-	16,563	-	16,563
Advertising	-	1,274	1,274	569	5,750	7,593
Dues and subscriptions	-	-	-	5,572	1,240	6,812
Membership drive	-	-	-	-	5,897	5,897
Total other expenses	2,272,382	1,058,484	3,330,866	1,580,596	12,132,297	17,043,759
TOTAL EXPENSES BEFORE DEPRECIATION						
	2,272,382	1,854,499	4,126,881	2,426,303	12,714,683	19,267,867
Depreciation expense	-	-	-	3,853	-	3,853
TOTAL FUNCTIONAL EXPENSES	\$ 2,272,382	\$ 1,854,499	\$ 4,126,881	\$ 2,430,156	\$ 12,714,683	\$ 19,271,720

See accompanying notes.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Museum Planning</u>	<u>Curatorial Affairs</u>	<u>Education & Engagement</u>	<u>Total Program</u>	<u>Support Services</u> <u>Management & General</u>	<u>Fund- raising</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES							
Salaries	\$ 119,206	\$ 302,828	\$ 234,145	\$ 656,179	\$ 274,865	\$ 307,166	\$ 1,238,210
Employee benefits	8,751	44,613	31,130	84,494	54,885	48,499	187,878
Total compensation and related expenses	127,957	347,441	265,275	740,673	329,750	355,665	1,426,088
OTHER EXPENSES							
Professional fees	50	23,919	-	23,969	850	448,691	473,510
Bank charges	276,583	-	-	276,583	1,908	-	278,491
Interest expense	510	10,199	34,208	44,917	77,914	26,185	149,016
Office expense	132,748	-	-	132,748	-	-	132,748
Bad debt expense	-	-	-	-	-	-	-
Advertising	1	12,523	46,964	59,488	39,673	26,000	125,161
Miscellaneous expense	-	-	-	-	104	42,059	42,163
Collections acquisition	-	-	16	16	3,901	38,184	42,101
Occupancy expense	-	-	-	-	39,208	-	39,208
Travel	1,087	10,012	9,412	20,511	10,522	1,517	32,550
Membership drive	-	-	-	-	27,504	-	27,504
Loan servicing fee	-	-	-	-	1,560	23,951	25,511
Telephone	175	550	-	725	1,460	17,812	19,997
Printing and photography	17,400	-	-	17,400	-	-	17,400
Management fee	-	917	2,919	3,836	9,583	3,261	16,680
State registration fees	-	125	3,116	3,241	-	-	3,241
Dues and subscriptions	-	-	-	-	-	2,218	2,218
Total other expenses	1,002,203	416,568	136,697	1,555,468	370,227	2,930,676	4,856,371
TOTAL EXPENSES BEFORE DEPRECIATION							
	1,130,160	764,009	401,972	2,296,141	699,977	3,286,341	6,282,459
Depreciation expense	-	-	-	-	3,927	-	3,927
TOTAL FUNCTIONAL EXPENSES	\$ 1,130,160	\$ 764,009	\$ 401,972	\$ 2,296,141	\$ 703,904	\$ 3,286,341	\$ 6,286,386

See accompanying notes.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (5,358,834)	\$ 23,609,676
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,853	3,927
Change in allowance of uncollectible contributions	-	(6,000)
Change in discounts on contributions receivable	197,648	-
(Increase) decrease in current assets:		
Contribution receivables	(47,313)	(262,074)
Inventory	(34,318)	(7,677)
Prepaid expenses	(598,538)	(101,281)
Increase (decrease) in current liabilities:		
Accounts payable	1,028,835	(13,910,989)
Accrued expenses	50,670	10,340
Deferred revenue	125,000	-
Deferred endowment	-	(171,127)
Net cash provided (used) by operating activities	<u>(4,632,997)</u>	<u>9,164,795</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(143,100)
Proceeds from sales on investments	39,998	-
Purchases of property and equipment	<u>(11,177,541)</u>	<u>(3,899,442)</u>
Net cash provided (used) by investing activities	<u>(11,137,543)</u>	<u>(4,042,542)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments made on notes payable	<u>(92,552)</u>	<u>(63,940)</u>
Net cash provided (used) by financing activities	<u>(92,552)</u>	<u>(63,940)</u>
Net change in cash and cash equivalents	(15,863,092)	5,058,313
Cash and cash equivalents as of beginning of year	<u>28,827,643</u>	<u>23,769,330</u>
Cash and cash equivalents as of end of year	\$ <u>12,964,551</u>	\$ <u>28,827,643</u>
Cash and cash equivalents, without donor restriction	\$ 7,348,029	\$ 15,049,688
Cash and cash equivalents, with donor restriction	<u>5,616,522</u>	<u>13,777,955</u>
	\$ <u>12,964,551</u>	\$ <u>28,827,643</u>
Supplemental disclosure:		
Interest paid	\$ <u>184,031</u>	\$ <u>138,023</u>

