

IRVINE NATURAL SCIENCE CENTER, INC.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

IRVINE NATURAL SCIENCE CENTER, INC.

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Independent Auditors' Report

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

Opinion

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, 2023 and 2022, 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.

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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Irvine Natural Science Center, Inc. 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

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

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

Independent Auditors' Report (continued)

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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Irvine Natural Science Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Irvine Natural Science Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Weyrich, Cronin & Serra, LLC

Hunt Valley, Maryland
January 17, 2024

IRVINE NATURAL SCIENCE CENTER, INC.Statements of Financial Position
June 30, 2023 and 2022ASSETS

ASSETS:	2023	2022
Cash and cash equivalents	\$ 2,164,621	\$ 1,762,002
Investments	4,472,483	4,196,020
Accounts receivable	- 0 -	17,132
Promises to give, net of discount	217,477	3,175
Prepaid expenses	38,964	48,306
Inventory	7,652	10,152
Property and equipment - net	6,597,976	6,795,341
Beneficial interest in endowment fund	174,743	158,254
TOTAL ASSETS	\$ 13,673,916	\$ 12,990,382

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable and accrued expenses	\$ 84,496	\$ 81,629
Deposits	450,762	300,329
Total Liabilities	535,258	381,958
NET ASSETS:		
Without donor restrictions:		
General operating	814,842	1,004,839
Investment in plant	6,368,976	6,566,341
Board designated	543,435	539,879
Total Net Assets		
Without Donor Restrictions	7,727,253	8,111,059
With donor restrictions	5,411,405	4,497,365
Total Net Assets	13,138,658	12,608,424
TOTAL LIABILITIES AND NET ASSETS	\$ 13,673,916	\$ 12,990,382

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, 2023

	Without Donor Restrictions			With Donor Restrictions	Total
	General Operating/ Investment in Plant	Board Designated	Total		
REVENUES, GAINS AND OTHER SUPPORT:					
Fundraising					
Contributions	\$ 560,548	\$ - 0 -	\$ 560,548	\$ 744,023	\$ 1,304,571
Foundation grants	361,234	- 0 -	361,234	32,423	393,657
In-kind donations	73,914	- 0 -	73,914	- 0 -	73,914
Special events, net	148,041	- 0 -	148,041	- 0 -	148,041
	<u>1,143,737</u>	<u>- 0 -</u>	<u>1,143,737</u>	<u>776,446</u>	<u>1,920,183</u>
Program Income					
Admissions	7,807	- 0 -	7,807	- 0 -	7,807
Preschool program	307,892	- 0 -	307,892	- 0 -	307,892
Summer camp	207,221	- 0 -	207,221	- 0 -	207,221
Adult seminars	26,998	- 0 -	26,998	- 0 -	26,998
Birthday parties	39,238	- 0 -	39,238	- 0 -	39,238
School program	46,237	- 0 -	46,237	- 0 -	46,237
Infant and toddler programs	35,061	- 0 -	35,061	- 0 -	35,061
Wellness	6,390	- 0 -	6,390	- 0 -	6,390
Outreach	12,824	- 0 -	12,824	- 0 -	12,824
General programs	16,901	- 0 -	16,901	- 0 -	16,901
Home school co-op	88,756	- 0 -	88,756	- 0 -	88,756
After school club	51,632	- 0 -	51,632	- 0 -	51,632
	<u>846,957</u>	<u>- 0 -</u>	<u>846,957</u>	<u>- 0 -</u>	<u>846,957</u>
Other Income					
Rental income	71,853	- 0 -	71,853	- 0 -	71,853
Retail income, net	4,593	- 0 -	4,593	- 0 -	4,593
Investment income, net	225,613	- 0 -	225,613	202,364	427,977
Change in value of beneficial interest in endowment fund	- 0 -	- 0 -	- 0 -	16,489	16,489
Other income	50,223	- 0 -	50,223	- 0 -	50,223
	<u>352,282</u>	<u>- 0 -</u>	<u>352,282</u>	<u>218,853</u>	<u>571,135</u>
Net assets released from restrictions					
Satisfaction of donor restrictions	81,259	- 0 -	81,259	(81,259)	- 0 -
Board transfers - net of amounts appropriated for expenditure	(3,556)	3,556	- 0 -	- 0 -	- 0 -
Total Revenues, Gains and Other Support	<u>2,420,679</u>	<u>3,556</u>	<u>2,424,235</u>	<u>914,040</u>	<u>3,338,275</u>
Expenses					
Program services	2,242,749	- 0 -	2,242,749	- 0 -	2,242,749
Management and general	141,722	- 0 -	141,722	- 0 -	141,722
Fundraising	423,570	- 0 -	423,570	- 0 -	423,570
Total Expenses	<u>2,808,041</u>	<u>- 0 -</u>	<u>2,808,041</u>	<u>- 0 -</u>	<u>2,808,041</u>
CHANGE IN NET ASSETS	(387,362)	3,556	(383,806)	914,040	530,234
NET ASSETS AT BEGINNING OF YEAR	<u>7,571,180</u>	<u>539,879</u>	<u>8,111,059</u>	<u>4,497,365</u>	<u>12,608,424</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,183,818</u>	<u>\$ 543,435</u>	<u>\$ 7,727,253</u>	<u>\$ 5,411,405</u>	<u>\$13,138,658</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, 2022

