



FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017



Leaf & Cole, LLP
Certified Public Accountants

**REUBEN H. FLEET SCIENCE CENTER
FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Trustees
Reuben H. Fleet Science Center

Report on the Financial Statements

We have audited the accompanying financial statements of Reuben H. Fleet Science Center, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities 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.

Auditor's 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 Reuben H. Fleet Science Center as of June 30, 2018 and 2017, 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules of functional expenses for the years ended June 30, 2018 and 2017 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Leaf & Cole LLP

San Diego, California
December 3, 2018

**REUBEN H. FLEET SCIENCE CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

ASSETS

	<u>2018</u>	<u>2017</u>
<u>Current Assets:</u> (Note 2)		
Cash and cash equivalents	\$ 1,188,149	\$ 1,904,701
Accounts receivable, net	249,843	280,560
Inventory	103,014	97,756
Prepaid expenses	223,563	270,905
Total Current Assets	<u>1,764,569</u>	<u>2,553,922</u>
<u>Noncurrent Assets:</u> (Notes 2, 3, 4, 5, 6, 7 and 8)		
Investments in joint ventures	-	10,514
Property and equipment, net	5,996,361	6,554,107
Endowment Assets:		
Cash and cash equivalents	8,475	6,304
Investments	2,814,517	2,763,423
Pledges receivable, net	749,398	912,883
Beneficial interest in endowment funds	901,975	803,737
Beneficial interest in perpetual trust	713,277	710,727
Total Noncurrent Assets	<u>11,184,003</u>	<u>11,761,695</u>
TOTAL ASSETS	<u>\$ 12,948,572</u>	<u>\$ 14,315,617</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 2 and 10)		
Accounts payable and accrued expenses	\$ 592,307	\$ 446,378
Deferred revenues	115,122	142,255
Current portion of notes payable	256,985	247,840
Total Current Liabilities	<u>964,414</u>	<u>836,473</u>
<u>Noncurrent Liabilities:</u> (Notes 2 and 10)		
Notes payable, net	<u>3,513,766</u>	<u>3,758,209</u>
Total Liabilities	<u>4,478,180</u>	<u>4,594,682</u>
<u>Commitments and Contingencies</u> (Notes 9 and 14)		
<u>Net Assets:</u> (Notes 2, 11, 12 and 13)		
Unrestricted	2,488,768	3,280,008
Temporarily restricted	1,287,972	1,770,340
Permanently restricted	4,693,652	4,670,587
Total Net Assets	<u>8,470,392</u>	<u>9,720,935</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,948,572</u>	<u>\$ 14,315,617</u>

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

**REUBEN H. FLEET SCIENCE CENTER
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	2018				2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenues and Contributions:</u>								
Revenues:								
Fleet admissions	\$ 3,382,579	\$ -	\$ -	\$ 3,382,579	\$ 3,778,284	\$ -	\$ -	\$ 3,778,284
Retail operations	1,584,430	-	-	1,584,430	1,480,076	-	-	1,480,076
Membership dues	764,510	-	-	764,510	891,099	-	-	891,099
Education program fees	382,994	-	-	382,994	316,034	-	-	316,034
Investment income	2,482	215,889	2,550	220,921	79	356,895	60,547	417,521
Other	46,368	-	-	46,368	120,559	-	-	120,559
Total Revenues	<u>6,163,363</u>	<u>215,889</u>	<u>2,550</u>	<u>6,381,802</u>	<u>6,586,131</u>	<u>356,895</u>	<u>60,547</u>	<u>7,003,573</u>
Contributions:								
Contributions and grants	1,508,130	357,124	20,515	1,885,769	874,075	1,611,371	29,039	2,514,485
Net assets released from restrictions	1,055,381	(1,055,381)	-	-	1,251,090	(1,251,090)	-	-
Total Contributions	<u>2,563,511</u>	<u>(698,257)</u>	<u>20,515</u>	<u>1,885,769</u>	<u>2,125,165</u>	<u>360,281</u>	<u>29,039</u>	<u>2,514,485</u>
Total Revenues and Contributions	<u>8,726,874</u>	<u>(482,368)</u>	<u>23,065</u>	<u>8,267,571</u>	<u>8,711,296</u>	<u>717,176</u>	<u>89,586</u>	<u>9,518,058</u>
<u>Expenses:</u>								
Program services	7,886,843	-	-	7,886,843	8,442,480	-	-	8,442,480
Management and general	1,077,394	-	-	1,077,394	881,717	-	-	881,717
Fundraising	553,877	-	-	553,877	559,433	-	-	559,433
Total Expenses	<u>9,518,114</u>	<u>-</u>	<u>-</u>	<u>9,518,114</u>	<u>9,883,630</u>	<u>-</u>	<u>-</u>	<u>9,883,630</u>
Change in Net Assets	(791,240)	(482,368)	23,065	(1,250,543)	(1,172,334)	717,176	89,586	(365,572)
Net Assets at Beginning of Year	<u>3,280,008</u>	<u>1,770,340</u>	<u>4,670,587</u>	<u>9,720,935</u>	<u>4,452,342</u>	<u>1,053,164</u>	<u>4,581,001</u>	<u>10,086,507</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,488,768</u>	<u>\$ 1,287,972</u>	<u>\$ 4,693,652</u>	<u>\$ 8,470,392</u>	<u>\$ 3,280,008</u>	<u>\$ 1,770,340</u>	<u>\$ 4,670,587</u>	<u>\$ 9,720,935</u>