See accompanying notes.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

International African American Museum and its affiliate, IAAM Supporting Organization (ISO) referred to collectively as the Museum, unless otherwise noted, plan to operate, maintain and promote a museum and education center designed to interpret American history through the lens of the African American experience in the Lowcountry, and to illustrate the relationship of the area to the Atlantic world, specifically the Caribbean, West, and Central Africa, and Europe.

- Museum planning – The Department of Museum Planning and Operations is responsible for the development, management, and implementation of the Museum’s capital program, building operations, and business initiatives. The Director of Museum Planning and Operations coordinates the building construction, building upfit (artifacts; furniture, fixtures, and equipment, etc.), occupancy, and staff move-in facilities, security, emergency preparedness, IT, café, and store in close collaboration with the CEO, museum staff, and capital partners. A key focus for the department is ‘Day One Planning,’ which reflects the integration of all museum departments and operations with the construction timeline to ensure that the Museum is prepared to successfully operate on ‘Day One.’
- Curatorial affairs – Together, the Chief Curator, in partnership with the Exhibit Design partner, will strategically and thoughtfully craft every detail of the museum experience. This includes all content and artifacts to be included in the museum and its programming, and how they will be presented.
- Education and engagement – The Department of Education and Engagement is focused on executing a robust and effective community engagement strategy that will enable the Museum to build authentic local, regional, national and international relationships and social capital with target audiences and advancing the Museum’s overarching community relations. This suite of programming endeavors to advance the mission of the Museum while connecting the audiences to African and African American history and culture. The department is also engaged in developing content and foundational infrastructure for the Museum’s education program.

Management and general activities include the functions necessary to provide support for the Museum’s program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Basis of Accounting

The consolidated financial statements of the Museum have been prepared on the accrual basis of accounting, whereby revenue is recognized at the time it is earned and expenditures are recorded at the time they are incurred. Accordingly, the financials reflect all significant receivables, payables, and other liabilities.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued**

Principles of Consolidation

The consolidating financial statements include the accounts of the International African American Museum and the IAAM Supporting Organization (collectively referred to as the Museum unless otherwise noted). Significant intra-entity accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For the purposes of the consolidated Statement of Cash Flows, the Museum considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. This includes cash in banks, certificates of deposit and money market funds. Restricted cash is segregated from unrestricted cash on the statements of financial position because of the restrictions on use.

Investments

The Museum investments consist of assets invested in money market accounts. The Museum accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair value be measured at fair value in the consolidated Statements of Financial Position. Fair value in marketable equities is based on quoted market process.

Investments are exposed to various risks such as significant world events, interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investments securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated Statement of Financial Position.

Investment income is recorded net of investment expenses. Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of disposal. Unrealized gains and losses are calculated by comparing cost to market values at the statement of financial position date.

Contribution Receivable

Contribution receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contribution receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of the promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contributions revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Prepaid Expense

Prepaid expense consists of museum opening event costs, asset management fee reserves, audit, tax and compliance expense reserve and success fee reserve required to be paid in advance under the New Market Tax Credit agreement. The items are expensed in the future period the costs are incurred.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
– Continued**

Notes Receivable and Notes Payable

Many of the notes carry below market interest rates and/or contain provisions for forgiveness of the principle. Such notes and related interest amounts are recorded in the consolidated financial statements according to the terms of the notes. No adjustment to market rates has been made due to the compliance requirements which must be met for forgiveness to occur. Forgiveness of debt for notes payable will be recorded as income in accordance with terms of the various loan agreements.

Property and Equipment

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Expenditures for major additions and improvements, generally in excess of \$5,000, are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of the operations for the respective period. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, ranging from 5 to 40 years. Construction in progress is stated at cost and is not depreciated until put into use.

