

THE DISCOVERY MUSEUM, INC.

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEARS ENDED
JUNE 30, 2024 AND 2023**

THE DISCOVERY MUSEUM, INC.
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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Trustees
The Discovery Museum, Inc.

Opinion

We have audited the financial statements of Discovery Museum, Inc., which comprise the statement of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Discovery Museum, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

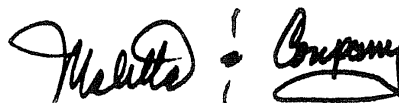
Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's 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.

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 Discovery Museum, Inc.'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 Discovery Museum, Inc.'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.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive, flowing style.

Maletta & Company
Certified Public Accountants

Bristol, Connecticut
October 29, 2024

THE DISCOVERY MUSEUM, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 452,421	\$ 647,848
Accounts Receivable	57,583	139,014
Grants and Contributions Receivable	218,638	214,547
Inventory	10,869	13,565
Prepaid Expenses	107,638	51,434
Total Current Assets	847,149	1,066,408
Noncurrent Assets		
Contributions Receivable	-	103,890
Investments	1,263,600	1,224,704
Plant and Equipment, Net	4,087,035	4,257,238
Collections (see Note 2)	-	-
Total Non-Current Assets	5,350,635	5,585,832
Total Assets	\$ 6,197,784	\$ 6,652,240
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 66,226	\$ 51,749
Accrued Expenses	59,421	110,315
Deferred Revenue	200,619	125,335
Total Current Liabilities	326,266	287,399
Long-Term Debt, Net	744,000	750,000
Net Assets		
Without Donor Restrictions		
Accumulated Deficit	(597,104)	(446,866)
Invested in Plant and Equipment	4,087,035	4,257,238
With Donor Restrictions	1,637,587	1,804,469
Total Net Assets	5,127,518	5,614,841
Total Liabilities and Net Assets	\$ 6,197,784	\$ 6,652,240

*The accompanying notes are an integral
part of these financial statements*

THE DISCOVERY MUSEUM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Federal, State, and Local Government Grants	\$ 471,342	\$ -	\$ 471,342	\$ 682,515	\$ -	\$ 682,515
Contributions, Including Promises to Give	137,907	322,989	460,896	23,282	406,387	429,669
In-Kind Contributions	122,782	-	122,782	132,949	-	132,949
Investment Return	-	131,268	131,268	-	112,251	112,251
Program Service Revenue	380,351	-	380,351	355,871	-	355,871
Admission and Membership	375,560	-	375,560	379,233	-	379,233
Fundraising Events	19,173	-	19,173	42,478	-	42,478
Rental Income	200,811	-	200,811	196,185	-	196,185
Miscellaneous Income	10,407	-	10,407	5,579	-	5,579
Sales, Net of Cost of Goods Sold	29,986	-	29,986	22,868	-	22,868
Total Revenue and Support Before Reclasses	1,748,319	454,257	2,202,576	1,840,960	518,638	2,359,598
Net Assets Released from Restrictions	621,139	(621,139)	-	438,316	(438,316)	-
Total Revenue and Support	2,369,458	(166,882)	2,202,576	2,279,276	80,322	2,359,598
Expenses and Losses						
Program Services						
Education	912,840	-	912,840	839,305	-	839,305
Exhibits	630,479	-	630,479	565,489	-	565,489
Guest Services	392,145	-	392,145	375,859	-	375,859
Total Program Services	1,935,464	-	1,935,464	1,780,653	-	1,780,653
Support Services						
Marketing and Communications	86,422	-	86,422	60,161	-	60,161
Development and Fundraising	301,164	-	301,164	195,326	-	195,326
Administrative and General	350,650	-	350,650	260,586	-	260,586
Total Supporting Services	738,236	-	738,236	516,073	-	516,073
Loss on Disposals	16,199	-	16,199	39,423	-	39,423
Total Expenses and Losses	2,689,899	-	2,689,899	2,336,149	-	2,336,149
Change in Net Assets Before Changes Related to Collection Items Not Capitalized	(320,441)	(166,882)	(487,323)	(56,873)	80,322	23,449
Change in Net Assets Related to Collection Items Not Capitalized	-	-	-	-	-	-
Change in Net Assets	(320,441)	(166,882)	(487,323)	(56,873)	80,322	23,449
Net Assets, Beginning of Year	3,810,372	1,804,469	5,614,841	3,867,245	1,724,147	5,591,392
Net Assets, End of Year	\$ 3,489,931	\$ 1,637,587	\$ 5,127,518	\$ 3,810,372	\$ 1,804,469	\$ 5,614,841

The accompanying notes are an integral part of these financial statements.

