

New York Hall of Science

Financial Statements

June 30, 2022

Independent Auditors' Report

Board of Trustees
New York Hall of Science

Opinion

We have audited the accompanying financial statements of New York Hall of Science ("NYSCI"), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses and cash flows for the year 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 NYSCI as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 NYSCI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 NYSCI's ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NYSCI'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 NYSCI'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.

Report on Summarized Comparative Information

We have previously audited New York Hall of Science's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 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 25 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

December 15, 2022

New York Hall of Science

Statement of Financial Position
June 30, 2022
(with comparative amounts at June 30, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 4,852,193	\$ 2,344,807
Grants and contributions receivable, net	7,283,673	4,481,125
Prepaid expenses and other assets	486,603	663,935
Investments	9,774,557	10,562,232
Property and equipment, net	<u>33,490,974</u>	<u>38,090,666</u>
	<u>\$ 55,888,000</u>	<u>\$ 56,142,765</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,553,358	\$ 1,300,909
Deferred revenue	199,994	187,706
Long-term debt	<u>2,587,712</u>	<u>5,135,537</u>
Total Liabilities	<u>4,341,064</u>	<u>6,624,152</u>
Net Assets		
Without donor restrictions	42,404,720	39,470,755
With donor restrictions	<u>9,142,216</u>	<u>10,047,858</u>
Total Net Assets	<u>51,546,936</u>	<u>49,518,613</u>
	<u>\$ 55,888,000</u>	<u>\$ 56,142,765</u>

See notes to financial statements

New York Hall of Science

Statement of Activities Year Ended June 30, 2022 (with summarized totals for the year ended June 30, 2021)

	Without Donor Restrictions			With Donor Restrictions	2022 Total	2021 Total
	Undesignated	Board Designated	Total			
OPERATING INCOME						
Contributions and grants	\$ 11,302,282	\$ 62,607	\$ 11,364,889	\$ 3,834,712	\$ 15,199,601	\$ 8,747,166
In-kind contributions	790,566	-	790,566	-	790,566	1,249,330
Appropriations from the City of New York	2,354,614	-	2,354,614	-	2,354,614	1,539,225
CARES Act revenue	689,075	-	689,075	-	689,075	1,241,596
Admissions, workshops, memberships, and exhibit fees	1,129,687	-	1,129,687	-	1,129,687	766,951
Use of facilities and other income	365,333	-	365,333	-	365,333	144,028
Investment return	(440,553)	-	(440,553)	49,854	(390,699)	1,004,867
Auxiliary activities	199,027	-	199,027	-	199,027	-
	<u>16,390,031</u>	<u>62,607</u>	<u>16,452,638</u>	<u>3,884,566</u>	<u>20,337,204</u>	<u>14,693,163</u>
Use of designated funds	196,358	(196,358)	-	-	-	-
Net assets released from restrictions	1,946,580	-	1,946,580	(1,946,580)	-	-
Total Operating Income	<u>18,532,969</u>	<u>(133,751)</u>	<u>18,399,218</u>	<u>1,937,986</u>	<u>20,337,204</u>	<u>14,693,163</u>
OPERATING EXPENSES						
Program Services						
Museum experiences	3,641,425	-	3,641,425	-	3,641,425	3,187,778
Education	3,175,717	-	3,175,717	-	3,175,717	2,624,098
Research and development	4,573,646	-	4,573,646	-	4,573,646	4,071,802
Youth development	1,236,097	-	1,236,097	-	1,236,097	1,092,340
Total Program Services	<u>12,626,885</u>	<u>-</u>	<u>12,626,885</u>	<u>-</u>	<u>12,626,885</u>	<u>10,976,018</u>
Supporting Services						
Management and general	2,036,239	-	2,036,239	-	2,036,239	1,832,886
Fundraising	943,427	-	943,427	-	943,427	1,259,818
Marketing and communications	35,450	-	35,450	-	35,450	90,763
Total Supporting Services	<u>3,015,116</u>	<u>-</u>	<u>3,015,116</u>	<u>-</u>	<u>3,015,116</u>	<u>3,183,467</u>
Total Operating Expenses	<u>15,642,001</u>	<u>-</u>	<u>15,642,001</u>	<u>-</u>	<u>15,642,001</u>	<u>14,159,485</u>
Excess (Deficiency) of Operating Income Over Operating Expenses	2,890,968	(133,751)	2,757,217	1,937,986	4,695,203	533,678
NON-OPERATING ACTIVITIES						
Investment return	-	(391,143)	(391,143)	(130,912)	(522,055)	758,891
Flood loss	(1,031,034)	-	(1,031,034)	-	(1,031,034)	-
Paycheck Protection Program loan forgiveness	2,564,376	-	2,564,376	-	2,564,376	-
Contributions for property and equipment - Appropriations from the City of New York	-	-	-	1,074,793	1,074,793	2,430,407
Net assets released from restrictions for capital expenditures	3,787,509	-	3,787,509	(3,787,509)	-	-
Use of designated funds for capital	12,900	(12,900)	-	-	-	-
Depreciation expense	(4,752,960)	-	(4,752,960)	-	(4,752,960)	(4,656,801)
Change in Net Assets	<u>3,471,759</u>	<u>(537,794)</u>	<u>2,933,965</u>	<u>(905,642)</u>	<u>2,028,323</u>	<u>(933,825)</u>
NET ASSETS						
Beginning of year	<u>36,269,596</u>	<u>3,201,159</u>	<u>39,470,755</u>	<u>10,047,858</u>	<u>49,518,613</u>	<u>50,452,438</u>
End of year	<u>\$ 39,741,355</u>	<u>\$ 2,663,365</u>	<u>\$ 42,404,720</u>	<u>\$ 9,142,216</u>	<u>\$ 51,546,936</u>	<u>\$ 49,518,613</u>