Collections

The Museum follows the Financial Accounting Standards Board FASB ASC 958-310-50, collection items acquired either through purchase or donations are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restriction if purchased with funds without donor restriction and as decreases in net assets with donor restrictions if purchased with funds with donor restrictions. Noncash contributions of collection items are not recorded on the Statement of Activities. A collection inventory is maintained which lists a description of the item, source and storage location. If an item in the collection is sold, proceeds will directly benefit the collections on hand for direct care or for the acquisition of new collection items. The collection contains historically significant items which are considered priceless. They are held for public exhibition, education or research and are protected, carded for and preserved.

Compensated Absences

Employees of the Museum are entitled to paid vacations, paid sick days and personal days off, depending on job classification and length of service. Employees may carry over a maximum of one year's worth of vacation time to the next calendar year.

Deferred Revenue

The Museum records revenues from exchange transactions as increases in net assets without donor restrictions to the extent that the earning process is complete. These transactions primarily include donor restricted contributions. Resources received in exchange transactions are recognized as deferred revenue to the extent that the earning process has not been complete. These resources are recorded as revenues without donor restrictions when the related obligations have been satisfied.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
– Continued**

Financing Costs

Financing costs are recorded as a deduction to the related debt liability on the consolidated Statement of Financial Position. Financing costs are amortized over the term of the applicable debt using the straight-line method. U.S. GAAP requires the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially difference from the results that would have been obtained under the effective yield method. Amortization of financing costs are included as a component of interest expense on the consolidated Statement of Activities.

Fair Value of Financial Instruments

Accounting Standards Codification ASC 820, Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. ASC 820 is effective for the Museum's financial assets and liabilities for the years ended December 31, 2022 and 2021. The estimated fair value amounts for specific groups of financial instruments are presented within the footnotes. Accounts payable are stated at cost, which approximates fair value, due to their short term to maturity.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- **Net Assets Without Donor Restrictions**

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the board limits resulting for the nature of the organizations, the environment in which It operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. It is the Museum's policy to record restricted contributions received and released in the same year as support without donor restriction.

- **Net Assets With Donor Restrictions**

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Museum must continue to use the resources in accordance with the donor's instructions.

The Museum's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Museum, unless the donor provides more specific directions about the period of its use.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
– Continued**

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the consolidated Statement of Activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Collaborative Agreements

Costs incurred and revenue generated from transactions with in a collaborative agreement are generally reported in the consolidated Statement of Activities in the year the expense is incurred or revenue generated as required in Topic 808 of U.S. GAAP.

Accounting of Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in the future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contributions is clearly intended to support activities in the current fiscal year. Conditional promises, such as matching contributions, are not recognized until they become unconditional, that is, until as conditions on which they depend are substantially met.

Revenue Recognition Policy

The Museum derives revenues primarily from contributions and membership fees. The Museum recognizes contributions when cash, securities or other assets, an unconditional promise to give (contributions receivable) or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions are met.

Membership fees, which are nonrefundable, are comprised of a contribution element only, accordingly the Museum recognizes member dues immediately.

Contributed Nonfinancial Assets

The Museum records various types of contributed nonfinancial assets. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is report over the term of the use. The amounts reflected in the accompanying consolidated financial statements as contributed nonfinancial assets are offset by like amounts included in expenses or additions to property and equipment.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued**

Contributed Nonfinancial Assets - continued

No amounts have been reflected in the consolidated financial statements for donated services. The Museum pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Museum with campaign solicitations and various committee assignments.

Expense Recognition and Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated Statement of Activities and in the consolidated Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, and employee benefits are allocated based on the amount of time spent in each department.
- Travel, general office supplies, software expenses, and miscellaneous expenses that cannot be directly identified are allocated based on management's estimate of the amount of time spent or value used in each department.

Use of Estimates and Assumptions

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the consolidated financial statements. On an ongoing basis, the Museum's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Museum's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Income Tax Status

The Museum is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable Museum whereby only unrelated business income, if any, as defined by the Code, is subject to federal income tax. The Museum qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation.

Management has evaluated the tax positions of the Museum and does not believe that any uncertain tax positions or unrecognized tax benefits exist for the years ended December 31, 2022 and 2021. The Museum's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties as other expense. The Museum is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
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FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued**

Recent Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). The ASU changes the presentation and disclosure requirements for contributed nonfinancial assets guidance in U.S. GAAP. The Museum adopted the new standard effective January 1, 2022, the first day of the Museum's fiscal year, using the full retrospective method.

Analysis of various provisions of this standard resulted in no significant changes in the way the Museum measures and recognizes contributed nonfinancial assets therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of contributed nonfinancial assets have been adjusted in accordance with the standard.

