

**EISNERAMPER**

**NEW YORK ACADEMY OF SCIENCES**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021



# NEW YORK ACADEMY OF SCIENCES

## Contents

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Consolidated Financial Statements</b>	
Consolidated statements of financial position as of June 30, 2022 and 2021	3
Consolidated statements of activities for the years ended June 30, 2022 and 2021	4
Consolidated statement of functional expenses for the year ended June 30, 2022 (with summarized financial information for 2021)	5
Consolidated statement of functional expenses for the year ended June 30, 2021	6
Consolidated statements of cash flows for the years ended June 30, 2022 and 2021	7
Notes to consolidated financial statements	8

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Governors of  
New York Academy of Sciences

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the financial statements of New York Academy of Sciences and its wholly controlled entities (collectively, the "Academy"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for each of the years 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 New York Academy of Sciences as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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***

The Academy's 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.

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 the Academy's ability to continue as a going concern for 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 GAAS 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.



"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC provide professional services.

EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.

In performing an audit in accordance with GAAS, 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 the Academy'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 the Academy'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.

*EisnerAmper LLP*

EISNERAMPER  
New York, New York  
January 30, 2023



# NEW YORK ACADEMY OF SCIENCES

## Consolidated Statements of Financial Position

	June 30,	
	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash	\$ 8,046,644	\$ 7,217,195
Receivables:		
Contributions receivable, net	5,575,299	7,605,041
Other receivables	35,269	456,196
Investments	149,273	97,795
Prepaid expenses and other assets	874,319	795,646
Property and equipment, net and right-of-use assets	13,070,480	26,602
Website and software costs, net	60,991	182,694
	<u>\$ 27,812,275</u>	<u>\$ 16,381,169</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,853,102	\$ 5,061,166
Paycheck Protection Program loan payable	1,787,767	1,787,767
Deferred membership fees and conference registration fees	340,152	426,087
Deferred publishing fee	200,000	300,000
Lease liability	13,329,896	-
Deferred rent obligation	-	254,280
Lease incentive obligation	-	85,829
	<u>17,510,917</u>	<u>7,915,129</u>
Total liabilities		
Commitments, contingency, and other uncertainty (see Note I)		
Net Assets (deficit):		
Without donor restrictions	1,750,522	(2,790,689)
With donor restrictions:		
Purpose restrictions	8,083,154	10,789,047
Time-restricted for future periods	58,000	58,000
Perpetual in nature	409,682	409,682
	<u>8,550,836</u>	<u>11,256,729</u>
Total net assets with donor restrictions		
	<u>10,301,358</u>	<u>8,466,040</u>
Total net assets		
	<u>\$ 27,812,275</u>	<u>\$ 16,381,169</u>

# NEW YORK ACADEMY OF SCIENCES

## Consolidated Statements of Activities

	Year Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating support and revenue:</b>						
Contributions	\$ 10,644,760	\$ 8,671,760	\$ 19,316,520	\$ 5,730,412	\$ 7,974,193	\$ 13,704,605
Gain on forgiveness of Paycheck Protection Program loan	-	-	-	1,853,230	-	1,853,230
Membership fees	525,809	-	525,809	603,442	-	603,442
Publication sales	2,164,912	-	2,164,912	2,192,200	-	2,192,200
Registration and meeting fees	374,640	-	374,640	358,006	-	358,006
Interest and dividends	6,032	-	6,032	1,649	-	1,649
Other revenue	85,740	-	85,740	9,403	-	9,403
Total operating support and revenue before net assets released from restrictions	13,801,893	8,671,760	22,473,653	10,748,342	7,974,193	18,722,535
Net assets released from restrictions	11,377,653	(11,377,653)	-	8,825,051	(8,825,051)	-
Total operating support and revenue	25,179,546	(2,705,893)	22,473,653	19,573,393	(850,858)	18,722,535
<b>Operating expenses:</b>						
Program services:						
Membership maintenance	395,702	-	395,702	627,315	-	627,315
Publications	849,515	-	849,515	1,309,197	-	1,309,197
Conferences, education and other	15,349,840	-	15,349,840	11,328,031	-	11,328,031
Total program services	16,595,057	-	16,595,057	13,264,543	-	13,264,543
Supporting services:						
Fund-raising	1,677,349	-	1,677,349	2,414,002	-	2,414,002
General and administrative	2,713,064	-	2,713,064	4,078,019	-	4,078,019
Total supporting services	4,390,413	-	4,390,413	6,492,021	-	6,492,021
Total operating expenses	20,985,470	-	20,985,470	19,756,564	-	19,756,564
Change in net assets before lease exit activities and unrealized gains on investments	4,194,076	(2,705,893)	1,488,183	(183,171)	(850,858)	(1,034,029)
Gain on lease exit activities	340,109	-	340,109	-	-	-
Unrealized gains on investments	7,026	-	7,026	13,650	-	13,650
<b>Change in net assets</b>	4,541,211	(2,705,893)	1,835,318	(169,521)	(850,858)	(1,020,379)
Net assets, beginning of year	(2,790,689)	11,256,729	8,466,040	(2,621,168)	12,107,587	9,486,419
<b>Net assets, end of year</b>	\$ 1,750,522	\$ 8,550,836	\$ 10,301,358	\$ (2,790,689)	\$ 11,256,729	\$ 8,466,040

See notes to consolidated financial statements.

