

New York Hall of Science

Financial Statements

June 30, 2023

Independent Auditors' Report

Board of Trustees New York Hall of Science

Opinion

We have audited the accompanying financial statements of New York Hall of Science ("NYSCI"), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NYSCI as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NYSCI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NYSCI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NYSCI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NYSCI's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited New York Hall of Science's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of support and revenue without donor restrictions on page 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

January 24, 2024

New York Hall of Science

Statement of Financial Position
June 30, 2023
(with comparative amounts at June 30, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 3,372,610	\$ 4,852,193
Grants and contributions receivable, net	4,531,865	7,283,673
Prepaid expenses and other assets	626,302	486,603
Investments	9,908,232	9,774,557
Property and equipment, net	<u>33,387,866</u>	<u>33,490,974</u>
	<u>\$ 51,826,875</u>	<u>\$ 55,888,000</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,486,385	\$ 1,553,358
Deferred revenue	311,955	199,994
Long-term debt	<u>544,534</u>	<u>2,587,712</u>
Total Liabilities	<u>2,342,874</u>	<u>4,341,064</u>
Net Assets		
Without donor restrictions	41,857,461	42,404,720
With donor restrictions	<u>7,626,540</u>	<u>9,142,216</u>
Total Net Assets	<u>49,484,001</u>	<u>51,546,936</u>
	<u>\$ 51,826,875</u>	<u>\$ 55,888,000</u>

See notes to financial statements

New York Hall of Science

Statement of Activities Year Ended June 30, 2023 (with summarized totals for the year ended June 30, 2022)

	Without Donor Restrictions			With Donor Restrictions	2023 Total	2022 Total
	Undesignated	Board Designated	Total			
OPERATING INCOME						
Contributions and grants	\$ 6,843,188	\$ 1,480,857	\$ 8,324,045	\$ 888,619	\$ 9,212,664	\$ 15,136,994
In-kind contributions	1,072,168	-	1,072,168	-	1,072,168	790,566
Appropriations from the City of New York CARES Act revenue	2,200,134	-	2,200,134	-	2,200,134	2,354,614
Admissions, workshops, memberships, and exhibit fees	-	-	-	-	-	689,075
Use of facilities and other income	2,748,560	-	2,748,560	-	2,748,560	1,129,687
Investment return allocated to operations	879,252	-	879,252	-	879,252	365,333
Auxiliary activities	559,155	-	559,155	55,538	614,693	(390,699)
Use of designated funds	342,173	-	342,173	-	342,173	199,027
Net assets released from restrictions	14,644,630	1,480,857	16,125,487	944,157	17,069,644	20,274,597
Total Operating Income	411,519	(411,519)	-	-	-	-
	3,145,966	-	3,145,966	(3,145,966)	-	-
	18,202,115	1,069,338	19,271,453	(2,201,809)	17,069,644	20,274,597
OPERATING EXPENSES						
Program Services						
Museum experiences	4,283,210	-	4,283,210	-	4,283,210	3,641,425
Education	3,698,868	-	3,698,868	-	3,698,868	3,175,717
Research and development	4,059,639	-	4,059,639	-	4,059,639	4,573,646
Youth development	1,805,286	-	1,805,286	-	1,805,286	1,236,097
Total Program Services	13,847,003	-	13,847,003	-	13,847,003	12,626,885
Supporting Services						
Management and general	2,433,149	-	2,433,149	-	2,433,149	2,036,239
Marketing and communications	117,436	-	117,436	-	117,436	35,450
Fundraising	1,331,855	-	1,331,855	-	1,331,855	943,427
Total Supporting Services	3,882,440	-	3,882,440	-	3,882,440	3,015,116
Total Operating Expenses	17,729,443	-	17,729,443	-	17,729,443	15,642,001
Excess (Deficiency) of Operating Income Over Operating Expenses	472,672	1,069,338	1,542,010	(2,201,809)	(659,799)	4,632,596
NON-OPERATING ACTIVITIES						
Investment return	-	221,017	221,017	64,723	285,740	(522,055)
Flood loss, net	(686,912)	-	(686,912)	-	(686,912)	(1,031,034)
Paycheck Protection Program loan forgiveness	2,032,558	-	2,032,558	-	2,032,558	2,564,376
Contributions - capital campaign	-	47,400	47,400	-	47,400	62,607
Contributions - endowment	-	-	-	1,540,914	1,540,914	-
Contributions for property and equipment - Appropriations from the City of New York	-	-	-	155,289	155,289	1,074,793
Net assets released from restrictions for capital expenditures	1,074,793	-	1,074,793	(1,074,793)	-	-
Depreciation expense	(4,778,125)	-	(4,778,125)	-	(4,778,125)	(4,752,960)
Change in Net Assets	(1,885,014)	1,337,755	(547,259)	(1,515,676)	(2,062,935)	2,028,323
NET ASSETS						
Beginning of year	39,741,355	2,663,365	42,404,720	9,142,216	51,546,936	49,518,613
End of year	\$ 37,856,341	\$ 4,001,120	\$ 41,857,461	\$ 7,626,540	\$ 49,484,001	\$ 51,546,936

