

New York Hall of Science

Financial Statements

June 30, 2021

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, 2021, 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited New York Hall of Science's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

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

PKF O'Connor Davies, LLP

December 16, 2021

New York Hall of Science

Statement of Financial Position
June 30, 2021
(with comparative amounts at June 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 2,344,807	\$ 2,250,426
Grants and contributions receivable, net	4,481,125	3,943,597
Prepaid expenses and other assets	663,935	263,120
Investments	10,562,232	8,648,603
Property and equipment, net	<u>38,090,666</u>	<u>39,808,925</u>
	<u>\$ 56,142,765</u>	<u>\$ 54,914,671</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,300,909	\$ 1,101,513
Deferred revenue	187,706	201,874
Long-term debt	<u>5,135,537</u>	<u>3,158,846</u>
Total Liabilities	<u>6,624,152</u>	<u>4,462,233</u>
Net Assets		
Without donor restrictions	39,470,755	42,270,735
With donor restrictions	<u>10,047,858</u>	<u>8,181,703</u>
Total Net Assets	<u>49,518,613</u>	<u>50,452,438</u>
	<u>\$ 56,142,765</u>	<u>\$ 54,914,671</u>

See notes to financial statements

New York Hall of Science

Statement of Activities Year Ended June 30, 2021 (with summarized totals for the year ended June 30, 2020)

	Without Donor Restrictions			With Donor Restrictions	2021 Total	2020 Total
	Undesignated	Board Designated	Total			
OPERATING INCOME						
Contributions and grants	\$ 6,179,176	\$ 60,115	\$ 6,239,291	\$ 2,507,875	\$ 8,747,166	\$ 13,467,410
In-kind contributions	1,249,330	-	1,249,330	-	1,249,330	1,200,763
Appropriations from the City of New York	1,539,225	-	1,539,225	-	1,539,225	1,538,891
CARES Act Revenue	1,241,596	-	1,241,596	-	1,241,596	-
Admissions, workshops, memberships, and exhibit fees	766,951	-	766,951	-	766,951	2,856,877
Use of facilities and other income	144,028	-	144,028	-	144,028	663,651
Investment return	955,878	-	955,878	48,989	1,004,867	247,694
Auxiliary activities	-	-	-	-	-	306,086
	<u>12,076,184</u>	<u>60,115</u>	<u>12,136,299</u>	<u>2,556,864</u>	<u>14,693,163</u>	<u>20,281,372</u>
Use of designated funds	92,239	(92,239)	-	-	-	-
Net assets released from restrictions	2,598,659	-	2,598,659	(2,598,659)	-	-
Total Operating Income	<u>14,767,082</u>	<u>(32,124)</u>	<u>14,734,958</u>	<u>(41,795)</u>	<u>14,693,163</u>	<u>20,281,372</u>
OPERATING EXPENSES						
Program Services						
Museum experiences	3,187,778	-	3,187,778	-	3,187,778	6,051,589
Education	2,624,098	-	2,624,098	-	2,624,098	3,624,031
Research and development	4,071,802	-	4,071,802	-	4,071,802	4,725,159
Youth development	1,092,340	-	1,092,340	-	1,092,340	1,679,476
Total Program Services	<u>10,976,018</u>	<u>-</u>	<u>10,976,018</u>	<u>-</u>	<u>10,976,018</u>	<u>16,080,255</u>
Supporting Services						
Management and general	1,832,886	-	1,832,886	-	1,832,886	2,075,890
Fundraising	1,259,818	-	1,259,818	-	1,259,818	1,677,186
Marketing and communications	90,763	-	90,763	-	90,763	208,712
Total Supporting Services	<u>3,183,467</u>	<u>-</u>	<u>3,183,467</u>	<u>-</u>	<u>3,183,467</u>	<u>3,961,788</u>
Total Operating Expenses	<u>14,159,485</u>	<u>-</u>	<u>14,159,485</u>	<u>-</u>	<u>14,159,485</u>	<u>20,042,043</u>
Excess (Deficiency) of Operating Income Over Operating Expenses	607,597	(32,124)	575,473	(41,795)	533,678	239,329
NON-OPERATING ACTIVITIES						
Investment return	-	587,040	587,040	171,851	758,891	11,146
Contributions for property and equipment - Appropriations from the City of New York	-	-	-	2,430,407	2,430,407	1,510,584
Net assets released from restrictions for capital expenditures	694,308	-	694,308	(694,308)	-	-
Use of designated funds for capital	179,922	(179,922)	-	-	-	-
Depreciation expense	<u>(4,656,801)</u>	<u>-</u>	<u>(4,656,801)</u>	<u>-</u>	<u>(4,656,801)</u>	<u>(5,113,006)</u>
Change in Net Assets	(3,174,974)	374,994	(2,799,980)	1,866,155	(933,825)	(3,351,947)
NET ASSETS						
Beginning of year	<u>39,444,570</u>	<u>2,826,165</u>	<u>42,270,735</u>	<u>8,181,703</u>	<u>50,452,438</u>	<u>53,804,385</u>
End of year	<u>\$ 36,269,596</u>	<u>\$ 3,201,159</u>	<u>\$ 39,470,755</u>	<u>\$ 10,047,858</u>	<u>\$ 49,518,613</u>	<u>\$ 50,452,438</u>