THE DISCOVERY MUSEUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services			Support Services			Total
	Education	Exhibits	Guest Services	Marketing and Comm.	Development and Fundraising	Administrative and General	
Personnel							
Salaries and Wages	\$ 441,229	\$ 172,462	\$ 189,473	\$ 40,202	\$ 225,543	\$ 143,870	\$ 1,212,779
Payroll Taxes	35,695	13,952	15,328	3,252	18,246	11,639	98,112
Fringe Benefits	13,292	5,195	5,707	1,211	3,934	7,193	36,532
Total Personnel	490,216	191,609	210,508	44,665	247,723	162,702	1,347,423
Other Expenses							
Program Materials	107,109	40,693	30,669	40,747	9,875	6,531	235,624
Occupancy	95,775	174,645	30,719	-	1,448	5,459	308,046
Professional Fees	14,639	18,785	9,737	-	335	86,886	130,382
Office Expenses	5,578	8,430	7,965	1,010	5,299	55,069	83,351
Insurance	24,612	28,593	16,370	-	564	11,176	81,315
Fundraising Events	-	-	-	-	35,563	-	35,563
Bank and Credit Card Fees	4,938	-	11,660	-	-	5,663	22,261
Interest	-	-	-	-	-	7,303	7,303
Transportation & Travel	24,336	75	9	-	160	5,651	30,231
Depreciation	145,637	167,649	74,508	-	197	4,210	392,201
Total Other Expenses	422,624	438,870	181,637	41,757	53,441	187,948	1,326,277
Total Expenses	\$ 912,840	\$ 630,479	\$ 392,145	\$ 86,422	\$ 301,164	\$ 350,650	\$ 2,673,700

The accompanying notes are an integral part of these financial statements.

**THE DISCOVERY MUSEUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services			Support Services			Total
	Education	Exhibits	Guest Services	Marketing and Comm.	Development and Fundraising	Administrative and General	
Personnel							
Salaries and Wages	\$ 354,489	\$ 115,412	\$ 145,725	\$ 38,750	\$ 125,410	\$ 127,311	\$ 907,097
Payroll Taxes	27,927	9,016	12,254	2,964	9,981	11,899	74,041
Fringe Benefits	2,525	667	718	-	1,439	5,929	11,278
Total Personnel	384,941	125,095	158,697	41,714	136,830	145,139	992,416
Other Expenses							
Programs	106,018	102,813	36,326	17,094	8,161	2,609	273,021
Occupancy	91,592	134,638	61,044	-	2,098	4,541	293,913
Professional Fees	23,021	23,864	13,662	368	4,876	37,458	103,249
Office Expenses	37,059	2,675	9,184	985	5,846	38,877	94,626
Insurance	22,309	25,918	14,838	-	511	10,687	74,263
Fundraising Events	-	-	-	-	36,813	-	36,813
Bank and Credit Card Fees	4,180	-	12,191	-	-	3,611	19,982
Interest	-	-	-	-	-	7,938	7,938
Transportation & Travel	31,543	278	377	-	12	3,684	35,894
Depreciation	138,642	150,208	69,540	-	179	6,042	364,611
Total Other Expenses	454,364	440,394	217,162	18,447	58,496	115,447	1,304,310
Total Expenses	\$ 839,305	\$ 565,489	\$ 375,859	\$ 60,161	\$ 195,326	\$ 260,586	\$ 2,296,726

The accompanying notes are an integral part of these financial statements.

