



**FINANCIAL REPORT  
JUNE 30, 2021**

# CALIFORNIA SCIENCE CENTER FOUNDATION

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
California Science Center Foundation

### Report on the Financial Statements

We have audited the accompanying financial statements of California Science Center Foundation (the "Foundation") which comprise the statement of financial position as of June 30, 2021, 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.

### Auditor's 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 auditor's 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 Foundation'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 Foundation'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 the Foundation 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 the Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 28, 2020. 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.

A handwritten signature in black ink that reads "Singer Lewak LLP". The signature is written in a cursive, flowing style.

December 6, 2021

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2021 and 2020

<b>ASSETS</b>		2021	2020
<b>Current assets</b>			
Cash and cash equivalents	\$	15,194,391	\$ 13,336,310
Investments		41,854,009	38,112,797
Accounts receivable		2,009,538	1,333,753
Contributions receivable, net		924,168	1,415,532
Lease receivable, net		1,350,291	1,300,645
Inventories		710,717	1,007,633
Prepaid expenses and other current assets		289,913	199,034
Total current assets		62,333,027	56,705,704
<b>Noncurrent assets</b>			
Investments		43,601,589	42,818,492
Contributions receivable, net		13,716,708	9,748,730
Planned gifts receivable, net		1,663,101	1,466,657
Lease receivable, net		14,399,339	15,749,626
Bond trust accounts		650,525	698,278
Properties and exhibits, net		7,182,054	5,567,572
Other noncurrent assets		29,138	29,138
Endowment assets			
Investments		11,920,471	9,524,421
Planned gifts receivable, net		248,801	232,302
Total noncurrent assets		93,411,726	85,835,216
<b>Total assets</b>		<b>\$ 155,744,753</b>	<b>\$ 142,540,920</b>

See notes to financial statements.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2021 and 2020

**LIABILITIES AND NET ASSETS**

	2021	2020
<b>Current liabilities</b>		
Accounts payable	\$ 1,868,506	\$ 1,595,123
Accrued expenses	1,081,426	957,755
Refundable advances	26,704,825	20,849,990
Deposits	915,963	1,005,307
Bonds payable, net	3,749,737	3,662,368
Total current liabilities	34,320,457	28,070,543
<b>Noncurrent liabilities</b>		
Other liabilities	112,343	576,159
Loans payable	2,000,000	1,280,000
Bonds payable, net	38,459,512	42,209,249
Total noncurrent liabilities	40,571,855	44,065,408
Total liabilities	74,892,312	72,135,951
<b>Net assets</b>		
Without donor restrictions		
Investment in properties and exhibits	7,182,054	5,567,572
Undesignated	39,269,218	36,539,538
	46,451,272	42,107,110
With donor restrictions		
Restricted as to purpose	28,418,751	22,331,940
Perpetual in nature	5,982,418	5,965,919
	34,401,169	28,297,859
Total net assets	80,852,441	70,404,969
<b>Total liabilities and net assets</b>	<b>\$ 155,744,753</b>	<b>\$ 142,540,920</b>

See notes to financial statements.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2021**  
**(Summarized information for the Year Ended June 30, 2020)**

	Without Donor		Totals	
	Restrictions	With Donor Restrictions	2021	2020
<b>Support and revenue</b>				
Direct public support	\$ 527,014	\$ 8,644,148	\$ 9,171,162	\$ 8,031,652
Government contracts	6,151,681	-	6,151,681	5,702,673
Program fees	2,471,936	-	2,471,936	3,245,516
IMAX theater	265,846	-	265,846	1,223,741
Membership fees	1,381,879	-	1,381,879	1,347,601
Net investment return	1,213,351	2,649,357	3,862,708	3,978,463
Conference reservations	20,950	-	20,950	421,163
Special events	708,072	-	708,072	1,375,618
ExploraStore sales	1,033,272	-	1,033,272	2,558,959
Concession stand sales	932	-	932	216,669
Change in value of split interest agreements	-	212,010	212,010	242,773
Other revenue	68,530	-	68,530	259,417
<b>Total support and revenue</b>	<b>13,843,463</b>	<b>11,505,515</b>	<b>25,348,978</b>	<b>28,604,245</b>
Net assets released from restrictions:				
Pursuant to endowment spending-rate distribution	253,307	(253,307)	-	-
Other releases	5,137,898	(5,137,898)	-	-
<b>Total support and revenue and reclassifications</b>	<b>19,234,668</b>	<b>6,114,310</b>	<b>25,348,978</b>	<b>28,604,245</b>
<b>Expenses</b>				
Program services	10,765,032	-	10,765,032	15,371,446
Supporting services				
General and administrative	2,107,449	-	2,107,449	2,305,582
Fundraising	1,218,052	-	1,218,052	2,083,098
<b>Total supporting services</b>	<b>3,325,501</b>	<b>-</b>	<b>3,325,501</b>	<b>4,388,680</b>
<b>Total operating expenses</b>	<b>14,090,533</b>	<b>-</b>	<b>14,090,533</b>	<b>19,760,126</b>
Change in net assets from operations	5,144,135	6,114,310	11,258,445	8,844,119
<b>Non-operating items</b>				
Interest income on Phase II lease	650,811	-	650,811	698,632
Depreciation and amortization	(733,472)	-	(733,472)	(1,075,324)
Phase III	(806,901)	-	(806,901)	(599,797)
Bond-related	(1,205,337)	-	(1,205,337)	(1,296,903)
PPP loan forgiveness	1,294,926	-	1,294,926	-
Loss on uncollectible promises to give	-	(11,000)	(11,000)	-
Loss on disposal of equipment	-	-	-	(36,028)
<b>Total non-operating items</b>	<b>(799,973)</b>	<b>(11,000)</b>	<b>(810,973)</b>	<b>(2,309,420)</b>
<b>Change in net assets</b>	<b>4,344,162</b>	<b>6,103,310</b>	<b>10,447,472</b>	<b>6,534,699</b>
<b>Net assets, beginning of year</b>	<b>42,107,110</b>	<b>28,297,859</b>	<b>70,404,969</b>	<b>63,870,270</b>
<b>Net assets, end of year</b>	<b>\$ 46,451,272</b>	<b>\$ 34,401,169</b>	<b>\$ 80,852,441</b>	<b>\$ 70,404,969</b>