See notes to financial statements

New York Hall of Science

Statement of Functional Expenses Year Ended June 30, 2021 (with summarized totals for the year ended June 30, 2020)

	Program Services				Total
	Museum Experiences	Education	Research and Development	Youth Development	
PERSONNEL COSTS					
Salaries and wages	\$ 1,204,959	\$ 1,428,321	\$ 2,162,283	\$ 717,555	\$ 5,513,118
Fringe benefits	512,741	548,233	807,733	235,308	2,104,015
Total Personnel Costs	<u>1,717,700</u>	<u>1,976,554</u>	<u>2,970,016</u>	<u>952,863</u>	<u>7,617,133</u>
OTHER THAN PERSONNEL COSTS					
Professional and consulting services	195,604	316,603	381,674	57,031	950,912
Subcontractors	-	-	437,295	20,000	457,295
Supplies and materials	76,098	65,021	85,309	9,106	235,534
Telephone and information technology	64,209	37,670	70,580	15,940	188,399
Postage and shipping	1,102	2,000	1,626	317	5,045
Rental and maintenance, equipment, and exhibits	308,824	24,142	20,180	3,297	356,443
Printing and publications	5,216	6,580	15,488	2,233	29,517
Travel and entertainment	3,917	2,585	375	84	6,961
Meetings and conferences	521	1,331	4,997	31	6,880
Books, dues and subscriptions	2,336	4,313	6,641	2,217	15,507
Insurance	215,969	27,747	8,413	2,944	255,073
Advertising and public relations	6,728	3,081	4,652	1,339	15,800
Noncapitalized equipment	13,640	17,701	8,711	5,183	45,235
Participant support	-	44,228	20,264	300	64,792
Other operating expenses	23,147	18,070	12,798	8,875	62,890
Utilities (in-kind)	465,874	60,105	13,672	6,376	546,027
Depreciation - operating	86,893	16,367	9,111	4,204	116,575
Totals before Depreciation - non-operating	<u>3,187,778</u>	<u>2,624,098</u>	<u>4,071,802</u>	<u>1,092,340</u>	<u>10,976,018</u>
Depreciation - non-operating	<u>3,701,911</u>	<u>485,715</u>	<u>304,273</u>	<u>55,841</u>	<u>4,547,740</u>
Totals	<u>\$ 6,889,689</u>	<u>\$ 3,109,813</u>	<u>\$ 4,376,075</u>	<u>\$ 1,148,181</u>	<u>\$ 15,523,758</u>

See notes to financial statements

New York Hall of Science

Statement of Functional Expenses *(continued)*
Year Ended June 30, 2021
(with summarized totals for the year ended June 30, 2020)

