MUHAMMAD ALI MUSEUM AND EDUCATION CENTER, INC.

FINANCIAL REPORT

December 31, 2021

C O N T E N T S

JNM

Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Muhammad Ali Museum and Education Center, Inc.
Louisville, Kentucky

Opinion

We have audited the accompanying financial statements of Muhammad Ali Museum and Education Center, Inc. which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Muhammad Ali Museum and Education Center, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Muhammad Ali Museum and Education Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Muhammad Ali Museum and Education Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Muhammad Ali Museum and Education Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Muhammad Ali Museum and Education Center, Inc.'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.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
May 24, 2022

MUHAMMAD ALI MUSEUM AND EDUCATION CENTER, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	$ 1,303,446	$ 276,069
Accounts receivable	11,906	21,800
Contributions receivable, net (Notes 3, 8 and 12)	12,000	60,000
Inventory	72,720	77,366
Prepaid expenses	14,516	11,081
Other investments (Note 13)	1,660	128,087
Endowment investments (Notes 9 and 13)	2,197,015	2,149,248
Property and equipment, net (Note 4)	27,518,327	28,697,706
Total assets	$ 31,131,590	$ 31,421,357
LIABILITIES		
Accounts payable	$ 228,010	$ 161,431
Accrued expenses	157,931	273,244
Deferred revenue (Note 14)	42,933	59,170
Refundable advance (Note 6)	- -	455,900
Line of credit (Note 7)	- -	325,000
Total liabilities	428,874	1,274,745
NET ASSETS		
Without donor restrictions	28,437,702	27,937,364
With donor restrictions (Notes 8 and 9)	2,265,015	2,209,248
Total net assets	30,702,717	30,146,612
Total liabilities and net assets	$ 31,131,591	$ 31,421,357

The Notes to Financial Statements are an integral part of these statements.

MUHAMMAD ALI MUSEUM AND EDUCATION CENTER, INC.

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	December 31, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Revenues and support:			
Contributions and grants (Note 12)	$ 2,896,866	$ 114,014	$ 3,010,880
Contributed nonfinancial assets	171,920	- -	171,920
Admissions and memberships	502,220	- -	502,220
Sales - gift shop	431,185	- -	431,185
Event space rental revenue	207,722	- -	207,722
Promotional events income, net of expenses of $222,284 in 2021 and zero in 2020	156,191	- -	156,191
Investment gain, net of fees of $20,907 in 2021 and $18,128 in 2020	20,907	319,649	340,556
Interest and dividend income	38	53,120	53,158
Total revenues and support	4,387,049	486,783	4,873,832
Expenses:			
Program services	3,824,759	- -	3,824,759
Management and general	294,390	- -	294,390
Fundraising	198,578	- -	198,578
Total expenses	4,317,727	- -	4,317,727
Increase (decrease) in net assets before release of restrictions	69,322	486,783	556,105
Net assets released from restrictions	431,016	(431,016)	- -
Increase (decrease) in net assets	500,338	55,767	556,105
Net assets at beginning of year	27,937,364	2,209,248	30,146,612
Net assets at end of year	$ 28,437,702	$ 2,265,015	$ 30,702,717

The Notes to Financial Statements are an integral part of these statements.

December 31, 2020		
Without Donor Restriction	With Donor Restriction	Total
$ 1,785,666	$ 64,376	$ 1,850,042
14,800	- -	14,800
211,183	- -	211,183
202,160	- -	202,160
105,512	- -	105,512
- -	- -	- -
18,128	207,378	225,506
552	37,703	38,255
2,338,001	309,457	2,647,458
3,969,187	- -	3,969,187
376,832	- -	376,832
288,762	- -	288,762
4,634,781	- -	4,634,781
(2,296,780)	309,457	(1,987,323)
1,458,944	(1,458,944)	- -
(837,836)	(1,149,487)	(1,987,323)
28,775,200	3,358,735	32,133,935
$ 27,937,364	$ 2,209,248	$ 30,146,612

MUHAMMAD ALI MUSEUM AND EDUCATION CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021 and 2020