See notes to financial statements.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

(Summarized information for the Year Ended June 30, 2020)

	Program Services			Supporting Services			Totals	
	Education and Exhibits	Museum Services	Total	General and Administrative	Fundraising	Total	2021	2020
Compensation	\$ 1,830,765	\$ 5,178,344	\$ 7,009,109	\$ 1,636,622	\$ 940,880	\$ 2,577,502	\$ 9,586,611	\$ 12,885,380
Advertising and promotion	380,993	9,254	390,247	-	-	-	390,247	533,225
Cost of sales	-	421,184	421,184	-	-	-	421,184	1,096,421
Film royalty	-	38,517	38,517	-	-	-	38,517	182,868
Insurance	6,615	159,622	166,237	138,403	-	138,403	304,640	307,528
Office	65,237	116,910	182,147	17,429	15,443	32,872	215,019	475,661
Other	77,868	31,157	109,025	90,343	67,454	157,797	266,822	364,172
Outside services	970,490	737,244	1,707,734	138,498	137,340	275,838	1,983,572	2,563,118
Supplies	223,029	438,863	661,892	42,100	40,272	82,372	744,264	870,259
Travel and conferences	41,140	44,429	85,569	44,054	10,034	54,089	139,657	481,494
Transfers	456	(7,085)	(6,629)	-	6,629	6,629	-	-
	<b>\$ 3,596,593</b>	<b>\$ 7,168,439</b>	<b>\$ 10,765,032</b>	<b>\$ 2,107,449</b>	<b>\$ 1,218,052</b>	<b>\$ 3,325,501</b>	<b>\$ 14,090,533</b>	<b>\$ 19,760,126</b>

See notes to financial statements.



**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2021 and 2020**

	2021	2020
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 10,447,472	\$ 6,534,699
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net gains on investments	(2,103,107)	(1,830,666)
Bad debt expense	55,679	58,840
Depreciation of properties and exhibits	733,472	1,075,324
Amortization of bond premium and issuance cost	(817,368)	(860,617)
Loss on uncollectible promises to give	11,000	-
Loss on disposal of equipment	-	36,028
Unearned interest income	(650,811)	(698,632)
Contributions restricted for long-term purposes	(7,320,000)	(5,398,450)
Change in discount on contributions and planned gifts receivables	146,863	(25,053)
Change in value of split-interest agreement	(212,010)	(242,773)
Dividends and interest on endowment	(127,811)	(159,572)
Forgiveness of loan payable	(1,294,926)	-
Changes in operating assets and liabilities:		
Accounts receivable	(745,451)	(297,643)
Contributions receivable and planned gifts receivable	446,232	205,070
Lease payment received from state	1,951,457	1,951,457
Inventories	296,916	(106,029)
Prepaid expenses and other assets	(90,885)	(133,354)
Accounts payable	42,791	(66,528)
Accrued expenses	138,597	(138,655)
Deposits	(89,344)	120,216
Other liabilities	(463,816)	331,428
Net cash provided by operating activities	354,950	355,090
<b>Cash flows from investing activities</b>		
Purchases of properties and exhibits	(2,117,359)	(311,876)
Proceeds from sale of property and exhibits	-	26,018
Dividends and interest earned on endowment	127,811	159,572
Proceeds from sale and maturity of investments held for endowment	351,421	532,879
Proceeds from sales and maturities of investments	102,404,211	185,805,831
Purchases of investments	(107,514,219)	(191,630,396)
Net cash used in investing activities	(6,748,135)	(5,417,972)
<b>Cash flows from financing activities</b>		
Collection of contributions restricted for long-term purposes	3,193,678	2,914,550
Refundable advances for capital projects	5,854,835	5,530,118
Proceeds from loans payable	2,000,000	2,549,700
Repayment on loans payable	-	(1,269,700)
Payment of bonds	(2,845,000)	(2,710,000)
Net cash provided by financing activities	8,203,513	7,014,668
<b>Net increase in cash and cash equivalents and restricted cash and cash equivalents</b>	1,810,328	1,951,786
<b>Cash and cash equivalents, and restricted cash and cash equivalents, beginning of year</b>	14,034,588	12,082,802
<b>Cash and cash equivalents, and restricted cash and cash equivalents, end of year</b>	<b>\$ 15,844,916</b>	<b>\$ 14,034,588</b>

