

New York Hall of Science

Financial Statements

June 30, 2020

Independent Auditors' Report

Board of Trustees New York Hall of Science

We have audited the accompanying financial statements of New York Hall of Science, which comprise the statement of financial position as of June 30, 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

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.

Auditors' 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 auditors' 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 financial statements referred to above present fairly, in all material respects, the financial position of New York Hall of Science as of June 30, 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.

Report on Summarized Comparative Information

We have previously audited New York Hall of Science's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of support and revenue without donor restrictions on page 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

January 4, 2021

New York Hall of Science

Statement of Financial Position
June 30, 2020
(with comparative amounts at June 30, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 2,250,426	\$ 971,155
Grants and contributions receivable, net	3,943,597	4,430,578
Prepaid expenses and other assets	263,120	561,516
Investments	8,648,603	6,451,569
Property and equipment, net	<u>39,808,925</u>	<u>43,023,897</u>
	<u>\$ 54,914,671</u>	<u>\$ 55,438,715</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,101,513	\$ 1,365,970
Deferred revenue	201,874	268,360
Long-term debt	<u>3,158,846</u>	<u>-</u>
Total Liabilities	<u>4,462,233</u>	<u>1,634,330</u>
Net Assets		
Without donor restrictions	42,270,735	46,723,527
With donor restrictions	<u>8,181,703</u>	<u>7,080,858</u>
Total Net Assets	<u>50,452,438</u>	<u>53,804,385</u>
	<u>\$ 54,914,671</u>	<u>\$ 55,438,715</u>

See notes to financial statements

New York Hall of Science

Statement of Activities Year Ended June 30, 2020 (with summarized totals for the year ended June 30, 2019)

	Without Donor Restrictions			With Donor Restrictions	2020 Total	2019 Total
	Undesignated	Board Designated	Total			
OPERATING INCOME						
Contributions and grants	\$ 9,130,243	\$ 166,981	\$ 9,297,224	\$ 4,170,186	\$ 13,467,410	\$ 11,676,988
In-kind contributions	1,200,763	-	1,200,763	-	1,200,763	1,141,298
Appropriations from the City of New York	1,538,891	-	1,538,891	-	1,538,891	1,450,970
Admissions, workshops, memberships, and exhibit fees	2,856,877	-	2,856,877	-	2,856,877	3,961,437
Use of facilities and other income	663,651	-	663,651	-	663,651	735,906
Investment return	202,005	-	202,005	45,689	247,694	376,983
Auxiliary activities	306,086	-	306,086	-	306,086	346,885
	<u>15,898,516</u>	<u>166,981</u>	<u>16,065,497</u>	<u>4,215,875</u>	<u>20,281,372</u>	<u>19,690,467</u>
Use of designated funds	540,847	(540,847)	-	-	-	-
Net assets released from restrictions	4,003,076	-	4,003,076	(4,003,076)	-	-
Total Operating Income	<u>20,442,439</u>	<u>(373,866)</u>	<u>20,068,573</u>	<u>212,799</u>	<u>20,281,372</u>	<u>19,690,467</u>
OPERATING EXPENSES						
Program Services						
Museum experiences	6,051,589	-	6,051,589	-	6,051,589	6,522,529
Education	3,624,031	-	3,624,031	-	3,624,031	2,631,410
Research and development	4,725,159	-	4,725,159	-	4,725,159	4,002,934
Youth development	1,679,476	-	1,679,476	-	1,679,476	2,401,105
Total Program Services	<u>16,080,255</u>	<u>-</u>	<u>16,080,255</u>	<u>-</u>	<u>16,080,255</u>	<u>15,557,978</u>
Supporting Services						
Management and general	2,075,890	-	2,075,890	-	2,075,890	2,623,830
Fundraising	1,677,186	-	1,677,186	-	1,677,186	1,486,320
Marketing and communications	208,712	-	208,712	-	208,712	261,061
Total Supporting Services	<u>3,961,788</u>	<u>-</u>	<u>3,961,788</u>	<u>-</u>	<u>3,961,788</u>	<u>4,371,211</u>
Total Operating Expenses	<u>20,042,043</u>	<u>-</u>	<u>20,042,043</u>	<u>-</u>	<u>20,042,043</u>	<u>19,929,189</u>
Excess (Deficiency) of Operating Income Over Operating Expenses	400,396	(373,866)	26,530	212,799	239,329	(238,722)
NON-OPERATING ACTIVITIES						
Investment return	-	12,653	12,653	(1,507)	11,146	171,456
Contributions for property and equipment - Appropriations from the City of New York	-	-	-	1,510,584	1,510,584	920,557
Net assets released from restrictions for capital expenditures	621,031	-	621,031	(621,031)	-	-
Use of designated funds for capital	164,455	(164,455)	-	-	-	-
Depreciation expense	(5,113,006)	-	(5,113,006)	-	(5,113,006)	(5,089,190)
Change in Net Assets	<u>(3,927,124)</u>	<u>(525,668)</u>	<u>(4,452,792)</u>	<u>1,100,845</u>	<u>(3,351,947)</u>	<u>(4,235,899)</u>
NET ASSETS						
Beginning of year	<u>43,371,694</u>	<u>3,351,833</u>	<u>46,723,527</u>	<u>7,080,858</u>	<u>53,804,385</u>	<u>58,040,284</u>
End of year	<u>\$ 39,444,570</u>	<u>\$ 2,826,165</u>	<u>\$ 42,270,735</u>	<u>\$ 8,181,703</u>	<u>\$ 50,452,438</u>	<u>\$ 53,804,385</u>