	Without Donor Restrictions			With Donor Restrictions	Total
	General Operating/ Investment in Plant	Board Designated	Total		
REVENUES, GAINS AND OTHER SUPPORT:					
Fundraising					
Contributions	\$ 681,014	\$ - 0 -	\$ 681,014	\$ - 0 -	\$ 681,014
Foundation grants	337,890	- 0 -	337,890	277,500	615,390
In-kind donations	47,693	- 0 -	47,693	- 0 -	47,693
Special events, net	100,535	- 0 -	100,535	- 0 -	100,535
	<u>1,167,132</u>	<u>- 0 -</u>	<u>1,167,132</u>	<u>277,500</u>	<u>1,444,632</u>
Program Income					
Admissions	8,548	- 0 -	8,548	- 0 -	8,548
Preschool program	239,717	- 0 -	239,717	- 0 -	239,717
Summer camp	209,374	- 0 -	209,374	- 0 -	209,374
Adult seminars	25,056	- 0 -	25,056	- 0 -	25,056
Birthday parties	16,868	- 0 -	16,868	- 0 -	16,868
School program	10,958	- 0 -	10,958	- 0 -	10,958
Infant and toddler programs	15,345	- 0 -	15,345	- 0 -	15,345
Wellness	6,357	- 0 -	6,357	- 0 -	6,357
Outreach	11,661	- 0 -	11,661	- 0 -	11,661
General programs	9,776	- 0 -	9,776	- 0 -	9,776
Home school co-op	101,460	- 0 -	101,460	- 0 -	101,460
After school club	32,446	- 0 -	32,446	- 0 -	32,446
	<u>687,566</u>	<u>- 0 -</u>	<u>687,566</u>	<u>- 0 -</u>	<u>687,566</u>
Other Income					
Rental income	57,529	- 0 -	57,529	- 0 -	57,529
Retail loss, net	(4,486)	- 0 -	(4,486)	- 0 -	(4,486)
Investment income, net	13,266	(123,719)	(110,453)	(477,771)	(588,224)
Change in value of beneficial interest in endowment fund	- 0 -	- 0 -	- 0 -	(26,723)	(26,723)
Other loss	(3,570)	- 0 -	(3,570)	- 0 -	(3,570)
	<u>62,739</u>	<u>(123,719)</u>	<u>(60,980)</u>	<u>(504,494)</u>	<u>(565,474)</u>
Net assets released from restrictions					
Satisfaction of donor restrictions	14,515	- 0 -	14,515	(14,515)	- 0 -
Board transfers - net of amount appropriated for expenditure	229,578	(229,578)	- 0 -	- 0 -	- 0 -
Total Revenues, Gains and Other Support	<u>2,161,530</u>	<u>(353,297)</u>	<u>1,808,233</u>	<u>(241,509)</u>	<u>1,566,724</u>
Expenses					
Program services	1,938,441	- 0 -	1,938,441	- 0 -	1,938,441
Management and general	108,373	- 0 -	108,373	- 0 -	108,373
Fundraising	375,420	- 0 -	375,420	- 0 -	375,420
Total Expenses	<u>2,422,234</u>	<u>- 0 -</u>	<u>2,422,234</u>	<u>- 0 -</u>	<u>2,422,234</u>
CHANGE IN NET ASSETS	(260,704)	(353,297)	(614,001)	(241,509)	(855,510)
NET ASSETS AT BEGINNING OF YEAR	<u>7,831,884</u>	<u>893,176</u>	<u>8,725,060</u>	<u>4,738,874</u>	<u>13,463,934</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,571,180</u>	<u>\$ 539,879</u>	<u>\$ 8,111,059</u>	<u>\$ 4,497,365</u>	<u>\$12,608,424</u>

