

# **New York Hall of Science**

Financial Statements and  
Uniform Guidance Financial Report  
Together With Independent Auditors' Reports

June 30, 2018

# New York Hall of Science

## Financial Statements and Uniform Guidance Financial Report Together With Independent Auditors' Reports

June 30, 2018

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## **Independent Auditors' Report**

### **Board of Trustees New York Hall of Science**

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, 2018, and the related statements of activities 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2018, 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 NYSCI's June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 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 accompanying schedule of functional expenses on pages 19 and 20 and the schedule of total unrestricted support and revenue on page 21 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 22, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018 on our consideration of NYSCI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NYSCI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NYSCI's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

December 20, 2018

## New York Hall of Science

Statement of Financial Position  
June 30, 2018  
(with comparative amounts at June 30, 2017)

	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 736,061	\$ 2,324,561
Grants, contributions and pledges receivable, net	3,513,531	5,760,304
Prepaid expenses and other assets	675,095	954,756
Investments	4,774,503	4,380,082
Investments - board designated	2,283,354	2,173,676
Investments - restricted	508,902	508,902
Property and equipment, net	3,271,554	4,068,095
Contribution value of the use of land, building and building improvements, net	43,864,770	47,302,966
	\$ 59,627,770	\$ 67,473,342
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,387,013	\$ 1,329,712
Deferred revenue	200,473	215,990
Total Liabilities	1,587,486	1,545,702
Net Assets		
Unrestricted		
Undesignated	1,706,065	1,589,060
Board designated for special programs	2,283,354	2,173,676
Net investment in plant	883,882	910,229
Total Unrestricted	4,873,301	4,672,965
Temporarily restricted	52,658,081	60,745,773
Permanently restricted	508,902	508,902
Total Net Assets	58,040,284	65,927,640
	\$ 59,627,770	\$ 67,473,342

See notes to financial statements

## New York Hall of Science

### Statement of Activities Year Ended June 30, 2018 (with summarized totals for the year ended June 30, 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
<b>OPERATING INCOME</b>					
Contributions and grants	\$ 6,119,396	\$ 1,767,661	\$ -	\$ 7,887,057	\$ 13,278,508
In-kind contributions	1,021,596	-	-	1,021,596	1,188,752
Appropriations from the City of New York	1,451,621	827,400	-	2,279,021	2,479,689
Admissions, workshops, memberships, and exhibit fees	3,947,203	-	-	3,947,203	3,972,212
Use of facilities and other income	883,914	-	-	883,914	754,182
Investment return, net	245,468	29,851	-	275,319	318,411
Auxiliary activities	333,341	-	-	333,341	344,767
	<u>14,002,539</u>	<u>2,624,912</u>	<u>-</u>	<u>16,627,451</u>	<u>22,336,521</u>
Net assets released from restrictions	10,744,611	(10,744,611)	-	-	-
Total Operating Income	<u>24,747,150</u>	<u>(8,119,699)</u>	<u>-</u>	<u>16,627,451</u>	<u>22,336,521</u>
<b>OPERATING EXPENSES</b>					
Program Services					
Museum experiences	10,101,610	-	-	10,101,610	9,628,022
Education	3,500,853	-	-	3,500,853	3,655,613
Research and development	3,665,158	-	-	3,665,158	4,132,261
Youth development	2,350,389	-	-	2,350,389	2,115,468
Total Program Services	<u>19,618,010</u>	<u>-</u>	<u>-</u>	<u>19,618,010</u>	<u>19,531,364</u>
Supporting Services					
Management and general	2,152,548	-	-	2,152,548	2,049,840
Fundraising	2,580,067	-	-	2,580,067	2,714,141
Marketing and communications	313,930	-	-	313,930	548,918
Total Supporting Services	<u>5,046,545</u>	<u>-</u>	<u>-</u>	<u>5,046,545</u>	<u>5,312,899</u>
Total Operating Expenses	<u>24,664,555</u>	<u>-</u>	<u>-</u>	<u>24,664,555</u>	<u>24,844,263</u>
Excess (Deficiency) of Operating Income Over Operating Expenses	82,595	(8,119,699)	-	(8,037,104)	(2,507,742)
<b>NON-OPERATING INCOME</b>					
Investment return, net	117,741	32,007	-	149,748	231,550
Change in Net Assets	200,336	(8,087,692)	-	(7,887,356)	(2,276,192)
<b>NET ASSETS</b>					
Beginning of year	<u>4,672,965</u>	<u>60,745,773</u>	<u>508,902</u>	<u>65,927,640</u>	<u>68,203,832</u>
End of year	<u>\$ 4,873,301</u>	<u>\$ 52,658,081</u>	<u>\$ 508,902</u>	<u>\$ 58,040,284</u>	<u>\$ 65,927,640</u>