NOTE 2 - AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the consolidated Statements of Financial Position date of December 31, 2022 and 2021 comprise of the following at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents, without donor restriction	\$ 7,348,029	15,049,688
Cash and cash equivalents, with donor restriction	5,616,522	13,777,955
Investments	2,480,473	2,335,367
Contribution receivables, net	<u>6,634,621</u>	<u>6,784,956</u>
Total financial assets	22,079,645	37,947,966
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	(7,462,084)	(14,487,948)
Less financial assets not available within one year:		
Contribution receivables	<u>(4,516,810)</u>	<u>(3,831,634)</u>
Amount available for general expenditures within one year	<u>\$ 10,100,751</u>	<u>19,628,384</u>

As part of its liquidity plan, the Museum has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Museum invests excess cash in short-term investments, including money market accounts, and has the ability to redeem certain investments as necessary to meet its obligations.

continued

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable, net of discount to present value (at a rate of 7.50% and 3.25% the federal prime rates, for the years ended December 31, 2022 and 2021, respectively) are due as follows as of December 31:

	2022	2021
Beginning contributions receivable	\$ 7,041,606	\$ 6,779,532
Contribution commitments	6,750,298	15,259,000
Contribution payments	<u>(6,702,985)</u>	<u>(14,996,926)</u>
	7,088,919	7,041,606
Less allowance for doubtful accounts	(115,537)	(115,537)
Less discount	<u>(338,761)</u>	<u>(141,113)</u>
Ending contributions receivable	<u><u>\$ 6,634,621</u></u>	<u><u>\$ 6,784,956</u></u>

The discount will be recognized as contribution income in years 2023 to 2030 as the discount is amortized using an effective yield over the duration of the contribution.

	2022	2021
Gross amounts due in:		
One year	\$ 2,572,109	\$ 3,209,972
Two to five years	4,436,518	3,557,150
Greater than 5 years	<u>80,292</u>	<u>274,484</u>
Total	<u><u>\$ 7,088,919</u></u>	<u><u>\$ 7,041,606</u></u>

A summary of contributions receivable expected to be collected are as follows:

NOTE 4 - CONDITIONAL CONTRIBUTIONS

The Museum received payments from previously conditional contributions totaling \$1,200,000 and \$11,000,000 during the years ended December 31, 2022 and 2021, respectively. As of the year ended December 31, 2022 and 2021 the Museum has \$0 and \$1,200,000 in conditional contributions where they have not met the condition.

NOTE 5 - INVESTMENTS

Investments held by the Museum are in a brokerage account at a national brokerage firm. Investments are stated at fair value and consist of the following at December 31:

	2022		2021	
	FMV	Cost	FMV	Cost
Money market funds	\$ 2,480,473	\$ 2,480,473	\$ 2,335,367	\$ 2,335,367
	<u><u>\$ 2,480,473</u></u>	<u><u>\$ 2,480,473</u></u>	<u><u>\$ 2,335,367</u></u>	<u><u>\$ 2,335,367</u></u>

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
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FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE

ASC 820 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liabilities in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)

Level 3: Significant unobservable inputs (including the Museum's own assumptions in determining the fair value of investments)

For the years ended December 31, 2022 and 2021 the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

- *Money market:* The fair value of investments in money market funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs – market approach).

The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31:

2022				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,480,473	\$ -	\$ -	\$ 2,480,473
	<u>\$ 2,480,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,480,473</u>
2021				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,335,367	\$ -	\$ -	\$ 2,335,367
	<u>\$ 2,335,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,335,367</u>

NOTE 7 - NOTES RECEIVABLE

Notes receivable consist of a loan to a limited liability company under the New Market Tax Credit (NMTC) agreement (Note 9) for \$11,970,480 dated January 29, 2020. The loan is due on October 25, 2043 and bears interest at 1%. Beginning on April 5, 2020 and continuing the fifth day in January, April, July and October accrued and unpaid interest is due. Beginning October 5, 2027 and continuing the fifth day in January, April, July and October forward payments shall include principal and interest.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
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NOTE 8 - PROPERTY & EQUIPMENT

Property and equipment consist of the following as of December 31:

	2022	2021
Computer equipment	\$ 28,337	\$ 2,075
Furniture and fixtures	22,487	22,487
Construction in progress	15,737,881	4,586,602
Total property and equipment	15,788,705	4,611,164
Less: accumulated depreciation	(19,177)	(15,324)
Net property and equipment	\$ 15,769,528	\$ 4,595,840

Depreciation expense is \$3,823 and 3,927 for the years ended December 31, 2022 and 2021. Construction in progress represents amounts related to the exhibit planning and design and will be completed in mid-2023 in time for the museum opening.

