

# **New York Hall of Science**

Financial Statements

June 30, 2019

## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of New York Hall of Science, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York Hall of Science as of June 30, 2019, 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.

***Change in Accounting Principle***

As discussed in Note 2 to the financial statements, during the year ended June 30, 2019, New York Hall of Science adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

***Report on Summarized Comparative Information***

We have previously audited New York Hall of Science's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*PKF O'Connor Davies, LLP*

January 22, 2020

## New York Hall of Science

Statement of Financial Position  
June 30, 2019  
(with comparative amounts at June 30, 2018)

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 971,155	\$ 736,061
Grants, contributions and pledges receivable, net	4,430,578	3,513,531
Prepaid expenses and other assets	561,516	675,095
Investments	6,451,569	7,566,759
Property and equipment, net	<u>43,023,897</u>	<u>47,136,324</u>
	<u>\$ 55,438,715</u>	<u>\$ 59,627,770</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,365,970	\$ 1,387,013
Deferred revenue	<u>268,360</u>	<u>200,473</u>
Total Liabilities	<u>1,634,330</u>	<u>1,587,486</u>
Net Assets		
Without donor restrictions	46,723,527	50,145,474
With donor restrictions	<u>7,080,858</u>	<u>7,894,810</u>
Total Net Assets	<u>53,804,385</u>	<u>58,040,284</u>
	<u>\$ 55,438,715</u>	<u>\$ 59,627,770</u>

See notes to financial statements

## New York Hall of Science

### Statement of Activities Year Ended June 30, 2019 (with summarized totals for the year ended June 30, 2018)

	Without Donor Restrictions			With Donor Restrictions	2019 Total	2018 Total
	Undesignated	Board Designated	Total			
<b>OPERATING INCOME</b>						
Contributions and grants	\$ 6,117,030	\$ 1,294,853	\$ 7,411,883	\$ 4,265,105	\$ 11,676,988	\$ 7,887,057
In-kind contributions	1,141,298	-	1,141,298	-	1,141,298	1,021,596
Appropriations from the City of New York	1,450,970	-	1,450,970	-	1,450,970	1,451,621
Admissions, workshops, memberships, and exhibit fees	3,961,437	-	3,961,437	-	3,961,437	3,947,203
Use of facilities and other income	735,906	-	735,906	-	735,906	883,914
Investment return	332,778	-	332,778	44,205	376,983	275,319
Auxiliary activities	346,885	-	346,885	-	346,885	333,341
	<u>14,086,304</u>	<u>1,294,853</u>	<u>15,381,157</u>	<u>4,309,310</u>	<u>19,690,467</u>	<u>15,800,051</u>
Use of designated funds	285,529	(285,529)	-	-	-	-
Net assets released from restrictions	5,317,029	-	5,317,029	(5,317,029)	-	-
Total Operating Income	<u>19,688,862</u>	<u>1,009,324</u>	<u>20,698,186</u>	<u>(1,007,719)</u>	<u>19,690,467</u>	<u>15,800,051</u>
<b>OPERATING EXPENSES</b>						
Program Services						
Museum experiences	6,522,529	-	6,522,529	-	6,522,529	6,360,565
Education	2,631,410	-	2,631,410	-	2,631,410	3,002,079
Research and development	4,002,934	-	4,002,934	-	4,002,934	3,812,326
Youth development	2,401,105	-	2,401,105	-	2,401,105	2,267,178
Total Program Services	<u>15,557,978</u>	<u>-</u>	<u>15,557,978</u>	<u>-</u>	<u>15,557,978</u>	<u>15,442,148</u>
Supporting Services						
Management and general	2,623,830	-	2,623,830	-	2,623,830	2,072,048
Fundraising	1,486,320	-	1,486,320	-	1,486,320	1,824,171
Marketing and communications	261,061	-	261,061	-	261,061	290,398
Total Supporting Services	<u>4,371,211</u>	<u>-</u>	<u>4,371,211</u>	<u>-</u>	<u>4,371,211</u>	<u>4,186,617</u>
Total Operating Expenses	<u>19,929,189</u>	<u>-</u>	<u>19,929,189</u>	<u>-</u>	<u>19,929,189</u>	<u>19,628,765</u>
Excess (Deficiency) of Operating Income Over Operating Expenses	(240,327)	1,009,324	768,997	(1,007,719)	(238,722)	(3,828,714)
<b>NON-OPERATING ACTIVITIES</b>						
Investment return	-	134,275	134,275	37,181	171,456	149,747
Contributions for property and equipment - Appropriations from the City of New York	-	-	-	920,557	920,557	827,400
Net assets released from restrictions for capital expenditures	763,971	-	763,971	(763,971)	-	-
Use of designated funds for capital	75,120	(75,120)	-	-	-	-
Depreciation expense	(5,089,190)	-	(5,089,190)	-	(5,089,190)	(5,035,789)
Change in Net Assets	<u>(4,490,426)</u>	<u>1,068,479</u>	<u>(3,421,947)</u>	<u>(813,952)</u>	<u>(4,235,899)</u>	<u>(7,887,356)</u>
<b>NET ASSETS</b>						
Beginning of year	<u>47,862,120</u>	<u>2,283,354</u>	<u>50,145,474</u>	<u>7,894,810</u>	<u>58,040,284</u>	<u>65,927,640</u>
End of year	<u>\$ 43,371,694</u>	<u>\$ 3,351,833</u>	<u>\$ 46,723,527</u>	<u>\$ 7,080,858</u>	<u>\$ 53,804,385</u>	<u>\$ 58,040,284</u>

