

NEW YORK ACADEMY OF SCIENCES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

NEW YORK ACADEMY OF SCIENCES

Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Consolidated Financial Statements	
Consolidated statements of financial position as of June 30, 2023 and 2022	3
Consolidated statements of activities for the years ended June 30, 2023 and 2022	4
Consolidated statement of functional expenses for the year ended June 30, 2023 (with summarized financial information for 2022)	5
Consolidated statement of functional expenses for the year ended June 30, 2022	6
Consolidated statements of cash flows for the years ended June 30, 2023 and 2022	7
Notes to consolidated financial statements	8 - 21

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of
New York Academy of Sciences

Report on the Audit of 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, 2023 and 2022, 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, 2023 and 2022, 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.

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 LLP
New York, New York
March 11, 2024



NEW YORK ACADEMY OF SCIENCES

Consolidated Statements of Financial Position

	June 30,	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash (including restricted cash of \$259,575 in both 2023 and 2022, respectively)	\$ 4,046,825	\$ 8,046,644
Receivables:		
Contributions receivable, net	8,764,521	5,575,299
Other receivables	16,200	35,269
Investments	131,362	149,273
Prepaid expenses and other assets	792,862	874,319
Property and equipment, net	824,500	2,430
Website and software costs, net	53,122	60,991
Right-of-use asset - operating leases	11,978,561	13,068,050
	<u>\$ 26,607,953</u>	<u>\$ 27,812,275</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,494,751	\$ 1,853,102
Paycheck Protection Program loan payable	-	1,787,767
Deferred membership fees and conference registration fees	302,290	340,152
Deferred publishing fee	100,000	200,000
Lease liability	12,146,421	13,329,896
	<u>15,043,462</u>	<u>17,510,917</u>
Total liabilities		
Commitments and contingency (see Note I)		
Net assets:		
Without donor restrictions:	3,993,733	1,750,522
With donor restrictions:		
Purpose restrictions	6,561,076	8,083,154
Time restricted for future periods	600,000	58,000
Perpetual in nature	409,682	409,682
	<u>7,570,758</u>	<u>8,550,836</u>
Total net assets with donor restrictions		
Total net assets	<u>11,564,491</u>	<u>10,301,358</u>
	<u>\$ 26,607,953</u>	<u>\$ 27,812,275</u>

See notes to consolidated financial statements.

NEW YORK ACADEMY OF SCIENCES

Consolidated Statements of Activities

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue:						
Contributions	\$ 8,932,029	\$ 10,079,905	\$ 19,011,934	\$ 10,644,760	\$ 8,671,760	\$ 19,316,520
Special events (net of direct benefits to donors of \$120,165 in fiscal-year 2023)	356,855	-	356,855	-	-	-
Membership fees	425,355	-	425,355	525,809	-	525,809
Publication sales	2,058,728	-	2,058,728	2,164,912	-	2,164,912
Registration and meeting fees	271,626	-	271,626	374,640	-	374,640
Interest and dividends	2,725	-	2,725	6,032	-	6,032
In-kind donations - use of space	197,025	-	197,025	65,674	-	65,674
Other revenue	7,144	-	7,144	85,740	-	85,740
Total operating support and revenue before net assets released from restrictions	12,251,487	10,079,905	22,331,392	13,867,567	8,671,760	22,539,327
Net assets released from restrictions	11,059,983	(11,059,983)	-	11,377,653	(11,377,653)	-
Total operating support and revenue	23,311,470	(980,078)	22,331,392	25,245,220	(2,705,893)	22,539,327
Operating expenses:						
Program services:						
Membership maintenance	345,216	-	345,216	397,534	-	397,534
Publications	1,165,687	-	1,165,687	853,356	-	853,356
Conferences, education and other	16,996,509	-	16,996,509	15,379,794	-	15,379,794
Total program services	18,507,412	-	18,507,412	16,630,684	-	16,630,684
Supporting services:						
Fund-raising	1,837,586	-	1,837,586	1,685,513	-	1,685,513
General and administrative	2,729,989	-	2,729,989	2,734,947	-	2,734,947
Total supporting services	4,567,575	-	4,567,575	4,420,460	-	4,420,460
Total operating expenses	23,074,987	-	23,074,987	21,051,144	-	21,051,144
Change in net assets before lease exit activities, gain on loan forgiveness, and unrealized (losses) gains on investments	236,483	(980,078)	(743,595)	4,194,076	(2,705,893)	1,488,183
Gain on lease exit activities	-	-	-	340,109	-	340,109
Change in lease liability from lease modification	261,846	-	261,846	-	-	-
Gain on Paycheck Protection Program loan forgiveness	1,787,767	-	1,787,767	-	-	-
Unrealized (losses) gains on investments	(42,885)	-	(42,885)	7,026	-	7,026
Change in net assets	2,243,211	(980,078)	1,263,133	4,541,211	(2,705,893)	1,835,318
Net assets, beginning of year	1,750,522	8,550,836	10,301,358	(2,790,689)	11,256,729	8,466,040
Net assets, end of year	\$ 3,993,733	\$ 7,570,758	\$ 11,564,491	\$ 1,750,522	\$ 8,550,836	\$ 10,301,358