THE DISCOVERY MUSEUM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ (487,323)	\$ 23,449
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by/(Used in) Operating Activities		
Depreciation Expense	392,201	364,611
Realized and Unrealized (Gains)/Losses	(114,080)	(97,975)
Loss on Disposals	16,199	39,423
(Increase)/Decrease in Operating Assets		
Accounts Receivable	81,431	(81,244)
Grants and Contributions Receivable	99,799	221,291
Inventory	2,696	(8,767)
Prepaid Expenses	(56,204)	794
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	14,477	(1,692)
Accrued Expenses	(50,894)	(43,319)
Deferred Revenue	75,284	(15,228)
Net Cash Provided by/(Used in) Operating Activities	<u>(26,414)</u>	<u>401,343</u>
Cash Flows from Investing Activities		
Purchase of Plant and Equipment	(238,197)	(346,024)
Proceeds from Sales of Investments	1,058,990	311,081
Purchase of Investments	(983,806)	(325,357)
Net Cash Provided by/(Used in) Investing Activities	<u>(163,013)</u>	<u>(360,300)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	-	-
Repayment of Borrowings	(6,000)	-
Net Cash Provided by/(Used in) Financing Activities	<u>(6,000)</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(195,427)	41,043
Cash and Cash Equivalents - Beginning of Year	647,848	606,805
Cash and Cash Equivalents - End of Year	\$ 452,421	\$ 647,848
Supplemental Information		
Cash Paid for Interest	\$ 7,303	\$ 7,938
Cash Paid for Income Taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

THE DISCOVERY MUSEUM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

NOTE 1 – ORGANIZATION

The Discovery Museum is a 501(c)(3) organization, incorporated in 1958 and located in Bridgeport, Connecticut. An independent Board of Trustees, working with the executive director and a staff of 18-25 FTEs, manage the operation of the Museum. Funding for the Museum consists of earned revenue from admissions, memberships, and programs as well as contributed revenue from individuals, corporations, foundations, government, and special events. The Discovery Museum strives to engage, excite, and educate young learners through experiences and programs that inspire wonder and ignite creativity as the foundation for a lifetime love of science, technology, engineering, and mathematics (STEM) learning.

The Museum's core audience is young learners ages 5-14 who connect to us with their teachers and classmates during the school day or by themselves or with their families, mentors, or social groups after school, on weekends, during school vacations or in the summer. We provide a hardy portfolio of STEM learning experiences including; unmediated gallery-based exploration of STEM focused temporary and permanent exhibits; over 80 unique onsite and offsite mediated demonstrations and learning labs; a Challenger Learning Center space exploration simulation; Planetarium shows; unique grant-funded school-museum science learning partnerships; and an engaging 7-week summer STEM learning program.

On November 16, 2020, the Museum and Sacred Heart University, Inc. (SHU) entered into a Management Services Agreement which became effective January 1, 2021. SHU's affiliation with the Museum puts SHU in the company of other universities that have exciting and dynamic museums which they have integrated with their academic missions to benefit both the university and the surrounding community. SHU is working to completely modernize and enhance the exhibits to offer state-of-the-art, interactive and educational exhibits and programs in science and technology. SHU plans to use the museum as a hub for professional development opportunities for the region's STEM and computer science education communities with opportunities for internships for students in education, marketing, media, management, communications, graphic design and more. It will also give faculty an opportunity to develop exhibits for SHU classes and the public. See Note 15 for additional information.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Museum are reported in the following net asset categories:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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 specified by the donor. Other donor-imposed restrictions are perpetual or permanent 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.

Income Tax Structure

The Museum is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Management believes that there are no material uncertain tax positions and no tax benefits or liabilities are required to be recognized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates. It is management's opinion that estimates applied in the accompanying financial statements are reasonable.

THE DISCOVERY MUSEUM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and Cash Equivalents

Cash includes cash held in FDIC insured banks. Cash balances may exceed FDIC insurance limits from time to time, however management believes its deposits are not subject to significant credit risk. Cash equivalents include highly liquid investments with original maturities of 90 days or less. Cash and cash equivalents exclude amounts held by investment brokers, which are considered to be investments.

Receivables

The Museum has accounts receivable related to program services to area schools and other organizations. Grants and contributions receivable represent unconditional contributions to the Museum. A review of receivables is performed periodically and specific accounts are written off after normal collection efforts have been exhausted. The Museum estimates the allowance for credit losses and uncollectible pledges at inception based on an analysis of specific customers/donors. The analysis takes into consideration of the age of past due receivables, an assessment of the obligor's ability to pay along with historical experience and future expectations. Management has determined that an allowance for credit losses is not necessary as of June 30, 2024 and 2023.

