

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAAconnect.com

**VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	10



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Vesterheim Norwegian-American Museum
Decorah, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Vesterheim Norwegian-American Museum (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the 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 Vesterheim Norwegian-American Museum as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vesterheim Norwegian-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 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 Vesterheim Norwegian-American Museum's ability to continue as a going concern for one year after the date the financial statements are available to be issued.


Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 Vesterheim Norwegian-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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vesterheim Norwegian-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.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
October 2, 2023

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 162,914	\$ 444,300
Accounts Receivable	26,902	12,614
Promises to Give	380,480	300,917
Prepaid Expenses and Other Assets	49,859	48,646
Inventories	144,413	99,901
Total Current Assets	764,568	906,378
OTHER ASSETS		
Promises to Give less Current Portion, Net	2,289,898	888,857
Restricted Cash Equivalents	593,448	2,190,228
Unrestricted Investment Accounts	12,274,048	14,841,848
Restricted Investment Accounts	237,801	605,586
Beneficial Interest in Remainder Trusts	71,973	88,756
Cash Surrender Value of Life Insurance	78,813	75,738
Total Other Assets	15,545,981	18,691,013
PROPERTY AND EQUIPMENT, NET	9,975,148	5,355,881
Total Assets	<u>\$ 26,285,697</u>	<u>\$ 24,953,272</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,107,932	\$ 151,069
Accrued Expenses	169,217	170,411
Deferred Revenue	200,410	163,817
Line of Credit	-	894,665
Total Current Liabilities	1,477,559	1,379,962
LONG-TERM LINE OF CREDIT	1,807,079	-
Total Liabilities	3,284,638	1,379,962
NET ASSETS		
Without Donor Restrictions:		
Undesignated	9,189,756	4,514,522
Board Designated - Endowment	1,797,549	2,439,879
Board Designated - Operating Reserve	221,023	280,161
Board Designated - Collection	27,384	27,072
Total Without Donor Restrictions	11,235,712	7,261,634
With Donor Restrictions	11,765,347	16,311,676
Total Net Assets	23,001,059	23,573,310
Total Liabilities and Net Assets	<u>\$ 26,285,697</u>	<u>\$ 24,953,272</u>

See accompanying Notes to Financial Statements.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 4,051,321	\$ 198,081	\$ 4,249,402
In-Kind Contributions	88,884	-	88,884
Change in Value of Beneficial Interest in Remainder			
Trusts	(15,770)	-	(15,770)
Events	30,561	-	30,561
Admission, Membership and Publication Fees	326,906	-	326,906
Tuition Fees	193,792	-	193,792
Sales of Merchandise	474,418	-	474,418
Loss on Sale of Assets	(321,666)	-	(321,666)
Miscellaneous Income	17,468	-	17,468
Rental Income	8,195	-	8,195
Investment Accounts (Loss), Net	(548,171)	(1,512,539)	(2,060,710)
Net Assets Released from Restriction:			
Satisfaction of Purpose Restrictions	2,826,473	(2,826,473)	-
Satisfaction of Time Restrictions	405,398	(405,398)	-
Total Revenue and Support	<u>7,537,809</u>	<u>(4,546,329)</u>	<u>2,991,480</u>
EXPENSES			
Program Services:			
Collection Care	518,713	-	518,713
Education	722,702	-	722,702
Museum Store	555,451	-	555,451
Total Program Services	<u>1,796,866</u>	<u>-</u>	<u>1,796,866</u>
Supporting Activities:			
Management and General	933,157	-	933,157
Fundraising	829,080	-	829,080
Total Supporting Activities	<u>1,762,237</u>	<u>-</u>	<u>1,762,237</u>
Total Expenses	<u>3,559,103</u>	<u>-</u>	<u>3,559,103</u>
CHANGE IN NET ASSETS FROM OPERATIONS	3,978,706	(4,546,329)	(567,623)
NONOPERATING ACTIVITIES			
Collection items purchased	<u>(4,628)</u>	<u>-</u>	<u>(4,628)</u>
CHANGE IN NET ASSETS	3,974,078	(4,546,329)	(572,251)
Net Assets - Beginning of Year	<u>7,261,634</u>	<u>16,311,676</u>	<u>23,573,310</u>
NET ASSETS - END OF YEAR	<u><u>\$ 11,235,712</u></u>	<u><u>\$ 11,765,347</u></u>	<u><u>\$ 23,001,059</u></u>