See notes to financial statements

New York Hall of Science

Statement of Functional Expenses Year Ended June 30, 2022 (with summarized totals for the year ended June 30, 2021)

	Program Services				Total
	Museum Experiences	Education	Research and Development	Youth Development	
PERSONNEL COSTS					
Salaries and wages	\$ 1,122,278	\$ 1,649,018	\$ 1,919,854	\$ 801,776	\$ 5,492,926
Fringe benefits	443,809	622,505	742,598	235,151	2,044,063
Total Personnel Costs	<u>1,566,087</u>	<u>2,271,523</u>	<u>2,662,452</u>	<u>1,036,927</u>	<u>7,536,989</u>
OTHER THAN PERSONNEL COSTS					
Professional and consulting services	153,581	207,525	470,712	93,639	925,457
Subcontractors	-	173,772	499,556	-	673,328
Supplies and materials	43,309	88,666	65,275	11,766	209,016
Telephone and information technology	68,350	88,690	87,691	25,298	270,029
Postage and shipping	6,378	891	1,623	261	9,153
Rental and maintenance, equipment, and exhibits	827,798	59,166	129,362	8,515	1,024,841
Printing and publications	5,085	13,949	16,365	2,461	37,860
Travel and entertainment	14,953	29,849	36,358	8,987	90,147
Meetings and conferences	25	47	7,552	366	7,990
Books, dues and subscriptions	6,669	10,059	5,649	4,378	26,755
Insurance	292,189	40,776	7,023	3,624	343,612
Advertising and public relations	13,088	29,652	4,145	12,341	59,226
Noncapitalized equipment	15,294	1,182	544,934	227	561,637
Participant support	-	25,977	231	-	26,208
Other operating expenses	78,729	44,063	17,437	17,092	157,321
Utilities (in-kind)	473,604	66,092	11,384	5,874	556,954
Depreciation - operating	76,286	23,838	5,897	4,341	110,362
Totals before Depreciation - non-operating	3,641,425	3,175,717	4,573,646	1,236,097	12,626,885
Depreciation - non-operating	3,847,750	543,905	192,258	51,517	4,635,430
Flood loss	124,416	194,303	602,978	22,237	943,934
Totals	<u>\$ 7,613,591</u>	<u>\$ 3,913,925</u>	<u>\$ 5,368,882</u>	<u>\$ 1,309,851</u>	<u>\$ 18,206,249</u>

See notes to financial statements

New York Hall of Science

Statement of Functional Expenses *(continued)* Year Ended June 30, 2022 (with summarized totals for the year ended June 30, 2021)