	Supporting Services			2021 Total	2020 Total
	Management and General	Fundraising	Marketing and Communications		
PERSONNEL COSTS					
Salaries and wages	\$ 1,002,506	\$ 383,802	\$ 25,767	\$ 6,925,193	\$ 9,618,708
Fringe benefits	<u>471,895</u>	<u>153,955</u>	<u>18,918</u>	<u>2,748,783</u>	<u>3,729,283</u>
Total Personnel Costs	1,474,401	537,757	44,685	9,673,976	13,347,991
OTHER THAN PERSONNEL COSTS					
Professional and consulting services	117,214	631,730	224	1,700,080	2,360,087
Subcontractors	-	-	-	457,295	564,098
Supplies and materials	3,724	6,718	130	246,106	362,629
Telephone and information technology	60,524	42,350	31,401	322,674	384,740
Postage and shipping	2,982	1,232	88	9,347	29,604
Rental and maintenance, equipment, and exhibits	3,578	1,696	848	362,565	1,201,242
Printing and publications	4,242	1,305	652	35,716	88,235
Travel and entertainment	71	535	73	7,640	102,992
Meetings and conferences	2,465	92	9	9,446	30,323
Books, dues and subscriptions	14,772	2,729	5,638	38,646	45,247
Insurance	3,237	1,766	883	260,959	210,898
Advertising and public relations	2,838	1,894	22	20,554	243,424
Noncapitalized equipment	2,454	581	290	48,560	29,472
Participant support	-	-	-	64,792	45,293
Other operating expenses	129,534	22,049	2,646	217,119	306,654
Utilities (in-kind)	7,014	3,826	1,913	558,780	573,345
Depreciation - operating	<u>3,836</u>	<u>3,558</u>	<u>1,261</u>	<u>125,230</u>	<u>115,769</u>
Totals before Depreciation - non-operating	1,832,886	1,259,818	90,763	14,159,485	20,042,043
Depreciation - non-operating	<u>59,565</u>	<u>32,997</u>	<u>16,499</u>	<u>4,656,801</u>	<u>5,113,006</u>
 Totals	 <u>\$ 1,892,451</u>	 <u>\$ 1,292,815</u>	 <u>\$ 107,262</u>	 <u>\$ 18,816,286</u>	 <u>\$ 25,155,049</u>

See notes to financial statements

New York Hall of Science

Statement of Cash Flows Year Ended June 30, 2021

(with comparative amounts for the year ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (933,825)	\$ (3,351,947)
Adjustments to reconcile change in net assets to net cash from operating activities		
Bad debt expense	8,328	-
Discount on grants and contributions receivable	(22,544)	(108,252)
Depreciation	4,782,031	5,228,775
Donated stock	(149,871)	(64,065)
Donated property and equipment	-	(165,039)
Net realized and unrealized gain on investments	(1,692,719)	(181,896)
Appropriations from the City of New York - capital	(2,430,407)	(1,510,584)
Change in operating assets and liabilities		
Grants and contributions receivable	(523,312)	595,233
Prepaid expenses and other assets	(400,815)	298,396
Accounts payable and accrued expenses	199,396	(264,457)
Deferred revenue	(14,168)	(66,486)
Net Cash from Operating Activities	(1,177,906)	409,678
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(633,365)	(182,790)
Purchases of investments	(3,981,190)	(5,049,024)
Proceeds from sale of investments	3,910,151	3,097,951
Net Cash from Investing Activities	(704,404)	(2,133,863)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on capital lease obligation	(23,309)	(20,719)
Proceeds from loans	2,000,000	3,024,175
Drawdown on line of credit	-	500,000
Repayment on line of credit	-	(500,000)
Net Cash from Financing Activities	1,976,691	3,003,456
Net Change in Cash and Cash Equivalents	94,381	1,279,271
CASH AND CASH EQUIVALENTS		
Beginning of year	2,250,426	971,155
End of year	\$ 2,344,807	\$ 2,250,426
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 9,045	\$ 35,942
NON-CASH INVESTING AND FINANCING ACTIVITY		
Equipment acquired under capital lease	-	155,390

See notes to financial statements

New York Hall of Science

Notes to Financial Statements
June 30, 2021

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, 2021

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

Cash and Cash Equivalents

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

Grants, Contributions, Promises to Give and Appropriations

Grants, contributions, promises to give and appropriations received, including unconditional promises to give, are recognized as revenue in the period received. NYSCI reports contributions as restricted support, including contributions of plant assets or cash restricted to the purchase of plant assets, if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

Employee Retention Credit

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

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.

New York Hall of Science

Notes to Financial Statements

June 30, 2021

2. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

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

Investment Income Recognition

Investments other than cash are carried at fair value.

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

Property and Equipment

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

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, 2021 and 2020.