NOTE 9 - COLLECTIONS

The Museum does not consider the collection a financial asset and does not capitalize the collection, but rather an irreplaceable treasure of the African American culture. There were purchases \$549,770 and \$427,053 of collection items for the years ended December 31, 2022 and 2021, respectively. There were no sales of the collection and the Museum did not loan out any of the collection pieces to other organizations during the years ended December 31, 2022 and 2021.

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**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 10 - NOTES PAYABLE

As of the years ended December 31, 2022 and 2021 notes payable was made up of the following:

	<u>2022</u>	<u>2021</u>
Loan dated January 29, 2020 for \$9,794,880 from CFCDC XVI, LLC. Loan is due January 29, 2050, interest rate of 1.057652%. Beginning April 1, 2020 and on the first day in January, April, July and October accrued and unpaid interest is due. Beginning October 1, 2027 and continuing on the first of each January, April, July and October forward payments shall include interest and principal. The loan may not be prepaid prior to the seventh anniversary.	\$ 9,794,880	\$ 9,794,880
Loan dated January 29, 2020 for \$4,605,120 from CFCDC XVI, LLC. Loan is due January 29, 2050, interest rate of 1.057652%. Beginning April 1, 2020 and on the first day on January, April, July and October accrued and unpaid interest is due. Beginning October 1, 2027 and continuing on the first of each January, April, July and October forward payments shall include interest and principal. The loan may not be prepaid prior to the seventh anniversary.	4,605,120	4,605,120
Loan dated January 29, 2020 for \$2,175,600 from South Carolina Community Loan Fund Sub-CDE III, LLC. Loan is due January 29, 2050, interest rate of 1.057652%. Beginning April 1, 2020 and on the first day on January, April, July and October accrued and unpaid interest is due. Beginning October 1, 2027 and continuing on the first of each January, April, July and October forward payments shall include interest and principal. The loan may not be prepaid prior to the seventh anniversary.	2,175,600	2,175,600
Loan dated January 29, 2020 for \$824,400 from South Carolina Community Loan Fund Sub-CDE III, LLC. Loan is due January 29, 2050, interest rate of 1.057652%. Beginning April 1, 2020 and on the first day on January, April, July and October accrued and unpaid interest is due. On January 29, 2027 a balloon payment of at least \$15,000 but not more than \$30,000 shall be due. Amount will be determined by the Lender. Beginning October 1, 2027 and continuing on the first of each January, April, July and October forward payments shall include interest and principal. The loan may not be prepaid prior to the seventh anniversary.	824,400	824,400
	<u>17,400,000</u>	<u>17,400,000</u>
Less: financing cost	<u>(377,920)</u>	<u>(470,472)</u>
Total long-term debt	<u>\$ 17,022,080</u>	<u>\$ 16,929,528</u>

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 10 - NOTES PAYABLE - continued

Future maturities of long-term debt are as follows:

2023	\$	-
2024		-
2025		-
2026		-
2027		-
Thereafter		<u>17,400,000</u>
	\$	<u><u>17,400,000</u></u>

In January 2020, the Museum entered into a NMTC agreement to partially finance the construction of the International African American Museum building (building). The NMTC program was designed to stimulate investment and economic growth in low-income communities by offering federal tax credit for Qualified Equity Investments (QEI) made through investment vehicles known as Qualified Active Low-Income Community Businesses (QALICB).

As part of the transaction the Museum received four loans, as noted above, whose proceeds were designated for use of funding the project costs. Project costs include construction costs, upfit costs, fees related to the interest on loans and loan servicing fees as well as the financing costs.

