

IRVINE NATURAL SCIENCE CENTER, INC.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

IRVINE NATURAL SCIENCE CENTER, INC.

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2020	3
Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2019	4
Statement of Functional Expenses for the Year Ended June 30, 2020	5
Statement of Functional Expenses for the Year Ended June 30, 2019	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 24

Independent Auditors' Report

To the Board of Trustees
Irvine Natural Science Center, Inc.
Owings Mills, Maryland

We have audited the accompanying financial statements of Irvine Natural Science Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Irvine Natural Science Center, Inc., as of June 30, 2020 and 2019, 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.



December 15, 2020
Hunt Valley, MD

IRVINE NATURAL SCIENCE CENTER, INC.Statements of Financial Position
June 30, 2020 and 2019ASSETS

	2020	2019
Cash	\$ 970,996	\$ 680,904
Investments	4,096,565	4,230,417
Promises to give, net of allowance and discount of \$4,437 and \$5,869 in 2020 and 2019, respectively	15,092	64,339
Prepaid expenses	44,645	33,665
Inventory	9,095	10,371
Property and equipment - net of accumulated depreciation	6,980,219	6,857,368
Beneficial interest in endowment fund	144,811	145,270
	<u>12,261,423</u>	<u>12,022,334</u>
Total Assets	<u>\$ 12,261,423</u>	<u>\$ 12,022,334</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable and accrued expenses	\$ 60,376	\$ 72,281
Deposits	54,916	257,793
Refundable advances	150,816	- 0 -
	<u>266,108</u>	<u>330,074</u>
Total Liabilities	<u>266,108</u>	<u>330,074</u>

NET ASSETS:

Without donor restrictions:		
General operating	567,525	159,875
Investment in plant	6,751,219	6,628,368
Board designated	698,343	981,280
Total net assets without donor restrictions	<u>8,017,087</u>	<u>7,769,523</u>
With donor restrictions	<u>3,978,228</u>	<u>3,922,737</u>
Total net assets	<u>11,995,315</u>	<u>11,692,260</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,261,423</u>	<u>\$ 12,022,334</u>

See accompanying notes to financial statements

IRVINE NATURAL SCIENCE CENTER, INC.

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Without Donor Restrictions			With Donor Restrictions	Total
	General Operating/ Investment in Plant	Board Designated	Total		
Revenues, gains, and other support					
Fundraising					
Contributions	\$ 486,595	\$ - 0 -	\$ 486,595	\$ 66,418	\$ 553,013
Foundation grants	482,520	- 0 -	482,520	46,268	528,788
Membership	7,830	- 0 -	7,830	- 0 -	7,830
Special events, net of direct costs of \$182,272	200,352	- 0 -	200,352	- 0 -	200,352
Total fundraising	<u>1,177,297</u>	<u>- 0 -</u>	<u>1,177,297</u>	<u>112,686</u>	<u>1,289,983</u>
Program Income					
Preschool program	295,656	- 0 -	295,656	- 0 -	295,656
Summer camp	190,625	- 0 -	190,625	- 0 -	190,625
Program events and seminars	45,605	- 0 -	45,605	- 0 -	45,605
Birthday parties	32,534	- 0 -	32,534	- 0 -	32,534
School program	17,517	- 0 -	17,517	- 0 -	17,517
Infant & toddler programs	25,652	- 0 -	25,652	- 0 -	25,652
School year camp	12,904	- 0 -	12,904	- 0 -	12,904
Outreach	14,964	- 0 -	14,964	- 0 -	14,964
General programs	8,039	- 0 -	8,039	- 0 -	8,039
Forest dreamers	7,483	- 0 -	7,483	- 0 -	7,483
Home school co-op	26,345	- 0 -	26,345	- 0 -	26,345
After school club	43,418	- 0 -	43,418	- 0 -	43,418
Total program income	<u>720,742</u>	<u>- 0 -</u>	<u>720,742</u>	<u>- 0 -</u>	<u>720,742</u>
Other Income					
Rental income	15,835	- 0 -	15,835	- 0 -	15,835
Retail income, net of cost of goods sold \$15,692	3,452	- 0 -	3,452	- 0 -	3,452
Investment income, net	214,581	- 0 -	214,581	58,406	272,987
Change in value of beneficial interest in endowment fund	6,308	- 0 -	6,308	- 0 -	6,308
Other income	1,890	- 0 -	1,890	- 0 -	1,890
Paycheck protection program funds utilized	121,084	- 0 -	121,084	- 0 -	121,084
Total other income	<u>363,150</u>	<u>- 0 -</u>	<u>363,150</u>	<u>58,406</u>	<u>421,556</u>
Net assets released from restrictions					
Satisfaction of donor restrictions	<u>115,142</u>	<u>- 0 -</u>	<u>115,142</u>	<u>(115,142)</u>	<u>- 0 -</u>
Board transfers - net of amounts appropriated for expenditure	<u>283,396</u>	<u>(282,937)</u>	<u>459</u>	<u>(459)</u>	<u>- 0 -</u>
Total revenues, gains and other support	<u>2,659,727</u>	<u>(282,937)</u>	<u>2,376,790</u>	<u>55,491</u>	<u>2,432,281</u>
Expenses					
Program services	1,632,055	- 0 -	1,632,055	- 0 -	1,632,055
Management and general	84,637	- 0 -	84,637	- 0 -	84,637
Fundraising	412,534	- 0 -	412,534	- 0 -	412,534
Total expenses	<u>2,129,226</u>	<u>- 0 -</u>	<u>2,129,226</u>	<u>- 0 -</u>	<u>2,129,226</u>
Change in Net Assets	530,501	(282,937)	247,564	55,491	303,055
Net Assets - Beginning of Year	<u>6,788,243</u>	<u>981,280</u>	<u>7,769,523</u>	<u>3,922,737</u>	<u>11,692,260</u>
Net Assets - End of Year	<u>\$ 7,318,744</u>	<u>\$ 698,343</u>	<u>\$ 8,017,087</u>	<u>\$ 3,978,228</u>	<u>\$ 11,995,315</u>

See accompanying notes to financial statements

IRVINE NATURAL SCIENCE CENTER, INC.