See notes to financial statements

## New York Hall of Science

### Statement of Functional Expenses Year Ended June 30, 2019 (with summarized totals for the year ended June 30, 2018)

	Program Services				Total
	Museum Experiences	Education	Research and Development	Youth Development	
<b>PERSONNEL COSTS</b>					
Salaries and wages	\$ 3,034,648	\$ 1,522,943	\$ 2,193,053	\$ 1,599,872	\$ 8,350,516
Fringe benefits	1,171,908	545,230	767,415	461,513	2,946,066
Total Personnel Costs	4,206,556	2,068,173	2,960,468	2,061,385	11,296,582
<b>OTHER THAN PERSONNEL COSTS</b>					
Professional and consulting services	249,130	83,626	292,459	112,116	737,331
Supplies and materials	204,635	156,126	35,248	39,980	435,989
Telephone	18,479	8,563	7,447	6,158	40,647
Postage and shipping	31,819	2,149	1,263	759	35,990
Information technology	100,363	35,474	314,111	15,011	464,959
Rental and maintenance, equipment, and exhibits	497,971	24,491	4,240	7,843	534,545
Printing and publications	47,134	7,146	11,718	4,391	70,389
Travel and entertainment	9,888	22,627	74,323	8,778	115,616
Meetings and conferences	2,409	1,683	17,770	3,970	25,832
Books, dues and subscriptions	12,811	1,320	7,707	1,265	23,103
Insurance	177,217	21,308	4,440	2,338	205,303
Advertising and public relations	120,619	66,211	371	67,236	254,437
Noncapitalized equipment	50,208	11,173	8,963	2,208	72,552
Subcontractors	-	-	172,905	10,000	182,905
Participant support	-	19,150	45,840	25,855	90,845
Other operating expenses	251,456	40,452	28,692	25,525	346,125
Utilities (in-kind)	454,775	54,791	11,418	6,013	526,997
Depreciation - operating	87,059	6,947	3,551	274	97,831
Totals before Depreciation - non-operating	6,522,529	2,631,410	4,002,934	2,401,105	15,557,978
Depreciation - non-operating	3,771,389	503,766	574,315	86,768	4,936,238
 Totals	 \$ 10,293,918	 \$ 3,135,176	 \$ 4,577,249	 \$ 2,487,873	 \$ 20,494,216