See accompanying notes to financial statements

IRVINE NATURAL SCIENCE CENTER, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 1,483,894	\$ 66,197	\$ 348,347	\$ 1,898,438
	1,483,894	66,197	348,347	1,898,438
Advertising	27,256	- 0 -	1,645	28,901
Animal care	9,429	- 0 -	- 0 -	9,429
Art and design	2,355	- 0 -	1,334	3,689
Bank charges	20,365	2,979	14,017	37,361
Conferences and conventions	32,250	- 0 -	- 0 -	32,250
Cultivation	- 0 -	- 0 -	6,840	6,840
Dues and subscriptions	22,797	485	3,907	27,189
Equipment rental	32,527	638	426	33,591
Expansion	- 0 -	41,255	- 0 -	41,255
Food	29,197	- 0 -	- 0 -	29,197
Insurance	72,989	2,305	1,537	76,831
Land maintenance	59,482	539	359	60,380
Materials	57,008	86	57	57,151
Miscellaneous	20,377	1,804	1,741	23,922
Office supplies	4,652	147	98	4,897
Postage	84	2	2,889	2,975
Printing	1,687	- 0 -	13,770	15,457
Professional services	- 0 -	14,850	- 0 -	14,850
Repairs and maintenance	72,925	2,121	1,414	76,460
Software	12,831	- 0 -	18,975	31,806
Speaker fees	6,787	- 0 -	- 0 -	6,787
Staff education	5,439	24	65	5,528
Travel	5,931	- 0 -	623	6,554
Utilities	52,233	1,650	1,100	54,983
	548,601	68,885	70,797	688,283
Depreciation	210,254	6,640	4,426	221,320
Total Expenses	\$ 2,242,749	\$ 141,722	\$ 423,570	\$ 2,808,041

See accompanying notes to financial statements

IRVINE NATURAL SCIENCE CENTER, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 1,483,894	\$ 66,197	\$ 348,347	\$ 1,898,438
	1,483,894	66,197	348,347	1,898,438
Advertising	27,256	- 0 -	1,645	28,901
Animal care	9,429	- 0 -	- 0 -	9,429
Art and design	2,355	- 0 -	1,334	3,689
Bank charges	20,365	2,979	14,017	37,361
Conferences and conventions	32,250	- 0 -	- 0 -	32,250
Cultivation	- 0 -	- 0 -	6,840	6,840
Dues and subscriptions	22,797	485	3,907	27,189
Equipment rental	32,527	638	426	33,591
Expansion	- 0 -	41,255	- 0 -	41,255
Food	29,197	- 0 -	- 0 -	29,197
Insurance	72,989	2,305	1,537	76,831
Land maintenance	59,482	539	359	60,380
Materials	57,008	86	57	57,151
Miscellaneous	20,377	1,804	1,741	23,922
Office supplies	4,652	147	98	4,897
Postage	84	2	2,889	2,975
Printing	1,687	- 0 -	13,770	15,457
Professional services	- 0 -	14,850	- 0 -	14,850
Repairs and maintenance	72,925	2,121	1,414	76,460
Software	12,831	- 0 -	18,975	31,806
Speaker fees	6,787	- 0 -	- 0 -	6,787
Staff education	5,439	24	65	5,528
Travel	5,931	- 0 -	623	6,554
Utilities	52,233	1,650	1,100	54,983
	548,601	68,885	70,797	688,283
Depreciation	210,254	6,640	4,426	221,320
Total Expenses	\$ 2,242,749	\$ 141,722	\$ 423,570	\$ 2,808,041