# NEW YORK ACADEMY OF SCIENCES

## Consolidated Statement of Functional Expenses Year Ended June 30, 2022

(with summarized financial information for 2021)

	Program Services				Supporting Services			Totals	
	Membership Maintenance	Publications	Conferences, Education and Other	Total Program Services	Fund-raising	General and Administrative	Total Supporting Services	2022	2021
Salaries and wages	\$ 188,219	\$ 394,905	\$ 3,850,199	\$ 4,433,323	\$ 1,087,534	\$ 1,407,786	\$ 2,495,320	\$ 6,928,648	\$ 7,670,036
Payroll taxes and employee benefits	36,150	75,251	738,295	849,696	207,832	247,971	455,803	1,305,499	1,674,265
Rent	8,014	16,803	131,009	155,826	35,704	95,707	131,411	287,237	2,775,532
Professional fees	110,428	277,547	7,140,811	7,528,786	95,481	400,911	496,392	8,025,178	3,951,501
Depreciation and amortization	4,070	8,534	66,533	79,137	18,133	48,605	66,738	145,875	822,312
Food and reception	-	-	163,562	163,562	1,136	5,996	7,132	170,694	2,066
Travel	109	-	481,824	481,933	4,470	33,250	37,720	519,653	37,141
Office	7,553	7,629	115,115	130,297	18,945	200,110	219,055	349,352	296,573
Utilities and cleaning	886	1,858	14,492	17,236	3,949	10,586	14,535	31,771	62,075
Equipment rental and maintenance	14,255	29,890	317,613	361,758	63,511	197,858	261,369	623,127	383,171
Subscriptions and publications	5,182	28,309	66,577	100,068	929	636	1,565	101,633	122,286
Prizes and awards	-	-	2,154,208	2,154,208	-	-	-	2,154,208	1,764,306
Printing	9,147	-	1,209	10,356	331	527	858	11,214	16,066
Insurance	2,385	5,000	38,987	46,372	10,625	28,483	39,108	85,480	108,406
Meetings and dues	-	1,049	15,486	16,535	-	7,440	7,440	23,975	3,826
Education and training	-	-	-	-	-	15,514	15,514	15,514	13,919
Miscellaneous	-	2,740	34,573	37,313	-	6,660	6,660	43,973	24,180
Bad debt expense	-	-	-	-	127,797	-	127,797	127,797	-
Interest and credit card fees	9,304	-	19,347	28,651	972	5,024	5,996	34,647	28,903
<b>Total expenses</b>	<b>\$ 395,702</b>	<b>\$ 849,515</b>	<b>\$ 15,349,840</b>	<b>\$ 16,595,057</b>	<b>\$ 1,677,349</b>	<b>\$ 2,713,064</b>	<b>\$ 4,390,413</b>	<b>\$ 20,985,470</b>	<b>\$ 19,756,564</b>

See notes to consolidated financial statements.