To earn the tax credit the QEI must remain invested in the QALICB for a seven-year period. The Museum and the NMTC investors have entered into a put/call option agreement to take place at the end of the seven-year period. Under the agreement, the NMTC investors can exercise a put option to sell all interest in the QEI for \$55,645 to the Museum. If the NMTC investors do not exercise the put option within six months of the end of the seven-year period, the Museum can exercise call options to purchase the interest of the QEI at an appraised fair market value.

continued

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
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NOTE 11 - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2022</u>	<u>2021</u>
Google interactive table	\$ 238,600	\$ -
Four laser projectors	-	161,028
Twenty-seven LED displays	-	55,571
Two short throw lenses	-	18,653
Two optical lenses	-	1,072
Voice microphones, capsule and antenna	-	3,957
Crystal LED display system	1,497,652	-
Spare LED modules	147,279	-
Controller for display system	96,651	-
Wireless mic and receiver for display system	7,211	-
Display set up kit	3,883	-
	<u>\$ 1,991,276</u>	<u>\$ 240,281</u>

The Museum recognized contributed nonfinancial assets of technology within revenue. Contributed technology included projectors, displays, lenses and related items to control and run them for exhibits. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed technology was used in building out exhibits. In valuing the technology, the Museum estimated the fair value on the basis of estimates of wholesale value that would be paid for purchasing similar products.

continued

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
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FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

The Museum has net assets with donor restrictions that are available for the following purposes as of December 31:

Purpose restrictions, available for spending:	2022	2021
Center for Family History	\$ 125,000	\$ 130,000
K-12 curriculum	-	500,000
Inaugural traveling exhibition	1,500,000	1,000,000
Virtual museum tours	-	250,000
Planning, design and construction of Museum and gardens	4,669,369	11,543,129
Expert fund	214,819	214,819
Opening events	250,000	250,000
Black art fund	47,500	-
Exhibits	51,000	-
Grants to support salaries	604,396	600,000
Total purpose restrictions	<u>7,462,084</u>	<u>14,487,948</u>
<u>Time restrictions:</u>		
Planning, design and construction of Museum and gardens	3,754,000	4,248,796
Contribution receivables not restricted by donors, but are unavailable for expenditure until due	<u>3,376,554</u>	<u>2,361,012</u>
Total time restrictions	<u>7,130,554</u>	<u>6,609,808</u>
Total net assets with donor restrictions	<u>\$ 14,592,638</u>	<u>\$ 21,097,756</u>

NOTE 13 - RELATED PARTIES

During the years ended December 31, 2022 and 2021, various Board members made contributions to the Museum in the amount of \$223,216 and \$337,009, respectively.

The Museum has control over the ISO as fifty percent of the ISO board is made up of members of the Museum board.

On January 29, 2020, the City of Charleston and the Museum entered into agreement to assign the lease of 14 Wharfside Street to ISO. The lease begins once the final certificate of occupancy is issued and continues for fifty years with an option to extend the lease another fifty years before the first term expires. The rent is to be \$1 per year over the term of the lease. On January 29, 2020, the Museum and ISO entered into a sublease agreement whereas ISO subleases the lease noted above to the Museum. The lease begins on January 1, 2022 and expires on January 1, 2072.

**INTERNATIONAL AFRICAN AMERICAN MUSEUM
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 14 - COLLABORATIVE AGREEMENTS

On January 29, 2020, the City of Charleston (City), the Museum and ISO entered into an agreement to collaborate together for the construction of the building. The City will own the building and it will be leased to ISO, see Note 11. Under this agreement the City is responsible for the development of the building including the building shell and the interior upfit work sufficient for a certificate of occupancy. The Museum is responsible for the construction, fabrication and installation of the exhibits and other elements required for the operation of the building as a museum. Upon substantial completion of the project the Museum will take delivery and control of the building and commence operations on or about January 1, 2022, see Note 12. During the years ended December 31, 2022 and 2021, the Museum spent \$11,151,259 and \$2,812,729, respectively, for construction costs related to the project.

NOTE 15 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Museum to concentrations of credit risk consist of cash in banks. Cash in banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Museum's uninsured cash balance was \$12,190,099 and \$27,884,990 as of December 31, 2022 and 2021, respectively.

NOTE 16 - COASTAL COMMUNITY FOUNDATION ENDOWMENT

The Coastal Community Foundation controls an endowment fund with a principal purpose to provide income for the operation of the Museum. The Museum does not own or control these funds; therefore, they are not included in these financial statements. The Museum received approximately \$276,377 and \$244,455 in investment earnings from the funds during each of the years ended December 31, 2022 and 2021 which are included in contributions in the Statement of Activities and Changes in Net Assets. During the years ended December 31, 2022 and 2021 the Museum transferred \$8,720,000 and \$0 to the fund, respectively.

NOTE 17 - CONCENTRATION REVENUE SOURCES

For the year ended December 31, 2022 the Museum did not have any concentrations of revenue.

For the year ended December 31, 2021, approximately 68% of the Museum's revenue was derived from two donors. As of December 31, 2021, 21% of the Museum's contributions receivable consisted of two donors.