See accompanying notes to financial statements

IRVINE NATURAL SCIENCE CENTER, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 1,274,317	\$ 78,914	\$ 312,339	\$ 1,665,570
	1,274,317	78,914	312,339	1,665,570
Advertising	19,708	- 0 -	892	20,600
Animal care	10,918	- 0 -	- 0 -	10,918
Art and design	3,040	- 0 -	570	3,610
Bank charges	19,506	734	13,318	33,558
Cultivation	- 0 -	- 0 -	1,035	1,035
Dues and subscriptions	12,491	321	4,229	17,041
Equipment rental	17,240	544	363	18,147
Food	32,604	6	4	32,614
Insurance	46,940	1,482	988	49,410
Land maintenance	40,337	807	538	41,682
Materials	66,325	287	192	66,804
Miscellaneous	34,207	1,221	2,051	37,479
Office supplies	7,227	228	152	7,607
Postage	2,682	12	2,072	4,766
Printing	1,254	67	10,541	11,862
Professional services	- 0 -	13,626	- 0 -	13,626
Repairs and maintenance	70,127	2,119	1,413	73,659
Software	11,696	- 0 -	13,931	25,627
Speaker fees	5,780	- 0 -	- 0 -	5,780
Staff education	4,657	3	5,420	10,080
Travel	4,592	18	50	4,660
Utilities	45,229	1,429	952	47,610
	456,560	22,904	58,711	538,175
Depreciation	207,564	6,555	4,370	218,489
Total Expenses	\$ 1,938,441	\$ 108,373	\$ 375,420	\$ 2,422,234

See accompanying notes to financial statements

IRVINE NATURAL SCIENCE CENTER, INC.

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 530,234	\$ (855,510)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	221,320	218,489
Donation of equipment	(5,410)	- 0 -
Contribution of marketable securities	(171,064)	(43,705)
Net unrealized (gain) loss on investments	(257,019)	753,530
Net realized gain on investments	(31,619)	(36,548)
Change in value of beneficial interest in endowment fund	(16,489)	26,723
(Increase) decrease in current assets:		
Accounts receivable	17,132	(17,132)
Promises to give	(214,302)	(3,175)
Inventory	2,500	2,448
Prepaid expenses	9,342	(11,917)
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	2,867	31,709
Deposits	150,433	90,477
	<u>237,925</u>	<u>155,389</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(262,185)	(129,556)
Proceeds from sale of investments	445,424	128,427
Purchase of property and equipment	(18,545)	(100,245)
	<u>164,694</u>	<u>(101,374)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	402,619	54,015
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,762,002	1,707,987
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,164,621</u>	<u>\$ 1,762,002</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:		
Gifts received in stock contributions	\$ 171,064	\$ 43,705
Donation of equipment	\$ 5,410	\$ - 0 -
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Non-cash in-kind donations	\$ 68,504	\$ 47,693

See accompanying notes to financial statements

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies

Nature of Organization - 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.

Investments - Investments are reported at their fair values in the statements of financial position and consist of common stocks and mutual funds. Unrealized and realized gains and losses are included in the statements of activities and changes in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements June 30, 2023 and 2022

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

Promises to Give – Unconditional promises to give consist of contributions receivable and 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. A discount on promises to give of \$13,523 and \$0- has been recorded for the years ended June 30, 2023, and 2022, respectively. The Center provides an allowance for doubtful accounts, as needed, for amounts deemed uncollectible. The allowance is based on historical experience and management's analysis of accounts receivable. Management believes all pledges to be collectible and accordingly no allowance has been recorded for the years ended June 30, 2023, and 2022.

Accounts Receivable – For the year ended June 30, 2022, receivables consisted of insurance proceeds that do not accrue interest. The Center provides an allowance for doubtful based on an estimate of probable uncollectible accounts. No allowance has been deemed necessary as management considers all amounts to be fully collectible.

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 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	5 - 40
Land improvements	15 - 40
Furniture and fixtures	3 - 10

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2023 and 2022

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

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.

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

Revenue Recognition – Contributions and foundation 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.

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.

Membership – Annual dues vary based on the level of membership and are nonrefundable. Membership dues are recognized in contribution income upon receipt, as they are considered a nonexchange transaction.

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 (contract liabilities). Payments are required at the start of the program with the exception of Early Childhood programs which are paid monthly.