See notes to financial statements

New York Hall of Science

Statement of Functional Expenses
Year Ended June 30, 2020
(with summarized totals for the year ended June 30, 2019)

	Program Services				Total
	Museum Experiences	Education	Research and Development	Youth Development	
PERSONNEL COSTS					
Salaries and wages	\$ 2,481,209	\$ 1,646,855	\$ 2,610,971	\$ 1,180,366	\$ 7,919,401
Fringe benefits	<u>1,145,841</u>	<u>616,150</u>	<u>944,631</u>	<u>297,275</u>	<u>3,003,897</u>
Total Personnel Costs	3,627,050	2,263,005	3,555,602	1,477,641	10,923,298
OTHER THAN PERSONNEL COSTS					
Professional and consulting services	187,112	959,788	330,359	82,853	1,560,112
Subcontractors	-	-	564,098	-	564,098
Supplies and materials	128,590	125,775	72,946	20,117	347,428
Telephone and information technology	101,871	25,311	52,729	10,408	190,319
Postage and shipping	26,643	927	492	233	28,295
Rental and maintenance, equipment, and exhibits	917,451	11,141	3,727	1,392	933,711
Printing and publications	44,154	9,768	16,111	3,595	73,628
Travel and entertainment	11,395	6,784	56,770	6,642	81,591
Meetings and conferences	2,849	604	12,273	831	16,557
Books, dues and subscriptions	12,456	3,159	4,858	1,870	22,343
Insurance	176,862	22,216	5,144	2,225	206,447
Advertising and public relations	102,327	89,985	1,496	43,843	237,651
Noncapitalized equipment	11,142	1,459	12,071	572	25,244
Participant support	-	16,735	12,058	16,500	45,293
Other operating expenses	137,005	13,066	2,405	1,480	153,956
Utilities (in-kind)	480,815	60,396	13,984	6,050	561,245
Depreciation - operating	<u>83,867</u>	<u>13,912</u>	<u>8,036</u>	<u>3,224</u>	<u>109,039</u>
Totals before Depreciation - non-operating	6,051,589	3,624,031	4,725,159	1,679,476	16,080,255
Depreciation - non-operating	<u>3,761,973</u>	<u>530,138</u>	<u>582,553</u>	<u>82,966</u>	<u>4,957,630</u>
 Totals	 <u>\$ 9,813,562</u>	 <u>\$ 4,154,169</u>	 <u>\$ 5,307,712</u>	 <u>\$ 1,762,442</u>	 <u>\$ 21,037,885</u>

See notes to financial statements

New York Hall of Science

Statement of Functional Expenses
(continued)
 Year Ended June 30, 2020
 (with summarized totals for the year ended June 30, 2019)

	Supporting Services			2020 Total	2019 Total
	Management and General	Fundraising	Marketing and Communications		
PERSONNEL COSTS					
Salaries and wages	\$ 1,136,865	\$ 466,434	\$ 96,008	\$ 9,618,708	\$ 10,317,619
Fringe benefits	<u>482,786</u>	<u>192,263</u>	<u>50,337</u>	<u>3,729,283</u>	<u>3,697,532</u>
Total Personnel Costs	1,619,651	658,697	146,345	13,347,991	14,015,151
OTHER THAN PERSONNEL COSTS					
Professional and consulting services	165,343	633,772	860	2,360,087	1,342,983
Subcontractors	-	-	-	564,098	182,905
Supplies and materials	9,364	4,907	930	362,629	478,340
Telephone and information technology	95,188	62,115	37,118	384,740	692,928
Postage and shipping	674	555	80	29,604	38,868
Rental and maintenance, equipment, and exhibits	1,506	257,164	8,861	1,201,242	859,946
Printing and publications	3,138	10,273	1,196	88,235	102,107
Travel and entertainment	15,397	5,945	59	102,992	152,594
Meetings and conferences	9,154	2,631	1,981	30,323	41,240
Books, dues and subscriptions	15,705	2,158	5,041	45,247	71,509
Insurance	2,411	1,298	742	210,898	209,668
Advertising and public relations	3,395	1,185	1,193	243,424	258,095
Noncapitalized equipment	3,007	479	742	29,472	75,796
Participant support	-	-	-	45,293	90,870
Other operating expenses	122,664	29,562	472	306,654	678,591
Utilities (in-kind)	6,554	3,529	2,017	573,345	538,221
Depreciation - operating	<u>2,739</u>	<u>2,916</u>	<u>1,075</u>	<u>115,769</u>	<u>99,377</u>
Totals before Depreciation - non-operating	2,075,890	1,677,186	208,712	20,042,043	19,929,189
Depreciation - non-operating	<u>80,098</u>	<u>47,904</u>	<u>27,374</u>	<u>5,113,006</u>	<u>5,089,190</u>
Totals	<u>\$ 2,155,988</u>	<u>\$ 1,725,090</u>	<u>\$ 236,086</u>	<u>\$ 25,155,049</u>	<u>\$ 25,018,379</u>