# NEW YORK ACADEMY OF SCIENCES

## Consolidated Statement of Functional Expenses Year Ended June 30, 2021

	Program Services				Supporting Services			Total Expenses
	Membership Maintenance	Publications	Conferences, Education and Other	Total Program Services	Fund-raising	General and Administrative	Total Supporting Services	
Salaries and wages	\$ 293,316	\$ 468,029	\$ 3,744,186	\$ 4,505,531	\$ 1,467,252	\$ 1,697,253	\$ 3,164,505	\$ 7,670,036
Payroll taxes and employee benefits	65,209	103,602	832,346	1,001,157	315,491	357,617	673,108	1,674,265
Rent	105,032	167,558	1,245,019	1,517,609	343,618	914,305	1,257,923	2,775,532
Professional fees	69,173	376,270	2,946,389	3,391,832	102,218	457,451	559,669	3,951,501
Depreciation and amortization	31,495	50,243	363,378	445,116	103,036	274,160	377,196	822,312
Food and reception	-	-	314	314	85	1,667	1,752	2,066
Travel	627	1,872	27,714	30,213	20	6,908	6,928	37,141
Office	10,480	8,582	145,970	165,032	19,828	111,713	131,541	296,573
Utilities and cleaning	2,377	3,793	27,429	33,599	7,778	20,698	28,476	62,075
Equipment rental and maintenance	11,593	18,494	141,510	171,597	37,927	173,647	211,574	383,171
Subscriptions and publications	4,376	99,568	16,243	120,187	497	1,602	2,099	122,286
Prizes and awards	-	-	1,764,306	1,764,306	-	-	-	1,764,306
Printing	15,836	-	-	15,836	-	230	230	16,066
Insurance	4,152	6,624	47,903	58,679	13,583	36,144	49,727	108,406
Meetings and dues	-	2,600	448	3,048	-	778	778	3,826
Education and training	100	-	-	100	-	13,819	13,819	13,919
Miscellaneous	-	1,962	14,297	16,259	40	7,881	7,921	24,180
Interest and credit card fees	13,549	-	10,579	24,128	2,629	2,146	4,775	28,903
<b>Total expenses</b>	<b>\$ 627,315</b>	<b>\$ 1,309,197</b>	<b>\$ 11,328,031</b>	<b>\$ 13,264,543</b>	<b>\$ 2,414,002</b>	<b>\$ 4,078,019</b>	<b>\$ 6,492,021</b>	<b>\$ 19,756,564</b>

See notes to consolidated financial statements.

# NEW YORK ACADEMY OF SCIENCES

## Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,835,318	\$ (1,020,379)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	145,875	822,312
Forgiveness of Paycheck Protection Program loan	-	(1,853,230)
Bad debt expense	127,797	-
Right-of-use leased assets amortization	95,064	-
Donated securities	(39,681)	(19,361)
Net unrealized gains on investments	(7,026)	(13,650)
Gain on lease exit activities	(340,109)	-
Amortization of deferred rent obligation	-	(275,252)
Amortization of lease incentive obligation	-	(128,868)
Changes in:		
Contributions receivable, net	1,901,945	1,882,936
Other receivables	420,927	(27,334)
Prepaid expenses and other assets	(78,673)	26,939
Accounts payable and accrued expenses	(3,208,064)	2,242,754
Deferred membership fees and conference registration fees	(85,935)	(52,343)
Deferred publishing fee	(100,000)	(100,000)
Lease liability	166,782	-
Net cash provided by operating activities	<u>784,220</u>	<u>1,484,524</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	<u>(4,771)</u>	<u>-</u>
<b>Cash flows from financing activities:</b>		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>1,787,767</u>
<b>Increase in cash</b>	<b>829,449</b>	<b>3,272,291</b>
Cash, beginning of year	<u>7,217,195</u>	<u>3,944,904</u>
<b>Cash, end of year</b>	<b><u>\$ 8,046,644</u></b>	<b><u>\$ 7,217,195</u></b>

See notes to consolidated financial statements.

## NEW YORK ACADEMY OF SCIENCES

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### [1] Organization:

The New York Academy of Sciences ("NYAS") was incorporated in New York in 1817 to hold conferences and lectures in interdisciplinary fields of science and technology and to disseminate information in print and online.

NYAS has three wholly controlled enterprises, the American Institute of the City of New York (the "Institute"), the New York Academy of Sciences U.K. Limited ("NYAS UK") and the Global Stem Alliance, LLC (the "Company"), formerly known as STEM Learning Solutions, LLC. The Institute is largely inactive. NYAS UK, located in London, was formed in fiscal-year 2009 as the result of a substantial bequest from a foreign donor that would permit NYAS to expand its international presence. The Company was formed in fiscal-year 2016 as a disregarded entity, to be operated exclusively for charitable, religious, educational, and scientific purposes. Accordingly, the consolidated financial statements include the financial position, results of operations and cash flows of NYAS, the Institute, NYAS UK, and the Company, (collectively referred to as the "Academy"). All inter-entity transactions and balances have been eliminated in the consolidation process.

The Academy's organizations are exempt from federal income tax pursuant to Section 501(c)(3) of the U.S. Internal Revenue Code, or its foreign equivalent and from state and local taxes under comparable laws.

As of June 30, 2022, the Academy had positive net assets without donor restrictions of \$1,750,522. As of June 30, 2021, the Academy had an accumulated deficit in net assets without donor restrictions of \$2,790,689. The Academy recognized a net increase/(decrease) in net assets of \$1,835,318 and \$(1,020,379) for the years ended June 30, 2022 and 2021, respectively. Approximately \$822,000 of depreciation expense represented approximately 81% of the fiscal year's 2021 net loss. In addition, in fiscal year 2021, the Academy recognized a non-recurring lease cost of approximately \$3,000,000 representing rent in arrears and settlement to cancel the remainder of its current and future lease contract. The Academy's Board of Governors and management have been continuously considering various long-term strategies to ensure continued prudent fiscal operations of the Academy. As a result, the management team implemented a number of restructuring initiatives, designed to improve cash flows and to strengthen the consolidated statements of financial position. Significant cost reductions were achieved in salary and staff benefits, reduced event expenses due to holding all events virtually, and as noted earlier, the Academy has terminated its office lease and has secured new space at a significantly lower cost. In addition, new Board members have been recruited to strongly position the Academy's fundraising program. The Academy is also working to solicit new contributions without donor restrictions.