See notes to financial statements

New York Hall of Science

Statement of Functional Expenses Year Ended June 30, 2023 (with summarized totals for the year ended June 30, 2022)

	Program Services				Total
	Museum Experiences	Education	Research and Development	Youth Development	
PERSONNEL COSTS					
Salaries and wages	\$ 1,510,447	\$ 1,949,738	\$ 2,034,596	\$ 1,237,337	\$ 6,732,118
Fringe benefits	535,256	704,746	765,879	313,282	2,319,163
Total Personnel Costs	<u>2,045,703</u>	<u>2,654,484</u>	<u>2,800,475</u>	<u>1,550,619</u>	<u>9,051,281</u>
OTHER THAN PERSONNEL COSTS					
Professional and consulting services	189,123	66,972	274,366	80,911	611,372
Subcontractors	-	237,198	268,055	-	505,253
Supplies and materials	128,460	152,043	75,552	34,708	390,763
Telephone and information technology	68,973	74,486	69,026	26,699	239,184
Postage and shipping	7,360	823	1,150	239	9,572
Rental and maintenance, equipment, and exhibits	398,107	49,899	129,534	4,505	582,045
Printing and publications	4,963	17,813	7,640	2,097	32,513
Travel and entertainment	33,080	62,910	35,206	27,846	159,042
Meetings and conferences	510	4,476	8,875	5,387	19,248
Books, dues and subscriptions	10,723	5,660	6,846	1,249	24,478
Insurance	398,730	54,285	11,785	4,100	468,900
Advertising and public relations	34,299	60,372	12,458	31,667	138,796
Noncapitalized equipment	19,006	9,904	277,729	6,138	312,777
Participant support	-	74,870	16,729	-	91,599
Other operating expenses	181,000	50,890	32,277	18,020	282,187
Utilities (in-kind)	529,466	72,084	15,649	5,445	622,644
Depreciation - operating	233,707	49,699	16,287	5,656	305,349
Totals before Depreciation - non-operating	4,283,210	3,698,868	4,059,639	1,805,286	13,847,003
Depreciation - non-operating	3,890,337	535,170	187,796	43,428	4,656,731
Flood loss	29,975	140,338	335,171	14,236	519,720
Totals	<u>\$ 8,203,522</u>	<u>\$ 4,374,376</u>	<u>\$ 4,582,606</u>	<u>\$ 1,862,950</u>	<u>\$ 19,023,454</u>

See notes to financial statements

New York Hall of Science

Statement of Functional Expenses *(continued)*
Year Ended June 30, 2023
(with summarized totals for the year ended June 30, 2022)