See notes to financial statements

New York Hall of Science

Statement of Cash Flows Year Ended June 30, 2020

(with comparative amounts for the year ended June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,351,947)	\$ (4,235,899)
Adjustments to reconcile change in net assets to net cash from operating activities		
Bad debt expense	-	196,398
Depreciation	5,228,775	5,188,567
Donated stock	(64,065)	(140,843)
Donated property and equipment	(165,039)	-
Net realized and unrealized gain on investments	(181,896)	(453,369)
Appropriations from the City of New York - capital	(1,510,584)	(920,557)
Change in operating assets and liabilities		
Grants and contributions receivable	486,981	(1,113,445)
Prepaid expenses and other assets	298,396	113,579
Accounts payable and accrued expenses	(264,457)	(21,043)
Deferred revenue	(66,486)	67,887
Net Cash from Operating Activities	409,678	(1,318,725)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(182,790)	(155,583)
Purchases of investments	(5,049,024)	(2,547,198)
Proceeds from sale of investments	3,097,951	4,256,600
Net Cash from Investing Activities	(2,133,863)	1,553,819
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on capital lease obligation	(20,719)	-
Proceeds from loans	3,024,175	-
Drawdown on line of credit	500,000	-
Repayment on line of credit	(500,000)	-
Net Cash from Financing Activities	3,003,456	-
Net Change in Cash and Cash Equivalents	1,279,271	235,094
CASH AND CASH EQUIVALENTS		
Beginning of year	971,155	736,061
End of year	\$ 2,250,426	\$ 971,155
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 11,948	\$ -
NON-CASH INVESTING AND FINANCING ACTIVITY		
Equipment acquired under capital lease	\$ 155,390	\$ -

See notes to financial statements

New York Hall of Science

Notes to Financial Statements

June 30, 2020

1. Organization

New York Hall of Science ("NYSCI") is New York City's hands-on science and technology center. Responding directly to the critical need for improved science education in America, NYSCI brings the excitement and understanding of science and technology to children, families, teachers, and others by galvanizing their curiosity and by offering them creative, participatory ways to learn.

Located in Queens, NYSCI offers over 400 interactive exhibits that explore chemistry, biology, physics, genetics, and much more. These exhibits, coupled with the young, diverse, and enthusiastic explainer floor staff, make NYSCI a laboratory of discovery that serves almost 500,000 visitors each year.

NYSCI is a nonprofit educational institution chartered by the State of New York and exempt from Federal income taxes under Sections 501(c)(3) and 509(a) of the Internal Revenue Code.

Description of Program Services

NYSCI's program services include:

- Museum Experiences - operation and maintenance of museum and all museum related program activities including exhibits and public programs;
- Education - development and operation of STEM workshops, programs and services for schools, teachers, students, and families;
- Research and Development - grant funded activities focusing on issues of learning, exhibit development, program design in science, technology, engineering and math ("STEM") fields; and
- Youth Development - operation of Friedman Center for the Development of Young Scientists including the Science Career Ladder program, STEM Career Nights, and mentorship experiences designed to provide opportunities for high school and college students to pursue and persist in STEM careers.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements 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 income and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

New York Hall of Science

Notes to Financial Statements
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principle

Effective January 1, 2019, NYSCI adopted the following Accounting Standard Updates (“ASU”) issued by the Financial Accounting Standards Board (“FASB”):

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way NYSCI recognizes contributions, and therefore no changes to the previously issued financial statements were required on a retrospective basis.

ASU 2014-09, *Revenue from Contracts with Customers (ASC 606)*, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principal of which is that revenue should be recognized in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Under this guidance, an entity identifies its performance obligations and recognizes revenue as performance obligations are satisfied.

Adoption of these accounting pronouncements had no material effect on the accompanying financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in banks and money market funds with maturities of three months or less at the time of purchase.