See notes to financial statements

## New York Hall of Science

### Statement of Cash Flows Year Ended June 30, 2018

(with comparative amounts for the year ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (7,887,356)	\$ (2,276,192)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	5,131,212	5,092,030
Donated stock	(93,359)	(47,987)
Net realized and unrealized gain on investments	(343,236)	(488,348)
Appropriations from the City of New York	(827,400)	(1,047,131)
Change in operating assets and liabilities		
Grants, contributions and pledges receivable	2,246,773	(1,153,121)
Prepaid expenses and other assets	279,661	(27,855)
Accounts payable and accrued expenses	57,301	(772,984)
Deferred revenue	<u>(15,517)</u>	<u>29,058</u>
Net Cash from Operating Activities	<u>(1,451,921)</u>	<u>(692,530)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(69,075)	(56,787)
Purchases of investments	(2,001,760)	(1,734,945)
Proceeds from sale of investments	<u>1,934,256</u>	<u>1,674,260</u>
Net Cash from Investing Activities	<u>(136,579)</u>	<u>(117,472)</u>
Net Change in Cash and Cash Equivalents	(1,588,500)	(810,002)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>2,324,561</u>	<u>3,134,563</u>
End of year	<u>\$ 736,061</u>	<u>\$ 2,324,561</u>

See notes to financial statements

## **New York Hall of Science**

Notes to Financial Statements  
June 30, 2018

### **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, 2018

### **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, Pledges and Appropriations***

Grants, contributions, pledges 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Plant assets are released from restriction as depreciation expense and recorded over the useful lives of the plant assets.

Grants, contributions, pledges 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 over business and economic conditions.

#### ***In-Kind Contributions***

In-kind contributions 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.

## **New York Hall of Science**

Notes to Financial Statements  
June 30, 2018

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

#### ***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 followed by NYSCI with respect to facilities owned by the City of New York.

#### ***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, 2018 and 2017.

#### ***Deferred Revenue***

NYSCI receives fees for admissions, memberships and programs. 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. Unrestricted amounts are those currently available at the discretion of NYSCI for use in its programs and operations. Temporarily restricted amounts are those which are subject to donor-imposed restrictions that will be met either by actions of NYSCI or the passage of time. Permanently restricted amounts are subject to donor-imposed restrictions requiring that they be maintained permanently by NYSCI.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (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, 2018

### **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 endowment net assets). The measure of operations excludes investment return earned on board designated and permanently restricted net assets and contributions to board designated funds.

#### ***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 \$102,252 and \$113,407 for the years ended June 30, 2018 and 2017, respectively.

#### ***Summarized Information***

The amounts shown for the year ended June 30, 2017 in the accompanying statement of activities are included to provide a basis for comparison with 2018 amounts and present summarized totals only which do not constitute a presentation in conformity with U.S. GAAP. Accordingly, the 2017 totals are not intended to present all information necessary for a complete presentation and should be read in conjunction with NYSCI's June 30, 2017 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 2015.

#### ***Functional Allocation of Expenses***

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### ***Reclassifications***

Certain amounts in the 2017 financial statements have been reclassified for comparative purposes to conform to the 2018 presentation.

## New York Hall of Science

Notes to Financial Statements  
June 30, 2018

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

#### 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 20, 2018.

### 3. Grants, Contributions and Pledges Receivable

Grants, contributions and pledges 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 3.75% for fiscal 2018 and 2.92% for fiscal 2017 and prior on payments due in future years.