Deferred Revenue

NYSCI receives fees for admissions, workshops and memberships. These fees are recognized as revenue as the related services are performed, fulfilling the performance obligations at a point in time. Fees received in advance are recorded as deferred revenue until the related services are provided.

New York Hall of Science

Notes to Financial Statements

June 30, 2021

2. Summary of Significant Accounting Policies (continued)

Net Asset Presentation

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

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

Measure of Operations

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

Exhibits

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

Advertising

NYSCI charges advertising costs to expense as incurred. Advertising expense was \$6,670 and \$235,082 for the years ended June 30, 2021 and 2020, respectively.

New York Hall of Science

Notes to Financial Statements
June 30, 2021

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

Summarized Information

The amounts shown for the year ended June 30, 2020 in the accompanying statements of activities and functional expenses are included to provide a basis for comparison with 2021 amounts and present summarized totals only which do not constitute a presentation in conformity with U.S. GAAP. Accordingly, the 2020 totals are not intended to present all information necessary for a complete presentation and should be read in conjunction with NYSCI's June 30, 2020 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 2018.

Functional Allocation of Expenses

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

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is December 16, 2021.

3. Grants and Contributions Receivable

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

	<u>2021</u>	<u>2020</u>
Within one year	\$ 4,099,689	\$ 3,398,377
In one to five years	428,000	624,500
Allowance for doubtful accounts	(19,973)	(30,145)
Discount to present value	(26,591)	(49,135)
	<u>\$ 4,481,125</u>	<u>\$ 3,943,597</u>

New York Hall of Science

Notes to Financial Statements June 30, 2021

4. Investments

Investments at June 30 were as follows:

	2021	2020
Equities, based on Level 1 inputs for fair value		
Basic materials	\$ 388,220	\$ 324,235
Consumer non-cyclical	414,447	349,608
Consumer cyclical	687,478	447,753
Financial	608,776	410,497
Healthcare	825,643	532,192
Industrials	284,597	190,812
Technology	1,841,743	1,582,864
Utilities	43,968	84,060
Exchange traded products	-	83,685
Total Equities, based on Level 1 inputs for fair value	5,094,872	4,005,706
Corporate bonds, based on Level 2 inputs for fair value	2,820,990	2,112,253
Total Investments at Fair Value	7,915,862	6,117,959
Money market funds, at cost plus accrued interest	2,646,370	2,530,644
	\$ 10,562,232	\$ 8,648,603

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

	2021	2020
Interest and dividends	\$ 117,337	\$ 124,180
Investment fees	(46,298)	(47,236)
Net realized and unrealized gain on investments	1,692,719	181,896
	\$ 1,763,758	\$ 258,840

New York Hall of Science

Notes to Financial Statements
June 30, 2021

5. Property and Equipment

Property and equipment at June 30 were as follows:

	2021	2020
Contribution value of the use of land, building and building improvements	\$ 87,242,888	\$ 86,548,581
Land improvements	4,181,682	3,657,445
Equipment	2,480,469	2,371,341
Furniture	93,910	93,910
Construction in progress	3,787,509	2,051,409
	97,786,458	94,722,686
Accumulated depreciation	(59,695,792)	(54,913,761)
	\$ 38,090,666	\$ 39,808,925

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 2021 and 2020, the City provided funding and/or services to NYSCI which supported the following expenses:

	2021	2020
Operating expenses	\$ 1,539,225	\$ 1,538,891
Utilities expense (in-kind)	558,780	573,344
Pension expense (in-kind)	138,270	196,930
	\$ 2,236,275	\$ 2,309,165

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, 2021 and 2020 expenditures by the City and capitalized by NYSCI were \$2,430,407 and \$1,510,584, respectively, and a total of \$91,030,396 as of June 30, 2021.

New York Hall of Science

Notes to Financial Statements
June 30, 2021

7. In-Kind Contributions

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

	<u>2021</u>	<u>2020</u>
From New York City		
Utilities expense	\$ 558,780	\$ 573,344
Pension expense	138,270	196,930
Consulting	551,000	264,661
Equipment	-	165,039
Other	1,280	789
	<u>\$ 1,249,330</u>	<u>\$ 1,200,763</u>

8. Long-term Debt

Paycheck Protection Program

On May 1, 2020, NYSCI received loan proceeds in the amount of \$2,514,275 under the Paycheck Protection Program (“PPP Loan”). The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest is forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. NYSCI believes it has used the entire PPP Loan amount for qualifying expenses, and has filed for forgiveness prior to year end.