See accompanying Notes to Financial Statements.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 883,051	\$ 2,927,911	\$ 3,810,962
In-Kind Contributions	27,838	-	27,838
Change in Value of Beneficial Interest in Remainder			
Trusts	185	-	185
Events	14,255	-	14,255
Admission, Membership and Publication Fees	283,542	-	283,542
Tuition Fees	190,441	-	190,441
Sales of Merchandise	433,982	-	433,982
Miscellaneous Income	38,566	-	38,566
Rental Income	7,195	-	7,195
Investment Accounts, Net	1,088,585	2,180,969	3,269,554
Net Assets Released from Restriction			
Satisfaction of Purpose Restrictions	697,282	(697,282)	-
Satisfaction of Time Restrictions	524,664	(524,664)	-
Total Revenue and Support	<u>4,189,586</u>	<u>3,886,934</u>	<u>8,076,520</u>
EXPENSES			
Program Services:			
Collection Care	388,664	-	388,664
Education	616,634	-	616,634
Museum Store	503,305	-	503,305
Total Program Services	<u>1,508,603</u>	<u>-</u>	<u>1,508,603</u>
Supporting Activities			
Management and General	775,731	-	775,731
Fundraising	718,995	-	718,995
Total Supporting Activities	<u>1,494,726</u>	<u>-</u>	<u>1,494,726</u>
Total Expenses	<u>3,003,329</u>	<u>-</u>	<u>3,003,329</u>
CHANGE IN NET ASSETS FROM OPERATIONS	1,186,257	3,886,934	5,073,191
NONOPERATING ACTIVITIES			
Collection items purchased	<u>(3,672)</u>	<u>-</u>	<u>(3,672)</u>
CHANGE IN NET ASSETS	1,182,585	3,886,934	5,069,519
Net Assets - Beginning of Year	<u>6,079,049</u>	<u>12,424,742</u>	<u>18,503,791</u>
NET ASSETS - END OF YEAR	<u><u>\$ 7,261,634</u></u>	<u><u>\$ 16,311,676</u></u>	<u><u>\$ 23,573,310</u></u>

See accompanying Notes to Financial Statements.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services				Management and General	Fundraising	Total
	Collection Care	Education	Museum Store	Total Program			
Wages and Related Expenses	\$ 305,691	\$ 363,816	\$ 203,856	\$ 873,363	\$ 410,091	\$ 466,642	\$ 1,750,096
Exhibits	31,287	-	-	31,287	-	-	31,287
Professional Services	735	-	1,600	2,335	107,904	192,996	303,235
Operating Expenses	9,881	22,628	22,992	55,501	43,596	70,230	169,327
Telephone and Fax	495	1,483	2,967	4,945	2,967	1,978	9,890
Postage and Freight	647	3,615	23,127	27,389	17,374	16,599	61,362
Utilities	29,566	16,895	12,671	59,132	25,343	-	84,475
Repairs and Maintenance	27,428	17,465	489	45,382	62,406	1,119	108,907
Printing	-	6,643	3,928	10,571	43,375	33,260	87,206
Travel and Development	-	-	-	-	1,276	848	2,124
Depreciation	94,256	29,185	29,185	152,626	49,243	-	201,869
Insurance	11,914	11,914	11,914	35,742	18,413	-	54,155
Advertising	6,026	12,358	6,196	24,580	30,208	377	55,165
Dues and Subscriptions	340	1,834	-	2,174	7,474	987	10,635
Software Licensing	-	-	-	-	2,736	15,571	18,307
Events and Tours Expense	-	37,383	-	37,383	10	28,473	65,866
Classes Expenses	-	197,483	-	197,483	-	-	197,483
Cost of Goods Sold	-	-	236,526	236,526	-	-	236,526
Rental Expense	-	-	-	-	23,773	-	23,773
Curatorial Expense	447	-	-	447	-	-	447
Bad Debt Expense	-	-	-	-	86,968	-	86,968
Interest Expense	-	-	-	-	-	-	-
Total Expenses by Function	<u>\$ 518,713</u>	<u>\$ 722,702</u>	<u>\$ 555,451</u>	<u>\$ 1,796,866</u>	<u>\$ 933,157</u>	<u>\$ 829,080</u>	<u>\$ 3,559,103</u>

