

THE MUSICIANS HALL OF FAME AND MUSEUM
FINANCIAL STATEMENTS

December 31, 2020 and 2019

**The Musicians Hall of Fame and Museum
December 31, 2020 and 2019**

Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 15



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Musicians Hall of Fame and Museum
Nashville, Tennessee

We have audited the accompanying financial statements of The Musicians Hall of Fame and Museum (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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

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

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 2020 financial statements referred to above present fairly, in all material respects, the financial position of The Musicians Hall of Fame and Museum as of December 31, 2020, 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.

Opinion

In our opinion, the 2020 financial statements referred to above present fairly, in all material respects, the financial position of the The Musicians Hall of Fame and Museum as of December 31, 2020, 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.

Prior Period Financial Statements

The financial statements of The Musicians Hall of Fame and Museum as of December 31, 2019, were audited by other auditors whose report dated November 20, 2020, expressed an unmodified opinion on those statements.

AJG CPAs, PLLC

November 23, 2021

Brentwood, Tennessee

The Musicians Hall of Fame and Museum
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 15,723	\$ 78,768
Accounts receivable	688	6,845
Inventory	16,201	32,524
Prepaid expenses	4,470	-
Total Current Assets	<u>37,082</u>	<u>118,137</u>
PROPERTY, EQUIPMENT AND ARTIFACTS NOT PART OF A COLLECTION		
Office and other equipment	66,193	66,192
Furniture and fixtures	168,780	168,780
Grammy Gallery buildout	386,389	386,389
Leasehold improvements	212,423	212,423
Artifacts and exhibits not part of a collection	912,467	908,967
Total property and equipment	1,746,252	1,742,751
Less: accumulated depreciation	(360,277)	(291,469)
Property and Equipment, Net	<u>1,385,975</u>	<u>1,451,282</u>
Total Assets	<u>\$ 1,423,057</u>	<u>\$ 1,569,419</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 29,771	\$ 61,595
Contract liabilities, customer event deposits	40,874	37,270
Total Current Liabilities	<u>70,645</u>	<u>98,865</u>
LONG TERM LIABILITIES		
Due to related parties	\$ 1,390,341	\$ 1,609,676
NET ASSETS (DEFICIT)		
Without donor restrictions	(37,929)	(139,122)
With donor restrictions	-	-
Total Net Assets	<u>(37,929)</u>	<u>(139,122)</u>
Total Liabilities and Net Assets	<u>\$ 1,423,057</u>	<u>\$ 1,569,419</u>

The accompanying notes are an integral part of these financial statements.

The Musicians Hall of Fame and Museum
Statements of Activities
For the years ended December 31, 2020 and 2019

	<u>For the Year Ended June 30, 2020</u>			<u>For the Year Ended June 30, 2019</u>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
INCREASES IN NET ASSETS						
Contributions	\$ 280,894	\$ -	\$ 280,894	\$ 274,014	\$ 38,625	\$ 312,639
Admission fees	275,330	-	275,330	956,139	-	956,139
Private events revenue, net of discounts	103,981	-	103,981	361,006	-	361,006
Special event revenue, awards show	-	-	-	225,168	-	225,168
Grant revenues	146,713	-	146,713	-	-	-
Gift shop sales	48,186	-	48,186	111,521	-	111,521
Other revenues	13,348	-	13,348	123	-	123
Total Support and Revenues	868,452	-	868,452	1,927,971	38,625	1,966,596
Net assets released from restrictions	-	-	-	38,625	(38,625)	-
TOTAL INCREASES IN NET ASSETS	868,452	-	868,452	1,966,596	-	1,966,596
EXPENSES						
Program services	562,661	-	562,661	837,822	-	837,822
Management and general	204,598	-	204,598	568,475	-	568,475
Total Expenses	767,259	-	767,259	1,406,297	-	1,406,297
Change in Net Assets	101,193	-	101,193	560,299	-	560,299
Net assets, beginning of year	(139,122)	-	(139,122)	(699,421)	-	(699,421)
Net assets, end of year	\$ (37,929)	\$ -	\$ (37,929)	\$ (139,122)	\$ -	\$ (139,122)

The accompanying notes are an integral part of these financial statements.