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

	Without Donor Restrictions			With Donor Restrictions	Total
	General Operating/ Investment in Plant	Board Designated	Total		
Revenues, gains, and other support					
Fundraising					
Contributions	\$ 468,209	\$ - 0 -	\$ 468,209	\$ 40,634	\$ 508,843
Foundation grants	309,289	- 0 -	309,289	236,486	545,775
Membership	27,720	- 0 -	27,720	- 0 -	27,720
Special events, net of direct costs of \$168,535	211,066	- 0 -	211,066	- 0 -	211,066
Total fundraising	<u>1,016,284</u>	<u>- 0 -</u>	<u>1,016,284</u>	<u>277,120</u>	<u>1,293,404</u>
Program Income					
Preschool program	303,659	- 0 -	303,659	- 0 -	303,659
Summer camp	193,240	- 0 -	193,240	- 0 -	193,240
Program events and seminars	60,558	- 0 -	60,558	- 0 -	60,558
Birthday parties	44,427	- 0 -	44,427	- 0 -	44,427
School program	27,789	- 0 -	27,789	- 0 -	27,789
Infant & toddler programs	25,482	- 0 -	25,482	- 0 -	25,482
School year camp	10,700	- 0 -	10,700	- 0 -	10,700
Outreach	24,741	- 0 -	24,741	- 0 -	24,741
General programs	4,072	- 0 -	4,072	- 0 -	4,072
Forest dreamers	19,242	- 0 -	19,242	- 0 -	19,242
Home school co-op	33,655	- 0 -	33,655	- 0 -	33,655
After school club	93,126	- 0 -	93,126	- 0 -	93,126
Total program income	<u>840,691</u>	<u>- 0 -</u>	<u>840,691</u>	<u>- 0 -</u>	<u>840,691</u>
Other Income					
Rental income	70,539	- 0 -	70,539	- 0 -	70,539
Retail income, net of cost of goods sold \$22,892	2,240	- 0 -	2,240	- 0 -	2,240
Investment income, net	110,000	90,679	200,679	151,639	352,318
Change in value of beneficial interest in endowment fund	- 0 -	- 0 -	- 0 -	7,733	7,733
Other income	568	- 0 -	568	- 0 -	568
Total other income	<u>183,347</u>	<u>90,679</u>	<u>274,026</u>	<u>159,372</u>	<u>433,398</u>
Net assets released from restrictions					
Satisfaction of donor restrictions	230,220	- 0 -	230,220	(230,220)	- 0 -
Board transfers - net of amounts appropriated for expenditure	(40,408)	40,408	- 0 -	- 0 -	- 0 -
Total revenues, gains and other support	<u>2,230,134</u>	<u>131,087</u>	<u>2,361,221</u>	<u>206,272</u>	<u>2,567,493</u>
Expenses					
Program services	1,719,319	- 0 -	1,719,319	- 0 -	1,719,319
Management and general	94,728	- 0 -	94,728	- 0 -	94,728
Fundraising	383,073	- 0 -	383,073	- 0 -	383,073
Total expenses	<u>2,197,120</u>	<u>- 0 -</u>	<u>2,197,120</u>	<u>- 0 -</u>	<u>2,197,120</u>
Change in Net Assets	33,014	131,087	164,101	206,272	370,373
Net Assets - Beginning of Year	<u>6,755,229</u>	<u>850,193</u>	<u>7,605,422</u>	<u>3,716,465</u>	<u>11,321,887</u>
Net Assets - End of Year	<u>\$ 6,788,243</u>	<u>\$ 981,280</u>	<u>\$ 7,769,523</u>	<u>\$ 3,922,737</u>	<u>\$ 11,692,260</u>

See accompanying notes to financial statements

IRVINE NATURAL SCIENCE CENTER, INC.Statement of Functional Expenses
For the Year Ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 16,179	\$ - 0 -	\$ 250	\$ 16,429
Animal care	6,225	- 0 -	- 0 -	6,225
Art and design	600	- 0 -	820	1,420
Bank charges	14,271	1,218	9,144	24,633
Cultivation	- 0 -	- 0 -	2,690	2,690
Depreciation	188,095	5,116	4,306	197,517
Dues and subscriptions	26,325	615	5,198	32,138
Equipment rental	11,977	326	274	12,577
Food	22,388	30	26	22,444
Insurance	41,010	1,115	939	43,064
Land maintenance	26,464	115	96	26,675
Materials	64,295	39	33	64,367
Miscellaneous	11,967	2,891	34,591	49,449
Office supplies	5,751	156	132	6,039
Postage	2,764	5	4,788	7,557
Printing	11,208	510	11,597	23,315
Professional services	- 0 -	16,923	- 0 -	16,923
Repairs and maintenance	59,019	1,425	1,200	61,644
Salaries and related expenses	1,040,042	52,338	322,918	1,415,298
Software	8,651	- 0 -	11,151	19,802
Speakers' fees	3,055	- 0 -	- 0 -	3,055
Staff education	10,417	148	1,181	11,746
Travel	8,942	242	- 0 -	9,184
Utilities	52,410	1,425	1,200	55,035
	<u>\$ 1,632,055</u>	<u>\$ 84,637</u>	<u>\$ 412,534</u>	<u>\$ 2,129,226</u>