On May 27, 2021, NYSCI received loan proceeds in the amount of \$2,000,000 under the second round of the PPP Loan. NYSCI believes it has used the entire PPP Loan amount for qualifying expenses. The unforgiven portion of the PPP Loan has an interest rate of 1%, with a deferral of payments for the first sixteen months.

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

2022	\$ 1,047,615
2023	1,523,805
2024	609,522
2025	400,000
2026	400,000
Thereafter	<u>533,333</u>
	<u>\$ 4,514,275</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2021

8. Long-term Debt (continued)

Economic Injury Disaster Loan

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

2022	\$	25,632
2023		25,632
2024		25,632
2025		25,632
2026		25,632
Thereafter		<u>381,740</u>
	\$	<u>509,900</u>

Capital Lease Obligation

During 2020, NYSCI entered into a capital lease agreement for the acquisition of CCTV equipment. The lease requires 60 monthly payments of principal. The capital lease asset has a cost of \$155,390 and a net book value of \$111,362 as of June 30, 2021.

Future minimum lease payments for the years ending June 30:

2022	\$	31,078
2023		31,078
2024		31,078
2025		<u>18,128</u>
	\$	<u>111,362</u>

Long-term debt at June 30, 2021 is comprised as follows:

Paycheck Protection Program	\$	4,514,275
Economic Injury Disaster Loan		509,900
Capital lease obligation		<u>111,362</u>
	\$	<u>5,135,537</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2021

9. Pension Plan

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

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

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

There have been no significant changes that affect the comparability of fiscal years 2021 and 2020 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, 2021 and 2020. The Employer Identification Number of the plan is 11-2001170. The three-digit plan number is 001. The collective bargaining agreement requiring contributions to the plan expired on June 30, 2020 and is currently being renegotiated.

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

All employees hired prior to October 1, 2016 (now referred to as "Tier I Members") will experience no change in their plan benefits or future accruals. The most recent Pension Protection Act (PPA) zone status is green as of July 1, 2020 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, 2021 were \$642,151 and \$-0-, respectively, and \$769,502 and \$-0-, respectively, for the year ended June 30, 2020, of which \$138,270 and \$196,930 was paid by the City, as referenced in Note 6.

New York Hall of Science

Notes to Financial Statements
June 30, 2021

10. Concentration of Credit Risk

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

During fiscal 2021 and 2020, non-government contributions and grants were received from one donor, which accounted for 23% of total contribution and grant income. The amount included in grants and contributions receivable from four and three donors was approximately \$850,000 and \$1,450,000 as of June 30, 2021 and 2020, respectively.

11. Board Designated Net Assets

Board designated net assets comprise (1) funds set aside by NYSCI's Board for endowments and (2) funds raised from NYSCI's FY2019 *Campaign for Tomorrow* which are set aside for specific programs and capital improvements.

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

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

	<u>2021</u>	<u>2020</u>
Nancy Salkin Fund	\$ 409,278	\$ 322,958
Alan J. Friedman Fund	885,994	703,728
Emmanuel R. Piore Fund	288,761	227,695
Excellence in Science in Education	382,719	301,852
Horace W. Goldsmith Foundation	140,154	110,519
Seth H. Dubin Fund for Science Career Access	547,945	432,326
Capital Reserve Fund	80,695	229,352
Board Designated for Endowments	2,735,546	2,328,430
Campaign for Tomorrow	465,613	497,735
	<u>\$ 3,201,159</u>	<u>\$ 2,826,165</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2021

12. Net Assets with Donor Restrictions

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

	2021	2020
Programs and projects	\$ 5,751,447	\$ 5,621,392
Capital appropriations from the City of New York, net	3,787,509	2,051,409
Endowments	508,902	508,902
	\$ 10,047,858	\$ 8,181,703

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, 2021 and 2020 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:

	2021	2020
Programs and projects	\$ 2,598,659	\$ 3,860,070
Campaign for NYSCI	-	143,006
	2,598,659	4,003,076
Capital expenditures	694,308	621,031
	\$ 3,292,967	\$ 4,624,107

New York Hall of Science

Notes to Financial Statements June 30, 2021

13. Endowments

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

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

The following is a reconciliation of activity for the years ended June 30, 2021 and 2020 in the donor restricted funds:

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

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

New York Hall of Science

Notes to Financial Statements

June 30, 2021

13. Endowments (continued)

Interpretation of Relevant Law

The Board of Trustees of NYSCI has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, NYSCI classifies as net assets held in perpetuity (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment fund and (c) earnings on the permanent endowment in accordance with donor intention.