##### [2] Basis of accounting:

The consolidated financial statements of the Academy have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

##### [3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires the Academy's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

## NEW YORK ACADEMY OF SCIENCES

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [4] Investments:

The Academy's investments in equity securities have been reported at their fair values in the consolidated statements of financial position based on quoted market prices.

The Academy's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost at the time of acquisition to proceeds received at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair values as determined by the Academy's management on the dates of donation. The Academy's policy is to sell donated securities immediately, and, for purposes of the consolidated statements of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

##### [5] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their fair values at the dates of donation, net of accumulated depreciation and amortization. The Academy capitalizes items of property and equipment that have a cost of \$1,000 or more and a useful life greater than one year, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over the assets' estimated useful lives. Furniture and fixtures are depreciated over seven years; equipment is depreciated over five years; and computer equipment is depreciated over three years. Leasehold improvements are amortized over the remaining lease term or the useful lives of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value the Academy recognizes any impairment in the year of determination. There were no triggering events during fiscal-years 2022 or 2021 requiring management to test for impairment that would require any adjustments to property and equipment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

##### [6] Website and software costs:

Website costs related to data consulting services, site configuration and infrastructure, and conceptual design are capitalized. Costs incurred for the purchase of software and upgrades that result in additional functionality are capitalized. Costs relating to operation and content are expensed as incurred. Capitalized costs are amortized over a five-year expected life using the straight-line method. As of June 30, 2022 and 2021, capitalized website and software costs were presented net of accumulated amortization of \$3,185,039 and \$3,063,336, respectively.

## NEW YORK ACADEMY OF SCIENCES

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [7] Leases:

The Academy determines if an arrangement is a lease at inception. For the Academy's operating leases, a right-of-use ("ROU") asset represents the Academy's right to use an underlying asset for the lease term and an operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since the Academy's lease agreements do not provide an implicit interest rate, the Academy uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as operating costs, are expensed as incurred.

##### [8] Accrued vacation:

Accrued vacation represents the Academy's obligation for the cost of unused vacation time payable in the event of employee departures. At June 30, 2022 and 2021, the accrued vacation obligation was approximately \$338,000 and \$304,000, respectively, and was reported as part of accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

##### [9] Paycheck Protection Program loan payable:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provided businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak.

There are two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution. The Academy has elected to record the PPP funds as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470, *Debt*. During fiscal year 2021, the Academy applied for and received full loan forgiveness for its first draw PPP loan in the amount of \$1,853,230. Accordingly, this amount has been recognized as a gain on loan forgiveness in the accompanying consolidated statements of activities. During fiscal year 2022, the Academy applied for loan forgiveness for its second draw PPP loan in the amount of \$1,787,767, which was formally approved for forgiveness by the bank and the SBA subsequent to June 30, 2022 and will be recognized as a gain on loan forgiveness in the subsequent year.

##### [10] Net assets:

###### (i) *Net assets without donor restrictions:*

Net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are therefore available for current operations.

###### (ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or a specific period of time. Also included within net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from the underlying assets to be used in satisfaction of the wishes of those donors.

# NEW YORK ACADEMY OF SCIENCES

## Notes to Consolidated Financial Statements June 30, 2022 and 2021

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [10] Net assets: (continued)

(ii) *Net assets with donor restrictions: (continued)*

When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, or funds are appropriated through an action of the Board of Governors, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities as "net assets released from restrictions." Contributions with donor restrictions, the requirements of which are met in the year of donation, are reported as without donor restrictions.

#### [11] Revenue recognition:

(i) *Contributions:*

Contributions to the Academy are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are recorded as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Academy's management or necessary events have taken place. Contributions to be received over periods longer than a single year are discounted to present value, at an interest rate commensurate with the risk involved. Management periodically assesses the collectability of its contributions receivables and provides allowances for anticipated losses, if any, when necessary.