See accompanying notes to financial statements

IRVINE NATURAL SCIENCE CENTER, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 14,014	\$ - 0 -	\$ 1,234	\$ 15,248
Animal care	4,256	- 0 -	- 0 -	4,256
Art and design	97	- 0 -	3,103	3,200
Bank charges	19,477	1,702	12,593	33,772
Cultivation	- 0 -	- 0 -	7,889	7,889
Depreciation	186,044	5,060	4,259	195,363
Dues and subscriptions	12,757	320	1,850	14,927
Equipment rental	17,698	481	405	18,584
Food	43,837	89	75	44,001
Insurance	47,356	1,288	1,084	49,728
Land maintenance	41,867	55	46	41,968
Materials	74,252	546	460	75,258
Miscellaneous	11,608	1,347	1,707	14,662
Office supplies	8,174	222	187	8,583
Postage	2,574	26	3,738	6,338
Printing	8,668	50	8,421	17,139
Professional services	- 0 -	33,012	- 0 -	33,012
Repairs and maintenance	46,906	1,175	988	49,069
Salaries and related expenses	1,096,846	47,553	322,792	1,467,191
Software	8,396	- 0 -	10,271	18,667
Speakers' fees	6,468	- 0 -	- 0 -	6,468
Staff education	7,158	65	874	8,097
Travel	12,994	434	- 0 -	13,428
Utilities	47,872	1,303	1,097	50,272
	<u>\$ 1,719,319</u>	<u>\$ 94,728</u>	<u>\$ 383,073</u>	<u>\$ 2,197,120</u>

See accompanying notes to financial statements

IRVINE NATURAL SCIENCE CENTER, INC.

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 303,055	\$ 370,373
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	197,517	195,363
Permanently restricted contributions	(40,247)	(40,634)
Contributions restricted for investment in property and equipment	(194,765)	(64,500)
Net unrealized gain on investments	(131,099)	(242,567)
Net realized (gain) loss on investments	(66,841)	(45,499)
Change in value of beneficial interest in endowment fund	(6,308)	(7,733)
Decrease (increase) in current assets:		
Promises to give	49,247	102,234
Inventory	1,276	(7,800)
Prepaid expenses	(10,980)	3,705
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	(11,905)	(10,983)
Deposits	(202,877)	61,819
Refundable advances	150,816	(1,500)
Net cash provided by operating activities	<u>36,889</u>	<u>312,278</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(221,433)	(225,682)
Proceeds from sale of investments	559,992	118,482
Purchase of property and equipment	<u>(320,368)</u>	<u>(216,525)</u>
Net cash provided by (used in) investing activities	<u>18,191</u>	<u>(323,725)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for investment in property and equipment	194,765	64,500
Permanently restricted contributions	<u>40,247</u>	<u>40,634</u>
Net cash provided by financing activities	<u>235,012</u>	<u>105,134</u>
NET INCREASE IN CASH	290,092	93,687
CASH AT BEGINNING OF YEAR	<u>680,904</u>	<u>587,217</u>
CASH AT END OF YEAR	<u><u>\$ 970,996</u></u>	<u><u>\$ 680,904</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:		
Gifts received in stock contributions	\$ 74,108	\$ 82,685

See accompanying notes to financial statements

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies

Nature of Operations - Irvine Natural Science Center, Inc. (the Center) is a nonprofit organization incorporated on June 9, 1981, in the State of Maryland. Its principal sources of revenues and expenses are from the promotion of the Center's environmental education activities and the property.

Basis of Accounting - The financial statements of the Center have been prepared on the accrual basis of accounting and, accordingly, reflect receivables, payables, and other assets and liabilities. Revenue is recognized when earned and expenses when incurred.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and certain reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation - The Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent the portion of net assets that is not subject to donor-imposed restrictions. Such net assets are available for use at the discretion of management and/or the Board of Trustees for general operating purposes. The Board of Trustees may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions represent the portion of net assets that is subject to donor-imposed restrictions. Such restrictions may specify a purpose for which, or time in which, resources can be used. Some net assets with donor restrictions include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Center to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

Cash and Cash Equivalents - For financial reporting purposes, the Center considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents held for investment purposes are excluded from this classification.

Investments - Investments are reported at their fair values in the statements of financial position. Investment income is reported in the statements of activities and changes in net assets as a change in unrestricted net assets, unless their use is restricted by explicit donor imposed stipulations or by law. Cash equivalents designated by the Board for investment purposes are reported at cost, which approximates fair value.

Promises to Give - Unconditional promises to give are recognized as support in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are scheduled to be received to discount the amounts. The Center used a risk free discount rate for the years ended June 30, 2020 and 2019. The allowance is based on historical experience and management's analysis of accounts receivable. A discount and allowance for uncollectible promises to give of \$4,437 and \$5,869 have been recorded for the years ended June 30, 2020, and 2019, respectively.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Inventory – Nature store inventory is stated at the lower of cost or market with cost determined on a first-in, first-out basis.