See notes to financial statements.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2021 and 2020**

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	2021	2020
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	<b>\$ 2,019,000</b>	<b>\$ 2,154,500</b>
<b>Reconciliation of cash, cash equivalents and restricted cash and cash equivalents to the statement of financial position:</b>		
Cash and cash equivalents	<b>\$ 15,194,391</b>	<b>\$ 13,336,310</b>
Cash and cash equivalents included in bond trust accounts	<b>650,525</b>	<b>698,278</b>
	<b>\$ 15,844,916</b>	<b>\$ 14,034,588</b>

See notes to financial statements.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – GENERAL DESCRIPTION

The California Science Center Foundation (the “Foundation”) is a California nonprofit corporation created to support education and exhibit programs in association with the California Science Center (the “Science Center”), which is an institution within the Natural Resources Agency of the State of California (the “State”). The Foundation raises funds to support exhibits and education programs featured at the Science Center and, under agreements with the Science Center, the Foundation manages exhibitions and programs of scientific, educational, and industrial interest, and performs other operations at the Science Center.

The Foundation has a contractual relationship with the Science Center, whereby the Foundation operates on land and buildings owned, leased, and maintained by the State. In October 2019, the Foundation entered into a 50 year amended and restated joint operation agreement (the “Operation Agreement”) with the State. If the Foundation dissolves or terminates the Operation Agreement without cause, all the assets under the control of or owned by the Foundation will be transferred to the Science Center, in trust, for the benefit of the visitors to the Science Center.

The Science Center is being developed under a three-phase Master Plan. Phase I was completed in 1998, and another significant milestone in the Master Plan was achieved in 2010 with the opening of Ecosystems, the centerpiece of Phase II. Planning is underway to build the Samuel Oschin Air and Space Center – Space Shuttle Endeavour’s permanent home and the feature component of Phase III of the Master Plan. This major expansion will integrate authentic artifacts, including an outstanding collection of aircraft and spacecraft, immersive experiences, and the Science Center’s signature hands-on, educational exhibits that encourage active learning through discovery. The total project cost of Phase III is currently estimated to be \$350 million. For the years ended June 30, 2021 and 2020, the Foundation expended \$1.3 million and \$1.4 million, respectively. As of June 30, 2021 and 2020, the Phase III costs incurred to date totaled \$70.9 million and \$69.6 million, respectively.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The accompanying statement of activities and statement of functional expenses include certain prior year information summarized in total (not by net asset class or function) for comparison purposes. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended June 30, 2020, from which the summarized information was derived.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of Presentation (Continued)

The Foundation classifies all business operations as revenues and expenses in the statement of activities, except for non-operating items. Operating expenses are classified into categories that reflect the Foundation's operations. Non-operating items include interest income on Phase II lease, depreciation and amortization expense, Phase III expense, bond-related expenses, PPP loan forgiveness, and loss on disposal of equipment. For purposes of functional expenses, the Foundation considers depreciation to be program costs, except for \$9,866 and \$4,459 that is allocated to general and administrative expenses and fundraising, respectively for the year ended June 30, 2021. Depreciation of \$9,745 and \$5,333 was allocated to general and administrative expenses and fundraising, respectively for the year ended June 30, 2020.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Estimates also affect the reported amount of revenues, expenses, or other changes in net assets during the reporting period. Actual results could differ from these estimates.

#### Cash and Cash Equivalents

All cash and highly liquid investments with maturities of three months or less at the date of purchase, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash equivalents. Cash and highly liquid financial instruments restricted to exhibits and projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

#### Investments

Investments are stated at fair value. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

#### Bond Trust Accounts

Funds in bond trust accounts are invested in money market funds and recorded at cost.

#### Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for uncollectible receivables based on management's regular reviews of accounts receivable balances. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Based on the information available, management believes no allowance for uncollectible accounts is required as of June 30, 2021 and 2020.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Contributions Receivable

Contributions receivable are recorded at their present value based upon the Foundation's risk-adjusted rate of return, net of an allowance for uncollectible accounts. The changes in present value are reflected as contributions in the statement of activities. The allowance for uncollectible accounts is based upon management's regular review of contribution receivable balances.

#### Lease Receivable

Sales-type lease receivables are recorded at the present value of the future minimum lease payments discounted at the interest rate implicit in the lease. Interest income is recognized over the lease term using the effective interest method.

#### Inventories

Inventories consists of ExploraStore and concession stand merchandise, uniforms, and stationery. Inventory is carried at the lower of cost and net realizable value. Management evaluated the inventory and determined no adjustment was required to reduce inventory to its net realizable value as of June 30, 2021 and 2020.