The Musicians Hall of Fame and Museum
Statement of Functional Expenses
For the year ended December 31, 2020

	Program Services	Management and General	Total
Advertising and promotion	\$ 23,888	\$ -	\$ 23,888
Awards show expenses	35	-	35
Backstage television show expenses	6,280	-	6,280
Bank and merchant fees	8,343	-	8,343
Building supplies	10,871	-	10,871
Contract labor	3,382	-	3,382
Contributions	2,254	-	2,254
Cost of sales, gift shop	34,099	-	34,099
Depreciation expense	51,326	17,482	68,808
Dues and subscriptions	1,055	-	1,055
Employee appreciation benefits	3,183	1,713	4,896
Grammy Gallery expenses	20,834	-	20,834
Income tax expense	648	-	648
Insurance, business	23,135	2,570	25,705
Insurance, employees	30,257	10,485	40,742
Interest expense	-	42,727	42,727
Office supplies	15,163	8,678	23,841
Other operating expenses	1,164	-	1,164
Payroll taxes	18,210	7,936	26,146
Professional fees, legal and accounting	782	2,647	3,429
Rent, facilities	9,340	7,743	17,083
Rent, equipment and storage	1,464	-	1,464
Repairs and maintenance	18,274	6,091	24,365
Salaries and wages	254,894	90,390	345,284
Security	3,083	-	3,083
Taxes and licenses	7,062	6,000	13,062
Telephone, internet and website expenses	13,635	-	13,635
Travel, meals and entertainment	-	136	136
Total Expenses	\$ 562,661	\$ 204,598	\$ 767,259

The accompanying notes are an integral part of these financial statements.

The Musicians Hall of Fame and Museum
Statement of Functional Expenses
For the year ended December 31, 2019

	Program Services	Management and General	Total
Advertising and promotion	\$ -	\$ 79,404	\$ 79,404
Awards show expenses	218,806	-	218,806
Backstage television show expenses	20,310	-	20,310
Bank and merchant fees	-	27,936	27,936
Building supplies	23,871	7,957	31,828
Catering expenses	-	231	231
Contract labor	-	26,340	26,340
Contributions	-	11,621	11,621
Cost of sales, gift shop	54,137	-	54,137
Depreciation expense	1,500	85,725	87,225
Dues and subscriptions	-	9,717	9,717
Employee appreciation benefits	-	9,240	9,240
Grammy Gallery expenses	23,049	-	23,049
Income tax expense	-	3,500	3,500
Insurance, business	-	25,384	25,384
Insurance, employees	30,077	11,604	41,681
Interest expense	-	54,523	54,523
Office supplies	998	24,154	25,152
Other operating expenses	1,790	2,633	4,423
Payroll taxes	27,870	10,277	38,147
Professional fees, legal and accounting	420	100	520
Rent, facilities	52,393	17,464	69,857
Rent, equipment and storage	1,320	528	1,848
Repairs and maintenance	23,015	7,672	30,687
Salaries and wages	346,414	132,531	478,945
Security	11,852	434	12,286
Taxes and licenses, other	-	7,990	7,990
Telephone, internet and website expenses	-	9,159	9,159
Travel, meals and entertainment	-	2,351	2,351
Total Expenses	<u>\$ 837,822</u>	<u>\$ 568,475</u>	<u>\$ 1,406,297</u>

The accompanying notes are an integral part of these financial statements.

The Musicians Hall of Fame and Museum
Statements of Cash Flow
For the years ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 101,193	\$ 560,299
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	68,808	87,225
Donated museum exhibit included in contributions	-	(10,000)
Changes in operating assets and liabilities:		
Accounts receivable	6,158	(4,229)
Inventory	16,324	3,553
Prepaid expenses	(4,470)	-
Accounts payable and accrued liabilities	(31,825)	3,598
Contract liabilities, customer event deposits	3,604	(13,269)
Cash Flows Provided (Used) by Operating Activities	<u>159,792</u>	<u>627,177</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(3,500)</u>	<u>(97,894)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principle payments on long-term debt	<u>(219,337)</u>	<u>(512,172)</u>
Net Increase (Decrease) in Cash	<u>(63,045)</u>	<u>17,111</u>
Net Cash, beginning of year	<u>78,768</u>	<u>61,657</u>
Net Cash, end of year	<u>\$ 15,723</u>	<u>\$ 78,768</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ 53,962</u>	<u>\$ 52,833</u>
Income taxes paid	<u>\$ 3,360</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