	Supporting Services			2023 Total	2022 Total
	Management and General	Marketing and Communications	Fundraising		
PERSONNEL COSTS					
Salaries and wages	\$ 1,492,867	\$ 17,769	\$ 591,152	\$ 8,833,906	\$ 7,032,542
Fringe benefits	<u>320,157</u>	<u>13,108</u>	<u>235,436</u>	<u>2,887,864</u>	<u>2,628,623</u>
Total Personnel Costs	1,813,024	30,877	826,588	11,721,770	9,661,165
OTHER THAN PERSONNEL COSTS					
Professional and consulting services	131,721	63,638	74,901	881,632	1,200,598
Subcontractors	-	-	-	505,253	673,328
Supplies and materials	26,807	584	50,091	468,245	228,391
Telephone and information technology	107,927	8,203	57,955	413,269	387,533
Postage and shipping	877	86	245	10,780	11,492
Rental and maintenance, equipment, and exhibits	6,506	1,320	224,641	814,512	1,267,844
Printing and publications	3,650	657	2,543	39,363	44,468
Travel and entertainment	111,154	14	21,872	292,082	106,031
Meetings and conferences	5,204	12	405	24,869	15,533
Books, dues and subscriptions	18,548	1	12,076	55,103	46,756
Insurance	6,151	1,538	4,100	480,689	352,068
Advertising and public relations	5,910	101	2,443	147,250	63,576
Noncapitalized equipment	7,233	520	8,886	329,416	563,899
Participant support	-	-	-	91,599	26,208
Other operating expenses	172,661	5,722	32,972	493,542	301,736
Utilities (in-kind)	8,167	2,042	5,445	638,298	570,660
Depreciation - operating	<u>7,609</u>	<u>2,121</u>	<u>6,692</u>	<u>321,771</u>	<u>120,715</u>
Totals before Depreciation - non-operating	2,433,149	117,436	1,331,855	17,729,443	15,642,001
Depreciation - non-operating	63,022	15,920	42,452	4,778,125	4,752,960
Flood loss	<u>159,358</u>	<u>2,138</u>	<u>5,696</u>	<u>686,912</u>	<u>1,031,034</u>
 Totals	 <u>\$ 2,655,529</u>	 <u>\$ 135,494</u>	 <u>\$ 1,380,003</u>	 <u>\$ 23,194,480</u>	 <u>\$ 21,425,995</u>

See notes to financial statements

New York Hall of Science

Statement of Cash Flows Year Ended June 30, 2023

(with comparative amounts for the year ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,062,935)	\$ 2,028,323
Adjustments to reconcile change in net assets to net cash from operating activities		
Bad debt expense	136,071	68,329
Discount on grants and contributions receivable	19,126	185,980
Depreciation	5,099,896	4,873,675
Donated stock	(98,242)	(125,079)
Net realized and unrealized (gain) loss on investments	(790,580)	981,290
Appropriations from the City of New York - capital	(155,289)	(1,074,793)
Contributions - perpetual in nature	(1,540,914)	-
PPP loan forgiveness	(2,032,558)	(2,564,376)
Loss on disposal of property and equipment	-	921,582
Change in operating assets and liabilities		
Grants and contributions receivable	2,596,611	(3,056,857)
Prepaid expenses and other assets	(139,699)	177,332
Accounts payable and accrued expenses	(34,415)	302,550
Deferred revenue	111,961	12,288
Net Cash from Operating Activities	1,109,033	2,730,244
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,841,499)	(120,772)
Purchases of investments	(6,101,743)	(3,747,604)
Proceeds from sale of investments	6,759,450	3,679,068
Proceeds from sale of donated securities	97,440	-
Net Cash from Investing Activities	(4,086,352)	(189,308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on finance lease obligation	(31,078)	(31,077)
Repayment on loans	(12,100)	(2,473)
Contributions - perpetual in nature	1,540,914	-
Net Cash from Financing Activities	1,497,736	(33,550)
 Net Change in Cash and Cash Equivalents	 (1,479,583)	 2,507,386
CASH AND CASH EQUIVALENTS		
Beginning of year	4,852,193	2,344,807
End of year	\$ 3,372,610	\$ 4,852,193
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 13,531	\$ 13,482
NON-CASH FINANCING ACTIVITY		
PPP loan forgiveness	2,032,558	2,564,376

See notes to financial statements

New York Hall of Science

Notes to Financial Statements
June 30, 2023

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, 2023

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 2022, NYSCI recorded revenue related to the Employee Retention Tax Credit (ERTC) and other tax credits in the amount of \$689,075. The ERTC, established as part Coronavirus Aid, Relief, and Economic Security ("CARES") Act, allows eligible employers to receive a payroll tax credit based on certain qualifications. The calculation of the credit varies based on the applicable calendar year and the amount of qualified wages paid during a qualifying period. NYSCI believes it has met the qualifications of the ERTC program and has filed the necessary forms to claim the ERTC. As of June 30, 2023 and 2022, \$601,131 of the credit is reflected in grants and contributions receivable on the statement of financial position.