Grants, Contributions, Promises to Give and Appropriations

Grants, contributions, promises to give and appropriations received, including unconditional promises to give, are recognized as revenue in the period received. NYSCI reports contributions as restricted support, including contributions of plant assets or cash restricted to the purchase of plant assets, if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

New York Hall of Science

Notes to Financial Statements
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

Grants, Contributions, Promises to Give and Appropriations (continued)

Grants, contributions, promises to give and appropriations are recorded as contributions when received, net of estimated uncollectible amounts, and discounted if due in over one year. The discounts on those amounts are computed using rates applicable to the years in which the promises are received and consider market and credit risk as applicable. Amortization of the discounts is included in contribution revenue. The amount of allowance for doubtful accounts is based upon management's assessment of historical and expected net collections and overall business and economic conditions.

In-Kind Contributions

In-kind contributions of services are recognized as contributions if the services either: a) create or enhance non-financial assets, or b) require specialized skills, and are performed by people with those skills which would otherwise be purchased by NYSCI if not donated. In-kind contributions are reported as contributions because there is an objective basis upon which to value these contributions and these goods and services are an essential part of NYSCI's activities. These amounts are recognized as both income and expense in the accompanying financial statements.

Fair Value of Financial Instruments

NYSCI follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investment Income Recognition

Investments other than cash are carried at fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Property and Equipment

Land improvements, equipment and furniture are carried at cost. NYSCI capitalizes all expenditures for property and equipment in excess of \$5,000. Depreciation is provided over estimated useful lives ranging from five years to twenty years on a straight-line basis. See Note 6 for the accounting policies followed by NYSCI with respect to facilities owned by the City of New York.

New York Hall of Science

Notes to Financial Statements
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

NYSCI reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amounts of the asset to aggregate future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value. No impairment loss has been recognized during the years ended June 30, 2020 and 2019.

Deferred Revenue

NYSCI receives fees for admissions, workshops and memberships. These fees are recognized as revenue as services are performed. Fees received in advance are recorded as deferred revenue until the related services are provided.

Net Asset Presentation

The financial statements report amounts separately by class of net assets based on the presence or absence of donor restrictions. Net assets without donor restrictions are those currently available at the discretion of NYSCI for use in its programs and operations. Net assets with donor restrictions are those which are subject to donor-imposed restrictions that will be met either by actions of NYSCI or the passage of time, or those subject to donor-imposed restrictions requiring that they be maintained permanently by NYSCI.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Measure of Operations

NYSCI includes in its measure of operations all income and expenses that are integral to its current program and supporting activities as well as net assets released from restrictions to support operating expenditures. The measure of operations also includes investment return earned on net assets (except for board designated and endowed net assets) and depreciation on property and equipment purchased with net assets without donor restrictions. The measure of operations excludes (1) depreciation on capital expenditures paid for with net assets with donor restrictions (primarily from the City of New York), (2) investment return earned on board designated and endowed net assets, (3) designations of board designated funds and (4) appropriations from the City of New York for property and equipment. NYSCI considers contributions to the Campaign for Tomorrow to be Board designated (see Note 11), unless they are purpose or time restricted.

New York Hall of Science

Notes to Financial Statements
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

Exhibits

Consistent with the policy of many museums, purchases for use as exhibits and programs are not capitalized.

Advertising

NYSCI charges advertising costs to expense as incurred. Advertising expense was \$235,082 and \$249,216 for the years ended June 30, 2020 and 2019, respectively.

Summarized Information

The amounts shown for the year ended June 30, 2019 in the accompanying statements of activities and functional expenses are included to provide a basis for comparison with 2020 amounts and present summarized totals only which do not constitute a presentation in conformity with U.S. GAAP. Accordingly, the 2019 totals are not intended to present all information necessary for a complete presentation and should be read in conjunction with NYSCI's June 30, 2019 financial statements.

Accounting for Uncertainty in Income Taxes

NYSCI recognizes the effect of income tax positions only when they are more likely than not of being sustained. Management has determined that NYSCI had no uncertain tax positions that would require financial statement recognition or disclosure. NYSCI is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to fiscal 2017.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation, insurance, utilities, facilities and security, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is January 4, 2021.

New York Hall of Science

Notes to Financial Statements June 30, 2020

3. Grants and Contributions Receivable

Grants and contributions receivable are shown in the accompanying statement of financial position, net of an allowance for doubtful accounts and a discount to present value using a rate of 3.25% for fiscal 2020 and 5.5% for fiscal 2019 and prior on payments due in future years.