The Musicians Hall of Fame and Museum
Notes to the Financial Statements
December 31, 2020 and 2019

Note 1. ORGANIZATION

The Musicians Hall of Fame and Museum ("the Museum") was founded on July 1, 2003, and operates as a nonprofit organization under the laws of the State of Tennessee. The Museum is a premier Nashville attraction and the only museum in the world that honors the talented musicians who played on the greatest recordings of all time. The Museum is constantly adding new exhibits from all genres of music that capture the true essence of the history of music. The Museum was closed down for a large portion of 2020 due to the COVID-19 outbreak, but hosted over 74,000 visitors in 2019 and until being shut down for COVID-19 the Museum had experienced an average growth rate in attendance of over 35% since 2014.

The Grammy Museum Gallery at the Musicians Hall of Fame and Museum is an interactive facility for our visitors. It allows guests to explore the history of the Grammy Awards and gives all ages the opportunity to be onstage and interact with every aspect of the recording process.

The Musicians Hall of Fame and Museum is a true Nashville experience, steeped in music history both past and present. There is something of interest for everyone. We educate and inspire. We cultivate creativity. *"Come See What You've Heard"*

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Museum reports information regarding its financial position and activities according to two classes of net assets (with and without donor restrictions) based upon the existence or absence of donor-imposed restrictions. Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any specified restrictions.

Basis for Accounting

The Museum uses the accrual basis of accounting whereby revenue and support are recognized when earned and expenses are recognized when incurred.

Recognition of Donor Contributions and Support

Contributions are recognized when the donor makes a promise to give to the Museum that is, in substance, unconditional. Support that is free from donor-imposed restrictions is recognized as revenues and an increase in net assets without donor restrictions in the period it is earned. Donor-restricted support is recognized as an increase in net assets with donor restrictions. When a restriction expires, either with the passage of time or fulfillment of the specific purpose of the restricted donation, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Musicians Hall of Fame and Museum
Notes to the Financial Statements
December 31, 2020 and 2019

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Classification of Net Assets

In the accompanying financial statements, the Museum's net assets that have similar characteristics have been combined into the following two categories:

- Net assets without donor restrictions are not subject to donor-imposed restrictions, or the donor-imposed restriction have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Museum.
- Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Museum or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

As of December 31, 2020 and 2019, there are no net assets with donor restrictions.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety days of purchase. The Museum considers all investments with an original maturity of three months or less on their acquisition date to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of any allowance for doubtful accounts. Management estimates accounts receivable that will not be collected based on the financial condition of its customers, prior experience, and existing economic conditions. Accounts receivable are written off when they are determined to be uncollectible. No allowance for doubtful accounts has been recorded at December 31, 2020 or 2019, because conditions for accrual of a loss contingency pursuant to the *Subsequent Measurement* subtopic of ASC 310, *Receivables*, have not been met. The Museum currently does not charge interest on any past due accounts.

Inventories

Inventory, principally consisting of gift shop merchandise is stated at cost.

Property and Equipment and Artifacts Not Part of a Collection

The Museum capitalizes acquisitions of property and equipment of \$1,000 or more. Fixed assets are recorded at cost, or in the case of contributed property, at the fair market value at the date of contribution. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is recorded in income for the period. The cost of maintenance and repairs is expensed as incurred.

The Musicians Hall of Fame and Museum
Notes to the Financial Statements
December 31, 2020 and 2019

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment and Artifacts Not Part of a Collection - Continued

Donations of property and equipment are reported as contributions at the date of the donation without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Museum reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Museum reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Museum has not adopted a policy for implying time restrictions that expire over the useful lives of donated property and equipment if those donated assets are received without stipulations about how long the assets must be used, or are acquired with gifts restricted for those acquisitions.

No depreciation is recognized for the cost or other acquisition value of exhibits and artifacts not part of a collection, in accordance with the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. However, in accordance with the Topic, depreciation is recognized on major preservation or restoration of artifacts and exhibits, incurred from time-to-time, using the straight-line method over 10 years

Additionally, the Museum has significant amounts of historical artifacts on display that it does not lease or own. Such artifacts are substantially owned by the Museum's chief executive officer and president. These amounts are not presented in the financial statements.