See notes to consolidated financial statements.

NEW YORK ACADEMY OF SCIENCES

Consolidated Statement of Functional Expenses Year Ended June 30, 2023 (with summarized financial information for 2022)

	Program Services				Supporting Services			Totals	
	Membership Maintenance	Publications	Conferences, Education and Other	Total Program Services	Fund-Raising	General and Administrative	Total Supporting Services	2023	2022
Salaries and wages	\$ 126,579	\$ 661,292	\$ 4,075,377	\$ 4,863,248	\$ 919,159	\$ 1,323,889	\$ 2,243,048	\$ 7,106,296	\$ 6,928,643
Payroll taxes and employee benefits	25,348	134,962	791,775	952,085	181,345	241,540	422,885	1,374,970	1,305,499
Rent	2,988	15,628	96,268	114,884	21,704	31,272	52,976	167,860	287,237
In-kind donations - use of space	3,507	18,343	112,994	134,844	25,475	36,705	62,180	197,024	65,674
Professional fees	142,988	193,239	7,194,619	7,530,846	200,465	742,888	943,353	8,474,199	8,025,178
Depreciation and amortization	1,097	5,735	35,315	42,147	7,965	11,486	19,451	61,598	145,875
Food and reception	5,250	78	652,927	658,255	123,804	11,095	134,899	793,154	170,694
Travel	-	137	810,926	811,063	8,761	28,045	36,806	847,869	519,653
Office	4,833	13,552	210,755	229,140	30,004	136,776	166,780	395,920	349,352
Utilities and cleaning	-	-	-	-	-	268	268	268	31,771
Equipment rental and maintenance	10,130	52,986	435,521	498,637	135,305	111,453	246,758	745,395	623,127
Subscriptions and publications	1,949	54,265	96,504	152,718	4,986	1,682	6,668	159,386	101,633
Prizes and awards	-	-	2,390,268	2,390,268	-	-	-	2,390,268	2,154,208
Printing	10,306	-	5,081	15,387	3,332	1,743	5,075	20,462	11,214
Insurance	1,838	9,617	59,224	70,679	13,357	19,264	32,621	103,300	85,480
Meetings and dues	-	2,142	1,534	3,676	-	2,180	2,180	5,856	23,975
Education and training	-	-	480	480	582	5,271	5,853	6,333	15,514
Miscellaneous	-	3,697	19,810	23,507	34,215	10,644	44,859	68,366	43,973
Bad debt expense	-	-	-	-	241,439	-	241,439	241,439	127,797
Interest and credit card fees	8,403	14	7,131	15,548	5,853	13,788	19,641	35,189	34,647
Total expenses	345,216	1,165,687	16,996,509	18,507,412	1,957,751	2,729,989	4,687,740	23,195,152	21,051,144
Less: direct expenses to donors	-	-	-	-	(120,165)	-	(120,165)	(120,165)	-
Total expenses per consolidated statements of activities	\$ 345,216	\$ 1,165,687	\$ 16,996,509	\$ 18,507,412	\$ 1,837,586	\$ 2,729,989	\$ 4,567,575	\$ 23,074,987	\$ 21,051,144

See notes to consolidated financial statements.

