

**AMERICAN WRITERS MUSEUM**

**Financial Statements  
as of December 31, 2021  
Together with Auditor's Report**

**AMERICAN WRITERS MUSEUM**

**Financial Statements  
as of December 31, 2021**

**TABLE OF CONTENTS**

<b>Independent Auditor's Report.....</b>	<b>1</b>
<b>Statement of Financial Position.....</b>	<b>2</b>
<b>Statement of Activities.....</b>	<b>3</b>
<b>Statement of Cash Flows.....</b>	<b>4</b>
<b>Statement of Functional Expenses.....</b>	<b>5</b>
<b>Notes to the Financial Statements.....</b>	<b>6-11</b>



Kopczyk, Osher, & Scott  
Certified Public Accountants  
4415 Harrison St. Suite 552  
Hillside, IL 60162  
Voice (312) 527-0111  
Fax (312) 527-9441  
www.rcscottcpa.com

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
American Writers Museum

We have audited the accompanying financial statements of American Writers Museum, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor's judgment, including the assessment of the risks of material misstatements 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.

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 aspects, the financial position of American Writers Museum as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

KOPCZYK, OSHER, & SCOTT

Chicago, Illinois  
July 13, 2022

**AMERICAN WRITERS MUSEUM**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 809,573
Investment	580,700
Investment Endowment Fund	500,844
Pledges Receivable	343,143
Grants Receivable	97,881
Other Receivable	230
Inventory	21,308
Prepaid Expenses	<u>52,583</u>

**TOTAL CURRENT ASSETS** 2,406,262

**FIXED ASSETS, NET** 2,700,911

Security Deposit	<u>42,845</u>
------------------	---------------

**TOTAL ASSETS** \$ 5,150,018

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 25,162
Accrued Expenses	7,251
Deferred Revenue	<u>35,650</u>

**TOTAL CURRENT LIABILITIES** 68,063

**NET ASSETS**

**NET ASSETS WITHOUT DONOR RESTRICTIONS** 4,587,411

**NET ASSETS WITH DONOR RESTRICTIONS** 494,544

**TOTAL LIABILITIES AND NET ASSETS** \$ 5,150,018

**AMERICAN WRITERS MUSEUM**

**STATEMENT OF ACTIVITIES**

**AS OF DECEMBER 31, 2021**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>REVENUE</b>			
Museum Admissions	\$ 73,030	\$ -	\$ 73,030
Retail Sales, Net of Cost of \$17,160	20,176	-	20,176
Membership Fees	25,442	-	25,442
Individual Gifts	279,978	233,893	513,871
Corporations and Foundations	404,500	-	404,500
Event Income, Net of Cost of \$166,082	619,800	-	619,800
Government Grants	-	227,315	227,315
PPP Loan Forgiveness	170,000	-	170,000
Program Income	17,223	-	17,223
Investment Income	145,397	2,546	147,943
Other Income	-	-	-
Net Assets Released from Restrictions	270,654	(270,654)	-
<b>TOTAL REVENUE</b>	<b>2,026,200</b>	<b>193,100</b>	<b>2,219,300</b>
<b>EXPENSES</b>			
Museum Programming and Operations	1,745,384	-	1,745,384
Management and General	469,112	-	469,112
Fundraising	207,687	-	207,687
<b>TOTAL EXPENSE</b>	<b>2,422,183</b>	<b>-</b>	<b>2,422,183</b>
<b>CHANGE IN NET ASSETS</b>	<b>(395,983)</b>	<b>193,100</b>	<b>(202,883)</b>
<b>BEGINNING NET ASSETS</b>	<b>4,983,394</b>	<b>301,444</b>	<b>5,284,838</b>
<b>ENDING NET ASSETS</b>	<b>\$ 4,587,411</b>	<b>\$ 494,544</b>	<b>\$ 5,081,955</b>

**AMERICAN WRITERS MUSEUM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Museum Programing & Operations	Management & General	Fundraising	Total
Salaries	\$ 506,642	189,930	169,032	\$ 865,604
Payroll Taxes	37,319	11,490	12,629	61,438
Employee Benefits	10,561	65,400	4,674	80,635
Occupancy Expenses	332,248	97,526	-	429,774
Office Supplies	924	17,098	-	18,022
Telecom and Internet	13,622	3,420	-	17,042
Postage and Delivery	130	2,328	1,925	4,383
Printing	1,385	833	14,805	17,023
Business Travel Expenses	47	5,410	-	5,457
Advertising	67,682	-	-	67,682
Public Relations	11,487	-	-	11,487
Program Event Costs	27,729	-	-	27,729
Exhibit Expenses	60,647	-	-	60,647
Student Awards	-	-	-	-
Professional Fees	96,061	32,809	4,578	133,448
Dues, Subscriptions, & Registrations	49,426	31,436	-	80,862
Insurance	27,061	6,905	-	33,966
Credit Card Charges	10,564	4,527	44	15,135
Total Before Depreciation and Interest Expense	<u>1,253,535</u>	<u>469,112</u>	<u>207,687</u>	<u>1,930,334</u>
Depreciation	491,849	-	-	491,849
Interest Expense	-	-	-	-
<b>TOTAL</b>	<u><u>\$ 1,745,384</u></u>	<u><u>\$ 469,112</u></u>	<u><u>\$ 207,687</u></u>	<u><u>\$ 2,422,183</u></u>