Property and Equipment – Property and equipment are stated at cost, if purchased, or at fair market value at the date of the gift, if donated. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Center reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Expenditures for maintenance and repairs are charged against operations as expended. Renewals and betterments that materially extend the life of the assets are capitalized. The Center's policy is to capitalize all property expenditures and renewals and betterments greater than \$1,000 with a useful life of a year or more. The cost or fair value of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. The following represents the estimated useful lives:

<u>Category</u>	<u>Years</u>
Buildings and improvements	40
Land improvements	15 - 40
Furniture and fixtures	3 - 10

Beneficial Interest in Endowment Fund – Generally Accepted Accounting Principles (GAAP) require not-for-profit beneficiaries of endowment funds held by unrelated parties to record, as a contribution and an asset, the present value of the estimated future cash receipts to be received from the endowment fund, over the life of the instrument. Due to the perpetual nature of these funds held by The Baltimore Community Foundation, Inc. (BCF), the future cash flows from these funds cannot be estimated. Under such circumstances, not-for-profits are permitted to base the present value measurement on the fair value of these funds. Increases and decreases in these fund's fair value are to be recorded as a change in value in the statements of activities.

Revenue Recognition – Contributions and grants are recognized when the donor makes a promise to give the Center that is, in substance, unconditional. All contributions are considered available for the Center's general programs unless specifically restricted by donors. Amounts received that are restricted for future periods or specific purposes by donors are reported as restricted support and increase net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions and grants that are restricted by donors are recorded as revenue without donor restrictions if the restriction is satisfied in the same year as the contribution is received. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Contributions solicited and received from the public under the Land and Trails Endowment Campaign which lack specific donor guidance are considered to be endowment gifts. Contributions received under that campaign which are unrestricted by the donor are treated as part of the Board designated endowment.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Membership – Membership dues, which are nonrefundable, are recognized ratably over the membership period because the benefits to Center members are consistent throughout the year. Payments are required at the start of the membership period; amounts received in advance are deferred to the applicable period. Membership dues vary based on the level of membership.

Program Income – The Center provides various educational programs for the general public. Programs fees are considered to be available for unrestricted use and are recognized as income throughout the program period (the performance period) which can run all fiscal year or a single point in time. Fees received prior to the beginning of the program are deferred until the start of the program period for which the fee relates. Payments are required at the start of the program with the exception of Early Childhood programs which are paid monthly.

Rental Income – The Center recognizes revenues from fixed-price contracts for each event. The contract specifies beginning and ending periods for each individual or group. Contract modifications or refunds are completed prior to the beginning of the event date. Revenue is recognized at the completion of each event. Amounts are billed once the contract is signed. Accounts receivable (contract assets) are amounts that have been billed and not collected. Deposits (contract liabilities) are amounts collected prior to the completion of the event ending date. These deposits are satisfied when revenue is recognized.

Retail Income – Retail income is earned at a single point in time, upon purchase of an item from the gift shop. Sales tax collected from customers are excluded from both sales and expenses.

The Center benefits from several different revenue streams. The disaggregation of revenue for the years ended June 30, 2020, and 2019 is included in the chart below:

<u>Revenue Type</u>	<u>Timing of Revenue Recognition</u>	<u>2020</u>	<u>2019</u>
Contributions	Upon receipt	\$ 553,013	\$ 508,843
Foundation grants	Upon receipt	528,788	545,775
Membership	Membership period	7,830	27,720
Special events, net of direct costs	Date of event	200,352	211,066
Program income	Period of program	720,742	840,691
Rental income	Period of lease	15,835	70,539
Retail income, net of cost of goods sold	Point in time	3,452	2,240
Investment income, net	Period earned	279,295	360,051
Other income	Point in time	1,890	568
Paycheck protection program	After expenditures incurred	121,084	- 0 -
		<u>\$ 2,432,281</u>	<u>\$ 2,567,493</u>

Deposits – Represents advances of resources or revenue received in advance of the earnings process being completed.

Donated Assets and Services – Donated securities, land, materials, and equipment are reflected as contributions in the accompanying financial statements at their estimated values at date of receipt. The Center recognizes donated services that creates or enhances nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Certain services have been contributed to the Center which do not meet the above requirements and therefore are not recognized in the financial statements. Donations of goods and materials are recorded as support at their estimated fair value at the date of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses - Expenses are presented by both function and natural classification in the statement of functional expenses. Expenses that are directly identifiable with a particular function are charged to the program or supporting service benefited. Other expenses may benefit more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and benefits which are allocated on the basis of estimated time and effort along with estimated usage of facilities based on square footage.

Income Taxes - The Center is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) as an organization, other than a private foundation, as described in Section 509(a). The Center is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2017.

Advertising Costs – The Center expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2020, and 2019 was \$16,429 and \$15,248.

Change in Accounting Principle - In June 2018, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances the comparability of financial information among not-for-profit entities. The change in accounting principle was adopted retrospectively in 2019. For the year ended June 30, 2019, no reclassifications or other adjustments were necessary in adopting this new standard. As a result, there was no cumulative-effect adjustment to opening net assets with or without donor restrictions as of July 1, 2019.

New Accounting Pronouncement - The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, Other Assets and Deferred Costs—Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the "new guidance." This update requires entities to make new judgement and estimates, also provide expanded disclosures about revenue. The Center adopted the new standard effective July 1, 2019, using the modified retrospective approach. The Center also elected the following transition practical expedients (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

2. Investments and Fair Value Measurements

The fair value measurement accounting literature establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Center measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The Center's policy is to recognize transfers between levels in the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. For the year ended June 30, 2020 and 2019, there were no significant transfers into or out of Level 2 or 3.