Depreciation is computed generally using the straight-line method over estimated useful lives as follows:

<u>Asset Category</u>	<u>Years</u>
Buildouts & Improvements	31.5-39
Furniture & Fixtures	5-7
Office Equipment	3-5
Leasehold improvements	10

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$68,808 and \$87,225, respectively.

Donated Service

Unpaid volunteers make contributions of time in various administrative and program functions. The value of contributed time is not reflected in the financial statements as it is not susceptible to objective measurement of valuation.

The Musicians Hall of Fame and Museum
Notes to the Financial Statements
December 31, 2020 and 2019

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses that can be directly attributed to a particular function are charged to that function.

Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Allocated expenses and method of allocation are as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Depreciation expense	Square footage
Employees appreciation benefits	Time and effort
Insurance	Time and effort
Office supplies, equipment and IT resources	Time and effort
Payroll taxes	Time and effort
Professional fees, legal and accounting	Time and effort
Rent, facilities and storage	Square footage
Rent, equipment	Time and effort
Salaries and benefits - other	Time and effort
Telephone, internet and website expenses	Square footage

Advertising

The Museum uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2020 and 2019, was \$23,888 and \$79,404, respectively.

The Museum entered into advertising barter transactions with media advertising suppliers during the year ended December 31, 2019, whereby the Museum received print and radio advertising in exchange for private event services. The amounts recognized in the financial statements as advertising expense and private events revenue are \$0 and \$12,800, respectively, for the years ended December 31, 2020 and 2019.

Shipping and Handling Costs

Shipping and handling costs are included in cost of sales and are not separately slated or included elsewhere in the financial statements.

Estimates

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

The Musicians Hall of Fame and Museum
Notes to the Financial Statements
December 31, 2020 and 2019

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Tax Status

The Museum is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue code and similar state income tax laws. The Museum is a non-private foundation. The Museum does generate unrelated business income mostly from advertising sales, operations of a gift shop and equipment rentals in connection with private events. The Museum incurred income taxes from continuing operations of \$635 and \$3,500, respectively, for the years ended December 31, 2020 and 2019. The unrelated business income is also subject to Tennessee Franchise, Excise tax.

The Museum recognizes a tax position as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur.

The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

As of December 31, 2020 and 2019, the Museum has accrued no interest or penalties related to uncertain tax positions. It is the Museum’s policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Museum's Form 990, Return of Organization Exempt From Income Tax and Form 990-T, Exempt Organization Business Income Tax Return for the years ended December 31, 2020 and 2019 and 2018, are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Any penalties and interest incurred on underpayment of income tax are classified as income tax in the financial statements.

Reclassifications

Certain reclassifications have been made to the December 31, 2019 financial statements to conform to the current year's presentation. Net assets and change in net assets are unaffected due to these reclassifications.

Subsequent Events

Subsequent events have been evaluated through November 23, 2021, which is the date the financial statements were available to be issued.

Note 3. REVENUE RECOGNITION AND CONTRACTS WITH CUSTOMERS

The Museum recognizes revenue when goods and services are transferred to and controlled by its customers, and for which the Museum expects to be entitled to consideration, i.e., at the point in time when its performance obligations are satisfied. This usually occurs upon completion of the services, or as goods are sold and transferred to customers. Payment of consideration is usually due upon customers' receipt of invoices. The Museum does not ordinarily enter into contracts with customers that include components of significant financing or provide for variable consideration.

The Musicians Hall of Fame and Museum
Notes to the Financial Statements
December 31, 2020 and 2019

Note 3. REVENUE RECOGNITION AND CONTRACTS WITH CUSTOMERS - CONT.

Contracts with customers considered to be satisfied at a point in time include admission fees, private and special events revenue, and gift shop sales. Total revenue from these contracts were \$427,497 and \$1,653,834, respectively, for the years ended December 31, 2020 and 2019. The Museum does not ordinarily enter into contracts with customers that generate revenue from goods or services transferred to customers over time.

Customer deposits received for private events are recognized and presented in the statement of financial position as contract liabilities until the Museum has satisfied its performance obligations. The deposits are then recognized as revenue. As of December 31, 2020 and 2019 customer deposits totaled \$40,874 and \$37,270, respectively.