	2018	2017
Within one year	\$ 2,057,026	\$ 3,599,034
In one to five years	1,520,000	2,210,000
Allowance for doubtful accounts	(62,075)	(41,390)
Discount to present value	(1,420)	(7,340)
	<u>\$ 3,513,531</u>	<u>\$ 5,760,304</u>

### 4. Investments

Investments at June 30 were as follows:

	2018	2017
Equities, Based on Level 1 Inputs for Fair Value		
Basic materials	\$ 189,652	\$ 220,373
Consumer non-cyclical	275,115	317,908
Consumer cyclical	245,009	263,536
Energy	216,361	171,273
Financial	425,452	454,806
Healthcare	592,385	535,664
Industrials	365,876	360,388
Technology	1,038,900	819,601
Utilities	55,188	109,557
Corporate bonds, based on Level 2 inputs for fair value	1,790,940	1,541,965
Total Investments at Fair Value	5,194,878	4,795,071
Money market funds, at cost plus accrued interest	2,371,881	2,267,589
	<u>\$ 7,566,759</u>	<u>\$ 7,062,660</u>

**New York Hall of Science**

Notes to Financial Statements  
June 30, 2018

**4. Investments (continued)**

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

	2018	2017
Interest and dividends	\$ 124,109	\$ 109,503
Investment fees	(42,278)	(47,890)
Net realized and unrealized gain on investments	343,236	488,348
	\$ 425,067	\$ 549,961

**5. Property and Equipment and Contribution Value of the Use of Land, Building and Building Improvements**

Property and equipment at June 30 were as follows:

	2018	2017
Land improvements	\$ 3,454,031	\$ 3,397,393
Equipment	4,034,975	4,022,538
Furniture	18,791	18,791
	7,507,797	7,438,722
Accumulated depreciation	(4,236,243)	(3,370,627)
	\$ 3,271,554	\$ 4,068,095

Contribution value of the use of land, building and building improvements consisted of the following at June 30:

	2018	2017
Contribution value of the use of land, building and building improvements (Note 6)	\$ 86,168,849	\$ 85,341,449
Accumulated depreciation	(42,304,079)	(38,038,483)
	\$ 43,864,770	\$ 47,302,966

At June 30, 2018, building and building improvements include \$980,270 of contributed property and equipment not yet in use.

## New York Hall of Science

Notes to Financial Statements  
June 30, 2018

### 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 2018 and 2017, the City provided funding and/or services to NYSCI which supported the following expenses:

	<u>2018</u>	<u>2017</u>
Operating expenses	\$ 1,451,621	\$ 1,432,558
Utilities expense (in-kind)	575,318	520,695
Pension expense (in-kind)	<u>175,571</u>	<u>171,414</u>
	<u>\$ 2,202,510</u>	<u>\$ 2,124,667</u>

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. NYSCI adopted the policy of capitalizing such expenditures and recorded such amounts as temporarily restricted contributions in accordance with City instructions. NYSCI amortizes these costs over a 20 year period. For the years ended June 30, 2018 and 2017 capitalized expenditures by the City were \$827,400 and \$1,047,131, respectively, and a total of \$86,168,849 as of June 30, 2018.

### 7. In-Kind Contributions

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

	<u>2018</u>	<u>2017</u>
From New York City		
Utilities expense	\$ 575,318	\$ 520,695
Pension expense	175,571	171,414
Other	<u>270,707</u>	<u>496,643</u>
	<u>\$ 1,021,596</u>	<u>\$ 1,188,752</u>

## New York Hall of Science

Notes to Financial Statements  
June 30, 2018

### 8. 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 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 2018 and 2017 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, 2018 and 2017. The Employer Identification Number of the plan is 11-2001170. The three digit plan number is 001. The expiration date of the collective bargaining agreement requiring contributions to the plan June 30, 2015. In September of 2016, the unions and management signed a five-year contract governing CIRS benefits for the period from July 1, 2015 to June 30, 2020. 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, 2017 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. Contributions by NYSCI to the pension plan for the years ended June 30, 2018 and 2017 were \$768,695 and \$731,429, respectively, of which \$175,571 and \$171,414, respectively, was paid by the City, as referenced in Note 6.

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.

## New York Hall of Science

Notes to Financial Statements  
June 30, 2018

### 9. Concentration of Credit Risk

NYSCI's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, grants, contributions and pledges 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, contributions and pledges 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 the 2017 fiscal year, significant non-government contributions were received from three donors, which accounted for 44% of total contribution income. The amount included in grants, contributions and pledges receivable from one of these donors was \$1,500,000 in addition to a total of \$1,000,000 due from two other donors as of June 30, 2017.