**AMERICAN WRITERS MUSEUM**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$ (202,883)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	491,849
Inventory	2,875
Pledges Receivable	426,303
Grants Receivable	85,432
Other Receivable	(230)
Prepaid Expenses	(41,469)
Accounts Payable	22,813
Accrued Expenses	(2,749)
Deferred Revenue	<u>(114,350)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>667,591</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of Investments	<u>(906,767)</u>
<b>NET CASH PROVIDED INVESTING ACTIVITIES</b>	<b>(906,767)</b>

**NET INCREASE (DECREASE) IN CASH** (239,176)

**CASH BALANCE – BEGINNING OF YEAR** 1,048,749

**CASH BALANCE – END OF YEAR** \$ 809,573

**AMERICAN WRITERS MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**NOTE 1. NATURE OF ACTIVITIES**

The American Writers Museum (the Organization) was incorporated under the laws of the state of Delaware on November 25, 2009, as a nonstock corporation. The Organization was originally known as The American Writers Museum Foundation but has since changed its name to The American Writers Museum. The purpose of the Organization is to operate a museum in Chicago, Illinois dedicated to American writers, which will seek to engage the public in celebrating the writers, and explore their influence on American history, identity, and culture. An essential part of that work includes educational activities that engage youth from elementary through high school with material and curriculum for teachers, in-person and online field trips, and writing competitions, which are all in the pursuit of inspiring the writers of tomorrow. The Organization opened the Museum in May 2017. Funding for the development of the Museum was derived primarily from contributions and grants from the general public. The Organization funds ongoing operations primarily through Museum operations and contributions from the general public.

Accounting Pronouncement Adopted

Effective January 1, 2018, The American Writers Museum adopted Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.



**AMERICAN WRITERS MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with United States generally accepted accounting principles applicable to nonprofit organizations.

Contributions

Contributions received are recorded as support without donor restrictions or support with donor restrictions depending on the existence of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same accounting period as that in which they are received are reported as support without donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

Cash equivalents consist of immediately available funds.

Liquidity

American Writers Museum has \$1,774,597 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$809,573, investments of \$607,328 and pledges receivable of \$343,143. Grant receivable of \$97,881 of which \$83,328 is for restricted purposes.

**AMERICAN WRITERS MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on factors such as estimates of time and effort, square footage, and headcount.

Income Tax Status

American Writers Museum is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income nor unrecognized tax benefits for the year ended December 31, 2021. Each of the Organization's prior three years remains subject to examination by the Internal Revenue Service. The Organization has evaluated its tax positions for all open tax years. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2021.

Donated Services

Volunteers have donated their time to the Organization's programs and supporting services, but no amounts have been recognized in the statement of activities for these services because the criterion for recognition under ASC 958-605 was not satisfied.

Subsequent Events

The financial statements were available to be issued on July 13, 2022 with subsequent events being evaluated through this date.

**AMERICAN WRITERS MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**NOTE 3. FIXED ASSETS**

Fixed assets on December 31, 2021, consisted of the following:

Furniture and Fixtures	\$ 6,116
Leasehold Improvements	<u>4,906,266</u>
Total Fixed Assets	4,912,382
Less: Accumulated Depreciation and Amortization	<u>(2,211,471)</u>
Fixed Assets, Net	<u><u>\$ 2,700,911</u></u>

**NOTE 4. PAYROLL PROTECTION PROGRAM REFUNDABLE ADVANCE**

The Organization received a loan proceeds in the amount of \$170,000 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated January 28, 2021. The Organization applied for and has been notified that \$170,000 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven. Loan forgiveness is reflected in PPP Loan Forgiveness in the accompanying statement of activities.

**AMERICAN WRITERS MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**NOTE 5. LEASE COMMITMENT**

The Organization entered a ten-year lease for the museum space on September 23, 2015 with occupancy commencing in March of 2017. Lease expense for the year ended December 31, 2021, was \$453,383.

The lease required a \$400,000 security deposit. \$357,155 of the security deposit was returned through 2021 and the remaining balance of the security deposit is \$42,845. Minimum lease payments under this lease are as follows:

<u>Year Ended December 31:</u>	
2022	348,932
2023	355,292
2024	361,662
2025	368,024
2026	374,384
Thereafter	<u>62,574</u>
Total	<u><u>\$ 1,870,868</u></u>

**NOTE 6. NET ASSETS**

Net assets without donor restrictions	
Undesignated	<u>\$ 4,587,411</u>
Total assets without donor restrictions	<u>4,587,411</u>
Subject to passage of time	
Pledges receivable from third parties	83,328
Subject to restriction in perpetuity	
Endowment funds restricted in perpetuity	<u>411,216</u>
Total net assets with donor restrictions	<u>494,544</u>
Total net assets	<u><u>\$ 5,081,955</u></u>

**AMERICAN WRITERS MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**NOTE 6. NET ASSETS (CONTINUED)**

The endowment funds have donor stipulations that classify as net assets restricted in perpetuity. After the endowment asset base reaches a combined total of \$250,000 in value, then the earnings from the fund may be used annually to support the operations of the museum.

All endowment funds restricted for perpetuity are invested and managed by AWM. From time to time, the fair value of assets associated with the individual donor restricted endowment funds may fall below the level the committee is required to retain as a fund of perpetual duration pursuant to donor stipulation or the Uniform Prudent Management of Institutional Funds Act. In accordance with U.S. GAAP, there were no deficiencies of this nature that are reported in net assets with donor restrictions as of December 31, 2021.