(ii) *Revenue from contracts with customers:*

The Academy recognizes revenue when, or as, performance obligations are satisfied associated with contracts with customers. Revenue is measured as the amount of consideration the Academy expects to receive in exchange for providing services. The primary sources of revenue from contracts with customers for the Academy are membership fees, publication sales, and registration and meeting fees.

a. *Membership fees:*

Revenue from membership fees is recognized in the year in which membership services are provided. The performance obligation is satisfied throughout the membership period. Members immediately have full access upon payment to a broad array of information, advocacy, and services found nowhere else, including publications and events and networking resources and events. There is no remaining performance obligation required by the Academy upon the member termination date. Revenue received in advance of an applicable membership period is deferred and reported as deferred membership fees and conference registration fees in the consolidated statements of financial position.

b. *Publication sales:*

Publication sales are recognized over the term of the subscription and/or contract. The portion applicable to a subsequent period is reported as deferred publishing fee in the consolidated statements of financial position. In October 2005, the Academy entered into an agreement with an independent publisher, John Wiley & Sons, Inc. ("Wiley"), to jointly publish 28 volumes per year of Annals of the New York Academy of Sciences, beginning in January 2006; the number of annual volumes was increased to 32 in January 2009 and then, by mutual agreement, reduced to 30 volumes in 2013, 28 volumes in 2014 and 2015, and 24 volumes in 2016. The Academy retains full responsibility for acquisition of content and editorial quality.

## NEW YORK ACADEMY OF SCIENCES

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [11] Revenue recognition: (continued)

(ii) *Revenue from contracts with customers: (continued)*

b. *Publication sales: (continued)*

In June 2014, the Academy renegotiated its contract with Wiley. The Academy is entitled to an annual editorial stipend, initially of \$575,000, with a 3% annual increase over the term of the contract, through fiscal year 2025. In addition, the Academy is entitled to 82.5% of the surplus of revenues over expenditures generated by the Annals each year during the period January 1, 2015 through December 31, 2020, and 83.5% of the surplus of revenues over expenditures generated each year during the period from January 1, 2021 through December 31, 2025. Accordingly, Wiley is required to submit a report of actual revenues and expenditures after December 31st of each year. The Academy also received a one-time signing bonus of \$1,000,000, which is being recognized as revenue over the course of the ten-year term of the agreement. The unrecognized portion of this bonus is reported as a deferred publishing fee in the consolidated statements of financial position at June 30, 2022 and 2021.

c. *Registration and meeting fees:*

Revenue from registrations and meetings is recognized when the related conference or event occurs and the services are rendered in accordance with the contractual provisions in satisfaction of the performance obligations. There is no remaining performance obligation required of the Academy upon completion of the conference or event. Revenue received in advance of the Academy satisfying the performance obligation is deferred and reported as deferred membership fees and conference registration fees in the consolidated statements of financial position.

##### [12] Measure of operations:

The Academy includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Unrealized gains on investments and gains on lease exit activities are recognized as a part of non-operating activities.

##### [13] Advertising:

Advertising, consisting primarily of expenses to promote conferences and publications, is recorded as an expense in the period incurred. Advertising expense during fiscal-years 2022 and 2021 was approximately \$249,000 and \$261,000, respectively.

##### [14] Income taxes:

The Academy is subject to the provisions of the FASB's ASC Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Academy's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Academy's consolidated financial statements.

## NEW YORK ACADEMY OF SCIENCES

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [15] Adoption of accounting principle:

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases*, to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months on the consolidated statements of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Academy elected to adopt ASU 2016-02 as of July 1, 2021 on a prospective basis.

The Academy has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Academy accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether classification of the operating leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of June 30, 2019) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

The new lease standard also provides practical expedients for an entity’s ongoing accounting. The Academy elected the short-term lease recognition exemption, under which the Academy will not recognize right-of-use assets (“ROU”) or lease liabilities on new or existing short-term leases. Short-term leases are defined as those with a term of 12 months or less. The Academy also elected the practical expedient to not separate lease and non-lease components for certain classes of assets.

As a result of the adoption of the new lease accounting guidance, the Academy recognized on July 1, 2021 (a) a lease liability of \$13,163,114 which represented the present value of the remaining lease payments of \$16,758,162 discounted using a risk-free rate of 2.74%, and (b) ROU assets of approximately \$13,163,114. This standard did not have a material impact on the Academy’s consolidated statement of financial position or cash flows from operations and had no impact on the Academy’s consolidated statements of activities and changes in net assets. The most significant impact was the recognition of a ROU asset and lease obligation for an operating lease for fiscal-year 2022.

##### [16] Reclassification:

Certain amounts in the prior year’s consolidated financial statements have been reclassified to conform to the current year’s presentation.

##### [17] Subsequent events:

The Academy has evaluated subsequent events through January 30, 2023, the date on which the consolidated financial statements were available to be issued.