See accompanying Notes to Financial Statements.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services				Management and General	Fundraising	Total
	Collection Care	Education	Museum Store	Total Program			
Wages and Related Expenses	\$ 260,727	\$ 348,370	\$ 181,350	\$ 790,447	\$ 385,630	\$ 436,976	\$ 1,613,053
Exhibits	14,036	-	-	14,036	-	-	14,036
Professional Services	-	-	-	-	30,341	191,436	221,777
Operating Expenses	1,188	36,782	23,776	61,746	55,134	19,775	136,655
Telephone and Fax	501	1,505	3,009	5,015	3,009	2,006	10,030
Postage and Freight	1,659	884	23,495	26,038	19,610	14,383	60,031
Utilities	23,127	13,215	9,911	46,253	19,823	-	66,076
Repairs and Maintenance	21,253	19,661	111	41,025	51,713	100	92,838
Printing	-	3,816	5,368	9,184	38,597	22,472	70,253
Travel and Development	159	140	-	299	818	2,550	3,667
Depreciation	49,769	14,333	14,333	78,435	32,415	-	110,850
Insurance	13,494	13,494	13,494	40,482	20,854	-	61,336
Advertising	1,084	4,824	-	5,908	27,715	659	34,282
Dues and Subscriptions	716	45	63	824	10,128	760	11,712
Software Licensing	-	-	11	11	3,280	15,269	18,560
Events and Tours Expense	510	12,785	-	13,295	2,145	12,609	28,049
Classes Expenses	-	146,780	-	146,780	-	-	146,780
Cost of Goods Sold	-	-	228,384	228,384	-	-	228,384
Rental Expense	-	-	-	-	10,272	-	10,272
Curatorial Expense	441	-	-	441	-	-	441
Bad Debt Expense	-	-	-	-	43,500	-	43,500
Interest Expense	-	-	-	-	20,747	-	20,747
Total Expenses by Function	<u>\$ 388,664</u>	<u>\$ 616,634</u>	<u>\$ 503,305</u>	<u>\$ 1,508,603</u>	<u>\$ 775,731</u>	<u>\$ 718,995</u>	<u>\$ 3,003,329</u>

See accompanying Notes to Financial Statements.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (572,251)	\$ 5,069,519
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Contributions Restricted for Endowment Purposes	(50,786)	(79,685)
Contributions Restricted for Long-Term Purposes	(663,790)	(1,627,732)
Contributed Property and Equipment	(63,645)	-
Depreciation	201,869	110,850
Bad Debt Expense	86,968	43,500
Change in Discount to Present Value	56,278	25,904
Realized and Unrealized Loss (Gain) on Investment Accounts	2,407,743	(3,069,627)
Loss on Disposal of Property and Equipment	321,719	-
Cash Surrender Value of Life Insurance	(3,075)	3,220
Change in Beneficial Interest in Remainder Trusts	16,783	185
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(14,288)	(5,834)
Promises to Give, Net	(1,623,850)	(1,032,609)
Prepaid Expenses	(1,213)	(557)
Inventories	(44,512)	26,203
Accounts Payable	(497)	66,440
Accrued Expenses	(1,194)	46,256
Deferred Revenue	36,593	20,263
Net Cash Provided (Used) by Operating Activities	<u>88,852</u>	<u>(403,704)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investment Accounts	(1,215,085)	(5,763,062)
Proceeds from Sales of Investment Accounts	1,742,927	7,141,508
Purchases of Property and Equipment	<u>(4,121,850)</u>	<u>(1,698,876)</u>
Net Cash Used by Investing Activities	(3,594,008)	(320,430)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Margin Loan	-	(356,629)
Net Borrowings on Line of Credit	912,414	30,865
Proceeds from Contributions Restricted for Long-Term Purposes	663,790	1,627,732
Proceeds from Contributions Restricted for Endowment	50,786	79,685
Net Cash Provided by Financing Activities	<u>1,626,990</u>	<u>1,381,653</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,878,166)	657,519
Cash and Cash Equivalents - Beginning of Year	<u>2,634,528</u>	<u>1,977,009</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 756,362</u></u>	<u><u>\$ 2,634,528</u></u>

See accompanying Notes to Financial Statements.

**VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	<u>\$ 35,677</u>	<u>\$ 28,329</u>
Noncash Purchases of Property and Equipment	<u>\$ 1,069,372</u>	<u>\$ 112,012</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH TO STATEMENT OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 162,914	\$ 444,300
Restricted Cash	<u>593,448</u>	<u>2,190,228</u>
Total Cash and Cash Equivalents	<u>\$ 756,362</u>	<u>\$ 2,634,528</u>

See accompanying Notes to Financial Statements.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Background

Vesterheim Norwegian-American Museum (the Museum) is a nonprofit organization, which provides for the study, preservation and sharing of Norwegian-American history. The Museum, located in Decorah, Iowa, serves the local community as well as individuals and organizations throughout North America and the Scandinavian countries of Western Europe through in-person and online programming and events.