	Supporting Services			2022 Total	2021 Total
	Management and General	Fundraising	Marketing and Communications		
PERSONNEL COSTS					
Salaries and wages	\$ 1,215,368	\$ 313,552	\$ 10,696	\$ 7,032,542	\$ 6,925,193
Fringe benefits	428,333	147,141	9,086	2,628,623	2,748,783
Total Personnel Costs	1,643,701	460,693	19,782	9,661,165	9,673,976
OTHER THAN PERSONNEL COSTS					
Professional and consulting services	126,058	144,083	5,000	1,200,598	1,700,080
Subcontractors	-	-	-	673,328	457,295
Supplies and materials	10,940	8,370	65	228,391	246,106
Telephone and information technology	66,731	48,350	2,423	387,533	322,674
Postage and shipping	1,895	386	58	11,492	9,347
Rental and maintenance, equipment, and exhibits	7,845	233,909	1,249	1,267,844	362,565
Printing and publications	3,874	2,187	547	44,468	35,716
Travel and entertainment	9,746	6,134	4	106,031	7,640
Meetings and conferences	7,397	142	4	15,533	9,446
Books, dues and subscriptions	13,907	6,017	77	46,756	38,646
Insurance	5,235	2,416	805	352,068	260,959
Advertising and public relations	3,019	1,304	27	63,576	20,554
Noncapitalized equipment	1,092	1,120	50	563,899	48,560
Participant support	-	-	-	26,208	64,792
Other operating expenses	120,855	20,471	3,089	301,736	217,119
Utilities (in-kind)	8,485	3,916	1,305	570,660	558,780
Depreciation - operating	5,459	3,929	965	120,715	125,230
Totals before Depreciation - non-operating	2,036,239	943,427	35,450	15,642,001	14,159,485
Depreciation - non-operating	72,487	33,782	11,261	4,752,960	4,656,801
Flood loss	74,152	9,711	3,237	1,031,034	-
Totals	\$ 2,182,878	\$ 986,920	\$ 49,948	\$ 21,425,995	\$ 18,816,286

See notes to financial statements

New York Hall of Science

Statement of Cash Flows Year Ended June 30, 2022

(with comparative amounts for the year ended June 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,028,323	\$ (933,825)
Adjustments to reconcile change in net assets to net cash from operating activities		
Bad debt expense	68,329	8,328
Discount on grants and contributions receivable	185,980	(22,544)
Depreciation	4,873,675	4,782,031
Donated stock	(125,079)	(149,871)
Net realized and unrealized loss (gain) on investments	981,290	(1,692,719)
Appropriations from the City of New York - capital	(1,074,793)	(2,430,407)
PPP loan forgiveness	(2,564,376)	-
Loss on disposal of property and equipment	921,582	-
Change in operating assets and liabilities		
Grants and contributions receivable	(3,056,857)	(523,312)
Prepaid expenses and other assets	177,332	(400,815)
Accounts payable and accrued expenses	302,550	199,396
Deferred revenue	12,288	(14,168)
Net Cash from Operating Activities	2,730,244	(1,177,906)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(120,772)	(633,365)
Purchases of investments	(3,747,604)	(3,981,190)
Proceeds from sale of investments	3,679,068	3,910,151
Net Cash from Investing Activities	(189,308)	(704,404)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on capital lease obligation	(31,077)	(23,309)
Payment on loans	(2,473)	-
Proceeds from loans	-	2,000,000
Net Cash from Financing Activities	(33,550)	1,976,691
Net Change in Cash and Cash Equivalents	2,507,386	94,381
CASH AND CASH EQUIVALENTS		
Beginning of year	2,344,807	2,250,426
End of year	\$ 4,852,193	\$ 2,344,807
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 13,482	\$ 9,045
NON-CASH FINANCING ACTIVITY		
PPP loan forgiveness	2,564,376	-

See notes to financial statements

New York Hall of Science

Notes to Financial Statements
June 30, 2022

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, 2022

2. Summary of Significant Accounting Policies (continued)

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.

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.

Employee Retention Credit

During fiscal years 2022 and 2021, NYSCI recorded revenue related to the Employee Retention Tax Credit (ERTC) and other tax credits in the amount of \$689,075 and \$1,241,596. The ERTC, established as part Coronavirus Aid, Relief, and Economic Security ("CARES") Act, allows eligible employers to receive a payroll tax credit based on certain qualifications. The calculation of the credit varies based on the applicable calendar year and the amount of qualified wages paid during a qualifying period. NYSCI believes it has met the qualifications of the ERTC program and has filed the necessary forms to claim the ERTC. As of June 30, 2022 and 2021, \$601,131 and \$1,175,070 of the credit is reflected in grants and contributions receivable on the statement of financial position.