### 10. Board Designated Net Assets for Special Programs

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

	<u>2018</u>	<u>2017</u>
Nancy Salkin Fund	\$ 304,471	\$ 288,581
Alan J. Friedman Fund	665,353	632,445
Emmanuel R. Piore Fund	214,592	203,327
Excellence in Science in Education	284,511	269,604
Horace W. Goldsmith Foundation	104,161	98,695
Seth H. Dubin Fund for Science Career Access	407,555	386,259
Capital Reserve Fund	302,711	294,765
	<u>\$ 2,283,354</u>	<u>\$ 2,173,676</u>



## New York Hall of Science

Notes to Financial Statements  
June 30, 2018

### 11. Donor Restricted Net Assets

Temporarily restricted net assets were available for the following programs at June 30:

	<u>2018</u>	<u>2017</u>
Programs and projects	\$ 5,711,976	\$ 9,170,127
IT infrastructure	8,632	11,540
Campaign for NYSCI	685,030	1,103,273
Net investment in plant	2,387,674	3,157,867
Capital appropriations from the City of New York, net	<u>43,864,769</u>	<u>47,302,966</u>
Total Temporarily Restricted Net Assets	<u>\$ 52,658,081</u>	<u>\$ 60,745,773</u>

#### ***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:

	<u>2018</u>	<u>2017</u>
Programs and projects	\$ 5,287,671	\$ 4,229,687
IT infrastructure	2,908	25,895
Campaign for NYSCI	418,242	879,295
Net investment in plant	770,194	733,915
Expansion depreciation	<u>4,265,596</u>	<u>4,215,133</u>
	<u>\$ 10,744,611</u>	<u>\$ 10,083,925</u>

#### ***Campaign for NYSCI***

In 2011 NYSCI embarked on a \$50 million campaign to re-imagine science learning through strategies of engagement called Design-Make-Play.

Campaign funds contributed from dozens of foundations, corporations and individual philanthropists enabled NYSCI to restore the original 1964 Great Hall and launch groundbreaking new exhibitions and large-scale events that enable the museum to serve as a premier destination for children and families. Investment was also made in NYSCI's work beyond-the-walls of the museum, enabling the development of math and science applications that foster deep engagement, open-ended exploration, imaginative learning and delight.

Campaign support made it possible for NYSCI to partner with the formal education sector to foster teacher excellence and provided funds to expand NYSCI's signature Science Career Ladder program to include rich professional development offerings for aspiring youth in the community.

## New York Hall of Science

Notes to Financial Statements  
June 30, 2018

### 11. Donor Restricted Net Assets *(continued)*

#### *Campaign for NYSCI (continued)*

The campaign also enabled NYSCI to launch the Sara Lee Schupf Family Center for Play, Science and Technology (SciPlay), an applied research and development initiative designed to create new products that enhance how we engage and support young people in learning science.

#### *Permanently Restricted Net Assets*

The earnings on permanently restricted funds are reported as investment income in the financial statements and are classified as either unrestricted or temporarily restricted depending upon the donor's intentions. Permanently restricted net assets as of June 30, 2018 and 2017 are as follows:

	<u>Support</u>	
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	<u>35,000</u>
		<u>\$ 508,902</u>

There were no changes in permanently restricted net assets during fiscal 2018.

### 12. Endowment

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 permanently restricted, temporarily restricted or unrestricted net assets, 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.

## New York Hall of Science

### Notes to Financial Statements June 30, 2018

#### 12. Endowment (continued)

The following is a reconciliation of activity for the years ended June 30, 2018 and 2017 in the donor restricted funds:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2017	\$ 2,173,676	\$ 321,123	\$ 508,902	\$ 3,003,701
Interest and dividends	39,628	13,385	-	53,013
Realized gains	102,120	29,882	-	132,002
Unrealized gains	75,540	21,367	-	96,907
Investment fees	(17,967)	(5,466)	-	(23,433)
Appropriation for expenditure	(89,643)	(27,161)	-	(116,804)
Balance, June 30, 2018	<u>\$ 2,283,354</u>	<u>\$ 353,130</u>	<u>\$ 508,902</u>	<u>\$ 3,145,386</u>
	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2016	\$ 2,000,139	\$ 268,910	\$ 508,902	\$ 2,777,951
Interest and dividends	36,666	12,264	-	48,930
Realized gains	95,104	28,742	-	123,846
Unrealized gains	148,978	43,911	-	192,889
Investment fees	(21,773)	(6,712)	-	(28,485)
Appropriation for expenditure	(85,438)	(25,992)	-	(111,430)
Balance, June 30, 2017	<u>\$ 2,173,676</u>	<u>\$ 321,123</u>	<u>\$ 508,902</u>	<u>\$ 3,003,701</u>

#### ***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 permanently restricted net assets (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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

**New York Hall of Science**

Notes to Financial Statements  
June 30, 2018

**12. Endowment (continued)**

***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 permanently restricted funds or from spending in a manner inconsistent with restrictions imposed on any particular permanently restricted funds. NYSCI will conform its spending to comply with these prohibitions as necessary.