#### Planned Gifts Receivable

The Foundation has been named as a beneficiary of several charitable remainder trusts for which a third party has been named as the trustee. The Foundation has also received irrevocable promises to give from donors that are payable upon the donors' deaths. The donor's expected life is estimated using appropriate Internal Revenue Service (IRS) life expectancy tables, and such promises to give are discounted at an appropriate discount rate. Such amounts have been recorded as planned gifts receivable in the statement of financial position and have been accounted for as follows:

*Receivables under trust agreements* – The Foundation records the present value of the expected amounts to be received when the trust agreement is received. For the year ended June 30, 2021, the Foundation recorded an increase of \$212,010 in the value of existing charitable remainder trusts and no change in contribution revenue. For the year ended June 30, 2020, the Foundation recorded an increase of \$242,773 in the value of existing charitable remainder trusts and no change in contribution revenue. The discount rate for the years ended June 30, 2021 and 2020, was 1.2% and 1.2%, respectively.

#### Properties and Exhibits

Purchased furniture, fixtures, and equipment are recorded at cost. Contributed items, except for artifacts, are capitalized at fair value on the date of donation. Depreciation is computed on the straight-line basis over the estimated useful life (Note 6).

Exhibits purchased through the use of funds with and/or without donor restrictions are capitalized at cost. Capitalized exhibits are depreciated using the straight-line method over their useful lives of five years.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Impairment of Long-lived Assets

Management reviews long-lived assets for impairment whenever changes in events or circumstances indicate the assets may be impaired. An impairment loss is recorded when the net book value of the asset exceeds its fair value. If the asset is determined to be impaired, the asset is written down to its realizable value, and the loss is recognized in income from continuing operations in the period when the determination is made. No impairment charges were recorded during the years ended June 30, 2021 and 2020.

#### Collections

The Foundation holds a number of artifacts of historical significance as collections including the Space Shuttle Orbiter Endeavour and related artifacts. Contributed collection items are not capitalized in the statements of financial position. Purchased collection items are treated as a reduction in net assets without donor restrictions at the time of purchase. Unexpended proceeds from deaccessions are treated as an increase in net assets without donor restrictions and are made available for acquisition of other collections. Collections are cataloged and preserved for educational purposes.

Costs of purchasing or collecting live animals are expensed as incurred.

#### Refundable Advances

The Foundation includes funds received for conditional contributions in refundable advances until all conditions are met.

#### Paycheck Protection Program (PPP) Loan

The Foundation accounts for its PPP loans as debt and recognizes the forgiveness upon being legally released by the lender.

#### Debt Issuance Costs

Debt issuance costs are presented in the statement of financial position as a reduction of bonds payable and amortized using the effective interest method over the term of the bonds.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets

Net assets of the Foundation and changes therein have been classified and reported as follows:

*Net assets without donor restrictions* are available for use in general operations and not subject to donor restrictions. The only limits on net assets without donor restrictions are broad limits resulting from the nature of the Foundation and the purpose specified in its articles of incorporation or bylaws, or through board designation.

*Net assets with donor restrictions* include those assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events as specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Revenue and Expense Recognition

Direct public support represents contributions and is recognized as revenue when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received and reported as increases in the appropriate category of net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value, except for artifacts (see Collections section in this Note). Contributions to be received after one year are discounted at an appropriate risk adjusted rate. The Foundation establishes a specific reserve based on its estimation of potential losses on contributions.

Government contracts revenue is generally recognized on a cost reimbursement basis, as the costs for the related government funded activity are incurred.

Program fees include admissions revenue on special exhibits, registration fees for classes, and rental fees for exhibits loaned to other museums, and are recognized as earned, or as events or classes are held. Deposits received before an exhibit is loaned out are recorded as refundable advances.

Membership dues are recognized over the period of the membership.

ExploraStore and concession stand sales revenue are earned at the point of sale. IMAX Theater revenue is earned as each performance is completed.

Revenues for conference reservations and special events are earned as each event is held. Deposits received before an event is held are recorded as refundable advances.

Expenses are reported as decreases in net assets without donor restrictions.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Directly identifiable expenses are charged to programs, general and administrative expenses and fundraising. Expenses relating to more than one function (including certain salaries and related benefits, depreciation and insurance) are allocated based on the proportion of time or square footage utilized on the activity.

#### Contributed Services

Contributed services are reflected in the accompanying statements at their estimated fair market value in the period received. Contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

During the years ended June 30, 2021 and 2020, the Foundation received specialized services from attorneys providing pro bono services recorded at an estimated fair value of \$77,281 and \$85,126, respectively, which are included as program expense in other expense in the statement of functional expenses.

In addition, a number of unpaid volunteers and certain businesses have made contributions of their time to develop programs, principally education programs and membership development. The value of this contributed time is not reflected in these statements, since these services neither create nor enhance a nonfinancial asset, nor would the services typically be purchased by the Foundation.

#### Advertising Costs

The Foundation expenses advertising costs as incurred.

#### Bond-related

The Foundation includes bond interest expense, amortization of bond issuance costs and bond premium as bond-related costs.

#### Income Taxes

In an IRS letter of determination dated February 11, 1959, the Foundation was classified as a charitable and educational organization, exempt from income taxes under Internal Revenue Code §501(c)(3) and California Revenue and Taxation Code §2370(d).

The Foundation recognizes the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The amount of unrecognized tax benefits is adjusted as appropriate for changes in facts and circumstances.



# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements

As defined by U.S. GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses the market or income approaches. Based on these approaches, the Foundation often uses certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

During the years ended June 30, 2021 and 2020, there were no changes to the Foundation's valuation techniques that had, or are expected to have, a material impact on the financial statements.

#### Risks and Uncertainties

Credit risk is the risk of failure of another party to perform in accordance with the contract terms. Financial instruments which potentially subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents, contributions receivable, accounts receivable, and investments.

The Foundation maintains its cash balances with several financial institutions that, from time to time, exceed insured limits. To date, the Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

With respect to contributions receivable and accounts receivable, the Foundation routinely assesses the financial strength of its donors and believes that the related credit risk exposure is limited.

The Foundation holds significant investments in the form of bonds, certificates of deposit, and mutual funds with major financial institutions. The value of investments is subject to change due to changes in interest rates and market performance. The Foundation minimizes the risk through investment diversification.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Risks and Uncertainties (Continued)

The disruption resulting from the COVID-19 pandemic is currently expected to be temporary, but there is considerable uncertainty around the duration and the Foundation expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

#### Change in Accounting Principles

Effective July 1, 2020, the Foundation adopted ASU 2016-02, *Leases (Topic 842)*, using the modified retrospective transition approach. The Foundation accounted for leases that commenced before the effective date of ASU 2016-02 in accordance with previous U.S. GAAP. Results and disclosure requirements for fiscal years beginning after June 30, 2020, are presented under ASC Topic 842, while prior period amounts have not been adjusted and continue to be reported in accordance with the Foundation's historical accounting under ASC Topic 840. The adoption of ASU 2016-02 did not have an impact on the Foundation's financial statements.

#### Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted. The Foundation is currently evaluating the impact of adopting this new guidance on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which enhances the presentation and disclosure of contributed nonfinancial assets including fixed assets (such as, land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU should be applied on a retrospective basis and effective for fiscal years beginning after June 15, 2021. The Foundation is currently evaluating the impact of adopting this new guidance on its financial statements.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – FINANCIAL ASSETS AND LIQUITY RESOURCES**

The Foundation regularly monitors the availability of resources required to meet its operating needs, debt service and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of June 30, 2021 and 2020, the following table shows the financial assets without donor or contractual restriction held by the Foundation that could readily be made available within one year of the balance sheet date to meet general expenditures.

	2021	2020
Cash and cash equivalents	\$ 12,199,002	\$ 10,084,637
Accounts receivable	2,009,538	1,333,753
Current contributions receivable	924,168	1,216,806
Current investments	15,149,184	17,262,807
	<b><u>\$ 30,281,892</u></b>	<b><u>\$ 29,898,003</u></b>

The Science Center closed to the public on March 16, 2020 due to the COVID-19 pandemic. The closure was expected to have a significant negative impact on earned income areas, including reservation fees, fee-based exhibits, the IMAX theater, ExploraStore sales, concession stand sales, conference reservations, food services, and membership. Other revenue sources, including the Guest Services contract with the State of California, contributions, and grants, were not expected to be significantly impacted by the closure. In order to offset the lost revenues, the Foundation implemented cost reduction efforts. Where possible, professional services contracts were deferred, and licensing arrangements were suspended. Those employees whose function would no longer be necessary during the closure were furloughed indefinitely, while being given an option to be laid off in order to seek other employment. In addition to cost reduction efforts, the Foundation has continuously reviewed the various relief funding opportunities available to organizations impacted by the COVID-19 pandemic.

On March 15, 2021, museums in Los Angeles County (the “County”) were given permission to open at 25% capacity. In response to this long-awaited shift in public health protocols, the Science Center re-opened to the public on March 27, 2021, following all federal, state, county, and city safety protocols related to reduced capacity, remote work, physical distancing, and face masks, and adjusting as that guidance changed. As part of the re-opening, the Foundation was able to bring back many of the employees who were previously furloughed or laid off, in addition to new hires. After three months of increasing capacity allowances, on June 15, 2021 museums in the County were given permission to open at 100% capacity.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – FINANCIAL ASSETS AND LIQUITY RESOURCES (Continued)**

Throughout the closure and since re-opening, the Foundation has maintained sufficient resources to fund operations, programming, exhibit development, and annual debt service, and management believes the Foundation has adequate financial assets and liquidity resources to continue funding operations over the next 12 months.

**NOTE 4 – CONTRIBUTIONS AND PLANNED GIFTS RECEIVABLE**

Unconditional promises to give are included in the financial statements as contributions receivable in the appropriate net asset category. Promises to give due in one year or more are recorded net of a discount to the present value of the future cash flows at rates ranging from 0.17% to 2.98% for the years ended June 30, 2021, and 2020.

Conditional promises to give are not included in the financial statements. As of June 30, 2021 and 2020, the Foundation had approximately \$84 million and \$34 million, respectively, in promises to give, conditioned on achievement of specified operational and fundraising goals expected to occur in future periods.