Note 4. LONG-TERM DEBT - RELATED PARTY TRANSACTIONS

Long-term debt, in the original principal amount of \$2,711,691 is payable to the Museum's chief executive officer and president. The note, dated October 27, 2016, bears interest at the annual rate of 3% and is payable monthly through November 10, 2021. Terms of the note call for monthly payments of interest only in the amount of \$6,779. Prepayments of principal of the debt are allowed without penalty and the Museum paid \$219,337 and \$512,172 in principal amounts on the debt during 2020 and 2019, respectively, together with interest of \$42,727 and \$54,523, respectively, during the years. The debt is collateralized by all assets of the Museum, including inventories and accounts receivable.

Prior to execution of the debt agreement, amounts payable to the chief executive officer and president were classified as unsecured advances, non-interest bearing, to be used for operating working capital and other cash requirements of the Museum.

Note 5. PAYCHECK PROTECTION PROGRAM

On June 4, 2020, the Company received an unsecured loan in the amount of \$100,055 from the Small Business Administration ("SBA"), as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") Paycheck Protection Program ("PPP").

The loan terms provided that a portion or all of the loan was forgivable to the extent that the Company used loan proceeds to fund qualifying payroll and other expenses during a designated 24-week period. During November 2020, the Company submitted to its lender and the SBA an application for forgiveness of the entire loan balance of \$100,055.

The Company elected to account for the loan proceeds as a conditional grant under ASC 958-605. The Company recognized income as eligible expenses were incurred. As of December 31, 2020, the Company has recognized the loan proceeds in full as grant income.

On November 18, 2020, the Company received notification from the SBA that the entire loan balance of \$100,055 had been forgiven.

The Musicians Hall of Fame and Museum
Notes to the Financial Statements
December 31, 2020 and 2019

Note 6. OPERATING LEASE

The Museum leases the first floor of the Municipal Auditorium in Nashville, Tennessee, from Metropolitan Government of Nashville and Davidson County. The leased space contains its museum exhibit hall as well as office space. The lease is dated June 1, 2015, and is effective for 5 years through June, 2020. The lease can then be renewed for 3 additional terms of 5 years each, unless there is intent not to renew given by either party. The lease agreement stipulates monthly payments computed at the rate of \$1 for every ticket sold for museum admission, and for every attendee at private events held in the leased premises. For private events, lease consideration is capped at \$350, if that amount is less than the amount computed at the rate of \$1 per attendee. The Museum's rental expense under the lease was \$17,083 and \$69,857, respectively, for the years ended December 31, 2020 and 2019.

Note 7. COMPENSATED ABSENCES

Employees of the Museum are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. The Museum expenses paid time off when paid.

Note 8. OTHER COMMITMENT, GRAMMY GALLERY

The Museum has an agreement for consulting services with the Grammy Museum Services, LLC, Los Angeles, dated February 19, 2015, and is in connection with the operation of an interactive music museum gallery called the Grammy Gallery at Musicians Hall of Fame, located in the museum's exhibit hall. The agreement calls for a payment by the Museum to Grammy Museum Services in the amount of \$20,000 each year through March, 2021. In exchange for the consideration paid, Grammy Museum Services agrees to conduct semi-annual education workshops, training, site visits, the creation and maintenance of curricula around the museum exhibits, and updates to the content of the museum.

Note 9. CONCENTRATIONS

The Museum maintains deposits in financial institutions that at times exceed the amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC).

Note 10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Museum's financial assets available for general expenditure within one year of the date of the financial position consists of the following:

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Cash	\$ 15,723	\$ 78,768
Accounts receivable	<u>688</u>	<u>6,845</u>
Total financial assets available within one year	<u>\$ 16,411</u>	<u>\$ 85,613</u>

As part of its liquidity management, the Museum has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Musicians Hall of Fame and Museum
Notes to the Financial Statements
December 31, 2020 and 2019

Note 11. SUBSEQUENT EVENTS

On March 11, 2020, the spread of the COVID-19 virus was declared a "pandemic" by the World Health Organization. The COVID-19 virus situation continues to evolve rapidly. COVID-19 is still ongoing and the extent to which COVID-19 may impact the Museum's operations is uncertain and the full effect it may have on the Museum cannot be quantified at this time.