Flood Loss

During the year ended June 30, 2022, NYSCI was forced to temporarily close due to the effects of severe flooding caused by Hurricane Ida's impact on the northeast on September 1, 2021. The closure had significant impact on NYSCI's operations and damages sustained were estimated to be \$15 million. During the year ended June 30, 2022, NYSCI has undergone significant clean up and repair work, with full completion expected in 2023-2024. NYSCI received insurance proceeds and governmental funding of \$4,044,073 to compensate NYSCI for its property losses. As a result of the flood event, NYSCI wrote off the carrying amount of its property, plant and equipment in the amount of \$921,582 during the year ended June 30, 2022, which is included in flood loss on the statement of activities.

New York Hall of Science

Notes to Financial Statements

June 30, 2022

2. Summary of Significant Accounting Policies (continued)

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, 2022

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, 2022 and 2021.

Deferred Revenue

NYSCI receives fees for admissions, workshops and memberships. These fees are recognized as revenue as the related services are performed, fulfilling the performance obligations at a point in time. 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.

New York Hall of Science

Notes to Financial Statements

June 30, 2022

2. Summary of Significant Accounting Policies (continued)

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 (4) appropriations from the City of New York for property and equipment (5) Paycheck Protection Program ("PPP Loan") forgiveness and (6) flood loss related to the effects of Hurricane Ida. NYSCI considers contributions to the Campaign for Tomorrow to be Board designated (see Note 11), unless they are purpose or time restricted.

Exhibits

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

Advertising

NYSCI charges advertising costs to expense as incurred. Advertising expense was \$51,961 and \$6,670 for the years ended June 30, 2022 and 2021, respectively.

Summarized Information

The amounts shown for the year ended June 30, 2021 in the accompanying statements of activities and functional expenses are included to provide a basis for comparison with 2022 amounts and present summarized totals only which do not constitute a presentation in conformity with U.S. GAAP. Accordingly, the 2021 totals are not intended to present all information necessary for a complete presentation and should be read in conjunction with NYSCI's June 30, 2021 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 2019.

New York Hall of Science

Notes to Financial Statements
June 30, 2022

2. Summary of Significant Accounting Policies *(continued)*

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 December 15, 2022.

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 payments due in future years.

	<u>2022</u>	<u>2021</u>
Within one year	\$ 5,964,615	\$ 4,099,689
In one to five years	1,576,810	428,000
Allowance for doubtful accounts	(45,181)	(19,973)
Discount to present value	<u>(212,571)</u>	<u>(26,591)</u>
	<u>\$ 7,283,673</u>	<u>\$ 4,481,125</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2022

4. Investments

Investments at June 30 were as follows:

	2022	2021
Equities, based on Level 1 inputs for fair value		
Basic materials	\$ 209,919	\$ 388,220
Consumer non-cyclical	361,208	414,447
Consumer cyclical	601,551	687,478
Financial	66,924	608,776
Healthcare	441,295	825,643
Industrials	536,848	284,597
Technology	312,639	1,841,743
Utilities	1,600,489	43,968
Exchange traded products	123,936	-
Total Equities, based on Level 1 inputs for fair value	4,254,809	5,094,872
Corporate bonds, based on Level 2 inputs for fair value	2,718,363	2,820,990
Total Investments at Fair Value	6,973,172	7,915,862
Money market funds, at cost plus accrued interest	2,801,385	2,646,370
	\$ 9,774,557	\$ 10,562,232

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

	2022	2021
Interest and dividends	\$ 118,541	\$ 117,337
Investment fees	(50,005)	(46,298)
Net realized and unrealized (loss) gain on investments	(981,290)	1,692,719
	\$ (912,754)	\$ 1,763,758

New York Hall of Science

Notes to Financial Statements
June 30, 2022

5. Property and Equipment

Property and equipment at June 30 were as follows:

	2022	2021
Contribution value of the use of land, building and building improvements	\$ 91,030,397	\$ 87,242,888
Land improvements	1,520,253	4,181,682
Equipment	778,247	2,480,469
Furniture	75,120	93,910
Construction in progress	1,074,793	3,787,509
	94,478,810	97,786,458
Accumulated depreciation	(60,987,836)	(59,695,792)
	\$ 33,490,974	\$ 38,090,666

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 2022 and 2021, the City provided funding and/or services to NYSCI which supported the following expenses:

	2022	2021
Operating expenses	\$ 2,354,614	\$ 1,539,225
Utilities expense (in-kind)	570,660	558,780
Pension expense (in-kind)	142,685	138,270
	\$ 3,067,959	\$ 2,236,275

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, 2022 and 2021 expenditures by the City and capitalized by NYSCI were \$1,074,793 and \$2,430,407, respectively, and a total of \$92,105,189 as of June 30, 2022.