The Museum is a national treasure that explores the diversity of American immigration through the lens of the Norwegian-American experience, showcases the best in historic and contemporary Norwegian folk and fine arts, and preserves living traditions through classes in Norwegian culture and folk art, including rosemaling (decorative painting), woodworking, knife making, traditional food ways and textile arts.

Use of Estimates in Preparing Financial Statements

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

Cash and Cash Equivalents

For purposes of reporting on the statements of cash flows, the Museum includes all cash and money market accounts available for current operations as cash and cash equivalents. Cash equivalents classified as other assets represent funds restricted for specific purposes.

Accounts Receivables

The Museum considers all receivables to be fully collectible and, accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made.

Promises to Give (Pledges Receivable)

Unconditional promises to give are recognized in the period the promises are received. Conditional promise to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional. The Museum records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Museum determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collection activity. Promises to give are written off when deemed uncollectible.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost or net realizable value.

Investments

Investment Accounts are stated at fair value based on quoted market prices. Cash and money markets are reported at cost. Realized and unrealized gains and losses net of Investment Account expense are included in the change in net assets. Distribution policies vary with account specifications.

Property and Equipment

All major expenditures for property and equipment that are over \$25,000 are capitalized at cost. Contributed items are recorded at fair market value at the date of donation. Depreciation is calculated using the straight-line method over the estimated years useful lives which range from 5 to 40 years.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when the circumstances indicate the carrying value of an asset may not be recoverable. For assets that are to be held and used, impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. A review of such assets of the Museum has not indicated any material effect on the Museum's financial position or results of operations.

Beneficial Interests in Trusts

Beneficial interest in trusts consists of assets held in charitable remainder trust, beneficial interests in charitable remainder trusts and life estates. Donors established and funded trusts under which specified distributions are made to a designated beneficiary or beneficiaries over the trusts' terms. Upon termination of the trusts, the Museum receives the assets remaining in the trusts. Beneficial interests in charitable remainder trusts are recorded at the trusts' assets net of the present value of the estimated future payments to be made under the specific terms of the trusts. Not all of the information is available regarding the types of underlying assets that are held by the trustee. Changes in net assets of the trusts are recorded as gains or losses (change in value of beneficial interest in remainder trusts) in the statement of activities.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets presently available for use by the Museum at the discretion of management. Designated amounts represent amounts which the board has set aside for a particular purpose.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions that will be satisfied either by the passage of time or by actions of the Museum.

Contributions

Contributions of revenue are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. They are recorded as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a 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.

Program Service Fees

Revenue for events, tours and class tuition (Event) is not recognized until the Event has taken place. Deposits that are received prior to the Event occurring are held in a deferred revenue account. Once the Event is held, funds are transferred to revenue. Revenue from store sales is recognized at the time of the sale.

Membership dues, which are non-refundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The exchange portion of membership dues are recognized over the membership period (one year), and the contribution portion immediately as contribution revenue.

Advertising Costs

Advertising costs are expensed as incurred.

Nonoperating Activities

The Museum recognizes collection expense as nonoperating activities.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Expenses of the various programs and other activities are reported by function on the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting services, are allocated based on time, estimated usage, and occupancy percentages. The following program services are included in the accompanying financial statements:

Collection Care – The Museum houses a collection of over 33,000 artifacts, a complex of sixteen buildings and a farmstead. Staff provide care and upkeep as well as acquires new artifacts.

Education – The Museum offers education classes on various Norwegian traditions and offers educational guided tours of Norway to its members and the public.

Museum Store – The Museum has Norwegian-related books, crafts, apparel, and other items for resale to its members and the public.

Income Taxes

The Museum is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. As such, it is subject to federal and state income taxes on net unrelated business income.

The Museum files information returns in the U.S. federal jurisdiction. The Museum follows the accounting standard of evaluating uncertain tax positions and has determined that it was not required to record a liability related to uncertain tax positions.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Paycheck Protection Program

In 2021 the Museum received a loan from Decorah Bank & Trust in the amount of \$237,657 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (PPP loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the Museum fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA. On August 27, 2021, the SBA processed the Museum's PPP Loan forgiveness application and notified Decorah Bank & Trust the PPP Loan qualified for full forgiveness.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Paycheck Protection Program (Continued)

The Museum recorded this as a note payable when the loan proceeds were received in April. Once the PPP loan was forgiven, the note payable was eliminated, and a contribution without restrictions was recognized. The Museum used the total loan for payroll expenses.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Museum's financial position.

Adoption of Accounting Principles

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the effectiveness of disclosures related to contribution of nonfinancial assets. This adoption of this standard did not have a significant impact on the Museum's financial position.