	2020	2019
Within one year	\$ 3,398,377	\$ 2,488,382
In one to five years	624,500	2,183,000
Allowance for doubtful accounts	(30,145)	(83,417)
Discount to present value	(49,135)	(157,387)
	\$ 3,943,597	\$ 4,430,578

4. Investments

Investments at June 30 were as follows:

	2020	2019
Equities, Based on Level 1 Inputs for Fair Value		
Basic materials	\$ 324,235	\$ 234,765
Consumer non-cyclical	349,608	211,233
Consumer cyclical	447,753	280,527
Energy	-	167,688
Financial	410,497	450,820
Healthcare	532,192	782,144
Industrials	190,812	310,092
Technology	1,582,864	1,110,568
Utilities	84,060	74,880
Exchange traded products	83,685	-
Corporate bonds, based on Level 2 inputs for fair value	2,112,253	1,978,107
Total Investments at Fair Value	6,117,959	5,600,824
Money market funds, at cost plus accrued interest	2,530,644	850,745
	\$ 8,648,603	\$ 6,451,569

The components of investment return for the years ended June 30 are as follows:

	2020	2019
Interest and dividends	\$ 124,180	\$ 138,823
Investment fees	(47,236)	(43,753)
Net realized and unrealized gain on investments	181,896	453,369
	\$ 258,840	\$ 548,439

New York Hall of Science

Notes to Financial Statements
June 30, 2020

5. Property and Equipment

Property and equipment at June 30 were as follows:

	<u>2020</u>	<u>2019</u>
Contribution value of the use of land, building and building improvements	\$ 88,599,990	\$ 87,089,406
Land improvements	3,657,445	3,479,783
Equipment	2,371,341	4,089,685
Furniture	<u>93,910</u>	<u>93,910</u>
	94,722,686	94,752,784
Accumulated depreciation	<u>(54,913,761)</u>	<u>(51,728,887)</u>
	<u>\$ 39,808,925</u>	<u>\$ 43,023,897</u>

At June 30, 2020, building and building improvements include \$2,051,409 of contributed property and equipment not yet in use.

6. Appropriations from the City of New York

An agreement between the City of New York (the "City") and NYSCI for the construction, operation, maintenance, and management of a hall of science and scientific exhibits within Flushing Meadows-Corona Park was executed in 1965 and amended in 1969. In accordance with this agreement, NYSCI holds a license to occupy and use, for its maintenance and operation, certain land and buildings in Flushing Meadows-Corona Park on the site of the 1964-1965 New York World's Fair.

NYSCI is responsible for the facility's management and operation, and for maintaining certain insurance coverage. The City may provide gas, electricity, water, and general police protection; funding for improvements and new construction; funding for the salaries and medical benefits of certain employees, including those employed in the maintenance and care of the property; and pension expense of certain employees.

During fiscal 2020 and 2019, the City provided funding and/or services to NYSCI which supported the following expenses:

	<u>2020</u>	<u>2019</u>
Operating expenses	\$ 1,538,891	\$ 1,450,970
Utilities expense (in-kind)	573,344	538,221
Pension expense (in-kind)	<u>196,930</u>	<u>181,052</u>
	<u>\$ 2,309,165</u>	<u>\$ 2,170,243</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2020

6. Appropriations from the City of New York (continued)

In addition, the City, from time to time, has made improvements to the existing facility on behalf of NYSCI. Title to such improvements remains with the City. For the years ended June 30, 2020 and 2019 expenditures by the City and capitalized by NYSCI were \$1,510,584 and \$920,557, respectively, and a total of \$88,599,990 as of June 30, 2020.

7. In-Kind Contributions

During the years ended June 30, in-kind contributions consisted of the following:

	<u>2020</u>	<u>2019</u>
From New York City		
Utilities expense	\$ 573,344	\$ 538,221
Pension expense	196,930	181,052
Consulting	264,661	263,000
Equipment	165,039	-
Media coverage	-	155,000
Other	789	4,025
	<u>\$ 1,200,763</u>	<u>\$ 1,141,298</u>

8. Long-term Debt

Paycheck Protection Program

On May 1, 2020, NYSCI received loan proceeds in the amount of \$2,514,275 under the Paycheck Protection Program ("PPP Loan"). The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. NYSCI believes it has used the entire PPP Loan amount for qualifying expenses. The unforgiven portion of the PPP Loan has an interest rate of 1%, with a deferral of payments for the first six months. If the PPP Loan is not forgiven, monthly principal and interest payments of \$140,762 begin in August 2021 through April 2022, with the remaining unpaid principal and interest due in full in May 2022.

New York Hall of Science

Notes to Financial Statements
June 30, 2020

8. Long-term Debt (continued)

Economic Injury Disaster Loan

On April 24, 2020, NYSCI received loan proceeds in the amount of \$509,900 from the Small Business Administration under the Economic Injury Disaster Loan Program. The loan has an interest rate of 2.75% per annum and requires monthly payments, including principal and interest of \$2,136, which will begin twelve months from the date of the promissory note. The balance of principal and interest will be payable thirty years from the date of the promissory note, in April 2050.