Unconditional promises to give as of June 30, 2021 and 2020 are expected to be realized in the following years:

	2021	2020
Due within one year	\$ 963,933	\$ 1,489,696
Allowance for uncollectible contributions	(39,765)	(74,164)
Total current	924,168	1,415,532
Due within one year - capital	2,816,772	3,704,450
Due between one to five years	11,719,002	6,683,335
Present value discount	(740,537)	(592,740)
Allowance for uncollectible contributions	(78,529)	(46,315)
Total noncurrent	13,716,708	9,748,730
	<b>\$ 14,640,876</b>	<b>\$ 11,164,262</b>

Contributions receivable due in one year for capital purposes of \$2,816,772 and \$3,704,450, respectively, are included in noncurrent contributions receivable as these amounts are restricted by the donors for capital purposes.

Receivables under trust agreements and irrevocable promises to give—payable upon the donor’s death—are included in the financial statements as planned gifts receivable under the appropriate net asset category. Such amounts are generally due in more than one year and are recorded after discounting to the present value of the future cash flows at rates ranging from 3.60% to 4.40% at June 30, 2021 and 2020.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4 – CONTRIBUTIONS AND PLANNED GIFTS RECEIVABLE (Continued)**

Planned gifts receivable of \$1,663,101 and \$1,466,657 as of June 30, 2021 and 2020, are shown net of present value discount of \$28,459 and \$29,392, respectively, and are expected to be realized after five years.

**NOTE 5 – INVESTMENTS**

As of June 30, 2021, the investments measured at fair value are summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments:			
Corporate bonds	\$ -	\$ 27,238,610	\$ 27,238,610
Municipal bonds	-	1,215,892	1,215,892
Certificates of deposit	-	512,840	512,840
Money market funds	4,714,386	-	4,714,386
Mutual funds	<u>51,773,870</u>	<u>-</u>	<u>51,773,870</u>
Total investments	<u>56,488,256</u>	<u>28,967,342</u>	<u>85,455,598</u>
Endowment investments:			
Money market funds	246,714	-	246,714
Mutual funds	<u>11,673,757</u>	<u>-</u>	<u>11,673,757</u>
Total endowment investments	<u>11,920,471</u>	<u>-</u>	<u>11,920,471</u>
	<b><u>\$ 68,408,727</u></b>	<b><u>\$ 28,967,342</u></b>	<b><u>\$ 97,376,069</u></b>

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – INVESTMENTS (Continued)**

As of June 30, 2020, the investments measured at fair value are summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments:			
Corporate bonds	\$ -	\$ 31,484,891	\$ 31,484,981
Municipal bonds	-	972,230	972,230
Certificates of deposit	-	57,987	57,987
Mutual funds	<u>48,416,181</u>	<u>-</u>	<u>48,416,181</u>
Total investments	<u>48,416,181</u>	<u>32,515,108</u>	<u>80,931,289</u>
Endowment investments:			
Money market funds	490,682	-	490,682
Mutual funds	<u>9,033,739</u>	<u>-</u>	<u>9,033,739</u>
Total endowment investments	<u>9,524,421</u>	<u>-</u>	<u>9,524,421</u>
	<b><u>\$ 57,940,602</u></b>	<b><u>\$ 32,515,108</u></b>	<b><u>\$ 90,455,710</u></b>

**NOTE 6 – PROPERTIES AND EXHIBITS**

As of June 30, 2021 and 2020, properties and exhibits consist of the following:

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Life</u>
Exhibits	\$ 27,147,344	\$ 37,332,027	5 years
Building	3,418,745	3,418,745	5 years
Equipment, furniture and fixtures, and information systems	4,538,255	4,666,989	5–25 years
3D IMAX projector	1,106,509	1,106,509	10 years
Construction in progress	<u>3,514,346</u>	<u>2,764,790</u>	
	39,725,199	49,289,060	
Accumulated depreciation	<u>(32,543,145)</u>	<u>(43,721,488)</u>	
	<b><u>\$ 7,182,054</u></b>	<b><u>\$ 5,567,572</u></b>	

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7 – LOANS PAYABLE

During April 2020, the Foundation received a loan from a bank totaling \$2,549,700 under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) and the Foundation repaid \$1,269,700 which reduced the outstanding balance to \$1,280,000 as of June 30, 2020. The PPP loan bore interest at 1.0% maturing April 21, 2022. On June 11, 2021, the Foundation was notified by the SBA that the outstanding principal balance and accrued interest totaling \$1,294,926 was forgiven.

During March 2021, the Foundation received a second PPP loan totaling \$2,000,000. As of June 30, 2021, the outstanding balance is \$2,000,000. The Foundation will use the PPP loan proceeds for eligible costs that should result in forgiveness of a portion or all of the PPP loan. The loan bears interest at 1.0% and matures on March 2, 2026.

### NOTE 8 – BONDS PAYABLE

During August 2006, California Infrastructure and Economic Development Bank (the “Issuer”) issued tax-exempt bonds totaling \$82,000,000 (the “2006 Bonds”) with fixed interest rates ranging from 4.1% to 5.0% and lent the proceeds to the Foundation.