Additionally, in February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Museum adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. The Museum has elected to adopt the package of practical expedients available in the year of adoption. The Museum has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assess impairment of the Museum's ROU assets. The adoption of this standard had no impact on the Museum's financial position.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31:

	2022	2021
Cash and Cash Equivalents	\$ 162,914	\$ 444,300
Accounts Receivable	26,902	12,614
Total	<u>\$ 189,816</u>	<u>\$ 456,914</u>

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

As more fully described in Note 9, the Museum also has a committed line of credit in the amount of \$300,000, which it could draw upon in the event of an unanticipated liquidity need for operations.

NOTE 3 PROMISES TO GIVE

Unconditional promises consist of the following as of December 31:

	2022	2021
Within One Year	\$ 380,480	\$ 300,917
In One to Five Years	2,510,728	966,441
Total	<u>2,891,208</u>	<u>1,267,358</u>
Less: Discount to Net Present Value*	(90,362)	(34,084)
Less: Allowance for Uncollectible Promises to Give	(130,468)	(43,500)
Total	<u><u>\$ 2,670,378</u></u>	<u><u>\$ 1,189,774</u></u>

*Discount to present value of future cash flows using a discount rate of 3.97% and 3.52%, respectively, for the years ended December 31, 2022 and 2021.

Promises to give consist of the following purposes as of December 31:

	2022	2021
Annual Fund	\$ 5,520	\$ 16,750
Campaign Projects	2,885,688	1,240,608
Endowment	-	10,000
Total	<u><u>\$ 2,891,208</u></u>	<u><u>\$ 1,267,358</u></u>

NOTE 4 INVESTMENTS

Investment Accounts consist of the following as of December 31:

	2022	2021
Cash and Money Market Funds	\$ 332,415	\$ 684,418
Accrued Interest	9,809	6,738
Common Stocks	6,781,361	8,865,952
Government Securities	23,944	25,962
Corporate Bonds	249,648	-
Equity Mutual Funds	2,292,547	2,268,074
Bond Mutual Funds	2,822,125	3,596,290
Total	<u><u>\$ 12,511,849</u></u>	<u><u>\$ 15,447,434</u></u>

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 INVESTMENTS (CONTINUED)

Investment Accounts return consists of the following for the years ended December 31:

	2022	2021
Interest and Dividends	\$ 295,626	\$ 261,624
Investment Account Management Expense	(54,057)	(63,168)
Net Realized and Unrealized Gain (Loss)	(2,302,279)	3,071,098
Total	<u>\$ (2,060,710)</u>	<u>\$ 3,269,554</u>

NOTE 5 FAIR VALUE MEASUREMENTS AND DISCLOSURES

Generally accepted accounting principles in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual term), the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value that are classified within the fair value hierarchy.

Mutual funds and exchange-traded funds are valued at the net asset value of shares held by the Museum at year-end.

Equity securities are valued at last sales price, if listed on a national market or exchange or, if there is no sale and the market is still considered active, at the last transaction price before year-end.

Corporate and government bonds are valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type.

Beneficial interest in remainder trusts is valued at the Museum's pro-rata share of the trust's Investment Account. The unobservable inputs are the underlying assets at the trust and follow their investment account policy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Museum's assets at fair value as of December 31:

	2022			Total
	Level 1	Level 2	Level 3	
Common Stocks	\$ 6,781,361	\$ -	\$ -	\$ 6,781,361
Equity Mutual Funds	2,292,547	-	-	2,292,547
Bond Mutual Funds	2,822,125	-	-	2,822,125
Government Securities	-	23,944	-	23,944
Corporate Bonds	-	249,648	-	249,648
Total Investment Accounts	11,896,033	273,592	-	12,169,625
Beneficial Interest in Remainder Trusts	-	-	71,973	71,973
Total Assets	<u>\$ 11,896,033</u>	<u>\$ 273,592</u>	<u>\$ 71,973</u>	<u>\$ 12,241,598</u>
	2021			Total
	Level 1	Level 2	Level 3	
Common Stocks	\$ 8,865,952	\$ -	\$ -	\$ 8,865,952
Equity Mutual Funds	2,268,074	-	-	2,268,074
Bond Mutual Funds	3,596,290	-	-	3,596,290
Government Securities	-	25,962	-	25,962
Corporate Bonds	-	-	-	-
Total Investment Accounts	14,730,316	25,962	-	14,756,278
Beneficial Interest in Remainder Trusts	-	-	88,756	88,756
Total Assets	<u>\$ 14,730,316</u>	<u>\$ 25,962</u>	<u>\$ 88,756</u>	<u>\$ 14,845,034</u>

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following tables details Level 3 holdings as of December 31:

	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2022	2021		
Beneficial Interest in Remainder Trusts	<u>\$ 71,973</u>	<u>\$ 88,756</u>	Net Asset Value	Value of Underlying Assets

NOTE 6 CASH SURRENDER VALUE OF LIFE INSURANCE

The Museum is the beneficiary of life insurance policies with a composite death benefit as of December 31, 2022 and 2021 of approximately \$115,680. For the years ended December 31, 2022 and 2021, the cash surrender value of the life insurance policies was \$78,813 and \$75,738, respectively.