NEW YORK ACADEMY OF SCIENCES

Consolidated Statement of Functional Expenses Year Ended June 30, 2022

	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	\$ 188,219	\$ 394,905	\$ 3,850,199	\$ 4,433,323	\$ 1,087,534	\$ 1,407,786	\$ 2,495,320	\$ 6,928,643
Payroll taxes and employee benefits	36,150	75,251	738,295	849,696	207,832	247,971	455,803	1,305,499
Rent	8,014	16,803	131,009	155,826	35,704	95,707	131,411	287,237
In-kind donations - use of space	1,832	3,841	29,954	35,627	8,164	21,883	30,047	65,674
Professional fees	110,428	277,547	7,140,811	7,528,786	95,481	400,911	496,392	8,025,178
Depreciation and amortization	4,070	8,534	66,533	79,137	18,133	48,605	66,738	145,875
Food and reception	-	-	163,562	163,562	1,136	5,996	7,132	170,694
Travel	109	-	481,824	481,933	4,470	33,250	37,720	519,653
Office	7,553	7,629	115,115	130,297	18,945	200,110	219,055	349,352
Utilities and cleaning	886	1,858	14,492	17,236	3,949	10,586	14,535	31,771
Equipment rental and maintenance	14,255	29,890	317,613	361,758	63,511	197,858	261,369	623,127
Subscriptions and publications	5,182	28,309	66,577	100,068	929	636	1,565	101,633
Prizes and awards	-	-	2,154,208	2,154,208	-	-	-	2,154,208
Printing	9,147	-	1,209	10,356	331	527	858	11,214
Insurance	2,385	5,000	38,987	46,372	10,625	28,483	39,108	85,480
Meetings and dues	-	1,049	15,486	16,535	-	7,440	7,440	23,975
Education and training	-	-	-	-	-	15,514	15,514	15,514
Miscellaneous	-	2,740	34,573	37,313	-	6,660	6,660	43,973
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
Total expenses	\$ 397,534	\$ 853,356	\$ 15,379,794	\$ 16,630,684	\$ 1,685,513	\$ 2,734,947	\$ 4,420,460	\$ 21,051,144

See notes to consolidated financial statements.

NEW YORK ACADEMY OF SCIENCES

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,263,133	\$ 1,835,318
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	61,598	145,875
Gain on Paycheck Protection Program loan forgiveness	(1,787,767)	-
Bad debt expense	241,439	127,797
Change in lease liability from lease modification	(261,846)	-
Right-of-use asset lease amortization	1,089,489	95,064
Donated securities	(24,974)	(39,681)
Unrealized losses (gains) on investments	42,885	(7,026)
Gain on lease exit activities	-	(340,109)
Changes in:		
Contributions receivable	(3,430,661)	1,901,945
Other receivables	19,069	420,927
Prepaid expenses and other assets	81,457	(78,673)
Accounts payable and accrued expenses	467,305	(3,208,064)
Deferred membership fees and conference registration fees	(37,862)	(85,935)
Deferred publishing fee	(100,000)	(100,000)
Lease liability	(921,629)	166,782
Net cash (used in) provided by operating activities	<u>(3,298,364)</u>	<u>834,220</u>
Cash flows from investing activities:		
Purchases of investments	-	(4,771)
Purchases of property and equipment	(701,455)	-
Net cash used in investing activities	<u>(701,455)</u>	<u>(4,771)</u>
Change in cash and restricted cash	(3,999,819)	829,449
Cash and restricted cash, beginning of year	<u>8,046,644</u>	<u>7,217,195</u>
Cash and restricted cash, end of year	<u>\$ 4,046,825</u>	<u>\$ 8,046,644</u>
Supplemental disclosure of cash flow information:		
In-kind donations - use of space	<u>\$ 197,024</u>	<u>\$ 65,674</u>
Capital expenditures included in accounts payable and accrued expenses	<u>\$ 174,344</u>	<u>\$ -</u>

See notes to consolidated financial statements.