2021	\$	4,272
2022		25,632
2023		25,632
2024		25,632
2025		25,632
Thereafter		<u>403,100</u>
	\$	<u>509,900</u>

Capital Lease Obligation

During 2020, NYSCI entered into a capital lease agreement for the acquisition of CCTV equipment. The lease requires 60 monthly payments of principal. The capital lease has a cost of \$155,390 and a net book value of \$134,671 as of June 30, 2020.

Future minimum lease payments for the years ending June 30:

2021	\$	31,078
2022		31,078
2023		31,078
2024		31,078
2025		<u>10,359</u>
	\$	<u>134,671</u>

Line of Credit

NYSCI entered into a line of credit with a bank in the amount of \$500,000 on November 4, 2019. The interest rate on amounts borrowed against the line of credit is at the variable rate of the London Inter-bank Offered Rate ("LIBOR") plus 3.00%. This facility expired on November 5, 2020, and was renewed by the bank for an additional three months. As of June 30, 2020, no amounts were outstanding.

Long-term Debt at June 30, 2020 is comprised as follows:

Paycheck Protection Program	\$	2,514,275
Economic Injury Disaster Loan		509,900
Capital Lease Obligation		<u>134,671</u>
	\$	<u>3,158,846</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2020

9. Pension Plan

NYSCI contributes to the Cultural Institutions Retirement System (CIRS), a multiemployer defined benefit pension plan. Retirement benefits are based on a computation that incorporates the number of years of creditable service, the final average salary and the participant's primary social security benefits. The plan is funded by NYSCI and the City through contributions and accumulated interest. The accrued benefit (unit credit) method is used to determine contributions to the plan.

The risks of participating in a multiemployer plan are different from a single-employer plan in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If an employer chooses to stop participating in some or all of its multiemployer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

There have been no significant changes that affect the comparability of fiscal years 2020 and 2019 contributions. NYSCI's contributions to the plan do not represent more than 5% of the total contributions to this plan for the years ended June 30, 2020 and 2019. The Employer Identification Number of the plan is 11-2001170. The three-digit plan number is 001.

A new pension benefit tier was established for employees hired on or after October 1, 2016 (now referred to as "Tier II Members"), which includes the following changes: (1) Normal retirement age of 64 with 5 years of Employment Service; (2) Mandatory (after-tax) employee contributions equal to: 2% of base salary for those earning up to \$70,000, 2.5% for those earning \$70,000.01 and up to \$100,000, and 3% for those earning \$100,000.01 and up to the IRS maximum recognizable compensation limit; (3) Benefit multiplier of 1.4%; and (4) Elimination of the retroactive crediting of the first year of service. All other pension plan provisions, including Rule of 85, are preserved for Tier II Members.

All employees hired prior to October 1, 2016 (now referred to as "Tier I Members") will experience no change in their plan benefits or future accruals. The most recent Pension Protection Act (PPA) zone status is green as of July 1, 2019 and, as required by the PPA, is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded.

In addition, CIRS also provides a savings plan in which eligible employees are required to contribute a percentage of their annual salary. NYSCI match was suspended for the past two plan years. Contributions by NYSCI to the pension and savings plans for the year ended June 30, 2020 were \$769,502 and \$-0-, respectively, and \$774,959 and \$-0-, respectively, for the year ended June 30, 2019, of which \$196,930 and \$181,052 was paid by the City, as referenced in Note 6.

New York Hall of Science

Notes to Financial Statements
June 30, 2020

10. Concentration of Credit Risk

NYSCI's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, grants and contributions receivable and investments. NYSCI places its cash in what it believes to be quality financial institutions. At times cash balances held at financial institutions may be in excess of federally insured limits. Concentrations of credit risk with respect to grants and contributions receivable are generally diversified due to the large number of donors composing NYSCI's funding base. NYSCI performs ongoing collectability evaluations and writes off uncollectible amounts as they become known. The investment portfolio is managed by professional investment advisors and managers and is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of market risk.

During fiscal 2020 and 2019, non-government contributions and grants were received from one and five donors, which accounted for 23% and 43%, respectively, of total contribution and grant income. The amount included in grants and contributions receivable from three and four donors was approximately \$1,450,000 and \$2,900,000 as of June 30, 2020 and 2019, respectively.

11. Board Designated Net Assets

Board designated net assets without donor restrictions comprise (1) funds set aside by NYSCI's Board for endowments and (2) funds raised from NYSCI's FY2019 *Campaign for Tomorrow* which are set aside for specific programs and capital improvements.

In fiscal 2019, NYSCI launched a \$25 million campaign ("Campaign for Tomorrow") with the objective of transforming over 20,000 square feet of museum space, creating new exhibitions, reconceptualizing beloved classic exhibits, and commissioning new works from artists and scientists to fuel the laboratory for learning.