NOTE 7 PROPERTY AND EQUIPMENT

The balances of the major classes of depreciable assets are as follows as of December 31:

	2022	2021
Land	\$ 432,952	\$ 432,952
Buildings and Building Improvements	6,267,037	6,776,052
Equipment	572,953	572,953
Outdoor Exhibits	311,410	311,410
Collection (Note 8)	-	-
Construction in Process	6,478,785	1,441,074
Total	14,063,137	9,534,441
Less: Accumulated Depreciation and Amortization	(4,087,989)	(4,178,560)
Property and Equipment, Net	<u>\$ 9,975,148</u>	<u>\$ 5,355,881</u>

NOTE 8 COLLECTION

In conformity with the practice followed by many museums, artifacts purchased and donated are not included in the statement of financial position. The Museum does not capitalize its Collection; the values of the objects acquired by gift are not recognized in the statements of activities. During the years ended December 31, 2022 and 2021, purchases of artifacts amounted to \$4,628 and \$3,672, respectively.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 COLLECTION (CONTINUED)

The Museum's Collection components are on display and used by researchers, historians and others who are interested in studying the Norwegian and Norwegian-American culture. The Museum employs curators to ensure the Collection is protected and preserved. In the normal course, Collection items are not to be sold but rather maintained in perpetuity. However, should the Museum's Board deem it appropriate to dispose of an item, any proceeds from the disposal will be used to purchase new items for the Collection. The proceeds are accounted for in the board-designated Collection fund. Proceeds from the sale of collection items for the years ended December 31, 2022 and 2021, totaled \$112 and \$2,293, respectively.

NOTE 9 LINE OF CREDIT

The Museum has revolving lines of credit with Decorah Bank and Trust Company. The lines of credit include \$300,000 for operations. As of December 31, 2022 and 2021, the operating line of credit carried no balance. The operating line of credit matured in September 2022 and was renewed with an interest rate of 5.25% and a new maturity date of September 2023. The Museum had interest expense attributable to the operating line of credit for the years ended December 31, 2022 and 2021, of \$-0-.

The Museum has a Master Plan (capital and campaign) line of credit of \$1,500,000 that expired on June 30, 2022, with an interest rate of 4%. This line of credit was rolled into a new line of credit issued for \$5,000,000 on March 10, 2022. The new line of credit matures March 1, 2027 requiring one payment of all outstanding principal. The new line of credit has a fixed interest rate of 3.6%. Interest expense on these lines of credit for the years ended December 31, 2022 and 2021 was \$35,677 and \$20,747, respectively. The new line of credit is collateralized by substantially all of the assets of the Museum. For the years ended December 31, 2022 and 2021, the balance on the lines of credit was \$1,807,079 and \$894,665, respectively.

The Museum also has a line of credit with Edward Jones. As of December 31, 2022 and 2021, this line of credit had limits of \$20,553 with an interest rate of 6.75%. As of December 31, 2022 and 2021, there was no outstanding balances.

The Museum secured financing for the purchase of the Cary property from Charles Schwab in the form of a margin loan in April 2015. The margin loan agreement was secured by the master Investment Account and the board-designated cash reserve Investment Account. The Museum paid off this loan in February 2021. Interest expense for the margin loan was \$1,301 for the year ended December 31, 2021.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 10 NATURE AND AMOUNT OF NET ASSETS

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

	2022	2021
Collections	\$ 171,657	\$ 139,623
Capital Projects	607,297	2,673,411
Exhibits	52,278	132,848
Education	928,548	1,361,263
General Use	162,139	333,531
Publications	13,105	13,105
Accumulated Earnings	3,803,021	5,720,958
Perpetuity	6,027,302	5,936,937
Total Net Assets With Donor Restrictions	<u>\$ 11,765,347</u>	<u>\$ 16,311,676</u>

NOTE 11 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about the Museum's disaggregated revenue according to the timing and transfer of goods or services:

	2022	2021
Revenue Recognized at a Point in Time:		
Events	\$ 30,561	\$ 14,255
Admissions	103,672	87,170
Tuition Fees	193,792	190,441
Sales of Merchandise	474,418	433,982
Rental Income	8,195	7,195
Total	<u>\$ 810,638</u>	<u>\$ 733,043</u>
Revenue Recognized Over Time:		
Memberships	\$ 203,332	\$ 187,725
Publications	19,902	8,647
Total	<u>\$ 223,234</u>	<u>\$ 196,372</u>

The Museum's contract liabilities consist of the following as of December 31:

	2022	2021	2020
Memberships	\$ 97,135	\$ 102,162	\$ 84,269
Tours	54,795	22,500	19,500
Class Deposits	48,480	38,455	39,085
Other	-	700	700
Total	<u>\$ 200,410</u>	<u>\$ 163,817</u>	<u>\$ 143,554</u>

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 12 LEASE OBLIGATIONS

The Museum has various operating lease arrangements for office equipment that expire in December 2025. The Museum also engages in short-term leases as needed. Lease expense for the years ended December 31, 2022 and 2021, was \$12,719 and \$10,476, respectively.

Future minimum lease payments for the years ending December 31, 2023, December 31, 2024, and December 31, 2025 is \$1,703 for each year.

NOTE 13 ENDOWMENTS/POOLED INVESTMENT FUND

The Museum's pooled Investment Account fund (Endowment Account) consists of 35 individual allocations established for a variety of purposes, pooled together for investment purposes and distribution. The Endowment Account includes both restricted gifts and amounts designated by the Board of Trustees. As required by U.S. generally accepted accounting principles, net assets associated with endowments, including funds designated by the Board of Trustees to function in perpetuity, are classified and reported based on the existence or absence of imposed restrictions.

Absent explicit stipulations to the contrary, the Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the value of the original gift as of the gift date of the restricted accounts. As a result of this interpretation, the Museum retains in perpetuity and classifies as net assets with restrictions (a) the original value of gifts allocated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment, made in accordance with the direction of the applicable gift instrument at the time the accumulation is added to the original gift. The remaining portion of the restricted gifts not retained in perpetuity are subject to appropriation for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, and the adopted Spending Plan for the Endowment Account, the Museum considers the following factors in making a determination to appropriate or accumulate restricted endowment funds: (1) the purpose of the restricted endowment gifts, (2) general economic conditions, (3) the possible effect of inflation and deflation, (4) the expected total return on pooled Investment Accounts, and (5) other resources of the Museum, and (6) the Museum's Investment Accounts policies.

Investment Return Objectives, Risk Parameters and Strategies

In October 2015, the Museum adopted the Asset Management Policy that includes the Investment Accounts and spending policies for the endowment assets that are designed to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. The endowment is invested to achieve net total average five-year real rate of return of 6% plus average consumer price index change.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 13 ENDOWMENTS/POOLED INVESTMENT FUND (CONTINUED)

Investment Accounts risk is measured in terms of the total endowment fund capacity for consistent distribution amounts adjusted for change in purchasing power; Investment Accounts assets and allocation between asset classes and strategies are managed to not expose the fund to a level of risk that is not acceptable to the Board of Trustees.

Spending Policy

As per the spending policy approved at the April 2017 board meeting, the endowment distributes 1.25% each quarter of a 12-calendar quarter daily closing average of the total market value of the endowment, an annual rate of approximately 5%.

Changes in endowment net assets for the years ended December 31 is as follows:

<u>December 31, 2022</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ 2,465,999	\$ 11,660,011	\$ 14,126,010
Contributions	301,045	51,047	352,092
Investment Account Return, Net	(531,398)	(1,447,348)	(1,978,746)
Appropriation of Endowment Assets	<u>(411,664)</u>	<u>(432,982)</u>	<u>(844,646)</u>
Endowment Net Assets - End of Year	<u><u>\$ 1,823,982</u></u>	<u><u>\$ 9,830,728</u></u>	<u><u>\$ 11,654,710</u></u>
 <u>December 31, 2021</u>			
Endowment Net Assets - Beginning of Year	\$ 3,018,076	\$ 9,375,994	\$ 12,394,070
Contributions	227,835	103,048	330,883
Investment Account Return, Net	528,089	2,615,032	3,143,121
Appropriation of Endowment Assets	<u>(1,308,001)</u>	<u>(434,063)</u>	<u>(1,742,064)</u>
Endowment Net Assets - End of Year	<u><u>\$ 2,465,999</u></u>	<u><u>\$ 11,660,011</u></u>	<u><u>\$ 14,126,010</u></u>

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 14 CONCENTRATIONS

Significant Concentrations of Credit Risk

The Museum is supported primarily through contributions and grants. During the years ended December 31, 2022 and 2021, the Museum received certain support and revenue from the following major funding sources, defined as greater than 10% of total support and revenue. The amount of support and revenue, the approximate percentage of support and revenue, and the amounts outstanding at December 31 are listed as follows:

	2022			2021		
	Amount	Percentage	Receivable	Amount	Percentage	Receivable
Funding A	\$ 1,500,000	35%	\$ 1,000,000	\$ -	0%	\$ -
Funding B	115,000	3%	-	860,000	10%	-

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At various times during 2022 and 2021, the Museum held funds at a local financial institution in excess of federally insured limits.