NEW YORK ACADEMY OF SCIENCES

Notes to Consolidated Financial Statements June 30, 2023 and 2022

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.

[2] Basis of accounting:

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

[3] Cash and restricted cash:

Restricted cash relates to amounts held as part of contractual obligations under a letter of credit of \$259,575, in both fiscal-years 2023 and 2022, respectively.

[4] Use of estimates:

The consolidated 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.

[5] 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

NEW YORK ACADEMY OF SCIENCES

Notes to Consolidated Financial Statements June 30, 2023 and 2022

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

[5] Investments: (continued)

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.

[6] 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 2023 or 2022 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.

[7] 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, 2023 and 2022, capitalized website and software costs were presented net of accumulated amortization of \$3,192,908 and \$3,185,039, respectively.

[8] 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.

NEW YORK ACADEMY OF SCIENCES

Notes to Consolidated Financial Statements June 30, 2023 and 2022

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

[9] 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, 2023 and 2022, the accrued vacation obligation was \$295,368 and \$388,257, respectively, and was reported as part of accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

[10] 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 2022, the Academy applied for loan forgiveness and received full loan forgiveness for its second draw PPP loan in the amount of \$1,787,767 during fiscal-year 2023. Accordingly, this amount has been recognized as a gain on loan forgiveness in the accompanying consolidated statements of activities.

[11] 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.

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.

NEW YORK ACADEMY OF SCIENCES

Notes to Consolidated Financial Statements June 30, 2023 and 2022

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

[12] 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) *In-kind donations:*

The Academy, from time-to-time, receives various forms of gifts-in-kind, which are contributions of nonfinancial assets. These types of contributions are reported at their estimated fair value on the date of receipt and reported as expenses when utilized. Gifts-in-kind are valued based upon estimates of fair value or wholesale values that would be received for selling the goods in their principal marketplace considering their condition and utility for use at the time the goods are contributed by the donor. Contributions of nonfinancial are utilized for program, management, and general, and fundraising purposes. For recognition of donated services, such services must (i) create or enhance non-financial assets, (ii) typically need to be acquired, if not provided by donation, (iii) require a specialized skill, and (iv) be provided by individuals possessing these skills. The Academy received free use of space \$197,025 and \$65,674 for 2023 and 2022 which was valued based on the market in which the office space was provided and utilized.

(iii) *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, 2023 and 2022

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

[12] Revenue recognition: (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, 2023 and 2022.

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.

[13] 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. Change in lease liability from lease modification, gain on lease exit activities, gain on loan forgiveness, and unrealized losses and gains on investments are recognized as a part of non-operating activities.

[14] 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 2023 and 2022 was approximately \$256,729 and \$248,699, respectively.

[15] Upcoming accounting pronouncements:

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires the immediate recognition of estimated credit losses that are expected to occur over the life of many financial assets. The new model, referred to as the current expected credit losses ("CECL") model will apply to: (1) financial assets subject to credit losses and measured at amortized costs, and (2) certain off-balance sheet credit exposures. This includes loans, held-to-maturity debt securities, loan commitments, financial guarantees, and net investments in leases, as well as trade receivables. The ASU will be effective for annual periods beginning after December 15, 2022. The Academy is in the process of assessing the impact of this ASU on the consolidated financial statements and related disclosures. This ASU is expected to have minimal impact on the Academy's consolidated financial statements.

NEW YORK ACADEMY OF SCIENCES

Notes to Consolidated Financial Statements June 30, 2023 and 2022

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

[16] 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.