Board designated net assets consisted of the following at June 30:

	2020	2019
Nancy Salkin Fund	\$ 322,958	\$ 322,482
Alan J. Friedman Fund	703,728	703,172
Emmanuel R. Piore Fund	227,695	227,341
Excellence in Science in Education	301,852	301,391
Horace W. Goldsmith Foundation	110,519	110,348
Seth H. Dubin Fund for Science Career Access	432,326	431,683
Capital Reserve Fund	229,352	321,212
Board Designated for Endowments	2,328,430	2,417,629
Campaign for Tomorrow	497,735	934,204
	<u>\$ 2,826,165</u>	<u>\$ 3,351,833</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2020

12. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30 were as follows:

	2020	2019
Programs and projects	\$ 5,621,392	\$ 5,267,095
Campaign for NYSCI	-	143,007
Capital appropriations from the City of New York, net	2,051,409	1,161,854
Endowments	508,902	508,902
	\$ 8,181,703	\$ 7,080,858

Endowed Net Assets

The earnings on net assets held in perpetuity are reported as investment income in the financial statements and are classified as either with or without donor restrictions depending upon the donor's intentions. Net assets held in perpetuity as of June 30, 2020 and 2019 are as follows:

	Support	
Horace W. Goldsmith Foundation	Unrestricted	\$ 100,000
William Randolph H. Hearst Fund	Career Ladder	200,000
Seidenberg Endowment Fund	Career Ladder	110,427
Diane Pillerdorf Endowed Fund	Professional Development	63,475
Norman and Rosita Winston Foundation	Career Ladder	35,000
		\$ 508,902

Net Assets Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes for the following programs during the years ended June 30:

	2020	2019
Programs and projects	\$ 3,860,070	\$ 4,766,373
IT infrastructure	-	8,632
Campaign for NYSCI	143,006	542,024
	4,003,076	5,317,029
Capital expenditures	621,031	763,971
	\$ 4,624,107	\$ 6,081,000

New York Hall of Science

Notes to Financial Statements June 30, 2020

13. Endowments

NYSCI maintains various donor restricted funds whose purpose is to provide long-term support for its programs. In classifying such funds for financial statement purposes as either net assets held in perpetuity, with donor restrictions or without donor restrictions, the Board of Trustees looks to explicit directions of the donor where applicable and the provisions of the laws of the State of New York.

Performance is measured against a benchmark investment index reflecting the target asset allocation.

The following is a reconciliation of activity for the years ended June 30, 2020 and 2019 in the donor restricted funds:

	Board Designated Net Assets	Net Assets With Donor Restrictions	Endowed Net Assets	Total
Balance, June 30, 2019	\$ 3,351,833	\$ 390,310	\$ 508,902	\$ 4,251,045
Contributions and grants	166,981	-	-	166,981
Interest and dividends	39,711	13,442	-	53,153
Realized gains	69,606	19,837	-	89,443
Unrealized (losses) gains	(1,788)	294	-	(1,494)
Investment fees	(18,155)	(5,418)	-	(23,573)
Use of designated funds	(705,302)	-	-	(705,302)
Appropriation for expenditure	(76,721)	(29,661)	-	(106,382)
Balance, June 30, 2020	<u>\$ 2,826,165</u>	<u>\$ 388,804</u>	<u>\$ 508,902</u>	<u>\$ 3,723,871</u>

	Board Designated Net Assets	Net Assets With Donor Restrictions	Endowed Net Assets	Total
Balance, June 30, 2018	\$ 2,283,354	\$ 353,130	\$ 508,902	\$ 3,145,386
Contributions and grants	1,294,853	-	-	1,294,853
Interest and dividends	45,572	15,224	-	60,796
Realized gains	60,008	16,690	-	76,698
Unrealized gains	130,117	38,547	-	168,664
Investment fees	(17,673)	(5,230)	-	(22,903)
Use of designated funds	(360,649)	-	-	(360,649)
Appropriation for expenditure	(83,749)	(28,051)	-	(111,800)
Balance, June 30, 2019	<u>\$ 3,351,833</u>	<u>\$ 390,310</u>	<u>\$ 508,902</u>	<u>\$ 4,251,045</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2020

13. Endowments (continued)

Interpretation of Relevant Law

The Board of Trustees of NYSCI has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as requiring the preservation 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, NYSCI classifies as net assets held in perpetuity (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment fund and (c) earnings on the permanent endowment in accordance with donor intention.

The remaining portion of any donor-restricted endowment fund that is not classified as net assets held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Return Objective and Risk Parameters

NYSCI utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Investments are managed by fund managers under guidelines established by the Board of Trustees. Target allocation percentages are established for various asset classes and are modified over time. Performance is measured against a composite benchmark of investment indices reflecting the target asset allocation.