	December 31, 2021			
	Program Services	Management and General	Fundraising	Total
Cost of sales - gift shop	$ 152,266	$ - -	$ - -	$ 152,266
Salaries	984,203	72,675	109,118	1,165,996
Employee benefits and taxes	286,727	21,172	31,789	339,688
Office expense	264,053	32,535	17,475	314,063
Postage and shipping	4,939	1,257	2,499	8,695
Printing	8,010	- -	146	8,156
Insurance	107,262	8,140	904	116,306
Professional services	247,728	25,066	20,336	293,130
Public relations	16,049	- -	290	16,339
Travel	1,285	- -	3	1,288
Marketing and promotion	39,667	- -	- -	39,667
Seminars and conferences	15,305	5,306	1,769	22,380
Depreciation	1,290,504	97,940	10,882	1,399,326
Utilities	286,032	21,708	2,412	310,152
Building, supplies, and maintenance	104,105	7,901	878	112,884
Exhibit maintenance, materials, and services	7,526	- -	- -	7,526
Interest expense	9,098	690	77	9,865
Total functional expenses	$ 3,824,759	$ 294,390	$ 198,578	$ 4,317,727

The Notes to Financial Statements are an integral part of these statements.

December 31, 2020			
Program Services	Management and General	Fundraising	Total
$ 79,497	$ - -	$ - -	$ 79,497
1,231,377	143,664	184,670	1,559,711
336,553	39,265	50,473	426,291
269,490	34,787	20,164	324,441
10,293	2,331	5,241	17,865
22,940	- -	1,345	24,285
100,239	7,607	845	108,691
223,597	20,858	9,499	253,954
12,330	- -	- -	12,330
7,723	- -	1,250	8,973
15,806	- -	- -	15,806
28,205	4,575	1,525	34,305
1,281,492	97,256	10,806	1,389,554
249,402	18,928	2,103	270,433
92,321	7,006	779	100,106
605	- -	- -	605
7,317	555	62	7,934
$ 3,969,187	$ 376,832	$ 288,762	$ 4,634,781

MUHAMMAD ALI MUSEUM AND EDUCATION CENTER, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 556,105	$ (1,987,323)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	1,399,326	1,389,554
Net realized and unrealized (gains) on investments	(340,556)	(225,506)
Decrease in discount on contributions receivable	- -	64,376
Loss on disposition of capital lease asset	9,104	- -
Contributed property and equipment	(168,200)	(5,800)
Change in assets and liabilities, net of the effects of investing and financing activities:		
Accounts receivable	9,894	5,169
Contributions receivable	48,000	883,507
Inventory	4,646	13,744
Prepaid expenses	(3,435)	(590)
Accounts payable	66,579	(78,697)
Accrued expenses	(115,314)	79,651
Deferred revenue	(16,237)	(6,338)
Refundable advance	(455,900)	455,900
Net cash provided by operating activities	994,012	587,647
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(294,572)	(374,065)
Sale of investments	713,788	354,323
Purchase of property and equipment	(60,851)	(316,839)
Net cash provided by (used in) investing activities	358,365	(336,581)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	- -	(803,000)
Payments on line of credit	(325,000)	- -
Proceeds from line of credit	- -	325,000
Net cash (used in) financing activities	(325,000)	(478,000)
Net increase (decrease) in cash and restricted cash	1,027,377	(226,934)
Cash:		
Beginning of year	276,069	503,003
End of year	$ 1,303,446	$ 276,069
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	$ 9,865	$ 7,934

The Notes to Financial Statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business

Muhammad Ali Museum and Education Center, Inc. (the Organization) exists to build and operate an education center to preserve and share the legacy and ideals of Muhammad Ali, to promote respect, hope and understanding, and to inspire adults and children everywhere to be as great as they can be.

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents held in managed accounts have been recorded as investments.

The Organization maintains its cash balances in bank deposit accounts which, at times, may exceed coverage provided by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Donated investments are recorded at fair value at the date of gift. Fair value is determined by quoted market prices of identical or similar investments. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

The investments are in various money market and mutual funds, bonds and common stocks. These investments are subject to the risks common to financial markets, including interest rate risk, credit risk, and overall market risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes could materially affect the amounts reported in the statements of financial position.