NOTE 15 RETIREMENT PLAN

The Museum maintains a 403(b)-retirement plan for employees. Employees who are at least 21 years of age are allowed to make voluntary contributions out of pre-tax earnings after they begin employment. The Museum matches employee contributions to this plan, up to a maximum of 5% of salary following one year of service and a minimum of 1,000 hours and commences on the first of the month. The total expense for the years ended December 31, 2022 and 2021, was \$45,051 and \$43,354, respectively.

NOTE 16 COMMITMENTS

The Museum began a capital campaign entitled “Strong Roots/Bold Future, The Campaign to Grow Vesterheim.” The campaign start date was January 1, 2018. On September 4, 2019, the Museum entered into an agreement for advice and assistance in conducting a successful capital campaign. The contract consisted of two phases, of which the Museum agrees to pay \$46,000 for Phase 1, and \$360,000 for Phase 2, plus transportation, lodging, meals, and other costs in relation to the contract. The Museum incurred expenses of \$180,932 in 2022, under this contract. A contract was signed in May 2022 for an extension through May 2023. As of December 31, 2022, five months remain on this contract for a total of \$75,000 in fees.

The Museum entered a contract in 2021 for the construction planning of the “Vesterheim Commons.” The contract fees of \$1,821,200 cover four phases of the project including Schematic Design, Design Development, Construction Documents and Construction Administration. Expenses invoiced in 2022, included reimbursables, were \$449,644. The remaining contract fees commitment as of December 31, 2022, is \$61,760.

VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 16 COMMITMENTS (CONTINUED)

The Museum entered a contract in December 2021 in the amount of \$8,000,000 for the construction of Vesterheim Commons, with construction to begin in February 2022. Expenses incurred on this project in 2022 totaled \$4,479,267. The remaining contract commitment as of December 31, 2022 is \$3,520,733.

NOTE 17 RELATED PARTIES

Included in revenue, gains and other support for the year ending December 31, 2022 and 2021, are cash contributions of \$837,378 and \$267,196, respectively, received from certain officers and trustees of the Museum. Promises to give from these individuals totaled \$110,000 and \$541,339, respectively, for the years ended December 31, 2022 and 2021.

Third-party payments include payment of \$20,072 and \$34,908, respectively, to a vendor which is owned by a member of the Board of Trustees for the years ended December 31, 2022 and 2021. Payments of these amounts were approved by the board of trustees.

NOTE 18 CONTRIBUTED NONFINANCIAL ASSETS

The Museum received \$63,645 and \$-0-, respectively, of donated construction services for the years ended December 31, 2022 and 2021. The items are recorded at the value determined by the donor which approximates the value the Museum would otherwise have to pay in its market if the services weren't donated. Management believes the valuation is adequate based on historical donations and information currently known. Depreciation expense related to the donated services is allocated among program and supporting services based upon estimated time and effort and square footage.

The Museum receives various supplies for general operations, programming, and fundraising. These items are recorded at the value determined by the donor which approximates the value the Museum otherwise have to pay in its market if the services or supplies were not donated. Management believes the valuation is adequate based on historical donations and information currently known. There were no donor-imposed restrictions related to these nonfinancial asset contributions for the years ended December 31, 2022 and 2021.

The Museum received the following nonfinancial asset contributions for the years ended December 31:

December 31, 2022				
	Program Services	Management and General	Fundraising	Total
Supplies	\$ -	\$ -	\$ 25,239	\$ 25,239
December 31, 2021				
	Program Services	Management and General	Fundraising	Total
Supplies	\$ -	\$ -	\$ 27,838	\$ 27,838

**VESTERHEIM NORWEGIAN-AMERICAN MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 19 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 2, 2023, the date on which the financial statements were available to be issued.

The construction of the new Vesterheim Commons will be completed in 2023. Another line of credit for \$1,900,000 was obtained in June 2023 to cover the gap between paying the construction bills and receipt of pledge payments over the next five years. As of October 2, 2023, this line of credit has not been used and the Project is near completion.