NYSCI's claim of the ERTC is subject to audit until 2025. If NYSCI's ERTC claim is audited, the government may determine that NYSCI did not meet the criteria to apply for the ERTC. In such circumstance, NYSCI may have to return all or part of the ERTC it has received.

New York Hall of Science

Notes to Financial Statements
June 30, 2023

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

Flood Loss

During the year ended June 30, 2022, NYSCI was forced to temporarily close due to the effects of severe flooding caused by Hurricane Ida's impact on the northeast on September 1, 2021. The closure had significant impact on NYSCI's operations and damages sustained were estimated to be \$15 million. During the years ended June 30, 2023 and 2022, NYSCI has undergone significant clean up and repair work, with full completion expected in fiscal 2023-2024. For the years ended June 30, 2023 and 2022, NYSCI received insurance proceeds and governmental funding of \$548,093 and \$4,044,073 to compensate NYSCI for its property losses.

As a result of the flood event, NYSCI wrote off the carrying amount of its property, plant and equipment in the amount of \$921,582 during the year ended June 30, 2022, which is included in flood loss on the statement of activities.

In-Kind Contributions

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

Fair Value of Financial Instruments

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

Investment Income Recognition

Investments other than cash are carried at fair value.

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

New York Hall of Science

Notes to Financial Statements
June 30, 2023

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

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, 2023 and 2022.

Leases

Leases are classified as operating or finance leases in accordance with the terms of the underlying agreements. As of July 1, 2022, NYSCI adopted the new Financial Accounting Standards Board ("FASB") Topic 842, *Leases*, and elected the available practical expedients to account for its existing capital (now finance) lease as a finance lease without reassessing (a) whether the contracts contain lease under the new standard, (b) whether the classification of finance leases or operating lease would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

NYSCI does not report an asset and lease liability for its short term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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, 2023

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 and appropriation from board designated and endowed net assets, (3) contributions for endowment or capital campaign (4) appropriations from the City of New York for property and equipment (5) Paycheck Protection Program ("PPP Loan") forgiveness and (6) flood loss related to the effects of Hurricane Ida. NYSCI considers contributions to the Campaign for Tomorrow to be Board designated (see Note 11), unless they are purpose or time restricted.

Exhibits

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

Advertising

NYSCI charges advertising costs to expense as incurred. Advertising expense was \$123,360 and \$51,961 for the years ended June 30, 2023 and 2022, respectively.

Reclassifications

Certain items in the 2022 financial statements have been reclassified to be in conformity with the 2023 financial statement presentation.

New York Hall of Science

Notes to Financial Statements

June 30, 2023

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

Summarized Information

The amounts shown for the year ended June 30, 2022 in the accompanying statements of activities and functional expenses are included to provide a basis for comparison with 2023 amounts and present summarized totals only which does not constitute a presentation in conformity with U.S. GAAP. Accordingly, the 2022 totals are not intended to present all information necessary for a complete presentation and should be read in conjunction with NYSCI's June 30, 2022 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 2020.

Functional Allocation of Expenses

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

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is January 24, 2024.

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 8.25% and 4.38% for payments due in future years.

	<u>2023</u>	<u>2022</u>
Within one year	\$ 3,677,158	\$ 5,964,615
In one to five years	1,144,739	1,576,810
Allowance for doubtful accounts	(58,335)	(45,181)
Discount to present value	(231,697)	(212,571)
	<u>\$ 4,531,865</u>	<u>\$ 7,283,673</u>

New York Hall of Science

Notes to Financial Statements June 30, 2023

4. Investments

Investments at June 30 were as follows:

	2023	2022
Equities, based on Level 1 inputs for fair value		
Basic materials	\$ 308,033	\$ 209,919
Consumer non-cyclical	405,562	361,208
Consumer cyclical	746,727	601,551
Energy	183,104	66,924
Financial	373,484	441,295
Healthcare	665,562	536,848
Industrials	476,989	312,639
Technology	1,815,168	1,600,489
Utilities	<u>155,820</u>	<u>123,936</u>
Total Equities, based on Level 1 inputs for fair value	5,130,449	4,254,809
Treasury notes, based on Level 2 inputs for fair value	1,720,954	-
Corporate bonds, based on Level 2 inputs for fair value	<u>2,738,664</u>	<u>2,718,363</u>
Total Investments at Fair Value	9,590,067	6,973,172
Money market funds at cost plus accrued interest	<u>318,165</u>	<u>2,801,385</u>
	<u>\$ 9,908,232</u>	<u>\$ 9,774,557</u>

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

	2023	2022
Interest and dividends	\$ 154,076	\$ 118,541
Investment fees	(44,223)	(50,005)
Net realized and unrealized gain (loss) on investments	<u>790,580</u>	<u>(981,290)</u>
	<u>\$ 900,433</u>	<u>\$ (912,754)</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2023

5. Property and Equipment

Property and equipment at June 30 were as follows:

	<u>2023</u>	<u>2022</u>
Contribution value of the use of land, building and building improvements	\$ 92,105,189	\$ 91,030,396
Land improvements	4,547,429	1,520,254
Equipment	1,061,372	778,247
Furniture	200,473	75,120
Construction in progress	<u>1,561,135</u>	<u>1,074,793</u>
	99,475,598	94,478,810
Accumulated depreciation	<u>(66,087,732)</u>	<u>(60,987,836)</u>
	<u>\$ 33,387,866</u>	<u>\$ 33,490,974</u>

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 2023 and 2022, the City provided funding and/or services to NYSCI which supported the following expenses:

	<u>2023</u>	<u>2022</u>
Operating expenses	\$ 2,200,134	\$ 2,354,614
Utilities expense (in-kind)	638,298	570,660
Pension expense (in-kind)	<u>229,427</u>	<u>142,685</u>
	<u>\$ 3,067,859</u>	<u>\$ 3,067,959</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, 2023 and 2022 expenditures by the City and capitalized by NYSCI were \$155,289 and \$1,074,793, respectively, and a total of \$92,260,478 as of June 30, 2023.

New York Hall of Science

Notes to Financial Statements
June 30, 2023

7. In-Kind Contributions

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

	<u>2023</u>	<u>2022</u>
From New York City		
Improvements	\$ 155,289	\$ 1,074,793
Utilities expense	638,298	570,660
Pension expense	229,427	142,685
Repairs and maintenance	165,000	-
Consulting	-	70,237
Other	39,443	6,984
	<u>\$ 1,227,457</u>	<u>\$ 1,865,359</u>

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

8. Long-term Debt

Paycheck Protection Program

On May 1, 2020, NYSCI received loan proceeds in the amount of \$2,514,275 under the Paycheck Protection Program (“PPP Loan”). On May 27, 2021, NYSCI received loan proceeds in the amount of \$2,000,000 under the second round of the PPP Loan. The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest is forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The first and second PPP loans and related accrued interest were forgiven in full by the Small Business Administration (“SBA”) on May 5, 2022 and January 20, 2023, respectively. The PPP forgiveness is recorded as non-operating revenue on the 2023 and 2022 statement of activities.

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

New York Hall of Science

Notes to Financial Statements
June 30, 2023

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 began in April 2021, twelve months from the date of the promissory note. The balance of principal and interest is due thirty years from the date of the promissory note, in April 2050. Future minimum principal payments for the years ending June 30 are as follows:

2024	\$	12,401
2025		12,713
2026		13,174
2027		13,538
2027		13,849
Thereafter		429,653
	\$	<u>495,328</u>

Finance Lease Obligation

During 2020, NYSCI entered into a finance lease agreement for the acquisition of CCTV equipment. The lease requires 60 monthly payments of principal. The finance lease asset is included in property and equipment on the statement of financial position, and has a cost of \$155,390 and a net book value of \$36,257 and \$80,284 as of June 30, 2023 and 2022. Cash paid for the years ended June 30, 2023 and 2022 were \$31,078. Future minimum lease payments for the years ending June 30:

2024	\$	31,078
2025		18,128
	\$	<u>49,206</u>

Long-term debt at June 30, 2023 is comprised as follows:

Economic Injury Disaster Loan	\$	495,328
Finance lease obligation		49,206
	\$	<u>544,534</u>

New York Hall of Science

Notes to Financial Statements
June 30, 2023

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 2023 and 2022 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, 2023 and 2022. 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 expires on June 30, 2025.