## NEW YORK ACADEMY OF SCIENCES

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### NOTE B - RECEIVABLES

##### [1] Contributions receivable:

At each fiscal year-end, contributions receivable were estimated to be due as follows:

	Year Ended June 30,	
	2022	2021
Less than one year	\$ 5,812,696	\$ 5,031,301
One to five years	-	2,714,559
	<u>5,812,696</u>	7,745,860
Reduction of pledges due in excess of one year to present value, at a rate ranging from 0.16% - 2.63%	-	(31,219)
	<u>5,812,696</u>	7,714,641
Less: allowance for doubtful accounts	<u>(237,397)</u>	<u>(109,600)</u>
	<u>\$ 5,575,299</u>	<u>\$ 7,605,041</u>

##### [2] Other receivables:

At each fiscal year-end, other accounts receivable consisted of reimbursable expenses and other amounts due from unrelated parties for exchange-type transactions. All amounts are due within one year, and management expects the receivables to be fully collected. Accordingly, no allowance for doubtful amounts has been established.

#### NOTE C - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	June 30,			
	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Equity securities	\$ 149,273	\$ 124,659	\$ 97,795	\$ 80,207

During each fiscal year, investment income consisted of the following:

	June 30,	
	2022	2021
Interest and dividends	\$ 6,032	\$ 1,649
Unrealized gains	<u>7,026</u>	<u>13,650</u>
	<u>\$ 13,058</u>	<u>\$ 15,299</u>

## NEW YORK ACADEMY OF SCIENCES

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### NOTE C - INVESTMENTS (CONTINUED)

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets at the reporting date.
- Level 2: Valuations are based on: (i) quoted prices for similar assets in active markets; or (ii) quoted prices for those assets, or similar assets, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the assets; or (ii) the assets cannot be independently valued.

The Academy's investments were valued entirely as Level 1 of the fair-value hierarchy for both fiscal-years 2022 and 2021.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another.

#### NOTE D – PROPERTY, EQUIPMENT, AND RIGHT-OF-USE ASSETS

At each fiscal-year end, property, equipment, and right-of-use assets consisted of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ -	\$ 9,630,961
Furniture, fixtures and equipment	-	1,079,189
Computer equipment	<u>394,783</u>	<u>2,864,880</u>
	<b>394,783</b>	13,575,030
Less: accumulated depreciation and amortization	<u>(392,353)</u>	<u>(13,548,428)</u>
Property and equipment, net	<b>2,430</b>	26,602
Right-of-use assets under operating lease agreements	<u>13,068,050</u>	<u>-</u>
	<b><u>\$ 13,070,480</u></b>	<b><u>\$ 26,602</u></b>

During fiscal year 2022, the Academy exited its leased space and disposed of fully depreciated leasehold improvements and property and equipment of \$13,180,247.

## NEW YORK ACADEMY OF SCIENCES

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### NOTE E - DEFERRED REVENUE

The following table provides information about significant changes in deferred revenue from membership and conference registration fees consisting of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Deferred membership and conference registration fees, beginning of year	\$ 426,087	\$ 478,430
Revenue recognized that was included in deferred membership and conference registration fees at the beginning of the year	(336,384)	(376,285)
Increase in deferred membership and conference registration fees due to cash received during the period	<u>250,449</u>	<u>323,942</u>
Deferred membership and conference registration fees, end of year	<u>\$ 340,152</u>	<u>\$ 426,087</u>

Other significant contract liabilities consisted of a deferred publishing fee that is recognized ratably over the term of the contract (see Note A[11](ii)(b)).

#### NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions consisted of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Purpose restrictions:		
Conferences	\$ 1,264,805	\$ 1,115,370
Special programs	<u>6,438,697</u>	<u>9,294,025</u>
	<u>7,703,502</u>	<u>10,409,395</u>
Restricted for future periods	<u>58,000</u>	<u>58,000</u>
Accumulated endowment income subject to appropriation	<u>379,652</u>	<u>379,652</u>
Perpetual in nature:		
General operating support	359,682	359,682
Special programs	<u>50,000</u>	<u>50,000</u>
	<u>409,682</u>	<u>409,682</u>
	<u>\$ 8,550,836</u>	<u>\$ 11,256,729</u>

# NEW YORK ACADEMY OF SCIENCES

## Notes to Consolidated Financial Statements June 30, 2022 and 2021

### NOTE F - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During each fiscal year, net assets released from restrictions resulted from satisfying the following donor restrictions:

	Year Ended June 30,	
	2022	2021
Purpose restrictions satisfied:		
Conferences	\$ 1,138,310	\$ -
Special programs	<u>10,239,343</u>	<u>8,800,551</u>
	<u>11,377,653</u>	<u>8,800,551</u>
Time restrictions satisfied	<u>-</u>	<u>24,500</u>
	<u>\$ 11,377,653</u>	<u>\$ 8,825,051</u>

### NOTE G - ACCOUNTING AND REPORTING FOR ENDOWMENTS

#### [1] The endowment:

The Academy's endowment funds consist of 16 donor-restricted funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### [2] Interpretation of relevant law:

As discussed in Note A[10], NYPMIFA is applicable to the Academy's institutional funds, including its donor-restricted endowment fund.