[17] Reclassification:

Certain amounts included in the prior year's consolidated financial statement have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported change in net assets.

[18] Subsequent events:

The Academy has evaluated subsequent events through March 11, 2024, the date on which the consolidated financial statements were available to be issued.

NOTE B - RECEIVABLES

[1] Contributions receivable:

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

	June 30,	
	2023	2022
Less than one year	\$ 7,567,165	\$ 5,812,696
One to five years	1,484,120	-
	<u>9,051,285</u>	5,812,696
Reduction of pledges due in excess of one year to present value, ranging from 2.92% through 5.40%	(45,325)	-
Less: allowance for doubtful accounts	<u>(241,439)</u>	<u>(237,397)</u>
	<u>\$ 8,764,521</u>	<u>\$ 5,575,299</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.

NEW YORK ACADEMY OF SCIENCES

Notes to Consolidated Financial Statements June 30, 2023 and 2022

NOTE C - INVESTMENTS

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

	June 30,			
	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Equity securities	<u>\$ 131,362</u>	<u>\$ 149,633</u>	<u>\$ 149,273</u>	<u>\$ 124,659</u>

During each fiscal-year, investment (loss) income consisted of the following:

	June 30,	
	2023	2022
Interest and dividends	\$ 2,725	\$ 6,032
Unrealized (losses) gains on investments	<u>(42,885)</u>	<u>7,026</u>
	<u>\$ (40,160)</u>	<u>\$ 13,058</u>

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 2023 and 2022.

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.

NEW YORK ACADEMY OF SCIENCES

Notes to Consolidated Financial Statements June 30, 2023 and 2022

NOTE D - PROPERTY AND EQUIPMENT

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

	June 30,	
	2023	2022
Leasehold improvements	\$ 875,799	\$ -
Computer equipment	394,783	394,783
	1,270,582	394,783
Less: accumulated depreciation and amortization	(446,082)	(392,353)
Property and equipment, net	\$ 824,500	\$ 2,430

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.

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:

	June 30,	
	2023	2022
Deferred membership and conference registration fees, beginning of year	\$ 340,152	\$ 426,087
Revenue recognized that was included in deferred membership and conference registration fees at the beginning of the year	(259,010)	(336,384)
Increase in deferred membership and conference registration fees due to cash received during the period	221,148	250,449
Deferred membership and conference registration fees	\$ 302,290	\$ 340,152

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)).

NEW YORK ACADEMY OF SCIENCES

Notes to Consolidated Financial Statements June 30, 2023 and 2022

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

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

	June 30,	
	<u>2023</u>	<u>2022</u>
Purpose restrictions:		
Conferences	\$ 355,284	\$ 1,264,805
Special programs	<u>5,826,140</u>	<u>6,438,697</u>
	<u>6,181,424</u>	<u>7,703,502</u>
Restricted for future periods	<u>600,000</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>\$ 7,570,758</u>	<u>\$ 8,550,836</u>

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

	June 30,	
	<u>2023</u>	<u>2022</u>
Purpose restrictions satisfied		
Conferences	\$ 1,256,752	\$ 1,138,310
Special programs	<u>9,745,231</u>	<u>10,239,343</u>
	<u>11,001,983</u>	<u>11,377,653</u>
Time restrictions satisfied	<u>58,000</u>	<u>-</u>
	<u>\$ 11,059,983</u>	<u>\$ 11,377,653</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[11], NYPMIFA is applicable to the Academy's institutional funds, including its donor-restricted endowment fund.

NEW YORK ACADEMY OF SCIENCES

**Notes to Consolidated Financial Statements
June 30, 2023 and 2022**

NOTE G - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

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

	June 30, 2023		
	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, 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>

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.

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

	June 30, 2023		
	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, 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>

NEW YORK ACADEMY OF SCIENCES

Notes to Consolidated Financial Statements June 30, 2023 and 2022

NOTE G - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

[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 2023 and 2022, 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 is 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 2023 or 2022.