See notes to financial statements

## New York Hall of Science

Statement of Functional Expenses  
(continued)  
Year Ended June 30, 2019  
(with summarized totals for the year ended June 30, 2018)

	Supporting Services			2019 Total	2018 Total
	Management and General	Fundraising	Marketing and Communications		
<b>PERSONNEL COSTS</b>					
Salaries and wages	\$ 1,308,182	\$ 520,785	\$ 138,136	\$ 10,317,619	\$ 10,017,894
Fringe benefits	489,970	211,155	50,341	3,697,532	3,578,849
Total Personnel Costs	1,798,152	731,940	188,477	14,015,151	13,596,743
<b>OTHER THAN PERSONNEL COSTS</b>					
Professional and consulting services	300,818	304,834	-	1,342,983	1,351,515
Supplies and materials	17,184	23,130	2,037	478,340	608,714
Telephone	10,304	4,538	1,602	57,091	54,103
Postage and shipping	900	1,772	206	38,868	18,688
Information technology	106,760	41,128	22,990	635,837	455,653
Rental and maintenance, equipment, and exhibits	13,649	293,670	18,082	859,946	902,410
Printing and publications	9,686	21,211	821	102,107	108,757
Travel and entertainment	31,511	5,390	77	152,594	210,588
Meetings and conferences	10,366	5,005	37	41,240	40,327
Books, dues and subscriptions	22,364	9,722	16,320	71,509	36,269
Insurance	2,494	1,247	624	209,668	205,333
Advertising and public relations	819	2,675	164	258,095	107,052
Noncapitalized equipment	1,082	757	1,405	75,796	96,879
Subcontractors	-	-	-	182,905	412,649
Participant support	-	25	-	90,870	53,752
Other operating expenses	291,035	34,888	6,543	678,591	698,592
Utilities (in-kind)	6,414	3,207	1,603	538,221	575,318
Depreciation - operating	292	1,181	73	99,377	95,423
Totals before Depreciation - non-operating	2,623,830	1,486,320	261,061	19,929,189	19,628,765
Depreciation - non-operating	84,213	45,826	22,913	5,089,190	5,035,789
 Totals	 <u>\$ 2,708,043</u>	 <u>\$ 1,532,146</u>	 <u>\$ 283,974</u>	 <u>\$ 25,018,379</u>	 <u>\$ 24,664,554</u>

See notes to financial statements

## New York Hall of Science

### Statement of Cash Flows Year Ended June 30, 2019

(with comparative amounts for the year ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (4,235,899)	\$ (7,887,356)
Adjustments to reconcile change in net assets to net cash from operating activities		
Bad debt expense	196,398	130,835
Depreciation	5,188,567	5,131,212
Donated stock	(140,843)	(93,359)
Net realized and unrealized gain on investments	(453,369)	(343,236)
Appropriations from the City of New York	(920,557)	(827,400)
Change in operating assets and liabilities		
Grants, contributions and pledges receivable	(1,113,445)	2,115,938
Prepaid expenses and other assets	113,579	279,661
Accounts payable and accrued expenses	(21,043)	57,301
Deferred revenue	67,887	(15,517)
Net Cash from Operating Activities	<u>(1,318,725)</u>	<u>(1,451,921)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(155,583)	(69,075)
Purchases of investments	(2,547,198)	(2,001,760)
Proceeds from sale of investments	4,256,600	1,934,256
Net Cash from Investing Activities	<u>1,553,819</u>	<u>(136,579)</u>
Net Change in Cash and Cash Equivalents	235,094	(1,588,500)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>736,061</u>	<u>2,324,561</u>
End of year	<u>\$ 971,155</u>	<u>\$ 736,061</u>

See notes to financial statements

## **New York Hall of Science**

Notes to Financial Statements  
June 30, 2019

### **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, 2019

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

#### ***Change in Accounting Principle***

On July 1, 2018, NYSCI adopted new guidance regarding the *Presentation of Financial Statements for Not-for-Profit Entities* ("ASU 2016-14"). This guidance requires NYSCI to collapse the three-category (unrestricted, temporarily restricted and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance required NYSCI to make certain expanded disclosures relating to (1) the liquidity of financial assets and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard prior year amounts for temporarily and permanently restricted net assets were combined and are now presented as net assets with donor restrictions, and unrestricted net assets are now presented as net assets without donor restrictions.