During October 2016, pursuant to an indenture by the Issuer, the 2006 Bonds were refinanced by \$50,835,000 of tax-exempt bonds (the “2016 Bonds”) issued in two series; Series A was issued for \$20,085,000, and Series B was issued for \$30,750,000. The 2016 Bonds were issued with fixed interest rates ranging from 2.0% to 5.0%. A premium totaling \$9,605,728 was received, and debt issuance costs of \$787,750 were incurred upon the sale of the bonds.

The Issuer lent the proceeds of the 2016 Bonds to the Foundation pursuant to a loan agreement (the “Loan Agreement”) between the Issuer and the Foundation. The bond premium and issuance costs are being amortized over the life of the bonds using the effective interest method. During the years ended June 30, 2021 and 2020, the Foundation’s estimated arbitrage rebate tax liability was zero.

The 2016 Bonds are limited to obligations of the Issuer payable solely from revenues from the Foundation. The loan payments are general obligations of the Foundation. No specific property is pledged under the Loan Agreement. There is no reserve fund and no financial covenant associated with these bonds.

The 2016 Bonds bear a fixed net interest cost of 2.788% with an arbitrage yield of 2.1318%. The Foundation is responsible for making interest payments to the Trustee on the first of each November and May (having commenced May 1, 2017).

As of June 30, 2021 and 2020, the estimated fair value of the Foundation’s bonds is \$43.7 million (compared to a carrying value of \$42.2 million) and \$47.2 million (compared to a carrying value of \$45.8 million), respectively. The estimated fair value has been calculated based on broker quotes or rates for the same or similar instruments.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – BONDS PAYABLE (Continued)**

As of June 30, 2021, principal payments, premium amortization, and issuance cost amortization on the above obligations for the future years ending June 30 are as follows:

	<u>Principal</u>	<u>Premium Amortization</u>	<u>Issuance Cost Amortization</u>	<u>Net Payment</u>
2022	\$ 2,980,000	\$ 838,748	\$ (69,011)	\$ 3,749,737
2023	3,135,000	781,089	(63,568)	3,852,521
2024	3,290,000	715,690	(55,496)	3,950,194
2025	3,455,000	649,242	(51,650)	4,052,592
2026	3,630,000	574,550	(45,213)	4,159,337
Thereafter	<u>21,045,000</u>	<u>1,515,255</u>	<u>(115,387)</u>	<u>22,444,868</u>
	<b><u>\$ 37,535,000</u></b>	<b><u>\$ 5,074,574</u></b>	<b><u>\$ (400,325)</u></b>	<b><u>\$ 42,209,249</u></b>

**NOTE 9 – ENDOWMENT**

The Foundation established an endowment to ensure the long-term survival of its mission and to provide a stable source of annual funding for its programs and activities over the long term. The Foundation's endowment consists of approximately nine individual funds established for a variety of purposes.

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as not requiring the preservation of the fair value of the original gift as of the gift date, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the original value of gifts donated to the permanent endowment as perpetually restricted. The remaining portion of the donor-restricted endowment fund that is not classified as perpetually restricted net assets is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by the UPMIFA.

The Foundation has an Investment Committee that oversees the investment of the endowment funds and has an investment policy. The target spend rate for the endowment is 5%, funded from returns on investment of the endowment funds. This return is defined as all dividends and interest, as well as both realized and unrealized gains and losses. With the exception of gift instruments that require individual management, either by nature of the instrument or as specified by law, all endowment gifts are pooled for the purpose of investment. Pooled investments and the allocation of pooled investment income are accounted for on a unit market method.



**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 9 – ENDOWMENT (Continued)**

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Based on the Foundation’s objectives for spending, the Investment Committee has deemed that the following asset allocation is appropriate. The allocation is determined based on the market value of the assets:

Equity securities	40 to 70%
Fixed-income securities	30 to 50%
Highly liquid investments	5 to 15%

As of June 30, 2021 and 2020, endowment assets consist of the following:

	<u>2021</u>	<u>2020</u>
Endowment corpus	\$ 5,733,617	\$ 5,733,617
Unappropriated endowment earnings	6,186,854	3,790,804
Planned gifts receivable	<u>248,801</u>	<u>232,302</u>
	<b><u>\$ 12,169,272</u></b>	<b><u>\$ 9,756,723</u></b>

For the years ended June 30, 2021 and 2020, changes in endowment net assets are as follows:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 9,756,723	\$ 9,204,051
Net investment return	2,649,357	823,076
Change in value of split-interest agreements	16,499	16,277
Appropriation of endowment assets pursuant to spending-rate policy	<u>(253,307)</u>	<u>(286,681)</u>
Endowment net assets, end of year	<b><u>\$ 12,169,272</u></b>	<b><u>\$ 9,756,723</u></b>

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2021, and 2020, donor-restricted net assets were available for the following purposes or periods:

	2021	2020
<i>Subject to expenditure for specified purpose:</i>		
Phase II projects	\$ 11,000	\$ 21,000
Phase III projects	9,971,478	3,977,313
Restricted for exhibits and education	6,214,733	8,262,630
	16,197,211	12,260,943
<i>Subject to the passage of time:</i>		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	6,034,686	6,280,193
<i>Subject to the Foundation's spending policy and appropriation:</i>		
Unappropriated endowment earnings	6,186,854	3,790,804
<i>Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation</i>		
Endowment funds restricted in perpetuity	5,733,617	5,733,617
Planned gifts receivable	248,801	232,302
	5,982,418	5,965,919
	<b><u>\$ 34,401,169</u></b>	<b><u>\$ 28,297,859</u></b>