Special Events – The Center operates several special events. Revenue related to these events is generally received in the same period the event takes place. Therefore, revenue is recognized in the period it is received. The performance obligation is satisfied on the date of the event.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements June 30, 2023 and 2022

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

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, 2023, and 2022 is included in the chart below:

Revenue Type	Timing of Revenue			
	Recognition	2023	2022	
Contributions	Upon receipt	\$ 1,304,571	\$ 681,014	
Foundation grants	Upon receipt	393,657	615,390	
In-kind contributions	Upon receipt	73,914	47,693	
Special events, net	Date of event	148,041	100,535	
Program income	Period of program	846,957	687,566	
Rental income	Period of lease	71,853	57,529	
Retail income (loss), net	Point in time	4,593	(4,486)	
Investment income (loss), net	Period earned	444,466	(614,947)	
Other income (loss)	Point in time	50,223	(3,570)	
		\$ 3,338,275	\$ 1,566,724	

Contributions of Nonfinancial Assets and Services – Occasionally the Center receives in-kind donations. Donated land, materials, and equipment are reflected as in-kind donations in the accompanying financial statements at their estimated values at date of receipt. 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. Donations of goods and materials are utilized in the Center’s programs except those from special events are monetized.

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 (see Note 10). Other services have been contributed to the Center which do not meet the above requirements and therefore are not recognized in the financial statements.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements June 30, 2023 and 2022

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 2020.

Advertising Costs – The Center expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2023, and 2022 was \$28,901 and \$20,600, respectively.

Change in Accounting Principles - In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance from accounting for leases under *Topic 840, Leases*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statements of financial position. The Center elected to adopt this ASU effective July 1, 2022 and utilized the available practical expedients to transition using a modified retrospective method. The adoption did not have a material impact on the Center's statement of financial position nor the statement of activities and changes in net assets. The Center has analyzed the provisions of the new guidance and has concluded that no changes are necessary to conform with the new standards since the Center has no leases that require recognition of operating lease liabilities. The accounting for finance leases remained substantially unchanged and no reclassifications or adjustments in connection with the new guidance has been made.

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. Valuation techniques utilized to determine fair value are consistently applied. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2023 and 2022

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 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 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, 2023 and 2022, there were no significant transfers into or out of Level 2 or 3.

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 fair value and cost of investments as of June 30, 2023 are as follows:

	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds	\$ 2,086,828	\$ 2,054,637	\$ (32,191)
Equity securities	1,156,562	2,417,846	1,261,284
Total investments	<u>\$ 3,243,390</u>	<u>\$ 4,472,483</u>	<u>\$ 1,229,093</u>
Beneficial interest in endowment fund	<u>\$ 111,118</u>	<u>\$ 174,743</u>	<u>\$ 63,625</u>

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2023 and 2022

2. Investments and Fair Value Measurements (continued)

The fair value and cost of investments as of June 30, 2022 are as follows:

	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds	\$ 2,130,482	\$ 2,103,453	\$ (27,029)
Equity securities	1,097,395	2,092,567	995,172
Total investments	\$ 3,227,877	\$ 4,196,020	\$ 968,143
Beneficial interest in endowment fund	\$ 107,182	\$ 158,254	\$ 51,072

The fair value measurements and levels within the hierarchy of those measurements for the assets reported at fair value on a recurring basis consisted of the following at June 30, 2023 and 2022:

	June 30, 2023		
	Fair value Measurements at the End of the Reporting Period Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 2,054,637	\$ - 0 -	\$ 2,054,637
Equity securities	2,417,846	- 0 -	2,417,846
Beneficial interest in endowment fund	- 0 -	174,743	174,743
Total fair value	\$ 4,472,483	\$ 174,743	\$ 4,647,226

	June 30, 2022		
	Fair value Measurements at the End of the Reporting Period Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 2,103,453	\$ - 0 -	\$ 2,103,453
Equity securities	2,092,567	- 0 -	2,092,567
Beneficial interest in endowment fund	- 0 -	158,254	158,254
Total fair value	\$ 4,196,020	\$ 158,254	\$ 4,354,274

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2023 and 2022

2. Investments and Fair Value Measurements (continued)

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:

	2023	2022
Balance at beginning of year	<u>\$ 158,254</u>	<u>\$ 184,977</u>
Interest and dividends, and other	3,936	3,656
Investment fees	(842)	(915)
Net unrealized gains (loss)	13,395	(29,464)
Amounts appropriated for expenditure	- 0 -	- 0 -
Balance at end of year	<u><u>\$ 174,743</u></u>	<u><u>\$ 158,254</u></u>

The following schedule summarizes the investment return and change in value of beneficial interest in endowment fund and its classification in the statements of activities as of June 30, 2023:

	Without Donor Restrictions		With Donor Restrictions		Total
	General Operating	Board Designated	Time/Purpose Restricted	Beneficial Interest in Endowment Fund	
Interest and dividends, and other	\$ 95,241	\$ - 0 -	\$ 61,656	\$ 3,936	\$ 160,833
Investment fees	(9,932)	- 0 -	(10,720)	(842)	(21,494)
Net realized gains	15,211	- 0 -	16,408	- 0 -	31,619
Net unrealized gains	125,093	- 0 -	135,020	13,395	273,508
Total return on investments	<u><u>\$ 225,613</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ 202,364</u></u>	<u><u>\$ 16,489</u></u>	<u><u>\$ 444,466</u></u>

The following schedule summarizes the investment return and change in value of beneficial interest in endowment fund and its classification in the statements of activities as of June 30, 2022:

	Without Donor Restrictions		With Donor Restrictions		Total
	General Operating	Board Designated	Time/Purpose Restricted	Beneficial Interest in Endowment Fund	
Interest and dividends, and other	\$ 6,036	\$ 30,183	\$ 114,696	\$ 3,656	\$ 154,571
Investment fees	(117)	(5,163)	(19,618)	(915)	(25,813)
Net realized gains	1,462	7,310	27,776	- 0 -	36,548
Net unrealized losses	5,885	(156,049)	(600,625)	(29,464)	(780,253)
Total return on investments	<u><u>\$ 13,266</u></u>	<u><u>\$ (123,719)</u></u>	<u><u>\$ (477,771)</u></u>	<u><u>\$ (26,723)</u></u>	<u><u>\$ (614,947)</u></u>

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements June 30, 2023 and 2022

3. Promises to Give

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. Promises to give as of June 30, 2023 and 2022 were \$231,000 and \$3,175, respectively.

Unconditional promises to give are included in the financial statements as promised to give, net of discount and are expected to be realized in the following periods:

	<u>2023</u>	<u>2022</u>
Receivables to be collected in:		
Less than one year	\$ 97,833	\$ 3,175
1-5 years	<u>133,167</u>	<u>- 0 -</u>
Promises to give	<u>231,000</u>	<u>3,175</u>
Less: present value discount at 5.5%	<u>(13,523)</u>	<u>- 0 -</u>
 Promises to give, net	 <u><u>\$ 217,477</u></u>	 <u><u>\$ 3,175</u></u>

4. Accounts Receivable

In 2022, the Center expected to receive proceeds from the Berkley Insurance Company in the amount of \$17,132 as a part of flood loss recovery. Accounts receivable balance as of June 30, 2023 and 2022, is \$0- and \$17,132 respectively.

5. Property and Equipment

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.

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 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.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements June 30, 2023 and 2022

5. Property and Equipment (continued)

Property and equipment at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Land	\$ 2,437,656	\$ 2,437,656
Land improvements	483,065	474,865
Building and improvements	5,914,534	5,914,534
Furniture and fixtures	621,095	605,340
	<u>9,456,350</u>	<u>9,432,395</u>
Less accumulated depreciation	(2,858,374)	(2,637,054)
Total property and equipment	<u>\$ 6,597,976</u>	<u>\$ 6,795,341</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$221,320 and \$218,489, respectively.

6. 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, 2023 and 2022 was \$174,743 and \$158,254, respectively, which has been reflected as an asset in the statements of financial position. Gains (losses) of \$16,489 and (\$26,723), associated with the Fund's change in fair value, have been recognized for the years ended June 30, 2023 and 2022, respectively, in the statements of activities. The Fund had distributions of \$-0- during the years ended June 30, 2023 and 2022.

7. 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.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2023 and 2022

7. Deposits (continued)

Deposits as of June 30, 2023 and 2022 was comprised of the following:

	2023	2022
Pre-school tuition	\$ 28,789	\$ 35,521
Summer camp fees	198,150	154,839
Other	4,610	401
Corporate sponsorship	61,000	36,895
Earth friends	32,567	22,079
Parent and child	15,661	20,594
Adult seminars	6,210	- 0 -
Deferred grants	65,000	30,000
Rentals	38,775	- 0 -
	<u>\$ 450,762</u>	<u>\$ 300,329</u>

8. Special Events - Net

Special events are recorded net of their related expenses. For the year ended June 30, 2023, gross receipts for events were \$315,528 and related expenses for the year were \$167,487. For the year ended June 30, 2022, gross receipts for events were \$259,903 and related expenses for the year were \$158,283. The Center also received donated goods for these events valued at \$51,504 and \$47,693 for the years ended June 30, 2023 and 2022, respectively reported as in-kind donations on the statements of activities and changes in net assets.