The changes have the following effect on net assets at June 30, 2018:

Net Asset Classifications	ASU 2016-14 Classifications			Total Net Assets
	Without Donor Restrictions	With Donor Restrictions		
	Time or Purpose	Restricted	Endowments	
<i>As previously presented:</i>				
Unrestricted net assets	\$ 4,873,301	\$ -	\$ -	\$ 4,873,301
Temporarily restricted net assets	-	52,658,081	-	52,658,081
Permanently restricted net assets	-	-	508,902	508,902
	4,873,301	52,658,081	508,902	58,040,284
 Reclassification of temporarily restricted net assets to unrestricted net assets for the effect of ASU 2016-14				
Net investment in plant	2,387,673	(2,387,673)	-	-
Capital appropriations from the City of New York, net	42,884,500	(42,884,500)	-	-
	\$ 50,145,474	\$ 7,385,908	\$ 508,902	\$ 58,040,284

#### ***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.

## **New York Hall of Science**

Notes to Financial Statements

June 30, 2019

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

#### ***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, 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, 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 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.

## **New York Hall of Science**

Notes to Financial Statements  
June 30, 2019

### **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, 2019 and 2018.

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

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

#### ***Net Asset Presentation***

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

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

## **New York Hall of Science**

Notes to Financial Statements  
June 30, 2019

### **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) contributions to board designated funds and (4) appropriations from the City of New York for property and equipment. NYSCI considers contributions to the Campaign for Tomorrow (see Note 10), unless they are purpose or time restricted, to be board designated.

#### ***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 \$249,216 and \$102,252 for the years ended June 30, 2019 and 2018, respectively.

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

The amounts shown for the year ended June 30, 2018 in the accompanying statements of activities and functional expenses are included to provide a basis for comparison with 2019 amounts and present summarized totals only which do not constitute a presentation in conformity with U.S. GAAP. Accordingly, the 2018 totals are not intended to present all information necessary for a complete presentation and should be read in conjunction with NYSCI's June 30, 2018 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 2016.

## New York Hall of Science

Notes to Financial Statements  
June 30, 2019

### 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.

#### ***Reclassifications***

Certain amounts in the 2018 financial statements have been reclassified for comparative purposes to conform to the 2019 presentation.

#### ***Subsequent Events***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is January 22, 2020.

### 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 5.5% for fiscal 2019 and 3.75% for fiscal 2018 and prior on payments due in future years.

	<u>2019</u>	<u>2018</u>
Within one year	\$ 2,488,382	\$ 2,057,026
In one to five years	2,183,000	1,520,000
Allowance for doubtful accounts	(83,417)	(62,075)
Discount to present value	<u>(157,387)</u>	<u>(1,420)</u>
	<u>\$ 4,430,578</u>	<u>\$ 3,513,531</u>

## New York Hall of Science

### Notes to Financial Statements June 30, 2019

#### 4. Investments

Investments at June 30 were as follows:

	2019	2018
Equities, Based on Level 1 Inputs for Fair Value		
Basic materials	\$ 234,765	\$ 189,652
Consumer non-cyclical	211,233	275,115
Consumer cyclical	280,527	245,009
Energy	167,688	216,361
Financial	450,820	425,452
Healthcare	782,144	592,385
Industrials	310,092	365,876
Technology	1,110,568	1,038,900
Utilities	74,880	55,188
Corporate bonds, based on Level 2 inputs for fair value	1,978,107	1,790,940
Total Investments at Fair Value	5,600,824	5,194,878
Money market funds, at cost plus accrued interest	850,745	2,371,881
	\$ 6,451,569	\$ 7,566,759