NOTE 18 - SUBSEQUENT EVENTS

In accordance with ASC 855, the Museum evaluated subsequent events through the report date, the date the financials were available to be issued and has concluded no significant subsequent events meet the criteria of the professional accounting standards to be recognized or not recognized, but disclosed, in these financial statements.

OTHER SUPPLEMENTARY INFORMATION

INTERNATIONAL AFRICAN AMERICAN MUSUEM
SCHEDULE I - COMBINING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022

	<u>Museum</u>	<u>ISO</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 7,346,550	\$ 1,479	\$ -	\$ 7,348,029
Investments, at fair value	2,480,473	-	-	2,480,473
Contribution receivables, net	6,634,621	-	-	6,634,621
Inventory	41,995	-	-	41,995
Prepaid expenses, current portion	738,707	27,500	-	766,207
Cash and cash equivalents, with donor restriction	5,614,022	2,500	-	5,616,522
Prepaid expenses, long term portion	28,468	142,409	-	170,877
Due from related party	29,034,942	-	(29,034,942)	-
Notes receivable	11,970,480	-	-	11,970,480
Property and equipment, net	31,647	15,737,881	-	15,769,528
	<u>63,921,905</u>	<u>15,911,769</u>	<u>(29,034,942)</u>	<u>50,798,732</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	2,043,906	-	-	2,043,906
Accrued expenses	124,565	-	-	124,565
Interest payable	-	46,008	-	46,008
Deferred revenue	125,000	-	-	125,000
Due to related party	-	29,034,942	(29,034,942)	-
Notes payable, long-term portion, net	-	17,022,080	-	17,022,080
	<u>2,293,471</u>	<u>46,103,030</u>	<u>(29,034,942)</u>	<u>19,361,559</u>
Total liabilities	2,293,471	46,103,030	(29,034,942)	19,361,559
NET ASSETS				
Without donor restrictions	47,035,796	(30,191,261)	-	16,844,535
With donor restrictions	14,592,638	-	-	14,592,638
	<u>61,628,434</u>	<u>(30,191,261)</u>	<u>-</u>	<u>31,437,173</u>
Total net assets	61,628,434	(30,191,261)	-	31,437,173
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 63,921,905</u>	<u>\$ 15,911,769</u>	<u>\$ (29,034,942)</u>	<u>\$ 50,798,732</u>

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INTERNATIONAL AFRICAN AMERICAN MUSUEM
SCHEDULE I - COMBINING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021

	<u>Museum</u>	<u>ISO</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 15,049,688	\$ -	\$ -	\$ 15,049,688
Investments, at fair value	2,335,367	-	-	2,335,367
Contribution receivables, net	6,784,956	-	-	6,784,956
Inventory	7,677			7,677
Prepaid expenses, current portion	141,133	27,500	-	168,633
Cash and cash equivalents, with donor restriction	13,773,977	3,978	-	13,777,955
Prepaid expenses, long term portion	-	169,913	-	169,913
Due from related party	19,826,755	-	(19,826,755)	-
Notes receivable	11,970,480	-	-	11,970,480
Property and equipment, net	9,238	4,586,602	-	4,595,840
	<u>69,899,271</u>	<u>4,787,993</u>	<u>(19,826,755)</u>	<u>54,860,509</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	997,671	17,400	-	1,015,071
Accrued expenses	73,895	-	-	73,895
Interest payable	-	46,008	-	46,008
Due to related party	-	19,826,755	(19,826,755)	-
Notes payable, long-term portion, net	-	16,929,528	-	16,929,528
	<u>1,071,566</u>	<u>36,819,691</u>	<u>(19,826,755)</u>	<u>18,064,502</u>
NET ASSETS				
Without donor restrictions	47,729,949	(32,031,698)	-	15,698,251
With donor restrictions	21,097,756	-	-	21,097,756
	<u>68,827,705</u>	<u>(32,031,698)</u>	<u>-</u>	<u>36,796,007</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>69,899,271</u>	\$ <u>4,787,993</u>	\$ <u>(19,826,755)</u>	\$ <u>54,860,509</u>