Investment Valuation and Income Recognition

Investments are reported at fair value (see Note 5 for a discussion of fair value measurements). Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the Museum's gains and losses on investments bought and sold as well as held during the year.

Collections

The Museum collections are made up of artifacts and exhibits of historical and scientific significance that are held for educational and curatorial purposes. Each of the items is cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from the sale of collection items to be used to acquire other collection items or provide for the care of existing collections. Proceeds from deaccessions are reflected as increases in net assets with donor restrictions. There were no acquisitions or deaccessions of collection items during fiscal years 2024 or 2023.

In accordance with accounting policy, generally followed by museums, the value of the Museum's collections are not reflected in the accompanying financial statements. Purchases of collection items are recorded as decreases in net assets without donor restrictions, or as decreases in net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributed collections are not reflected in the financial statements. Although artifacts from the collection may from time to time be incorporated into exhibits, the Museum's exhibits themselves are not considered part of its collections and may be capitalized under the Museum's plant and equipment policies.

Plant and Equipment

Plant and equipment over \$2,000 is stated at cost and depreciated on a straight-line basis over estimated useful lives, from 3 to 40 years. Expenditures for maintenance and repairs are charged to expense as incurred, and betterments are capitalized. The Museum capitalizes the cost of exhibits.

Debt Issuance Costs and Amortization

Debt issuance costs are amortized over the term of the mortgage loan and are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense. Accounting principles generally accepted in the United States of America require that the effective interest method be used to amortize financing fees; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective interest method. There were no debt issuance costs or related amortization for fiscal years 2024 or 2023.

Deferred Revenues

Revenues received in advance for an event or program are deferred and recognized in the period earned.

THE DISCOVERY MUSEUM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Government Grants

Government grants are generally considered to be conditional contributions. Revenue from cost-reimbursement grants is recognized to the extent of costs incurred. Revenue from performance-based grants is recognized to the extent of performance achieved. Grant receipts in excess of revenue recognized are presented as deferred revenue.

Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value. The Museum reports nongovernmental contributions and grants of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Leases

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and long-term liabilities in the statements of financial position. Finance leases are included in property and equipment in non-current assets and other current liabilities, and other long-term liabilities in the statements of financial position.

ROU assets represent the Museum's right to use an underlying asset for the lease term, and lease liabilities represent the Museum's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Museum has elected to use a risk-free rate as the discount rate by class of underlying asset. The Museum uses the risk-free rate for all asset classes; however, when the rate implicit in the lease is readily determinable for any individual lease, the Museum will use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of the fact that the Museum has made the risk-free rate election. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Museum's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Museum will exercise the option.

Short-term leases, which are 12 months or less at their commencement date and do not include an option to purchase the underlying asset or extend the lease beyond 12 months, that the Museum is reasonably certain to exercise, are not recognized as ROU assets. Short-term lease expense for the years ended June 30, 2024 and 2023 totaled approximately \$19,111 and \$68,833, respectively. Short-term lease expense reasonably reflects the Museum's ongoing short-term lease commitments.

The Museum has a 99-year lease with the City of Bridgeport for the land occupied by the Museum. The lease calls for an annual payment of \$1.00 over the term of the lease and expires on September 30, 2058. The Museum also leases minor office equipment through immaterial operating leases. Because there are no material operating or financing leases, corresponding ROU assets and lease liabilities have not been recognized.

**THE DISCOVERY MUSEUM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributed Goods and Services

The Museum reports gifts of equipment and supplies in the accompanying financial statements at their estimated fair value at the time of the receipts. Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition. However, many volunteers have donated significant amounts of time in supporting the Museum's mission and fundraising campaigns.

Functional Expense Allocation

Expenses are charged directly to program services, development and fundraising, and management and general based on specific identification to the extent practicable. Expenses related to more than one function have been allocated. Allocated costs include occupancy costs, which are allocated based on square footages, and personnel costs, which are allocated based on estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of the Museum.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through October 29, 2024, which represents the date the financial statements were available to be issued. Management believes there are no subsequent events having a material impact on the financial statements.