9. Retail Income - Net

Retail sales are recorded net of their related expenses. For the year ended June 30, 2023, gross receipts for sales were \$8,085 and related expenses for the year were \$3,492. For the year ended June 30, 2022, gross receipts for sales were \$2,272 and related expenses for the year were \$6,758.

10. Contributions of Nonfinancial Assets and Services

The Organization frequently receive various donated goods and services. Donated services are valued at fair market value rates at industry pricing for similar services. Goods and auction items are valued at fair market value for items in similar condition. During the years ended June 30, 2023 and 2022, in-kind donations were recorded for the following:

	2023	2022
Donated equipment	\$ 5,410	\$ - 0 -
Donated services	17,000	- 0 -
Donated auction items	51,504	47,693
	<u>\$ 73,914</u>	<u>\$ 47,693</u>

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2023 and 2022

11. Board Designated Net Assets

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 its general operations. 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. As of June 30, 2023 and 2022, funds totaling \$543,435 and \$539,879 represented such funds functioning as endowments.

12. Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2023 and 2022 represent the following:

	<u>2023</u>	<u>2022</u>
Time restricted:		
New building campaign	\$ 221,000	\$ - 0 -
Purpose restrictions available for spending:		
Butterfly house	40,000	20,000
Exhibit hall	28,642	28,642
Facilities	15,000	- 0 -
Herb garden	1,742	4,242
New building	711,687	275,000
Solar panels	5,000	- 0 -
	<u>1,023,071</u>	<u>327,884</u>
Endowments subject to the Center's spending policy and appropriation:		
Land and Trails Endowment Fund	2,210,975	2,210,975
The France-Merrick Education Fund	630,419	605,706
Van Stewart Endowment	148,700	148,700
Beneficial interest in endowment fund	174,743	158,254
Total Endowment Funds	<u>3,164,837</u>	<u>3,123,635</u>
Earnings on donor-restricted funds	994,497	816,846
Land-restricted by use	229,000	229,000
	<u>4,388,334</u>	<u>4,169,481</u>
	<u>\$ 5,411,405</u>	<u>\$ 4,497,365</u>

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2023 and 2022

12. Net Assets with Donor Restrictions (continued)

Net assets with donor restrictions were released during the years ended June 30, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Purpose Restricted:		
Animal care	\$ - 0 -	\$ 1,500
Herb garden	2,500	258
Education programs	- 0 -	12,757
New building	78,759	- 0 -
	<u>\$ 81,259</u>	<u>\$ 14,515</u>

13. 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.

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 accumulate 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.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2023 and 2022

13. Endowments – Donor and Board Designated (continued)

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.

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, 2023 and 2022 was \$187,500 and \$215,000.

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.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2023 and 2022

13. Endowments – Donor and Board Designated (continued)

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. For the years ended June 30, 2023 and 2022, the total amount of donor restricted gifts to be maintained in perpetuity totaled \$3,034,418 and \$3,017,929, respectively. There were no such deficiencies as of June 30, 2023 or 2022.

The endowment's net asset composition for the year ended June 30, 2023:

	Without Donor Restrictions	Donor- Restricted Funds	Total
Donor-Restricted Funds			
Land and Trails Endowment Fund	\$ - 0 -	\$ 2,210,975	\$ 2,210,975
The France-Merrick Education Fund	- 0 -	630,419	630,419
Van Stewart endowment	- 0 -	148,700	148,700
Earnings on donor-restricted funds	- 0 -	994,497	994,497
Beneficial interest in endowment fund	- 0 -	174,743	174,743
Board-designated funds	543,435	- 0 -	543,435
	<u>\$ 543,435</u>	<u>\$ 4,159,334</u>	<u>\$ 4,702,769</u>

The endowment's net asset composition for the year ended June 30, 2022:

	Without Donor Restrictions	Donor- Restricted Funds	Total
Donor-restricted funds			
Land and Trails Endowment Fund	\$ - 0 -	\$ 2,210,975	\$ 2,210,975
The France-Merrick Education Fund	- 0 -	605,706	605,706
Van Stewart endowment	- 0 -	148,700	148,700
Earnings on donor-restricted funds	- 0 -	816,846	816,846
Beneficial interest in endowment fund	- 0 -	158,254	158,254
Board-designated funds	539,879	- 0 -	539,879
	<u>\$ 539,879</u>	<u>\$ 3,940,481</u>	<u>\$ 4,480,360</u>