\* \* \* \* \*

# **New York Hall of Science**

Supplementary Information

June 30, 2018

## New York Hall of Science

Schedule of Functional Expenses  
Year Ended June 30, 2018  
(with summarized totals for the year ended June 30, 2017)

	Program Services				Total
	Museum Experiences	Education	Research and Development	Youth Development	
<b>PERSONNEL COSTS</b>					
Salaries and wages	\$ 2,727,517	\$ 1,590,303	\$ 1,602,425	\$ 1,525,237	\$ 7,445,482
Fringe benefits	1,051,144	558,290	541,532	422,463	2,573,429
Total Personnel Costs	3,778,661	2,148,593	2,143,957	1,947,700	10,018,911
<b>OTHER THAN PERSONNEL COSTS</b>					
Professional and consulting services	201,356	268,608	223,940	120,706	814,610
Supplies and materials	233,748	169,394	58,615	48,845	510,602
Telephone	17,887	8,009	5,411	5,615	36,922
Postage and shipping	12,572	1,071	750	370	14,763
Information technology	63,805	67,929	175,649	4,502	311,885
Rental and maintenance, equipment, and exhibits	592,011	18,236	6,415	8,391	625,053
Printing and publications	64,718	8,407	8,543	3,630	85,298
Travel and entertainment	15,858	37,517	99,631	18,618	171,624
Meetings and conferences	2,929	5,547	16,252	4,185	28,913
Books, dues, and subscriptions	2,423	1,283	5,416	643	9,765
Insurance	173,839	20,810	3,792	2,193	200,634
Advertising and public relations	45,240	30,172	2,919	24,337	102,668
Noncapitalized equipment	23,282	24,467	22,258	11,412	81,419
Subcontractors	-	87,500	315,149	10,000	412,649
Participant costs	-	16,530	3,644	33,578	53,752
Other operating expenses	338,714	25,783	14,644	15,730	394,871
Depreciation	3,827,072	502,689	547,549	83,502	4,960,812
Utilities (in-kind)	487,076	58,308	10,624	6,144	562,152
Contributions-in-kind (exclusive of pension and utilities)	220,419	-	-	288	220,707
Total	<u>\$ 10,101,610</u>	<u>\$ 3,500,853</u>	<u>\$ 3,665,158</u>	<u>\$ 2,350,389</u>	<u>\$ 19,618,010</u>

See independent auditors' report

## New York Hall of Science

Schedule of Functional Expenses  
(continued)  
Year Ended June 30, 2018  
(with summarized totals for the year ended June 30, 2017)

	Supporting Services			2018 Total	2017 Total
	Management and General	Fundraising	Marketing and Communications		
<b>PERSONNEL COSTS</b>					
Salaries and wages	\$ 1,157,243	\$ 1,248,966	\$ 166,203	\$ 10,017,894	\$ 9,913,949
Fringe benefits	470,912	476,061	58,447	3,578,849	3,526,290
Total Personnel Costs	1,628,155	1,725,027	224,650	13,596,743	13,440,239
<b>OTHER THAN PERSONNEL COSTS</b>					
Professional and consulting services	180,799	85,980	126	1,081,515	1,209,357
Supplies and materials	27,483	69,033	889	608,007	586,613
Telephone	9,183	6,394	1,604	54,103	55,201
Postage and shipping	499	3,298	128	18,688	37,728
Information technology	65,193	37,231	41,344	455,653	600,348
Rental and maintenance, equipment, and exhibits	2,033	265,596	9,728	902,410	820,157
Printing and publications	5,649	16,845	965	108,757	132,038
Travel and entertainment	29,638	9,216	110	210,588	183,864
Meetings and conferences	7,673	3,732	9	40,327	33,608
Books, dues, and subscriptions	8,071	18,176	257	36,269	47,052
Insurance	2,349	1,723	627	205,333	236,909
Advertising and public relations	351	2,604	1,429	107,052	130,347
Noncapitalized equipment	2,231	11,579	1,650	96,879	66,863
Subcontractors	-	-	-	412,649	550,658
Participant costs	-	-	-	53,752	94,769
Other operating expenses	45,853	252,826	5,043	698,593	509,144
Depreciation	80,804	65,980	23,616	5,131,212	5,092,030
Utilities (in-kind)	6,584	4,827	1,755	575,318	520,695
Contributions-in-kind (exclusive of pension, utilities and donated assets )	-	-	-	-	-
	50,000	-	-	270,707	496,643
Total	\$ 2,152,548	\$ 2,580,067	\$ 313,930	\$ 24,664,555	\$ 24,844,263