[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, 2023 and 2022, 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 2023 and 2022 were \$247,624 and \$279,528, respectively.

NEW YORK ACADEMY OF SCIENCES

Notes to Consolidated Financial Statements June 30, 2023 and 2022

NOTE I - COMMITMENTS AND CONTINGENCY

[1] Letter of Credit:

During the fiscal year 2023, the Academy entered into a letter of credit with a New York financial institution in the amount of \$259,575 in lieu of providing a security deposit to a landlord, which is secured by funds maintained with the same institution in a separate account.

[2] Leases:

During fiscal year 2022, the Academy terminated its then current lease recognizing a gain on lease exit activities relating primarily to the unrecognized deferred charges yet to be amortized through the lease's original end date. Also, during fiscal-year 2022, the Academy entered into a new operating lease for office space that expires in March 2038.

During fiscal-year 2023, the operating lease for office space agreement was amended and extended to April 2039. The Academy recognized the change in lease terms as a change in lease liability from lease modification and recognized a gain on lease modification in the amount of \$261,846 on the consolidated statements of activities for fiscal-year 2023.

The Academy is also obligated for certain equipment under operating leases that expire through January 2025.

Total lease costs under these agreements were \$167,860 and \$287,237 for fiscal-years 2023 and 2022, respectively. There were no variable costs included in the total lease costs for fiscal-year 2023 or 2022.

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 at June 30, 2023 as follows:

Year Ending June 30,	Amount
2024	\$ 550,290
2025	794,295
2026	951,775
2027	1,038,300
2028	1,038,300
Thereafter	<u>12,286,550</u>
Total minimum lease payments	16,659,510
Less: amount representing interest	<u>(4,513,089)</u>
Amount reported on consolidated statements of financial position	<u>\$ 12,146,421</u>

Weighted average remaining term:

Operating leases 15.8 Years

Weighted average discount:

Operating leases 3.4 %

NEW YORK ACADEMY OF SCIENCES

Notes to Consolidated Financial Statements June 30, 2023 and 2022

NOTE I - COMMITMENTS AND CONTINGENCY (CONTINUED)

[2] Leases: (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 at June 30, 2022 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 statements of financial position	<u>\$ 13,329,896</u>
Weighted average remaining term:	
Operating leases	16.0 Years
Weighted average discount:	
Operating leases	2.7 %

[3] 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.

NOTE J - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of cash accounts deposited in high-credit-quality financial institutions, the balances of which, from time-to-time, may exceed federal insurance limits. Management monitors the risk associated with the concentration on an ongoing basis. However, management believes that the Academy does not face a significant risk of loss on these accounts due to the failure of these institutions.

NEW YORK ACADEMY OF SCIENCES

Notes to Consolidated Financial Statements June 30, 2023 and 2022

NOTE K - CONCENTRATIONS OF REVENUE

Amounts provided by two donors of approximately 67% of contributions receivable represent a concentration of receivables as of June 30, 2023. 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 67% of contributions revenue represent a concentration of revenues for the fiscal-year ended June 30, 2023. Amounts provided by two donors of approximately 55% of contributions revenue represent a concentration of revenues for the fiscal-year ended June 30, 2022.

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:

	June 30,	
	2023	2022
Cash	\$ 4,046,825	\$ 8,046,644
Contribution receivables, net	8,764,521	5,575,299
Other receivables	16,200	35,269
Investments	131,362	149,273
Total financial assets available within one year	<u>12,958,908</u>	<u>13,806,485</u>
Less:		
Amounts unavailable for general expenditure within one year, due to		
Restricted by donors for:		
Purpose restrictions	(6,561,076)	(8,083,154)
Time-restrictions for future periods	(600,000)	(58,000)
Perpetual in nature	(409,682)	(409,682)
Total amounts unavailable for general expenditure within one year	<u>(7,570,758)</u>	<u>(8,550,836)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,388,150</u>	<u>\$ 5,255,649</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.