The fair value and cost of investments as of June 30, 2020 are as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain</u>
Cash equivalents	\$ 161,224	\$ 161,224	\$ - 0 -
Mutual funds	2,144,822	1,905,708	239,114
Equity securities	<u>1,790,519</u>	<u>1,067,183</u>	<u>723,336</u>
 Total investments	 <u>\$4,096,565</u>	 <u>\$3,134,115</u>	 <u>\$ 962,450</u>
 Beneficial interest in endowment fund	 <u>\$ 144,811</u>	 <u>\$ 104,303</u>	 <u>\$ 40,508</u>

The fair value and cost of investments as of June 30, 2019 are as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain</u>
Cash equivalents	\$ 316,342	\$ 316,342	\$ - 0 -
Mutual funds	2,172,288	1,944,846	227,442
Equity securities	<u>1,741,787</u>	<u>1,137,251</u>	<u>604,536</u>
 Total investments	 <u>\$4,230,417</u>	 <u>\$3,398,439</u>	 <u>\$ 831,978</u>
 Beneficial interest in endowment fund	 <u>\$ 145,270</u>	 <u>\$ 109,063</u>	 <u>\$ 36,207</u>

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

2. Investments and Fair Value Measurements (continued)

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and their classification in the valuation hierarchy.

Level 1 Fair Value Measurements

Investment in cash equivalents

Highly liquid investments in brokerage accounts with an initial maturity of three months or less.

Investment in Mutual Funds

Mutual funds listed or traded on a national market or exchange are generally valued at publicly quoted prices. The Center's investments in mutual funds consist of domestic and foreign equity and debt instruments with diversified investment strategies.

Investment in Equity Securities

Equity securities listed or traded on a national market or exchange are valued at publicly quoted prices. The Center's investments in equity securities consist of common stocks in a variety of sectors.

Level 3 Fair Value Measurements

Beneficial Interest in Endowment Funds

Valued as described in Note 1.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center 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 different fair value measurement at the reporting date.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$ 161,224	\$ - 0 -	\$ - 0 -	\$ 161,224
Mutual funds	2,144,822	- 0 -	- 0 -	2,144,822
Equity securities	1,790,519	- 0 -	- 0 -	1,790,519
Beneficial interest in endowment fund	- 0 -	- 0 -	144,811	144,811
Total fair value	<u>\$4,096,565</u>	<u>\$ - 0 -</u>	<u>\$ 144,811</u>	<u>\$4,241,376</u>

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

2. Investments and Fair Value Measurements (continued)

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 316,342	\$ - 0 -	\$ - 0 -	\$ 316,342
Mutual funds	2,172,288	- 0 -	- 0 -	2,172,288
Equity securities	1,741,787	- 0 -	- 0 -	1,741,787
Beneficial interest in endowment fund	- 0 -	- 0 -	145,270	145,270
Total fair value	\$4,230,417	\$ - 0 -	\$ 145,270	\$4,375,687

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the year ended June 30:

	2020	2019
Balance at beginning of year	\$ 145,270	\$ 137,537
Interest and dividends, and other	3,385	3,437
Investment fees	(751)	(704)
Net unrealized gains	3,674	5,000
Amounts appropriated for expenditure	(6,767)	- 0 -
Balance at end of year	\$ 144,811	\$ 145,270

The following schedule summarizes the investment return and its classification in the statements of activities as of June 30, 2020:

	Without Donor Restrictions		With Donor Restrictions		Total
	General Operating	Board Designated	Time/Purpose Restricted	Beneficial Interest in Endowment Fund	
Interest and dividends, and other	\$ 75,902	\$ - 0 -	\$ 19,738	\$ - 0 -	\$ 95,640
Investment fees	(14,277)	- 0 -	(3,682)	- 0 -	(17,959)
Net realized loss	52,540	- 0 -	14,301	- 0 -	66,841
Net unrealized gains	106,724	- 0 -	28,049	- 0 -	134,773
Total return on investments	\$ 220,889	\$ - 0 -	\$ 58,406	\$ - 0 -	\$ 279,295

The following schedule summarizes the investment return and its classification in the statements of activities as of June 30, 2019:

	Without Donor Restrictions		With Donor Restrictions		Total
	General Operating	Board Designated	Time/Purpose Restricted	Beneficial Interest in Endowment Fund	
Interest and dividends, and other	\$ 23,776	\$ 19,447	\$ 32,927	\$ 3,437	\$ 79,587
Investment fees	(4,568)	(3,736)	(6,327)	(704)	(15,335)
Net realized gains	15,060	12,317	20,855	- 0 -	48,232
Net unrealized gains	75,732	62,651	104,184	5,000	247,567
Total return on investments	\$ 110,000	\$ 90,679	\$ 151,639	\$ 7,733	\$ 360,051

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

3. Promises to Give

Unconditional promises to give included in the financial statements at June 30, 2020 and 2019 are expected to be realized as follows:

	2020	2019
Receivable in less than one year	\$ 19,529	\$ 70,208
Total promises to give	19,529	70,208
Less allowance for uncollectible amounts	(4,437)	(5,869)
	<u>\$ 15,092</u>	<u>\$ 64,339</u>

Promises to give are for the following purposes:

	2020	2019
Without donor restrictions	\$ 753	\$ 1,000
Land and Trails Endowment Campaign		
Purpose or time restricted	2,000	2,000
Endowment restricted	16,776	67,208
Total promises to give	19,529	70,208
Less allowance for uncollectible amounts	(4,437)	(5,869)
Net Promises to give	<u>\$ 15,092</u>	<u>\$ 64,339</u>

Donor restricted promises to give are considered released from restriction at the earlier of the pledge period expiring or cash receipt. When payments are received on the promises to give, they are invested and become part of the board designated endowment. Endowment restricted promises to give are recognized as net assets with donor restrictions at the date of the unconditional promise.