New York Hall of Science

Notes to Financial Statements
June 30, 2022

7. In-Kind Contributions

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

	<u>2022</u>	<u>2021</u>
From New York City		
Improvements	\$ 1,074,793	\$ 2,430,407
Utilities expense	570,660	558,780
Pension expense	142,685	138,270
Consulting	70,237	551,000
Other	6,984	1,280
	<u>\$ 1,865,359</u>	<u>\$ 3,679,737</u>

All in-kind contributions are valued based on usual and customary rates of the vendors or actual costs incurred by the donor. Improvements from New York City are restricted for capital improvements and will be released once placed into service. All other amounts are without donor restriction. NYSCI does not sell in-kind contributions. All in-kind contributions are to be used for programmatic activities.

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"). On May 27, 2021, NYSCI received loan proceeds in the amount of \$2,000,000 under the second round of the 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 loan and accrued interest is 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.

The first PPP loan and related accrued interest was forgiven in full by the Small Business Administration ("SBA") on May 5, 2022. The PPP forgiveness is recorded as non-operating revenue on the 2022 statement of activities. The second PPP loan is recorded as debt on the 2022 statement of financial position.

The SBA has stated it will review the needs certification on all loans over \$2,000,000. After the review, the SBA may determine that NYSCI did not meet the need criteria to apply for the PPP Loan. In such circumstance, NYSCI may be forced to return part or all of the PPP Loan proceeds plus pay the accrued and unpaid interest. NYSCI believes it was eligible to receive the PPP Loan proceeds.

New York Hall of Science

Notes to Financial Statements
June 30, 2022

8. Long-term Debt (continued)

Paycheck Protection Program (continued)

If the second PPP Loan is not forgiven, the required annual principal payments are scheduled to be paid as follows:

2023	\$	266,667
2024		400,000
2025		400,000
2026		400,000
2027		400,000
Thereafter		133,333
		<u>\$ 2,000,000</u>

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. Future minimum principal payments for the years ending June 30 are as follows:

2023	\$	12,101
2024		12,401
2025		12,713
2026		13,174
2027		13,538
Thereafter		443,501
		<u>\$ 507,428</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 asset has a cost of \$155,390 and a net book value of \$80,284 as of June 30, 2022. Future minimum lease payments for the years ending June 30:

2023	\$	31,078
2024		31,078
2025		18,128
		<u>\$ 80,284</u>

Long-term debt at June 30, 2022 is comprised as follows:

Paycheck Protection Program loan	\$ 2,000,000
Economic Injury Disaster Loan	507,428
Capital lease obligation	80,284
	<u>\$ 2,587,712</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2022

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 2022 and 2021 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, 2022 and 2021. The Employer Identification Number of the plan is 11-2001170. The three-digit plan number is 001. The collective bargaining agreement requiring contributions to the plan expired on June 30, 2020 and is currently being renegotiated.

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, 2021 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. Contributions by NYSCI to the pension and savings plans for the year ended June 30, 2022 were \$557,075 and \$-0-, respectively, and \$642,151 and \$-0-, respectively, for the year ended June 30, 2021, of which \$142,685 and \$138,270 was paid by the City, as referenced in Note 6.

New York Hall of Science

Notes to Financial Statements

June 30, 2022

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 2022 and 2021, non-government contributions and grants were received from one donor, which accounted for 18% and 23%, respectively, of total contribution and grant income. The amount included in grants and contributions receivable from four donors was approximately \$2,687,500 and \$850,000 as of June 30, 2022 and 2021, respectively.

11. Board Designated Net Assets

Board designated net assets 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:

	<u>2022</u>	<u>2021</u>
Nancy Salkin Fund	\$ 349,355	\$ 409,278
Alan J. Friedman Fund	757,663	885,994
Emmanuel R. Piore Fund	246,433	288,761
Excellence in Science in Education	326,639	382,719
Horace W. Goldsmith Foundation	119,611	140,154
Seth H. Dubin Fund for Science Career Access	467,703	547,945
Capital Reserve Fund	<u>64,100</u>	<u>80,695</u>
Board Designated for Endowments	2,331,504	2,735,546
Campaign for Tomorrow	<u>331,861</u>	<u>465,613</u>
	<u>\$ 2,663,365</u>	<u>\$ 3,201,159</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2022

12. Net Assets with Donor Restrictions

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

	2022	2021
Programs and projects	\$ 7,558,521	\$ 5,751,447
Capital appropriations from the City of New York, net	1,074,793	3,787,509
Endowments	508,902	508,902
	\$ 9,142,216	\$ 10,047,858