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INTERNATIONAL AFRICAN AMERICAN MUSEUM
SCHEDULE II - COMBINING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Museum			ISO		Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES								
Contributions	\$ 2,524,507	\$ 7,521,382	\$ 10,045,889	\$ -	\$ -	\$ 2,524,507	\$ 7,521,382	\$ 10,045,889
Membership revenue	1,731,617	-	1,731,617	-	-	1,731,617	-	1,731,617
Contributed nonfinancial assets	6,400	-	6,400	1,991,276	-	1,997,676	-	1,997,676
Rental income	-	-	-	172,894	(172,894)	-	-	-
Realized gain on investments	-	-	-	-	-	-	-	-
Interest income	137,703	-	137,703	1	-	137,704	-	137,704
Subtotal	4,400,227	7,521,382	11,921,609	2,164,171	(172,894)	6,391,504	7,521,382	13,912,886
Net assets released from restriction	14,026,500	(14,026,500)	-	-	-	14,026,500	(14,026,500)	-
Total support and revenues	18,426,727	(6,505,118)	11,921,609	2,164,171	(172,894)	20,418,004	(6,505,118)	13,912,886
EXPENSES								
Program services								
Museum Planning	1,976,152	-	1,976,152	296,230	-	2,272,382	-	2,272,382
Education & Engagement	1,854,499	-	1,854,499	-	-	1,854,499	-	1,854,499
Supporting services								
Management and general	2,575,546	-	2,575,546	27,504	(172,894)	2,430,156	-	2,430,156
Fundraising	12,714,683	-	12,714,683	-	-	12,714,683	-	12,714,683
Total expenses	19,120,880	-	19,120,880	323,734	(172,894)	19,271,720	-	19,271,720
INCREASE (DECREASE) IN NET ASSETS	(694,153)	(6,505,118)	(7,199,271)	1,840,437	-	1,146,284	(6,505,118)	(5,358,834)
NET ASSETS, beginning of year	47,729,949	21,097,756	68,827,705	(32,031,698)	-	15,698,251	21,097,756	36,796,007
NET ASSETS, end of year	<u>\$ 47,035,796</u>	<u>\$ 14,592,638</u>	<u>\$ 61,628,434</u>	<u>\$ (30,191,261)</u>	<u>\$ -</u>	<u>\$ 16,844,535</u>	<u>\$ 14,592,638</u>	<u>\$ 31,437,173</u>

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**INTERNATIONAL AFRICAN AMERICAN MUSEUM
SCHEDULE II - COMBINING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Museum			ISO		Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES								
Contributions	\$ 13,267,298	\$ 14,607,819	\$ 27,875,117	\$ -	\$ -	\$ 13,267,298	\$ 14,607,819	\$ 27,875,117
Membership revenue	1,639,999	-	1,639,999	-	-	1,639,999	-	1,639,999
Contributed nonfinancial assets	-	-	-	240,281	-	240,281	-	240,281
Realized gain on investments	2,998	-	2,998	-	-	2,998	-	2,998
Interest income	136,188	-	136,188	1,479	-	137,667	-	137,667
Subtotal	15,046,483	14,607,819	29,654,302	241,760	-	15,288,243	14,607,819	29,896,062
Net assets released from restriction	3,817,362	(3,817,362)	-	-	-	3,817,362	(3,817,362)	-
Total support and revenues	18,863,845	10,790,457	29,654,302	241,760	-	19,105,605	10,790,457	29,896,062
EXPENSES								
Program services								
Museum Planning	808,673	-	808,673	321,487	-	1,130,160	-	1,130,160
Curatorial affairs	764,009	-	764,009	-	-	764,009	-	764,009
Education & Engagement	401,972	-	401,972	-	-	401,972	-	401,972
Supporting services								
Management and general	694,193	-	694,193	9,711	-	703,904	-	703,904
Fundraising	3,286,341	-	3,286,341	-	-	3,286,341	-	3,286,341
Total expenses	5,955,188	-	5,955,188	331,198	-	6,286,386	-	6,286,386
INCREASE (DECREASE) IN NET ASSETS	12,908,657	10,790,457	23,699,114	(89,438)	-	12,819,219	10,790,457	23,609,676
NET ASSETS, beginning of year	34,883,292	10,245,299	45,128,591	(31,942,260)	-	2,941,032	10,245,299	13,186,331
Reclassifications	(62,000)	62,000	-	-	-	(62,000)	62,000	-
NET ASSETS, end of year	<u>\$ 47,729,949</u>	<u>\$ 21,097,756</u>	<u>\$ 68,827,705</u>	<u>\$ (32,031,698)</u>	<u>\$ -</u>	<u>\$ 15,698,251</u>	<u>\$ 21,097,756</u>	<u>\$ 36,796,007</u>

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