New Accounting Standard(s)

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (ASU 2016-13) introduces a new model for recognizing credit losses on financial instruments. The key provision of ASU 2016-13 is the introduction of the Current Expected Credit Loss (CECL) model. Under this model, entities are required to estimate and recognize credit losses based on expected future losses over the life of the financial instrument, rather than waiting for an actual loss event to occur. For non-financial enterprises, this standard primarily affects financial assets such as trade receivables, loans to customers, and debt securities. The Museum adopted ASU 2016-13 effective July 1, 2023, which did not have a material impact on the Museum's net assets at the date of adoption nor the Museum's operations for the year ended June 30, 2024.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

The present value discounts on unconditional promises to give receivable in future periods are estimated using interest rates paid on U.S. Treasury obligations with maturities equivalent to the years in which the payments are to be received. Such interest rates were established in the fiscal year that the contribution was recognized. The rate to discount contributions to present value was 3.15%. Contributions receivable as of June 30, 2024 and 2023, were as follows:

	2024	2023
Receivable in Less than One Year	\$ 148,500	\$ 114,250
Receivable in One to Five Years	-	114,250
Receivable in More than Five Years	-	-
Total Contributions Receivable	148,500	228,500
Less Discounts to Net Present Value	-	(10,360)
Net Contributions Receivable	\$ 148,500	\$ 218,140

THE DISCOVERY MUSEUM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

NOTE 4 – INVESTMENTS

Investments at fair value as of June 30, 2024 and 2023 consisted of the following:

	2024	2023
Money Market Funds	\$ 15,332	\$ 48,486
Equities	246,970	314,196
Equity Mutual Funds	583,037	459,465
Bond Mutual Funds	380,835	367,108
ETF - Real Estate	37,426	35,449
	<u>\$ 1,263,600</u>	<u>\$ 1,224,704</u>

The components of total investment return for the years ended June 30, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Interest, Dividends, Capital Gains	\$ -	\$ 30,284	\$ 30,284
Realized Gains/(Losses)	-	48,832	48,832
Net Unrealized Gains/(Losses)	-	65,249	65,249
Investment Fees	-	(13,097)	(13,097)
Total Return on Investments	<u>\$ -</u>	<u>\$ 131,268</u>	<u>\$ 131,268</u>

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Interest, Dividends, Capital Gains	\$ -	\$ 26,830	\$ 26,830
Realized Gains/(Losses)	-	54,129	54,129
Net Unrealized Gains/(Losses)	-	43,846	43,846
Investment Fees	-	(12,554)	(12,554)
Total Return on Investments	<u>\$ -</u>	<u>\$ 112,251</u>	<u>\$ 112,251</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Museum has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

THE DISCOVERY MUSEUM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

NOTE 5 – FAIR VALUE MEASUREMENTS (CONT'D)

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. When, as a practical expedient, an investment is measured at fair value on the basis of net asset value, its classification as Level 2 or 3 will be impacted by the ability to redeem the investment at net asset value at the measurement date. If there is uncertainty or the inability to redeem an investment at net asset value in the near term subsequent to the measurement date, the investment is categorized as Level 3.

The following is a description of the valuation methodologies used for assets measured at fair value:

Money Market Funds – Money market funds are valued based on readily-available pricing sources for comparable instruments.

Equities – Equities are valued at the quoted market price reported in the active market in which they are traded.

Equity and Bond Mutual Funds – Equity and bond mutual funds are valued at the quoted net asset value of shares reported in the active market in which the mutual funds are traded.

ETF – Real Estate – Exchange traded funds (ETF) are valued at the quoted market price reported in the active market in which they are traded.

There have been no changes in the methodologies used as of June 30, 2024 and 2023.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a summary of the fair value measurements of financial instruments by class that are measured at fair value on a recurring basis as of June 30, 2024 and 2023:

Description	Total	Level 1	Level 2	Level 3	Assets at NAV (a)
	6/30/2024				
Money Market Funds	\$ 15,332	\$ 15,332	\$ -	\$ -	\$ -
Equities	246,970	246,970	-	-	-
Equity Mutual Funds	583,037	583,037	-	-	-
Bond Mutual Funds	380,835	380,835	-	-	-
ETF - Real Estate	37,426	37,426	-	-	-
	<u>\$ 1,263,600</u>	<u>\$ 1,263,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Description	Total	Level 1	Level 2	Level 3	Assets at NAV (a)
	6/30/2023				
Money Market Funds	\$ 48,486	\$ 48,486	\$ -	\$ -	\$ -
Equities	314,196	314,196	-	-	-
Equity Mutual Funds	459,465	459,465	-	-	-
Bond Mutual Funds	367,108	367,108	-	-	-
ETF - Real Estate	35,449	35,449	-	-	-
	<u>\$ 1,224,704</u>	<u>\$ 1,224,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(a) Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

During the year ended June 30, 2024 and 2023 there were no significant transfers between Levels.