See independent auditors' report

## New York Hall of Science

### Schedule of Total Unrestricted Support and Revenue For the Year Ended June 30, 2018

	Government Support			Private Support and Revenue				Total
	New York City	Federal	New York State	Individuals	Foundations	Corporations	Earned Revenue	
Contributions and grants	\$ 329,396	\$ 2,777,031	\$ 62,477	\$ 807,843	\$ 588,190	\$ 1,554,459	\$ -	\$ 6,119,396
Appropriations from the City of New York	1,451,621	-	-	-	-	-	-	1,451,621
Admissions, workshops, memberships and exhibit fees	-	-	-	-	-	-	3,947,203	3,947,203
Use of facilities and other income	-	-	-	-	-	-	883,914	883,914
Investment return	-	-	-	-	-	-	363,209	363,209
Auxiliary activities	-	-	-	-	-	-	333,341	333,341
Contributions-in-kind	750,889	-	-	-	-	270,707	-	1,021,596
Net assets released from restrictions	4,265,597	-	-	442,448	5,600,295	436,271	-	10,744,611
	<u>\$ 6,797,503</u>	<u>\$ 2,777,031</u>	<u>\$ 62,477</u>	<u>\$ 1,250,291</u>	<u>\$ 6,188,485</u>	<u>\$ 2,261,437</u>	<u>\$ 5,527,667</u>	<u>\$ 24,864,891</u>