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, 2022 and 2021 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:

	2022	2021
Programs and projects	\$ 1,946,580	\$ 2,598,659
Capital expenditures	3,787,509	694,308
	\$ 5,734,089	\$ 3,292,967

New York Hall of Science

Notes to Financial Statements June 30, 2022

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, 2022 and 2021 in the donor restricted funds:

	Board Designated Net Assets	Net Assets With Donor Restrictions	Endowed Net Assets	Total
Balance, June 30, 2021	\$ 3,201,159	\$ 560,655	\$ 508,902	\$ 4,270,716
Contributions and grants	62,607	-	-	62,607
Interest and dividends	32,676	11,368	-	44,044
Realized gains	228,590	71,446	-	300,036
Unrealized losses	(547,881)	(175,225)	-	(723,106)
Investment fees	(17,640)	(5,673)	-	(23,313)
Use of designated funds	(209,258)	-	-	(209,258)
Appropriation for expenditure	(86,888)	(32,828)	-	(119,716)
Balance, June 30, 2022	<u>\$ 2,663,365</u>	<u>\$ 429,743</u>	<u>\$ 508,902</u>	<u>\$ 3,602,010</u>

	Board Designated Net Assets	Net Assets With Donor Restrictions	Endowed Net Assets	Total
Balance, June 30, 2020	\$ 2,826,165	\$ 388,804	\$ 508,902	\$ 3,723,871
Contributions and grants	60,115	-	-	60,115
Interest and dividends	35,004	11,986	-	46,990
Realized gains	303,641	91,861	-	395,502
Unrealized gains	344,825	103,814	-	448,639
Investment fees	(16,563)	(5,160)	-	(21,723)
Use of designated funds	(272,161)	-	-	(272,161)
Appropriation for expenditure	(79,867)	(30,650)	-	(110,517)
Balance, June 30, 2021	<u>\$ 3,201,159</u>	<u>\$ 560,655</u>	<u>\$ 508,902</u>	<u>\$ 4,270,716</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2022

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, 2022

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:

	2022	2021
Cash and cash equivalents	\$ 4,852,193	\$ 2,344,807
Grants and contributions receivable, net	7,283,673	4,481,125
Investments	9,774,557	10,562,232
Total Financial Assets	21,910,423	17,388,164
Less those unavailable for general expenditures within one year, due to:		
Board designated net assets	2,663,365	3,201,159
Donor restricted for:		
Programs and projects	7,558,521	5,751,447
Endowments	508,902	508,902
	10,730,788	9,461,508
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$11,179,635	\$ 7,926,656

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. 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 \$331,860) will be used to expand NYSCI's ongoing programs and increase NYSCI's impact.

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New York Hall of Science

Supplementary Information

Year Ended June 30, 2022

New York Hall of Science

Schedule of Support and Revenue Without Donor Restrictions
For the Year Ended June 30, 2022

	Government Support			Private Support and Revenue				Total
	New York City	Federal	New York State	Individuals	Foundations	Corporations	Earned Revenue	
Contributions and grants	\$ 750,779	\$ 3,094,892	\$ 534,420	\$ 1,108,645	\$ 4,312,879	\$ 1,563,274	\$ -	\$ 11,364,889
In-kind contributions	713,345	-	-	-	-	77,221	-	790,566
Appropriations from the City of New York	2,354,614	-	-	-	-	-	-	2,354,614
CARES Act Revenue	-	689,075	-	-	-	-	-	689,075
Admissions, workshops, memberships and exhibit fees	-	-	-	-	-	-	1,129,687	1,129,687
Use of facilities and other income	-	-	-	-	-	-	365,333	365,333
Investment return	-	-	-	-	-	-	(831,696)	(831,696)
Auxiliary activities	-	-	-	-	-	-	199,027	199,027
Paycheck Protection Program Loan Forgiveness	-	2,564,376	-	-	-	-	-	2,564,376
Net assets released from restrictions	3,787,509	-	-	37,862	1,593,583	315,135	-	5,734,089
	<u>\$ 7,606,247</u>	<u>\$ 6,348,343</u>	<u>\$ 534,420</u>	<u>\$ 1,146,507</u>	<u>\$ 5,906,462</u>	<u>\$ 1,955,630</u>	<u>\$ 862,351</u>	<u>\$ 24,359,960</u>

See independent auditors' report