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

	2019	2018
Interest and dividends	\$ 138,823	\$ 124,109
Investment fees	(43,753)	(42,279)
Net realized and unrealized gain on investments	453,369	343,236
	\$ 548,439	\$ 425,066

#### 5. Property and Equipment

Property and equipment at June 30 were as follows:

	2019	2018
Contribution value of the use of land, building and building improvements	\$ 87,089,406	\$ 86,168,849
Land improvements	3,479,783	3,454,029
Equipment	4,089,685	4,034,975
Furniture	93,910	18,791
	94,752,784	93,676,644
Accumulated depreciation	(51,728,887)	(46,540,320)
	\$ 43,023,897	\$ 47,136,324

## New York Hall of Science

Notes to Financial Statements  
June 30, 2019

### 5. Property and Equipment *(continued)*

At June 30, 2019, building and building improvements include \$1,161,854 of contributed property and equipment not yet in use.

### 6. Appropriations from the City of New York

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

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

During fiscal 2019 and 2018, the City provided funding and/or services to NYSCI which supported the following expenses:

	<u>2019</u>	<u>2018</u>
Operating expenses	\$ 1,450,970	\$ 1,451,621
Utilities expense (in-kind)	538,221	575,318
Pension expense (in-kind)	<u>181,052</u>	<u>175,571</u>
	<u>\$ 2,170,243</u>	<u>\$ 2,202,510</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. For the years ended June 30, 2019 and 2018 expenditures by the City and capitalized by NYSCI were \$920,557 and \$827,400, respectively, and a total of \$87,089,406 as of June 30, 2019.

### 7. In-Kind Contributions

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

	<u>2019</u>	<u>2018</u>
From New York City		
Utilities expense	\$ 538,221	\$ 575,318
Pension expense	181,052	175,571
Other	<u>422,025</u>	<u>270,707</u>
	<u>\$ 1,141,298</u>	<u>\$ 1,021,596</u>

## New York Hall of Science

### Notes to Financial Statements

June 30, 2019

#### 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 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 2019 and 2018 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, 2019 and 2018. 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 is 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, 2018 and, as required by the PPA, is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded.

In addition, CIRS also provides a savings plan in which eligible employees are required to contribute a percentage of their annual salary. NYSCI match was suspended for the past two plan years. Contributions by NYSCI to the pension and savings plans for the year ended June 30, 2019 were \$774,959 and \$-0-, respectively, and \$768,695 and \$-0-, respectively, for the year ended June 30, 2018, of which \$181,052 and \$175,571 was paid by the City, as referenced in Note 6.

## New York Hall of Science

Notes to Financial Statements  
June 30, 2019

### 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 2019 fiscal year, non-government contributions and grants were received from five donors, which accounted for 43% of total contribution and grant income. The amount included in grants, contributions and pledges receivable from four donors was approximately \$2,900,000 as of June 30, 2019.

### 10. Board Designated Net Assets

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

In Fiscal Year 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>2019</u>	<u>2018</u>
Nancy Salkin Fund	\$ 322,482	\$ 304,471
Alan J. Friedman Fund	703,172	665,353
Emmanuel R. Piore Fund	227,341	214,592
Excellence in Science in Education	301,391	284,511
Horace W. Goldsmith Foundation	110,348	104,161
Seth H. Dubin Fund for Science Career Access	431,683	407,555
Capital Reserve Fund	<u>321,212</u>	<u>302,711</u>
Board designated for endowments	2,417,629	2,283,354
Campaign for Tomorrow	<u>934,204</u>	-
	<u>\$ 3,351,833</u>	<u>\$ 2,283,354</u>