Accounts receivable

Accounts receivable consist primarily of amounts due from events held at the museum. An allowance for doubtful accounts is not considered necessary because probable uncollectible amounts are immaterial.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Contributions receivable

Unconditional promises to give are reported in the statement of financial position as contributions receivable and in the statement of activities as increases in the appropriate net asset category, based on donor or time restrictions, if any. Contributions due after one year are recorded after discounting to the present value of the future cash flows.

Allowance for uncollectible contributions

The Organization provides an allowance for uncollectible contributions based upon the anticipated collectibility of each specific pledge. In evaluating the collectability of contributions receivable, the Organization considers a number of factors, including historical loss rates, the age of the accounts, changes in collection patterns, and general economic conditions. Changes in the estimates are charged or credited to the changes in net assets in the period of change. Contributions are considered past due based upon the terms of the donor agreement. No allowance was recorded at December 31, 2021 and 2020.

Inventory

Inventory consists primarily of gift shop merchandise and prints, and is stated at the lower of cost or net realizable value.

Property, equipment and depreciation

The Organization capitalizes, at cost, all expenditures for property and equipment in excess of $2,000. Contributed property and equipment is recorded at fair value at the date of donation. Property and equipment are depreciated on the straight-line method over estimated useful lives ranging from 3 to 40 years. Museum exhibits including artwork and collections are capitalized and are being depreciated, except for the artwork (see Note 4).

Deferred revenue

Deferred revenue represents amounts paid in advance for events to be held at the museum at a later date. These amounts will be recognized as revenue as the events are held (see Note 14).

Net assets

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Net assets (continued)

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity.

Revenue and revenue recognition

The Organization recognizes revenue from ticket sales at the time of admission. Membership dues, which are nonrefundable and consist primarily of an exchange element based on the value of the benefits provided, are recognized over the membership period. Gift shop sales are recognized at the time of the sale. Rental revenue for event space is recognized at the time the event is held with deposits deferred until that time. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a 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. The Organization treats contributions with donor restrictions whose restrictions are met in the same reporting period as contributions without donor restrictions.

Contributed nonfinancial assets

Contributed nonfinancial assets consist of donated goods and services. Donated goods are valued at their estimated fair value, based on the third-party appraisal value of identical or similar products, at the date of receipt. Contributions of donated services that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair value in the period received. Total donated goods for the years ended December 31, 2021 and 2020 were $171,920 and $14,800, respectively, and included various pieces of artwork and memorabilia for the Organization's display and collection. Donated services were zero for both years ended December 31, 2021 and 2020. No contributed nonfinancial assets were monetized for the years ended December 31, 2021 and 2020.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Functional allocation of expenses

The costs associated with program services, management and general, and fundraising activities have been presented on a functional basis in the statements of functional expenses and summarized in the statements of activities. Accordingly, certain costs have been allocated to the three functional classifications by management, including salaries and benefits based on time and effort, and insurance, depreciation, utilities, maintenance, and interest based on square footage.

Advertising costs

The Organization expenses advertising costs as incurred. Advertising expenses totaled $39,667 and $15,806 for the years ended December 31, 2021 and 2020, respectively.

Income taxes

The Organization qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes has been made in these statements.

The Organization's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigations processes, based on the technical merits. The Organization has no uncertain tax positions resulting in an accrual of a tax expense or benefit.

The Organization's Federal Return of Organization Exempt from Income Tax is subject to examination by the taxing authorities until the expiration of the related statute of limitations on the return, which is generally three years.

Subsequent events

Subsequent events have been evaluated through May 24, 2022, which is the date that the financial statements were available to be issued.

Adoption of accounting pronouncement

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-profit Entities for Contributed Nonfinancial Assets*. The standard has been issued to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The standard was adopted using the full retrospective method and had no effect on the Organization's financial position or results of operations.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Recently issued accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statements of activities. This standard will be effective for the year ending December 31, 2022.

Management is currently in the process of evaluating the impact of the adoption of this ASU on the Organization's financial statements.

Note 2. Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Financial assets at year end:		
Cash	$ 1,303,446	$ 276,069
Accounts receivable	11,906	21,800
Contributions receivable	12,000	60,000
Investments	2,198,675	2,277,335
Total financial assets	3,526,027	2,635,204
Less amounts not available to be used within one year:		
Net assets with donor restrictions	2,265,015	2,209,248
Less net assets with purpose or time restrictions to be met in less than a year	(12,000)	(60,000)
	2,253,015	2,149,248
	$ 1,273,012	$ 485,956

As of December 31, 2021, the Organization has $947,015 in endowment investments available for general expenditure. As part of its liquidity plan, the Organization invests excess cash in short-term investments, including money market accounts. The Organization also has a $500,000 line of credit to meet cash flow needs, with the full amount available as of December 31, 2021.