See independent auditors' report



# **New York Hall of Science**

Uniform Guidance Reports and Schedules

June 30, 2018

# New York Hall of Science

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through/ Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>National Science Foundation Direct Programs</b>				
Education and Human Resources				
Innovation Institute	47.076		\$ -	\$ 168,619
Integrating Computational Thinking and Environmental Science: Design Based Research on Using Simulated Ecosystems to Improve Student understanding of Complex System Behavior	47.076		192,118	258,021
Data Modeling with Young Learners and Their Families	47.076		-	396,675
EAGER: Maker: Engaging Parents as Makers to Build Capacity for Community-Based Making	47.076		-	202,467
Understanding How Narrative Elements Can Shape Girls' Engagement in Museum-Based Engineering Design Tasks	47.076		42,243	309,663
Computer and Information Science and Engineering				
CAP: Innovating Data-driven Methodologies for Documenting and Studying Informal Learning	47.070		-	5,552
BD Spokes: Planning: Northeast: Big Data Literacy: Building Capacity for Regional Collaboration in Closing the Big Data Divide	47.070		-	24,298
EXP: Collaborative Research: Extracting Salient Scenarios from Interaction Logs (ESSIL)	47.070		-	44,864
Engineering Grants				
Sustaining the Engagement of Highly Diverse Communities of High School Students in an Out-of-School Engineering Residency Program: An Exploratory, Capacity-Building Study	47.041		-	39,761
Social, Behavioral, and Economic Sciences				
NSF INCLUDES: A Networked Improvement Community for Broadening the Participation of Black and Latino Youth in Computational Careers	47.075		<u>37,835</u>	<u>129,188</u>
Total National Science Foundation Direct Programs			<u>272,196</u>	<u>1,579,108</u>
<b>National Science Foundation Pass-Through Programs</b>				
Education and Human Resources				
Franklin Institute - Climate Change Education Partnership (CCEP)	47.076	DUE-1239782	-	21,049
Research Foundation of CUNY: Hunter College - MASTER	47.076	DRL-1238157	-	162,925
Museum of Science, Boston - Multi-Site Public Engagement in Science SynBio Project	47.076	DRL-1421179	-	6,247
Education Development Center - IDEAS: Inventing, Designing, and Engineering on the Autism Spectrum	47.076	DRL-1614436	-	78,070
Pepperdine University - Research on an International Network for STEM Media Making and Student-Led Participatory Teaching	47.076	DRL-161284	-	132,930
Computer and Information Science and Engineering				
Columbia University - BD Hubs: NORTHEAST: The Northeast Big Data Innovation Hub	47.070	IIS-1550284	-	14,473
Total National Science Foundation Pass -Through Programs			-	415,694
Total National Science Foundation			<u>272,196</u>	<u>1,994,802</u>
<b>U.S. Department of Health and Human Services, National Institutes of Health Direct Programs</b>				
Research Infrastructure Programs				
Transmission: Astonishing Tales of Human-Animal Diseases	93.351		683	248,288
Total U.S. Department of Health and Human Services, National Institutes of Health			<u>683</u>	<u>248,288</u>
<b>Institute of Museum and Library Services Direct Programs</b>				
National Leadership Grants - Museums				
Museum Design Collaborative: A National Network of Museums Supporting Learning in their Communities	45.312		42,270	95,461
Maker/STEM Education Support for 21st Century Community Learning Centers	45.312		-	320,830
Total Institute of Museum and Library Services Direct Programs			<u>42,270</u>	<u>416,291</u>
<b>Institute of Museum and Library Services Pass-Through Programs</b>				
National Leadership Grants - Museums				
Museum of Science, Boston - Collaboration for Ongoing Visitor Experience Studies	45.312	MG-20-14-0060-14	-	6,938
Total Institute of Museum and Library Services Pass-Through Programs			-	6,938
Total Institute of Museum and Library Services			<u>42,270</u>	<u>423,229</u>
<b>National Endowment for the Humanities</b>				
Promotion of the Arts Grants to Organizations and Individuals				
Afterschool Program at Maker Space	45.024		-	25,000
Total National Endowment for the Arts			-	25,000
<b>Total Expenditures of Federal Awards</b>			<b>\$ 315,149</b>	<b>\$ 2,691,319</b>

See independent auditors' report and notes to schedule of expenditures of federal awards

## **New York Hall of Science**

### Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2018

#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of New York Hall of Science ("NYSCI") under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of NYSCI, it is not intended to and does not represent the financial position, changes in net assets, or cash flows of NYSCI.

#### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditure are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

#### **3. Indirect Cost Rate**

NYSCI has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed  
in Accordance With *Government Auditing Standards***

**Independent Auditors' Report**

**Board of Trustees  
New York Hall of Science**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New York Hall of Science ("NYSCI"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered NYSCI's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NYSCI's internal control. Accordingly, we do not express an opinion on the effectiveness of NYSCI's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether NYSCI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

December 20, 2018

**Report on Compliance for Each Major Federal Program and Report on Internal Control  
Over Compliance Required by the Uniform Guidance**

**Independent Auditors' Report**

**Board of Trustees  
New York Hall of Science**

**Report on Compliance for Each Major Federal Program**

We have audited New York Hall of Science's ("NYSCI") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of NYSCI's major federal programs for the year ended June 30, 2018. NYSCI's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of NYSCI's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NYSCI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of NYSCI's compliance.

***Opinion on Each Major Federal Program***

In our opinion, NYSCI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**Report on Internal Control Over Compliance**

Management of NYSCI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered NYSCI's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NYSCI's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

December 20, 2018

**New York Hall of Science**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?            \_\_\_ yes             X  no
- Significant deficiency(ies) identified?        \_\_\_ yes             X  none reported

Noncompliance material to financial statements noted?        \_\_\_ yes             X  no

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified?            \_\_\_ yes             X  no
- Significant deficiency(ies) identified?        \_\_\_ yes             X  none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        \_\_\_ yes             X  no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
47.076	Education and Human Resources
45.312	National Leadership Grants

Dollar threshold used to distinguish between Type A and Type B programs:            \$750,000

Auditee qualified as low-risk auditee?             X  yes            \_\_\_ no

**Section II – Financial Statement Findings**

During our audit, we noted no material findings for the year ended June 30, 2018.

**Section III – Federal Award Findings and Questioned Costs**

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

**Section IV - Financial Statement Findings**

There were no audit findings in the prior year.