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, 2022 and, as required by the PPA, is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded.

In addition, CIRS also provides a savings plan in which eligible employees are required to contribute a percentage of their annual salary. Contributions by NYSCI to the pension and savings plans for the year ended June 30, 2023 were \$497,789 and \$-0-, respectively, and \$557,075 and \$-0-, respectively, for the year ended June 30, 2022, of which \$229,427 and \$142,685, respectively, was paid by the City, as referenced in Note 6.

New York Hall of Science

Notes to Financial Statements
June 30, 2023

10. Concentration of Credit Risk

NYSCI places its cash and cash equivalents with highly rated financial institutions. At times, cash and cash equivalent balances may be in excess of federally insured limits. This potentially subjects NYSCI to a concentration of credit risk. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”) are insured up to \$250,000. At times cash and cash equivalent balances may exceed the FDIC limit. As of June 30, 2023 and 2022, NYSCI uninsured cash and cash equivalents balances totaled approximately \$3,160,000 and \$2,298,000, respectively.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or groups of investments represent a significant concentration of market risk. The Securities Investor Protection Corporation (“SIPC”) protects customers from brokerage firm failures. In the event of a failure, SIPC covers losses caused by the misappropriations of securities up to \$500,000 (inclusive of up to \$250,000 for cash holdings). At times investment balances may exceed the SIPC limit. As of June 30, 2023 and 2022, NYSCI uninsured investment holdings totaled approximately \$8,908,000 and \$8,775,000, respectively. NYSCI has not experienced any losses in such accounts and, as such, believes it is not exposed to any significant credit risk on cash and cash equivalents and investments.

During fiscal 2023, non-government contributions and grants were received from two donors, which accounted for 38% of total contributions and grant income. During fiscal 2022, non-government contributions and grants were received one donor, which accounted for 18% of total contributions and grant income. The amount included in grants and contributions receivable from two and three donors and funding sources was approximately \$2,476,000 and \$3,101,000 as of June 30, 2023 and 2022, respectively.

11. Board Designated Net Assets

Board designated net assets comprise (1) funds set aside by NYSCI’s Board for endowments (2) funds set aside for youth and exhibits programs and (3) funds raised from NYSCI’s FY2019 Campaign for Tomorrow which are set aside for specific programs and capital improvements.

New York Hall of Science

Notes to Financial Statements
June 30, 2023

11. Board Designated Assets (continued)

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

	2023	2022
Nancy Salkin Fund	\$ 383,481	\$ 349,355
Alan J. Friedman Fund	829,497	757,663
Emmanuel R. Piore Fund	270,584	246,433
Excellence in Science in Education	358,617	326,639
Horace W. Goldsmith Foundation	131,330	119,611
Seth H. Dubin Fund for Science Career Access	513,415	467,703
Capital Reserve Fund	65,598	64,100
Board Designated for Endowments	2,552,522	2,331,504
Board designated - program funds	1,207,296	-
Campaign for Tomorrow	241,302	331,861
	\$ 4,001,120	\$ 2,663,365

12. Net Assets with Donor Restrictions

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

	2023	2022
Time or Purpose Restricted		
Programs and projects	\$ 4,926,969	\$ 7,128,778
Capital appropriations from the City of New York, net	155,289	1,074,793
Endowment earnings		
Career Ladder	439,992	383,329
Professional Development	54,474	46,414
Total Time or Purpose Restricted	5,576,724	8,633,314
Held in Perpetuity		
General endowment	1,640,914	100,000
Career Ladder	345,427	345,427
Professional Development	63,475	63,475
Total Held in Perpetuity	2,049,816	508,902
Total Net Assets with Donor Restrictions	\$ 7,626,540	\$ 9,142,216