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

Return Objective and Risk Parameters

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

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

Spend Rate Policy

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

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

New York Hall of Science

Notes to Financial Statements June 30, 2021

14. Liquidity

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

	2021	2020
Cash and cash equivalents	\$ 2,344,807	\$ 2,250,426
Grants and contributions receivable, net	4,481,125	3,943,597
Investments	10,562,232	8,648,603
Total Financial Assets	17,388,164	14,842,626
Less those unavailable for general expenditures within one year, due to:		
Board designated net assets	3,201,159	2,826,165
Donor restricted for:		
Programs and projects	5,751,447	5,621,392
Endowments	508,902	508,902
	9,461,508	8,956,459
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 7,926,656	\$ 5,886,167

Cash flow is monitored regularly and investments are redeemed as needed in accordance with NYSCI's investment policy. As described in Note 13, NYSCI has a spending rate equal to 4% of the average of the market values of the endowments to also support operating expenditures. Although NYSCI's intention is not to spend any of its board designated endowment funds, the Board of Trustees can un-designate a portion of those funds or expressly authorize their use.

In fiscal 2019, NYSCI launched a comprehensive capital campaign with a goal of \$25 million over the five-year period from fiscal 2019 to fiscal 2023. The majority of the campaign funds (including the current year amount of \$465,611) will be used to expand NYSCI's ongoing programs and increase NYSCI's impact.

New York Hall of Science

Notes to Financial Statements
June 30, 2021

15. Risks and Uncertainties

During portions of the years ended June 30, 2021 and 2020, NYSCI's building was temporarily closed to the public as a precautionary measure to limit opportunities for the spread of the COVID-19 virus. The closure had significant impact on the 2021 and 2020 admissions, workshops, memberships, exhibit fees and auxiliary income, and may adversely affect NYSCI's financial position and operating results in 2022. The outbreak may continue to adversely affect NYSCI on an interim basis and the amount of the impact cannot be reasonably estimated at this time. NYSCI has, however, taken several steps to strengthen its financial position and to maintain financial liquidity and flexibility.

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the results of operations, financial position, and cash flows in fiscal 2022 cannot be reasonably estimated at this time.

Subsequent to year end, NYSCI was forced to temporarily close again as an effect of severe flooding caused by Hurricane Ida's impact on the northeast on August 29, 2021. The Museum is currently undergoing significant repair work and anticipates reopening in early 2022.

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New York Hall of Science

Supplementary Information

Year Ended June 30, 2021

New York Hall of Science

Schedule of Support and Revenue Without Donor Restrictions
For the Year Ended June 30, 2021

	Government Support			Private Support and Revenue			Earned Revenue	Total
	New York City	Federal	New York State	Individuals	Foundations	Corporations		
Contributions and grants	\$ 219,465	\$ 3,670,819	\$ 34,000	\$ 630,118	\$ 571,523	\$ 1,113,366	\$ -	\$ 6,239,291
In-kind contributions	697,050	-	-	-	-	552,280	-	1,249,330
Appropriations from the City of New York	1,539,225	-	-	-	-	-	-	1,539,225
CARES Act Revenue	-	1,241,596	-	-	-	-	-	1,241,596
Admissions, workshops, memberships and exhibit fees	-	-	-	-	-	-	766,951	766,951
Use of facilities and other income	-	-	-	-	-	-	144,028	144,028
Investment return	-	-	-	-	-	-	1,542,918	1,542,918
Net assets released from restrictions	694,308	-	-	88,261	2,198,522	311,876	-	3,292,967
	<u>\$ 3,150,048</u>	<u>\$ 4,912,415</u>	<u>\$ 34,000</u>	<u>\$ 718,379</u>	<u>\$ 2,770,045</u>	<u>\$ 1,977,522</u>	<u>\$ 2,453,897</u>	<u>\$ 16,016,306</u>

See independent auditors' report