4. Property and Equipment

Property and equipment at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Land	\$ 2,437,656	\$ 2,247,721
Land improvements	407,413	393,413
Building and improvements	5,789,108	5,694,192
Furniture and fixtures	552,637	531,120
	9,186,814	8,866,446
Less accumulated depreciation	(2,206,595)	(2,009,078)
Total property and equipment	<u>\$ 6,980,219</u>	<u>\$ 6,857,368</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$197,517 and \$195,363, respectively.

In 2001, the Center received 115.88 acres of land from the State of Maryland. The donation of land was recorded in the amount of \$229,000, representing the fair value of the land at the time of donation. The land is subject to a perpetual conservation easement, the purpose of which is to preserve and protect the environment of the property and to maintain the open space values of the property and the dominant scenic, historic, cultural, rural, agricultural, woodland and wetland character of the property. As a result of this perpetual conservation easement, the land is restricted in use for the sole purpose of operating a nature center and various other restrictions as outlined in the agreement.

During the year ended June 30, 2016, the Center received a \$1,000,000 donation to acquire 93.04 acres of land adjacent to the existing nature center property. The acquired property is subject to certain conservation easements which restrict the extent to which the land may be developed in the future.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

5. Beneficial Interest in Endowment Funds

The Center entered into an agreement with The Baltimore Community Foundation, Inc. (BCF), a tax-exempt §501 (c)(3) organization, to establish an endowment fund with BCF.

The purpose of establishing the Fund was to encourage and enhance contributions, ensure perpetual continuity, and provide professional investment management of the Center's endowment fund. As part of this agreement, the Board of the Center authorized the transfer of its own funds to BCF.

The agreement for the Fund stipulates that the principal portion of the Fund will be held in perpetuity and that an amount of the net annual income earned by the Fund, as determined under the BCF's spending policy, will be distributed to the Center for as long as the Center is in existence. If for any reason the Center ceases operations, the agreement with BCF provides that this income will be used for a similar purpose.

The fair value of the Fund held by BCF at June 30, 2020 and 2019 was \$144,811 and \$145,270, respectively, which has been reflected as an asset in the statements of financial position. Gains of \$6,308 and \$7,733, associated with the Fund's change in fair value, have been recognized for the years ended June 30, 2020 and 2019, respectively, in the statements of activities. The Fund had distributions of \$6,767 and \$-0- during the years ended June 30, 2020 and 2019, respectively.

6. Deposits

The Center reports deposits for those funds received in advance of programs and events conducted in the following fiscal year including pre-school tuition received prior to the start of the school year, summer camp fees received in advance of the camps being conducted and sponsorships in advance of events. Deposits as of June 30, 2020 and 2019 was comprised of the following:

	<u>2020</u>	<u>2019</u>
Pre-school tuition	\$ 21,416	\$ 31,564
Summer camp fees	- 0 -	144,127
Sponsorships	33,500	31,250
Adult seminars	- 0 -	7,025
Other	- 0 -	43,827
	<u>\$ 54,916</u>	<u>\$ 257,793</u>

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

7. Restrictions on Net Assets

Net Assets without Donor Restrictions

A portion of the Center's unrestricted net assets is classified as board designated endowments. These endowments were created by the Board of Trustees and invested for the purpose of providing income to be used by the Center for the general operation of the Center. Although such funds are unrestricted, it is the Board's intent to use only a portion of the income generated from the investment of the funds for the ongoing operations of the Center. As of June 30, 2020 and 2019, funds totaling \$698,343 and \$981,280 represented such funds functioning as endowments.

Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2020 and 2019 represent the following:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose or period:		
Land and Trail campaign	\$ 2,000	\$ 2,000
Education programs	42,655	55,000
Summer camp	8,667	- 0 -
Development	97,045	153,987
Exhibit hall	39,052	21,135
	<u>189,419</u>	<u>232,122</u>
Endowments subject to the Center's spending policy and appropriation:		
Land and Trails Endowment Fund	2,185,975	2,095,296
The France-Merrick Education Fund	500,000	500,000
Van Stewart Endowment	148,700	148,700
Beneficial interest in endowment fund	144,811	145,270
Total Endowment Funds	<u>2,979,486</u>	<u>2,889,266</u>
Earnings on donor-restricted funds	563,547	505,141
Donor-restricted endowment multi-year pledges receivable	16,776	67,208
Land-restricted by use	229,000	229,000
	<u>3,788,809</u>	<u>3,690,615</u>
	<u>\$ 3,978,228</u>	<u>\$ 3,922,737</u>

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

7. Restrictions on Net Assets (continued)

Net assets with donor restrictions were released during the years ended June 30, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Time Restricted:		
Land and Trail campaign	\$ - 0 -	\$ 5,687
Purpose Restricted:		
Hodge podge lodge	- 0 -	3,500
Development	56,942	- 0 -
Aviary	- 0 -	92,500
Boardwalks	- 0 -	53,418
Exhibit hall	3,200	2,615
Education programs	<u>55,000</u>	<u>72,500</u>
	<u>115,142</u>	<u>230,220</u>
Appropriation of unspent appreciation of donor-restricted endowment fund	<u>459</u>	<u>- 0 -</u>
	<u>\$ 115,601</u>	<u>\$ 230,220</u>

8. Contingency

In March 2020, significant mitigation efforts began taking effect in the United States in an attempt to curtail the spread of the coronavirus (COVID-19) pandemic. Such efforts have included travel restrictions, business disruptions, and event cancelations. Capital markets have seen significant volatility in the wake of the pandemic and significant economic disruptions are likely to occur. In response, the Center has altered its operation and interactions with program participants and donors. Management cannot reasonably estimate the related financial impact and duration of the situation at this time. However, management believes it has sufficient cash and investment reserves to sustain operations in the event of continued disruption. Management intends to monitor the situation on an ongoing basis and to continue efforts to reduce its impact on the Center's operation and financial resources.