New York Hall of Science

Notes to Financial Statements
June 30, 2023

12. Net Assets with Donor Restrictions *(continued)*

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

	2023	2022
Programs and projects	\$ 3,145,966	\$ 1,946,580
Capital expenditures	1,074,793	3,787,509
	\$ 4,220,759	\$ 5,734,089

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, 2023 and 2022 in the donor restricted funds:

	2023			
	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose Restricted	Held in Perpetuity	
Balance, June 30, 2022	\$ 2,663,365	\$ 429,743	\$ 508,902	\$ 3,602,010
Contributions and grants	1,528,257	-	1,540,914	3,069,171
Interest and dividends	39,676	13,917	-	53,593
Realized losses	(34,620)	(10,081)	-	(44,701)
Unrealized gains	325,372	100,732	-	426,104
Investment fees	(14,938)	(4,766)	-	(19,704)
Use of designated funds	(411,519)	-	-	(411,519)
Appropriation for expenditure	(94,473)	(35,079)	-	(129,552)
Balance, June 30, 2023	\$ 4,001,120	\$ 494,466	\$ 2,049,816	\$ 6,545,402

New York Hall of Science

Notes to Financial Statements
June 30, 2023

13. Endowments *(continued)*

	2022			
	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose Restricted	Held in Perpetuity	
Balance, June 30, 2021	\$ 3,201,159	\$ 560,655	\$ 508,902	\$ 4,270,716
Contributions and grants	62,607	-	-	62,607
Interest and dividends	32,676	11,368	-	44,044
Realized gains	228,590	71,446	-	300,036
Unrealized losses	(547,881)	(175,225)	-	(723,106)
Investment fees	(17,640)	(5,673)	-	(23,313)
Use of designated funds	(209,258)	-	-	(209,258)
Appropriation for expenditure	(86,888)	(32,828)	-	(119,716)
Balance, June 30, 2022	\$ 2,663,365	\$ 429,743	\$ 508,902	\$ 3,602,010

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.

New York Hall of Science

Notes to Financial Statements
June 30, 2023

13. Endowments *(continued)*

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.

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:

	2023	2022
Cash and cash equivalents	\$ 3,372,610	\$ 4,852,193
Grants and contributions receivable, net	4,531,865	7,283,673
Investments	9,908,232	9,774,557
Total Financial Assets	17,812,707	21,910,423
Less those unavailable for general expenditures		
within one year, due to:		
Board designated net assets	4,001,120	2,663,365
Donor restricted for:		
Programs and projects	5,421,435	7,558,521
Endowments	2,049,816	508,902
	11,472,371	10,730,788
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 6,340,336	\$ 11,179,635

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.

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New York Hall of Science

Supplementary Information

Year Ended June 30, 2023

New York Hall of Science

Schedule of Support and Revenue Without Donor Restrictions
For the Year Ended June 30, 2023

	Government Support			Private Support and Revenue				Total
	New York City	Federal	New York State	Individuals	Foundations	Corporations	Earned Revenue	
Contributions and grants	\$ 978,428	\$ 3,110,074	\$ 34,000	\$ 866,807	\$ 1,783,591	\$ 1,598,545	\$ -	\$ 8,371,445
In-kind contributions	867,725	-	-	-	-	204,443	-	1,072,168
Appropriations from the City of New York	2,200,134	-	-	-	-	-	-	2,200,134
Admissions, workshops, memberships and exhibit fees	-	-	-	-	-	-	2,748,560	2,748,560
Use of facilities and other income	-	-	-	-	-	-	879,252	879,252
Investment return	-	-	-	-	-	-	780,172	780,172
Auxiliary activities	-	-	-	-	-	-	342,173	342,173
Paycheck Protection Program Loan Forgiveness	-	2,032,558	-	-	-	-	-	2,032,558
Net assets released from restrictions	1,074,793	-	-	55,552	2,572,775	517,639	-	4,220,759
	<u>\$ 5,121,080</u>	<u>\$ 5,142,632</u>	<u>\$ 34,000</u>	<u>\$ 922,359</u>	<u>\$ 4,356,366</u>	<u>\$ 2,320,627</u>	<u>\$ 4,750,157</u>	<u>\$ 22,647,221</u>

See independent auditors' report