Note 3. Contributions Receivable

Contributions receivable consist of the following as of December 31:

	2021	2020
Amounts due within:		
One year or less	$ 12,000	$ 60,000
One to five years	- -	- -
	12,000	60,000
Less discounts to net present value	- -	- -
Total contributions receivable	$ 12,000	$ 60,000

No contributions receivable were written off in the years ended December 31, 2021 and 2020.

Note 4. Property and Equipment

Property and equipment consisted of the following at December 31:

	2021	2020
Building	$ 38,141,618	$ 38,099,865
Museum exhibits	14,227,434	14,059,234
Office equipment	364,564	364,564
Computers and software	1,374,608	1,459,233
Leasehold improvements	12,657	12,657
Furniture, fixtures, and other	1,535,689	1,523,007
	55,656,570	55,518,560
Less accumulated depreciation	(28,138,243)	(26,820,854)
	$ 27,518,327	$ 28,697,706

Note 5. Operating Lease

The Organization's building and facilities are located on land leased from the Parking Authority of River City, Inc., an agency of Louisville Metro Government, for $1 per year paid in advance. The lease expires on January 15, 2101.

Note 6. Refundable Advance

In April 2020, the Organization received a refundable advance of $455,900 from the United States Small Business Administration (SBA) Payroll Protection Program (PPP). Under the CARES Act, subject to limitations, as defined, the advance may be partially or fully forgiven, depending on specified actual payroll and other qualified costs for the covered period following the receipt of the advance. Any amount not forgiven will be payable in 24 monthly installments of principal and interest at 1% and will be unsecured. The Organization is accounting for the loan proceeds as a conditional contribution in accordance with ASC 958-605. As such, the Organization recognized the refundable advance as contribution income in 2021 when the conditions for loan forgiveness were substantially met. The Organization submitted the application for forgiveness on December 28, 2020 and was notified on January 26, 2021 that the note had been forgiven.

Note 7. Line of Credit

The Organization has a $500,000 line of credit agreement with PNC Bank secured by certain assets of the Organization. The line of credit bears interest equal to 2.5% in excess of the Daily Libor Rate, as defined by PNC Bank in the August 2020 loan amendments, with a floor of .5%. The interest rate at December 31, 2021 was 3.00% and the line is scheduled to mature on November 13, 2022. The Organization is required to make monthly payments of interest only on any unpaid principal balance. The line of credit had a balance of zero and $325,000 as of December 31, 2021 and 2020, respectively.

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31:

	2021	2020
Contributions receivable	$ 12,000	$ 60,000
Other donor restricted contributions	56,000	- -
Endowment investments	2,197,015	2,149,248
	$ 2,265,015	$ 2,209,248

Note 9. Net Asset Endowment

The Organization's endowment fund consists of one fund established for a variety of purposes. As required by accounting principles generally accepted in the United States of America (U.S. GAAP), net assets associated with the endowment fund are classified and reported based on the existence of donor-imposed restrictions and classified as net assets with donor restrictions in the financial statements.

Note 9. Net Asset Endowment (Continued)

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Kentucky Uniform Prudent Management of Institutional Funds Act (UPMIFA) as prescribed by Kentucky Revised Statutes Section 273.600 through 273.645, as requiring the preservation of spending power of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, the original value of gifts donated to the endowment, the original value of subsequent gifts to the endowment, and any resulting investment returns until appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the Organization and the donor-restricted endowment funds; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Organization; and (7) the investment and spending policies of the Organization.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration which is $1,250,000. There were no such deficiencies as of December 31, 2021 and 2020.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a minimal level of investment risk.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization invests in certificates of deposit, money market funds, stocks, bonds and mutual funds. Any income earned is appropriated for spending in the same period earned and classified as unrestricted in accordance with the intent of the donor. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to maintain the fair value of the original gift. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 9. Net Asset Endowment (Continued)

The changes in endowment net assets with donor restrictions for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Endowment net assets, beginning of year	$ 2,149,248	$ 1,904,167
Investment income	47,767	245,081
Endowment net assets, end of year	$ 2,197,015	$ 2,149,248

Note 10. Retirement Plan

The Organization has a 401(k) plan covering substantially all eligible employees, as defined in the plan. The Organization matches 100% of employees' contributions for the first 3% of their salaries and 50% of the next 2% of their salaries. Employer contributions were $33,469 and $46,008 for the years ended December 31, 2021 and 2020, respectively.