Endowment assets include those assets of donor-restricted funds that NYSCI must hold in perpetuity. Under this policy, as approved by NYSCI's Board of Trustees, the endowment assets are invested in a number of different asset classes and investment strategies to diversify the investments to provide a balance that will enhance the long-term total return of the overall investment portfolio while avoiding undue risk or concentration in any single asset class or investment category.

Spend Rate Policy

NYSCI will, in general, spend from the endowment an amount each year equal to 4% of the average of the market values of the endowment as of the end of each of the twelve calendar quarters in the three-year period ending on the day preceding the beginning of such year.

However, NYSCI is prohibited from invading the principal of any net assets held in perpetuity or from spending in a manner inconsistent with restrictions imposed on any net assets held in perpetuity. NYSCI will conform its spending to comply with these prohibitions as necessary.

New York Hall of Science

Notes to Financial Statements June 30, 2020

14. Liquidity

NYSCI's financial assets and resources available to meet cash needs for general use within one year were as follows as of June 30:

	2020	2019
Cash and cash equivalents	\$ 2,250,426	\$ 971,155
Grants and contributions receivable, net	3,943,597	4,430,578
Investments	8,648,603	6,451,569
Total Financial Assets	14,842,626	11,853,302
Less those unavailable for general expenditures within one year, due to:		
Board designated net assets	2,826,165	3,351,833
Donor restricted for:		
Programs and projects	5,621,392	5,267,095
Campaign for NYSCI	-	143,007
Endowments	508,902	508,902
	8,956,459	9,270,837
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 5,886,167	\$ 2,582,465

Cash flow is monitored regularly and investments are redeemed as needed in accordance with NYSCI's investment policy. As described in Note 13, NYSCI has a spending rate equal to 4% of the average of the market values of the endowments to also support operating expenditures. To help manage unanticipated liquidity needs, NYSCI has a committed line of credit in the amount of \$500,000, which it could draw upon. Although NYSCI's intention is not to spend any of its board designated endowment funds, the Board of Trustees can un-designate a portion of those funds or expressly authorize their use.

In fiscal 2019, NYSCI launched a comprehensive capital campaign with a goal of \$25 million over the five-year period from fiscal 2019 to fiscal 2023. The majority of the campaign funds (including the current year amount of \$497,735) will be used to expand NYSCI's ongoing programs and increase NYSCI's impact.

15. Risks and Uncertainties

During March 2020, NYSCI's building was temporarily closed to the public as a precautionary measure to limit opportunities for the spread of the COVID-19 virus. The closure had significant impact on the 2020 admissions, workshops, memberships, exhibit fees and auxiliary income, and may adversely affect NYSCI's financial position and operating results in 2021. If the outbreak continues and conditions worsen, NYSCI may experience a disruption in operations. The outbreak may continue to adversely affect NYSCI on an interim basis and the amount of the impact cannot be reasonably estimated at this time. NYSCI has, however, taken several steps to strengthen its financial position and to maintain financial liquidity and flexibility.

New York Hall of Science

Notes to Financial Statements
June 30, 2020

15. Risks and Uncertainties (*continued*)

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the results of operations, financial position, and cash flows in 2021 cannot be reasonably estimated at this time. The COVID-19 pandemic has also resulted in substantial volatility in the global financial markets. Because the value of the NYSCI's individual investments has and will fluctuate in response to changing market conditions, the amount of losses, if any, that may be recognized in subsequent periods, cannot be determined.

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New York Hall of Science

Supplementary Information

Year Ended June 30, 2020

New York Hall of Science

Schedule of Support and Revenue Without Donor Restrictions For the Year Ended June 30, 2020

	Government Support			Private Support and Revenue				Total
	New York City	Federal	New York State	Individuals	Foundations	Corporations	Earned Revenue	
Contributions and grants	\$ 399,642	\$ 4,909,297	\$ -	\$ 1,075,330	\$ 1,541,675	\$ 1,371,280	\$ -	\$ 9,297,224
In-kind contributions	770,274	-	-	-	-	430,489	-	1,200,763
Appropriations from the City of New York	1,538,891	-	-	-	-	-	-	1,538,891
Admissions, workshops, memberships and exhibit fees	-	-	-	-	-	-	2,856,877	2,856,877
Use of facilities and other income	-	-	-	-	-	-	663,651	663,651
Investment return	-	-	-	-	-	-	214,658	214,658
Auxiliary activities	-	-	-	-	-	-	306,086	306,086
Net assets released from restrictions	621,031	-	-	95,207	3,634,829	273,040	-	4,624,107
	<u>\$ 3,329,838</u>	<u>\$ 4,909,297</u>	<u>\$ -</u>	<u>\$ 1,170,537</u>	<u>\$ 5,176,504</u>	<u>\$ 2,074,809</u>	<u>\$ 4,041,272</u>	<u>\$ 20,702,257</u>

See independent auditors' report