9. Refundable Advances

In May 2020, the Center applied for and received a \$271,900 loan under the Paycheck Protection Program (PPP). The PPP loan is for a term of two years and bears interest at a fixed rate of 1% per annum. This loan qualifies for forgiveness after 24 weeks, if all criteria are met. Payments on this loan are deferred until the date the SBA remits the borrower's loan forgiveness amount to the lender, or until 10 months after the 24 week eligibility period if the borrower never requests forgiveness. As of June 30, 2020, the Center had incurred \$121,084 of eligible expenses and has satisfied the criteria for recognition of the income with a corresponding reduction of the refundable advances balance (see Note 16). The total income of \$121,084 has been included in paycheck protection program funds utilized on the statement of activities.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

10. Liquidity and Availability of Financial Assets

The following reflects the Center's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2020</u>	<u>2019</u>
Financial assets at year end	\$ 5,227,464	\$ 5,120,930
Less those unavailable for general expenditures within one year, due to:		
Board designated net assets	698,343	981,280
Restricted by donors with a purpose or time restrictions	<u>3,749,228</u>	<u>3,693,737</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 779,893</u>	<u>\$ 445,913</u>

The Center maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of the Center's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically money market funds. Additionally, the Center has Board Designated net assets without donor restrictions that, while the Center does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

11. Pension Plan

The Center maintains a 403(b) Retirement Plan for its employees. Employees working at least 1,000 hours in one year are eligible to participate. Under the terms of the plan, employees are entitled to contribute a percentage of their total compensation, within limitations established by the Internal Revenue Code. Employees are fully vested upon enrollment. The Center will contribute a matching contribution amount of up to 3% of the employee's annual salary. The Center made contributions of \$16,483 and \$19,357 for the years ended June 30, 2020 and 2019.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

12. Endowments – Donor and Board Designated

The Center's endowment consists of various individual funds established for a variety of purposes. The endowment consists of donor-restricted endowment funds: The France-Merrick Education Fund; The Van Stewart Endowment; the Land and Trails Endowment Fund; and board-designated endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Center commenced a \$3,500,000 endowment campaign in fiscal year 2012. The campaign solicited first to individuals closely associated with the Center and then in fiscal year 2014 to the general public. The Center received fundraising contributions toward the campaign in the amount of \$40,247 and \$40,634 for the years ended June 30, 2020 and 2019.

Interpretation of Relevant Law

The Board of Trustees 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 Center classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the board and donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the application of investments, (6) other resources of the Center, and (7) the investment policies of the organization.

Investment Return Objectives and Risk Parameters

The Center has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity, and board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to provide adequate liquidity, maximize returns on all funds invested and achieve a consistent inflation-protected rate of return. The Center has an active Investment Committee that meets regularly to ensure that the objectives of the investment policies are met, and that the strategies used to meet the objectives are in accordance with the investment policies. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Center relies on a total strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places a greater emphasis on equity-based and other investments to achieve its long-term return objectives within prudent risk constraints.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

12. Endowments – Donor and Board Designated (continued)

Spending Policy

The Board of Trustees has adopted a spending policy calculated as 3.25 percent to 5 percent of the average market value of the Endowment Fund for the three previous fiscal year ends. Expenditures from the donor-restricted endowment fund are released from restriction in accordance with donor stipulations or as appropriated by the Board of Trustees. In establishing this policy, the Center considered the long-term expected return on its endowment investments. Accordingly, over the long-term, the Board of Trustees expects the current spending policy to allow its endowment to retain the original fair value of the gift. The amounts appropriated for distribution as of June 30, 2020 and 2019 was \$504,285 and \$110,000.

During the year ended June 30, 2020, the Board of Trustees appropriated \$282,937 from the board designated endowment to facilitate the purchase of land. The Board's intention is to restore funds to the board designated endowment as they are able.

	<u>2020</u>	<u>2019</u>
Amount appropriated for expenditure, restrictions met in same period as income:		
Board designated	\$ 90,086	\$ 40,700
Time/Purpose restriction	124,495	69,300
Beneficial interest in endowment fund	<u>6,308</u>	<u>- 0 -</u>
	<u>220,889</u>	<u>110,000</u>
Amount appropriated for expenditure, income in prior period:		
Board designated	282,937	- 0 -
Beneficial interest in endowment fund	<u>459</u>	<u>- 0 -</u>
	<u>283,396</u>	<u>- 0 -</u>
	<u>\$ 504,285</u>	<u>\$ 110,000</u>

Endowment Fund Deficiencies

The Center considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Center has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. There were no such deficiencies as of June 30, 2020 or 2019.