Note 11. Concentrations

Contribution revenue under control of a single donor was $795,000 and $1,345,000 for the years ended December 31, 2021 and 2020, respectively. In addition, undiscounted contributions receivable under control of the same donor was zero for both December 31, 2021 and 2020, respectively.

Note 12. Capital Campaigns

The Organization has two previous capital campaigns, which are now closed, from which they continue to collect payments, the Tribute Campaign which began in 2016 and the Ali in All of Us initiative which began in 2017. These campaigns raised $2,350,768 and $2,350,275 as of December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, restricted undiscounted contributions receivable related to these campaigns totaled $12,000 and $60,000, respectively. Costs associated with these campaigns are expensed as incurred.

Note 13. Fair Value of Financial Instruments

U.S. GAAP provides a framework for fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methodology for measuring fair value specifies a three-tier hierarchy of valuation techniques based upon whether the inputs to those valuation techniques are based on quoted prices of identical assets or liabilities (Level 1), significant other observable inputs (Level 2), or significant other unobservable inputs that reflect an organization's own assumptions of market participant valuation (Level 3).

NOTES TO FINANCIAL STATEMENTS

Note 13. Fair Value of Financial Instruments (Continued)

The following methods and assumptions were used by the Organization in estimating the fair value disclosures of financial instruments:

The carrying amounts of cash and cash equivalents approximate fair value due to the short-term nature of these investments.

Mutual funds and corporate stocks are valued at fair value based on quoted market prices for identical securities in active markets that the Organization has the ability to access at the measurement date.

Corporate bonds are valued at fair value based on quoted market prices for similar securities in active markets that the Organization has the ability to access at the measurement date.

Fair values of assets measured on a recurring basis at December 31, 2021 are as follows:

	Balance at December 31, 2021	Fair Value Measurements Using: Level 1	Level 2	Level 3
Financial Assets:				
Cash and cash equivalents	$ 103,560	$ 103,560	$ - -	$ - -
Mutual funds	207,385	207,385	- -	- -
Corporate stocks	1,365,958	1,365,958	- -	- -
Corporate bonds	521,772	- -	521,772	- -
	$ 2,198,675	$ 1,676,903	$ 521,772	$ - -

Fair values of assets measured on a recurring basis at December 31, 2020 are as follows:

	Balance at December 31, 2020	Fair Value Measurements Using: Level 1	Level 2	Level 3
Financial Assets:				
Cash and cash equivalents	$ 170,689	$ 170,689	$ - -	$ - -
Mutual funds	224,553	224,553	- -	- -
Corporate stocks	1,322,342	1,322,342	- -	- -
Corporate bonds	559,751	- -	559,751	- -
	$ 2,277,335	$ 1,717,584	$ 559,751	$ - -

Note 14. Revenue from Contracts with Customers

The Organization's revenues have been presented on a disaggregated basis in the accompanying statements of activities. Membership dues are recognized as membership services and are provided over a period of time. The transaction price is determined by the cost of the membership and is allocated to the performance obligations as membership services are provided. Ticket sales for admissions, gift shop sales, rental revenue, and special events revenue are recognized at a point in time. The transaction price is determined by the selling price and is allocated to the performance obligation once the sale or event takes place.

Under ASU 2014-09, the timing of recognition of revenue for each performance obligation may differ from the timing of the customer billing, creating a contract asset or contract liability. The Organization has no contract assets. Contract liabilities are classified as deferred revenue. Contract liabilities were as follows for the years ended:

	December 31,		
	2021	2020	2019
Contract liabilities			
Event rental deferred revenue	$ 42,933	$ 59,170	65,508

Note 15. Uncertainty

Local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the Organization as of May 24, 2022, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.