THE DISCOVERY MUSEUM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

NOTE 6 – ENDOWMENT

The Museum's endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Trustees of the Museum has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum classifies as net assets with donor restrictions (that are permanent in nature) (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not considered permanent in nature is also classified as donor restricted (considered temporarily in nature) until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment net asset composition by type of fund is as follows as of June 30, 2024 and 2023:

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Donor-Restricted Endowment Funds	\$ -	\$ 1,203,355	\$ 1,203,355
	Without Donor Restrictions	With Donor Restrictions	2023 Total
Donor-Restricted Endowment Funds	\$ -	\$ 1,132,333	\$ 1,132,333

Changes in endowment net assets for the years ended June 30, 2023 and 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, July 1, 2023	\$ -	\$ 1,132,333	\$ 1,132,333
Contributions	-	-	-
Investment Return			
Investment Income	-	30,284	30,284
Net Appreciation (Depreciation)	-	114,080	114,080
Investment Fees	-	(13,097)	(13,097)
Total Investment Return	-	131,267	131,267
Amounts Appropriated for Expenditure	-	(60,245)	(60,245)
Endowment Net Assets, June 30, 2024	\$ -	\$ 1,203,355	\$ 1,203,355

THE DISCOVERY MUSEUM, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6 – ENDOWMENT (CONT'D)

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, July 1, 2022	\$ -	\$ 1,072,860	\$ 1,072,860
Contributions	-	-	-
Investment Return			
Investment Income	-	26,830	26,830
Net Appreciation (Depreciation)	-	97,975	97,975
Investment Fees		(12,554)	(12,554)
Total Investment Return	-	112,251	112,251
Amounts Appropriated for Expenditure	-	(52,778)	(52,778)
Endowment Net Assets, June 30, 2023	<u>\$ -</u>	<u>\$ 1,132,333</u>	<u>\$ 1,132,333</u>

Funds with Deficiencies - From time to time, the fair value of investments associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Museum to retain as a fund of perpetual duration. At June 30, 2024 and 2023 there were no funds with deficiencies.

Return Objectives and Risk Parameters - The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include donor-restricted assets that the Museum must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Trustees, endowment assets are invested in a manner that is intended to meet the Museum's primary objective of preservation of capital and secondary objective of long-term capital appreciation.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Museum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum currently targets a diversified asset allocation of fixed income, equity and other investments mix to achieve its return objectives.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Museum's current spending policy limits annual spending to no more than 5% of the principal endowment fund investments as of June 30 annually. This is consistent with the Museum's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment appreciation.

NOTE 7 – PLANT AND EQUIPMENT

The following is a summary of plant and equipment as of June 30, 2024 and 2023:

	2024	2023
Land Improvements	\$ 335,578	\$ 336,926
Building and Improvements	8,134,120	8,013,165
Exhibits	1,983,881	2,443,530
Furniture and Equipment	389,134	440,448
Construction in Progress	15,622	-
	<u>10,858,335</u>	<u>11,234,069</u>
Less Accumulated Depreciation	<u>(6,771,300)</u>	<u>(6,976,831)</u>
Plant and Equipment, Net	<u>\$ 4,087,035</u>	<u>\$ 4,257,238</u>

THE DISCOVERY MUSEUM, INC.
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FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 7 – PLANT AND EQUIPMENT (CONT'D)

During fiscal year 2019 the Museum received a \$1,854,000 grant from the State of Connecticut Department of Economic and Community Development for various capital improvements. Under this grant the Museum incurred expenses and received reimbursements cumulatively totaling \$1,789,164 and \$1,781,042 through fiscal years 2024 and 2023, respectively. The related capital expenditures were included in construction in progress until the assets were completed and placed in service during fiscal year 2023.