The endowment's net asset composition for the year ended June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>Donor- Restricted Funds</u>	<u>Total</u>
Donor-Restricted Funds			
Land and Trails Endowment Fund	\$ - 0 -	\$ 2,185,975	\$ 2,185,975
The France-Merrick Education Fund	- 0 -	500,000	500,000
Van Stewart endowment	- 0 -	148,700	148,700
Earnings on donor-restricted funds	- 0 -	563,547	563,547
Beneficial interest in endowment fund	- 0 -	144,811	144,811
Board-designated funds	<u>698,343</u>	<u>- 0 -</u>	<u>698,343</u>
	<u>\$ 698,343</u>	<u>\$ 3,543,033</u>	<u>\$ 4,241,376</u>

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

12. Endowments – Donor and Board Designated (continued)

The endowment's net asset composition for the year ended June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>Donor- Restricted Funds</u>	<u>Total</u>
Donor-restricted funds			
Land and Trails Endowment Fund	\$ - 0 -	\$ 2,095,296	\$ 2,095,296
The France-Merrick Education Fund	- 0 -	500,000	500,000
Van Stewart endowment	- 0 -	148,700	148,700
Earnings on donor-restricted funds	- 0 -	505,141	505,141
Beneficial interest in endowment fund	- 0 -	145,270	145,270
Board-designated funds	<u>981,280</u>	<u>- 0 -</u>	<u>981,280</u>
	<u>\$ 981,280</u>	<u>\$ 3,394,407</u>	<u>\$ 4,375,687</u>

For the years ended June 30, 2020 and 2019, the total amount of donor restricted gifts to be maintained in perpetuity totaled \$2,979,486 and \$2,889,266, respectively.

Changes in Endowment net assets for the fiscal year ended June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets June 30, 2019	\$ 981,280	\$ 3,394,407	\$ 4,375,687
Investment return:			
Investment income	- 0 -	16,056	16,056
Net appreciation on investments	- 0 -	42,350	42,350
Total investment return	- 0 -	58,406	58,406
Contributions to endowment funds	- 0 -	90,679	90,679
Transfers to board-designated endowments from general unrestricted	- 0 -	- 0 -	-
Amounts appropriated for expenditure	<u>(282,937)</u>	<u>(459)</u>	<u>(283,396)</u>
Endowment net assets June 30, 2020	<u>\$ 698,343</u>	<u>\$ 3,543,033</u>	<u>\$ 4,241,376</u>

Changes in Endowment net assets for the fiscal year ended June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets June 30, 2018	\$ 850,193	\$ 3,122,495	\$ 3,972,688
Investment return:			
Investment income	15,711	29,333	45,044
Net appreciation of investments	74,968	130,039	205,007
Total investment return	90,679	159,372	250,051
Contributions to endowment funds	- 0 -	112,540	112,540
Transfers to general unrestricted funds from board-designated endowments	40,408	- 0 -	40,408
Amounts appropriated for expenditure	- 0 -	- 0 -	- 0 -
Endowment net assets June 30, 2019	<u>\$ 981,280</u>	<u>\$ 3,394,407</u>	<u>\$ 4,375,687</u>

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

13. Commitments

The Center has a contract for monthly elevator maintenance. The contract terms are for 5 years with automatic renewals for additional 5 year terms unless canceled by either party prior to the renewal. The current contract is in effect until March 2021. Expenses related to the contract and reported as repairs and maintenance in the statements of functional expenses were \$5,292 and \$5,081 for the years ended June 30, 2020 and 2019.

The Center entered into an operating lease for office equipment effective, January 2017. The lease calls for minimum monthly payments of \$1,146 for 30 months. Expenses related to this lease and reported as equipment rental in the statements of functional expenses were \$-0- and \$15,786 for the years ended June 30, 2020 and 2019. In addition, the Center entered into an operating lease in March 2013 for a postage meter that was set to expire in June 2018. The Center entered into a new 36 month lease for a postage meter in March 2018. Monthly payments of \$311 are due through March 2021. Postage meter expense relating to the lease and reported as equipment rental in the statements of functional expenses was \$1,866 and \$2,799 for the years ended June 30, 2020 and 2019.

The Center entered into an operating lease for a copier effective July 2019. The lease calls for minimum monthly payments of \$952 for 36 months with two 12 month renewal options. Expenses related to this lease and reported as equipment rental in the statements of functional expenses was \$10,711 for the year ended June 30, 2020.

The future minimum payments for the commitments disclosed above are as follows for the years ending June 30:

2021	\$	18,323
2022		<u>11,426</u>
	\$	<u>29,749</u>

The Center entered into a contractual agreement with Constellation NewEnergy, Inc. for delivery of electricity at \$0.06401 per kilowatt hour from March 2020 through March 2022. The Center will be billed monthly for the electricity based on usage.

14. Donated Goods and Services

Included in fundraising revenues and functional expenses is the estimated fair value of certain donated goods. The value of donated goods received by the Center for the year ended June 30, 2020 and 2019 was \$87,183 and \$62,289.

15. Concentrations of Credit Risk and Uncertainties

In the ordinary course of business, the Center's cash and cash equivalents balances and investment balances may exceed the FDIC and SIPC insurance limits. The Center and its investment manager continually review credit concentrations as part of its asset and liability management.

The Center may invest in various types of marketable securities. Marketable securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, it is possible that changes in the values of these securities may occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2020 and 2019

16. Subsequent Events

Subsequent to year end, the Center has incurred eligible expenses and has satisfied the criteria for recognition of income for the remaining balance of the refundable advances.

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through December 15, 2020, the date the financial statements were available to be issued.