## New York Hall of Science

### Notes to Financial Statements June 30, 2019

#### 11. Net Assets with Donor Restrictions

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

	2019	2018
Programs and projects	\$ 5,267,095	\$ 5,711,976
IT infrastructure	-	8,632
Campaign for NYSCI	143,007	685,030
Capital appropriations from the City of New York, net	1,161,854	980,270
Endowments	508,902	508,902
	\$ 7,080,858	\$ 7,894,810

#### ***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, 2019 and 2018 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:

	2019	2018
Programs and projects	\$ 4,766,373	\$ 5,287,671
IT infrastructure	8,632	2,908
Campaign for NYSCI	542,024	418,242
Net investment in plant	-	770,194
	5,317,029	6,479,015
Capital expenditures	763,971	-
	\$ 6,081,000	\$ 6,479,015

## New York Hall of Science

Notes to Financial Statements  
June 30, 2019

### 12. 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, 2019 and 2018 in the donor restricted funds:

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

	Board Designated Net Assets	Net Assets With Donor Restrictions	Endowed Net Assets	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>

## **New York Hall of Science**

Notes to Financial Statements  
June 30, 2019

### **12. 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, 2019

### 13. Line of Credit

Effective November 4, 2019 NYSCI entered into a line of credit with a bank in the amount of \$500,000. No amounts have been drawn on this line of credit.

### 14. Liquidity

NYSCI's financial assets and resources available to meet cash needs for general use within one year of the date of the statement of financial position were as follows:

Cash and cash equivalents	\$ 971,155
Grants, contributions and pledges receivable, net	4,430,578
Investments	<u>6,451,569</u>
Total Financial Assets	<u>11,853,302</u>
Less those unavailable for general expenditures within one year, due to:	
Board designated net assets	3,351,833
Donor restricted for:	
Programs and projects	5,267,095
Campaign for NYSCI	143,007
Endowments	<u>508,902</u>
	<u>9,270,837</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,582,465</u>

Cash flow is monitored regularly and investments are redeemed as needed in accordance with NYSCI's investment policy. As described in Note 12, NYSCI has a spending rate equal to 4% of the average of the market values of the endowments to also support operating expenditures. To help manage unanticipated liquidity needs, NYSCI has a committed line of credit in the amount of \$500,000, which it could draw upon. Although NYSCI's intention is not to spend any of its board designated endowment funds, the Board of Trustees can un-designate a portion of those funds or expressly authorize their use.

## New York Hall of Science

Notes to Financial Statements  
June 30, 2019

### 14. Liquidity (*continued*)

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 \$934,204) will be used to expand NYSCI's ongoing programs and increase NYSCI's impact.

\* \* \* \* \*

# **New York Hall of Science**

Supplementary Information

Year Ended June 30, 2019

## New York Hall of Science

### Schedule of Support and Revenue Without Donor Restrictions For the Year Ended June 30, 2019

	Government Support			Private Support and Revenue			Earned Revenue	Total
	New York City	Federal	New York State	Individuals	Foundations	Corporations		
Contributions and grants	\$ 432,003	\$ 2,802,666	\$ 71,623	\$ 1,204,151	\$ 1,457,358	\$ 1,444,082	\$ -	\$ 7,411,883
In-kind contributions	719,273	-	-	-	-	422,025	-	1,141,298
Appropriations from the City of New York	1,450,970	-	-	-	-	-	-	1,450,970
Admissions, workshops, memberships and exhibit fees	-	-	-	-	-	-	3,961,437	3,961,437
Use of facilities and other income	-	-	-	-	-	-	735,906	735,906
Investment return	-	-	-	-	-	-	467,053	467,053
Auxiliary activities	-	-	-	-	-	-	346,885	346,885
Net assets released from restrictions	738,971	-	-	336,509	4,682,031	323,489	-	6,081,000
	<u>\$ 3,341,217</u>	<u>\$ 2,802,666</u>	<u>\$ 71,623</u>	<u>\$ 1,540,660</u>	<u>\$ 6,139,389</u>	<u>\$ 2,189,596</u>	<u>\$ 5,511,281</u>	<u>\$ 21,596,432</u>

See independent auditors' report