Donor-restricted net assets include contributions restricted to Phase II projects under the Science Center Master Plan, including the construction of the Ecosystems gallery and exhibits, and Phase III projects, including bringing the Space Shuttle Orbiter Endeavour to Los Angeles, and creating the Samuel Oschin Air & Space Center and related exhibits.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

For the years ended June 30, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors are as follows:

	2021	2020
<i>Satisfaction of purpose restrictions:</i>		
Phase II projects	\$ 10,000	\$ -
Phase III projects	807,797	600,685
Restricted for exhibits and education	3,061,368	969,144
	3,879,165	1,569,829
 <i>Satisfaction of time restrictions</i>	 1,258,733	 1,944,496
 <i>Endowment earnings appropriated</i>	 253,307	 286,681
	<b>\$ 5,391,205</b>	<b>\$ 3,801,006</b>

**NOTE 11 – DEFINED-CONTRIBUTION PLANS**

The Foundation offers two defined-contribution plans to its employees. Under the 403(b) plan, an employee can elect to make voluntary contributions on a pretax basis (up to annual IRS limits) to the plan through a payroll deduction. Based on the employee's contributions to the 403(b) plan, the Foundation makes a matching contribution to the 401(a) plan, up to 4% of the employee's salary. The plans allow participants to invest in a variety of investments. For the years ended June 30, 2021 and 2020, matching contributions totaled \$192,537 and \$203,836, respectively.

**NOTE 12 – LEASES**

In August 2006, the State and the Foundation executed a lease agreement whereby the State leased the completed Phase II building for payments totaling \$45.9 million over 25 years with payments commencing upon beneficial use and occupancy of the Phase II building. At the end of the lease term, ownership of the building will revert to the State. The State accepted beneficial use and occupancy of the Phase II building on June 15, 2009. Lease payments are due monthly in arrears.

Under sales-financing method lease accounting, the present value of the lease payments, \$27.6 million, was recognized as revenue during the year ended June 30, 2009, the year the lease payments commenced.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 12 – LEASES (Continued)**

In October 2016, the State and the Foundation entered into an amended and restated lease purchase agreement (the “Amendment”) which reduced the total, gross lease payments over the remaining fifteen years to \$28.3 million. At the date the lease amendment payments commenced, the difference between the total gross lease payments of \$28.3 million, and the present value of the lease payments of \$21.4 million, was recorded as unearned interest income of \$6.9 million. The unearned interest income is being recognized over the life of the lease using the effective interest method.

As of June 30, 2021, the minimum lease payments, net of unearned interest income, for future years ending June 30 are as follows:

	<u>Payment</u>	<u>Unearned Interest</u>	<u>Net Lease Receivable</u>
2022	\$ 1,951,457	\$ (601,166)	\$ 1,350,291
2023	1,951,457	(549,625)	1,401,832
2024	1,951,457	(496,117)	1,455,340
2025	1,951,457	(440,556)	1,510,901
2026	1,951,457	(382,869)	1,568,588
Thereafter	<u>9,432,042</u>	<u>(969,354)</u>	<u>8,462,688</u>
	<b><u>\$ 19,189,327</u></b>	<b><u>\$ (3,439,697)</u></b>	<b><u>\$ 15,749,630</u></b>

The State approved legislation in 2015 which includes significant funding for the Phase III project with a contribution totaling \$72.9 million to the Foundation to support the construction of the Samuel Oschin Air and Space Center in the form of annual lease payments of \$2.43 million over 30 years. The State and the Foundation have executed an agreement regarding the Phase III project lease to commence upon beneficial use and occupancy of the Phase III facility.

**NOTE 13 – SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through December 6, 2021, the date financial statements were issued.

During July 2021, the Foundation was awarded a \$6,357,093 grant under the SBA’s Shuttered Venue Operators Grant Program (SVOG) as authorized under the American Rescue Plan Act. The SVOG Program provides funds to support the ongoing operations of eligible live venue operators or promoters, theatrical producers, live performing arts organization operators, relevant museum operators, motion picture theater operators, and talent representatives who have experienced significant revenue losses due to the effects of the COVID-19 pandemic.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 13 – SUBSEQUENT EVENTS (Continued)**

During July 2021, the Foundation received a \$7,500,000 conditional promise to give conditioned on the achievement of specified operational goals expected to occur in future periods.

During October 2021, pursuant to an indenture by and between the California Infrastructure and Economic Development Bank (the “Issuer”) and Wells Fargo Bank (the “Trustee”), \$145,255,000 of tax-exempt bonds were issued, and the proceeds were lent to the Foundation. The bonds were issued in two series: Series A was issued for \$41,980,000 with a term of thirty years beginning in 2025, based on the expected date of occupancy, and Series B was issued for \$103,275,000 with a term of thirty years beginning upon issuance in 2021. Both Series have a coupon rate fixed at 4.00%. A premium of \$23,695,079 was received upon sale of the bonds, resulting in an effective interest rate of 3.00%.