NOTE 8 – DEBT

The Museum has a \$1,000,000 revolving line of credit originally dated May 26, 2021 and amended June 15, 2022 with interest at 1%, secured, with an indefinite expiration date. The balance under the line as of June 30, 2024 and 2023 was \$744,000 and \$750,000, respectively. The amended repayment terms require minimum principal payments totaling \$60,000 beginning in July of fiscal year 2025 through July of fiscal year 2028 and no demand provision, therefore this is classified as a long-term liability.

Annual maturities of this long-term debt as of June 30, 2024 and 2023 are as follows:

	2024		2023
2025	\$ -	2024	\$ -
2026	12,000	2025	6,000
2027	18,000	2026	12,000
2028	24,000	2027	18,000
		2028	24,000
	\$ 54,000		\$ 60,000

NOTE 9 – NET ASSETS

Net assets with donor restrictions include net assets with restrictions that are temporary in nature which represent the cumulative endowment investment gains on donor restricted endowment funds that have not been appropriated for expenditure, and unspent donor restricted contributions. Net assets with donor restrictions also include net assets with restrictions that are permanent in nature, which represent donor-restricted original principal for investing in perpetuity (permanent endowment). Donor restricted net assets by purpose or time period restriction as of June 30, 2024 and 2023 are as follows:

Restriction	Permanent Endowment	Cumulative Endowment Additions	Cumulative Contributions	2024 Total
Planetarium & Scholarships	\$ 94,514	\$ 21,571	\$ 199,625	\$ 315,710
Programs	331,732	51,984	120,357	504,073
Free Admissions	-	-	114,250	114,250
Exhibits	482,927	142,529	-	625,456
Resource Center	30,090	11,102	-	41,192
Buildings	21,760	15,146	-	36,906
	\$ 961,023	\$ 242,332	\$ 434,232	\$ 1,637,587

THE DISCOVERY MUSEUM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 9 – NET ASSETS (CONT'D)

Restriction	Permanent Endowment	Cumulative Endowment Additions	Cumulative Contributions	2023 Total
Planetarium & Scholarships	\$ 94,514	\$ 15,828	\$ 306,337	\$ 416,679
Programs	331,732	29,368	140,788	501,888
Free Admissions	-	-	225,011	225,011
Exhibits	482,927	106,528	-	589,455
Resource Center	30,090	8,012	-	38,102
Buildings	21,760	11,574	-	33,334
	<u>\$ 961,023</u>	<u>\$ 171,310</u>	<u>\$ 672,136</u>	<u>\$ 1,804,469</u>

Net assets were released from restrictions by incurring expenses satisfying the following donors' purpose restrictions for the years ended June 30, 2024 and 2023:

Restriction	Endowment	Contributions	2024 Total
Planetarium & Scholarships	\$ 6,135	\$ 306,713	\$ 312,848
Programs	20,170	139,931	160,101
Free Admissions	-	114,250	114,250
Exhibits	32,903	-	32,903
Resource Center	1,037	-	1,037
	<u>\$ 60,245</u>	<u>\$ 560,894</u>	<u>\$ 621,139</u>

Restriction	Endowment	Contributions	2023 Total
Planetarium & Scholarships	\$ 471	\$ 61,757	\$ 62,228
Programs	19,959	252,281	272,240
Free Admissions	-	71,500	71,500
Exhibits	32,143	-	32,143
Resource Center	205	-	205
	<u>\$ 52,778</u>	<u>\$ 385,538</u>	<u>\$ 438,316</u>

NOTE 10 – CONCENTRATIONS, RISKS, AND UNCERTANTIES

The Museum's financial instruments that are exposed to concentrations of credit risk consist of investments. The Museum's investments are comprised primarily of mutual funds investing in equities and bonds, stocks, and money market funds, all of which are under the managed care of professional advisors. The money market funds are not protected by federal depository insurance. The value of the stocks and mutual funds is subject to fluctuations due to general market conditions and interest rates. The Museum also receives a significant amount of contributions provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

THE DISCOVERY MUSEUM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 – IN-KIND CONTRIBUTIONS

The Museum may receive contributions of services, property, and equipment it would have to otherwise purchase for use in its operations. In-kind contributions are valued at their estimated fair value of the services provided and are recorded in the statement of activities as contributions and the statement of functional expenses as expenses in the respective program(s) for which they are used. Contributions of property and equipment with a useful life of more than one year are capitalized in accordance with the Museum’s capitalization policy. In-kind contributions received for the year ended June 30, 2024 were as follows:

<u>Contributed Item</u>	<u>Function</u>	<u>Expense Line</u>	<u>Donor Restrictions</u>	<u>2024</u>
Professional Services	Administrative and General	Professional Fees	None	\$ 484
Fundraising Support	Fundraising and Development	Program Materials	None	1,207
Repairs and Maintenance Services	Education	Occupancy	None	39,778
Repairs and Maintenance Services	Exhibits	Occupancy	None	69,433
Repairs and Maintenance Services	Guest Services	Occupancy	None	9,082
Repairs and Maintenance Services	Fundraising and Development	Occupancy	None	521
Repairs and Maintenance Services	Administrative and General	Occupancy	None	2,277
				<u>\$ 122,782</u>

In-kind contributions received for the year ended 2023 were as follows:

<u>Contributed Item</u>	<u>Function</u>	<u>Expense Line</u>	<u>Donor Restrictions</u>	<u>2023</u>
Professional Services	Administrative and General	Professional Fees	None	\$ 4,275
Professional Services	Fundraising and Development	Professional Fees	None	4,773
Repairs and Maintenance Services	Education	Occupancy	None	42,733
Repairs and Maintenance Services	Exhibits	Occupancy	None	49,647
Repairs and Maintenance Services	Guest Services	Occupancy	None	28,422
Repairs and Maintenance Services	Fundraising and Development	Occupancy	None	979
Repairs and Maintenance Services	Administrative and General	Occupancy	None	2,120
				<u>\$ 132,949</u>

NOTE 12 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are as follows:

Cash and Cash Equivalents	\$ 452,421
Accounts Receivable	57,583
Grants and Contributions Receivable	218,638
Total Financial Assets	<u>728,642</u>
Less Amounts Unavailable due to Donor Restrictions	<u>(434,232)</u>
Total Financial Assets for General Expenditure	<u>\$ 294,410</u>

The Museum’s management regularly monitor liquidity required to meet its operational needs. Management also forecasts future cash flows, attempts to budget annual revenue to cover general expenditures, and conducts capital campaigns or seeks specific grant assistance for major capital projects. Future distributions from certain endowment funds are also available for general expenditures once appropriated.

**THE DISCOVERY MUSEUM, INC.
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FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 13 – RELATED PARTIES

The Museum and Sacred Heart University, Inc. (SHU) entered into a management services agreement which became effective during fiscal year 2021 and which was amended during fiscal year 2022. Under the agreement SHU assumed management of museum operations, providing services at no charge, including but not limited to management and supervision of museum employees, basic cleaning services, landscaping, trash removal (if not provided by the City of Bridgeport), minor maintenance, and security. The amended agreement requires the majority of the Museum's board of directors to be appointed by SHU which provides SHU the ability to control or significantly influence the management or operating policies of the Museum. SHU has also provided a \$1,000,000 line of credit to the Museum, of which \$744,000 was outstanding as of June 30, 2024 and \$750,000 was outstanding as of June 30, 2023. The support SHU provided includes in-kind contributions totaling \$121,091 and \$123,901 for the years ended June 30, 2024 and 2023, respectively.

NOTE 14 – RETIREMENT PLAN

The Museum sponsors a 401k defined contribution plan for eligible employees. The Museum makes safe harbor matching contributions of 100% of an employee's deferral up to 4%. The expense for the years ended June 30, 2024 and 2023 was \$26,483 and \$6,026, respectively.

NOTE 15 – CONDITIONAL PROMISES TO GIVE

In January 2020 the Museum was awarded a \$500,000 conditional promise to give, payable in five annual installments of \$100,000, to underwrite the salary of the director of the planetarium and the cost of programs related to the planetarium. Future distributions to the museum under the promise to give are conditioned on the Museum raising matching funds of \$100,000 per year. During fiscal years 2024 and 2023 the Museum received \$100,000 each under this award. As of June 30, 2024, \$-0- remains a conditional promise to give. Sacred Heart University will assist in raising funds for certain matching grants, and will, if necessary, provide funding for the match.