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2023 and 2022

13. Endowments – Donor and Board Designated (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets June 30, 2022	\$ 539,879	\$ 3,940,481	\$ 4,480,360
Investment return:			
Investment income	- 0 -	54,030	54,030
Net appreciation on investments	- 0 -	164,823	164,823
Total investment return	- 0 -	218,853	218,853
Contributions to endowment funds	- 0 -	- 0 -	- 0 -
Transfers to board-designated endowments from general unrestricted funds	3,556	- 0 -	3,556
Amounts appropriated for expenditure	- 0 -	- 0 -	- 0 -
Endowment net assets June 30, 2023	<u>\$ 543,435</u>	<u>\$ 4,159,334</u>	<u>\$ 4,702,769</u>

Changes in endowment net assets for the fiscal year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets June 30, 2021	\$ 893,176	\$ 4,444,975	\$ 5,338,151
Investment return:			
Investment income	25,020	97,818	122,838
Net appreciation of investments	(148,739)	(602,312)	(751,051)
Total investment return	(123,719)	(504,494)	(628,213)
Contributions to endowment funds	- 0 -	- 0 -	- 0 -
Transfers from board-designated endowments to general unrestricted funds	(229,578)	- 0 -	(229,578)
Amounts appropriated for expenditure	- 0 -	- 0 -	- 0 -
Endowment net assets June 30, 2022	<u>\$ 539,879</u>	<u>\$ 3,940,481</u>	<u>\$ 4,480,360</u>

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements June 30, 2023 and 2022

14. Liquidity and Availability of Financial Assets

The following reflects the Center's financial assets as of June 30, 2023 and 2022, 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>2023</u>	<u>2022</u>
Financial assets at year end	\$ 7,029,324	\$ 6,119,451
Less those unavailable for general expenditures within one year, due to:		
Promises to give not due within one year	119,644	- 0 -
Board designated net assets	543,435	539,879
Restricted by donors with a purpose or time restrictions	<u>5,182,405</u>	<u>4,268,365</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,183,840</u>	<u>\$ 1,311,207</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.

15. 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 \$15,614 and \$17,976 for the years ended June 30, 2023 and 2022.

16. 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 2026 at an annual cost of \$3,540. The Center also has a contract for quarterly HVAC maintenance. The term is for 3 years at an annual cost of \$7,000 expiring in July 2024. Expenses related to the maintenance contracts and reported as repairs and maintenance in the statements of functional expenses were \$13,213 and \$12,756 for the years ended June 30, 2023 and 2022.

IRVINE NATURAL SCIENCE CENTER, INC.

Notes to Financial Statements
June 30, 2023 and 2022

16. Commitments (continued)

The Center entered into a contractual agreement with Constellation New Energy, Inc. for delivery of electricity at \$0.06398 per kilowatt hour from March 2022 through March 2027. The Center will be billed monthly for the electricity based on usage.

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

2024	\$	4,123
2025		3,540
2026		<u>2,655</u>
	\$	<u>10,318</u>

17. Leasing Activities

The Center entered into a 36-month operating lease in March 2018 for a postage meter. Monthly payments of \$311 were due through March 2021. The lease was renewed in 2021 for the same term and cost. After the expiration of the extension in April 2024, the lease may be continued on a month-to-month basis. Postage meter expense relating to the lease and reported as equipment rental in the statements of functional expenses was \$3,891 and \$4,002 for the years ended June 30, 2023 and 2022. Future payments under this agreement are \$2,799 through the year ended June 30, 2024 and are immaterial to these financial statements.

The Center entered an operating lease for a copier effective July 2019. The lease called for minimum monthly payments of \$952, subject to escalation, for 36 months. This term ended July 2022. The lease may then renew for 12-month periods. Current monthly rental expense is \$1,342. Expenses related to this lease and reported as equipment rental in the statements of functional expenses was \$17,389 and \$14,145 for the year ended June 30, 2023 and 2022.

18. Concentrations of Credit and Market Risk

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
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19. Subsequent Events

The Center has evaluated events through January 17, 2024, the date the financial statements were available to be issued.