#### [3] Endowment net asset composition by type, at each fiscal year-end:

	June 30, 2022		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Donor-restricted endowment funds	\$ <u>379,652</u>	\$ <u>409,682</u>	\$ <u>789,334</u>
	June 30, 2021		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Donor-restricted endowment funds	\$ <u>379,652</u>	\$ <u>409,682</u>	\$ <u>789,334</u>

Amounts subject to appropriation represent that portion of allocated investment income, derived from endowment assets held in perpetuity, that have not been appropriated by the Board of Governors for expenditure.

## NEW YORK ACADEMY OF SCIENCES

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### NOTE G - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

##### [4] Changes in endowment net assets with donor restrictions during each fiscal year:

	June 30, 2022		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment funds, beginning of year	\$ 379,652	\$ 409,682	\$ 789,334
Investment returns	-	-	-
Endowment funds, end of year	<u>\$ 379,652</u>	<u>\$ 409,682</u>	<u>\$ 789,334</u>
	June 30, 2021		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment funds, beginning of year	\$ 379,652	\$ 409,682	\$ 789,334
Investment returns	-	-	-
Endowment funds, end of year	<u>\$ 379,652</u>	<u>\$ 409,682</u>	<u>\$ 789,334</u>

##### [5] Return objectives and risk parameters:

The Academy's Board of Governors overall financial objective for the endowment assets is to provide the operations of the Academy with a relatively stable stream of spendable revenue that increases over time. Endowment assets consist of those assets of donor-restricted funds that the Academy must hold in perpetuity. Investment guidelines include:

- Meeting or exceeding the market index, or blended market index, as selected and agreed-upon by the Academy's Investment Committee, and approved by the Board of Governors; and
- Employing an overall level of risk in the portfolio consistent with the risk associated with the benchmark specified above.

During fiscal year 2020, the Academy's Board of Governors liquidated the majority of its investment portfolio and accordingly, the endowment assets were transferred to the operating cash account until a suitable alternative investment is determined. During fiscal years 2022 and 2021 the endowment corpus and accumulated endowment income remained in cash and therefore no investment earning were allocated during this time period.

##### [6] Strategies employed for achieving objectives:

Due to market volatility, the Academy's endowment is held in cash. The Academy's Board of Governors are continuously monitoring the market conditions and will invest the endowment when deemed prudent and necessary.

##### [7] Spending policy:

The endowment is expected to remain whole, with all gains and losses reserved in net assets with donor restrictions until appropriated. The Academy's Board of Governors did not appropriate from the endowment for either fiscal-year 2022 or 2021.

# NEW YORK ACADEMY OF SCIENCES

## Notes to Consolidated Financial Statements June 30, 2022 and 2021

### NOTE G - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

#### [8] Funds with deficiencies:

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with the individual donor-restricted endowment funds may decline below the historic dollar value of the donor's original, restricted contribution, or the amount required to be maintained under state law, referred to as underwater endowment. Under the terms of NYPMIFA, the Academy has no responsibility to restore such decreases in value. At June 30, 2022 and 2021, there were no deficiencies of this nature.

### NOTE H - EMPLOYEE-BENEFIT PLAN

The Academy maintains a defined-contribution retirement plan, established under Section 403(b) of the Internal Revenue Code. Effective January 1, 2017, employees are eligible to participate in the deferral portion of the plan upon employment. An employee who is at least 21 years of age and has attained one year of service must defer at least 3% of pay into the plan as a condition of employment. The Academy contributes 5% of each eligible employee's compensation to the plan. Plan expenses for fiscal-years 2022 and 2021 were approximately \$279,528 and \$310,000, respectively.

### NOTE I - COMMITMENTS, CONTINGENCY AND OTHER UNCERTAINTY

#### [1] Lease agreements:

In December 2005, the Academy signed a lease agreement for office space and conference space with an unrelated party, expiring in February 2022, which includes an optional additional five-year renewal period. The lease provided for escalation charges through the lease term, as well as a free rent period through February 1, 2008. Additionally, under the terms of the original lease, the Academy is reimbursed by the landlord for leasehold improvements in an amount up to \$2,000,000. The amount of costs incurred to be reimbursed by the landlord is recorded as a lease incentive obligation, which is amortized as a reduction to rent expense over the term of the lease. During fiscal-year 2006, the Academy and the landlord applied for funding to be used to reduce rental charges under the World Trade Center Rent Reduction Program, which was approved in October 2006. Under this program, the Academy is entitled to reductions in rent expense of approximately \$13,000 per month, starting February 1, 2008, and extending through the end of the lease term. In June 2019, the Academy signed an amendment to the original lease agreement, expiring in December 2037. The lease provides for escalation charges through the lease term, as well as a free rent period from March 2022 through December 2022. During fiscal year 2021, the Academy terminated this lease agreement for office space and conference space and made a final payment totaling \$3,000,000 in August 2021, releasing the Academy of any future obligations under this lease agreement. The Academy recognized a gain on lease exit activities relating primarily to the unrecognized deferred charges yet to amortized through the lease's original end date.

During fiscal year 2022, the Academy entered into a new operating lease for office space that expires in March 2038. The Academy is also obligated for certain equipment under operating leases that expire through January 2025.

Total lease costs under these agreements were approximately \$287,237 and \$2,775,000 for fiscal-years 2022 and 2021, respectively. There were no variable costs included in the total lease costs for fiscal year 2022.

# NEW YORK ACADEMY OF SCIENCES

## Notes to Consolidated Financial Statements June 30, 2022 and 2021

### NOTE I - COMMITMENTS, CONTINGENCY AND OTHER UNCERTAINTY (CONTINUED)

#### [1] Lease agreements: (continued)

The table below summarizes the Academy's future minimum lease payments under operating leases, including a reconciliation to the discounted amount recorded on the consolidated statements of financial position as follows:

Year Ending June 30,	Amount
2023	\$ 615,186
2024	809,868
2025	988,977
2026	1,038,300
2027	1,053,870
Thereafter	<u>12,329,811</u>
Total minimum lease payments	16,836,012
Less: amount representing interest	<u>(3,506,116)</u>
Amount reported on consolidated statement of financial position	<u>\$ 13,329,896</u>

The table below presents additional information related to the Academy's lease for fiscal-year 2022:

<b>Weighted average remaining lease term:</b>	
Operating lease	16 years (192 months)
<b>Weighted average discount rate:</b>	
Operating lease	2.739%

#### [2] Government grants:

Government-supported projects are subject to audit in the future by governmental authorities. Accordingly, the Academy could be required to fund any disallowed costs for its own federally or state supported programs that were incurred during the period of the Academy's stewardship. In management's opinion, any such audits would not result in disallowed costs in amounts that would be significant to the Academy's operations. The SBA may audit any PPP loan at its discretion for up to six years after the date the SBA forgave the loan. The SBA reserves the right to audit any PPP loan, regardless of size and these audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain the PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

#### [3] Other uncertainty:

The extent of the impact of the COVID-19 outbreak on the operational and financial performance of the Academy will depend on the continued future developments, including the duration and spread of the outbreak and related restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the need for the Academy's services or the contributions towards the Academy's programs are impacted for an extended period, the results of operations may be materially adversely affected.

## NEW YORK ACADEMY OF SCIENCES

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### NOTE J - CONCENTRATIONS OF CREDIT RISK

The Academy deposits cash in a financial institution in amounts which, at times, may exceed federally insured limits. The Academy's cash is held at a major financial institution, and management believes that there is no significant risk of loss by reason of the institution's failure.

#### NOTE K - CONCENTRATIONS OF REVENUE

Amounts provided by three donors of approximately 73% of contributions receivable represent a concentration of receivables as of June 30, 2022. Amounts provided by two donors of approximately 81% of contributions receivable represent a concentration of receivables as of June 30, 2021. Amounts provided by two donors of approximately 55% of contributions revenue represent a concentration of revenues for the fiscal year-ended June 30, 2022. Amounts provided by one donor of approximately 61% of contributions revenue represent a concentration of revenues for the fiscal year-ended June 30, 2021.

#### NOTE L - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Academy's financial assets at each fiscal year-end available for general expenditures within one year of the consolidated statements of financial position dates:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Cash	\$ 7,996,644	\$ 7,217,195
Contributions receivable, net	5,625,299	7,605,041
Other receivables	35,269	456,196
Investments	<u>149,273</u>	<u>97,795</u>
Total financial assets available within one year	<u>13,806,485</u>	<u>15,376,227</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors for:		
Purpose restrictions	(8,083,154)	(10,789,047)
Time-restrictions for future periods	(58,000)	(58,000)
Perpetual in nature	<u>(409,682)</u>	<u>(409,682)</u>
Total amounts unavailable for general expenditure within one year	<u>(8,550,836)</u>	<u>(11,256,729)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,255,649</u>	<u>\$ 4,119,498</u>

#### Liquidity policy:

The Academy maintains a sufficient level of operating cash and investments to be available for its general expenditures, liabilities and other obligations as they come due.