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

**REUBEN H. FLEET SCIENCE CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ (1,250,543)	\$ (365,572)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	826,883	1,069,129
Amortization of debt issuance costs	9,989	9,989
Realized and unrealized gains on investments	(129,217)	(328,937)
Loss on disposal of property and equipment	-	25,000
Permanently restricted contributions	(20,515)	(29,039)
Permanently restricted investment income	(2,550)	(60,547)
(Increase) Decrease in:		
Accounts receivable, net	30,717	(66,564)
Pledges receivable, net	163,485	171,860
Inventory	(5,258)	(3,193)
Prepaid expenses	47,342	(102,598)
Investments in joint ventures	10,514	794
Increase (Decrease) in:		
Accounts payable and accrued expenses	145,929	75,684
Deferred revenues	(27,133)	51,971
Net Cash (Used in) Provided by Operating Activities	<u>(200,357)</u>	<u>447,977</u>
<u>Cash Flows From Investing Activities:</u>		
Investment sales/maturities/(purchases), net	30,630	17,950
Purchases of property and equipment	(269,137)	(258,014)
Change in beneficial interest in endowment funds	(52,916)	(72,136)
Change in beneficial interest in perpetual trust	(2,550)	(60,547)
Net Cash Used in Investing Activities	<u>(293,973)</u>	<u>(372,747)</u>
<u>Cash Flows From Financing Activities:</u>		
Principal payments on notes payable	(245,287)	(236,114)
Permanently restricted contributions	20,515	29,039
Permanently restricted investment income	2,550	60,547
Net Cash Used in Financing Activities	<u>(222,222)</u>	<u>(146,528)</u>
Net Decrease in Cash and Cash Equivalents	(716,552)	(71,298)
Cash and Cash Equivalents at Beginning of Year	<u>1,904,701</u>	<u>1,975,999</u>
CASH AND CASH EQUIVALENTS AT OF END OF YEAR	<u>\$ 1,188,149</u>	<u>\$ 1,904,701</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid for interest	<u>\$ 160,632</u>	<u>\$ 169,806</u>

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

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 1 - Organization:

Reuben H. Fleet Science Center (“the Fleet”) is a California Non-profit Public Benefit Corporation organized on August 9, 1957 and is dedicated to realizing a San Diego where everyone is connected to the power of science.

The Fleet operates the following programs and activities:

Science Exhibits

The Fleet features more than 100 interactive science exhibits in multiple galleries, as well as major traveling exhibitions. Visitors can create colored shadows, touch a tornado, examine the vibration of guitar strings and get their hands on a variety of intriguing scientific phenomena. Permanent exhibitions include Studio X, where people can invent and create and Retro-Active Science, classic science exhibits that explore a variety of fundamental science principles. Children rule in Kid City, just for kids ages five and under. Kid City contains a factory with conveyor belts, cranes, air chutes, an interactive fire truck, several Young Explorer computers, a child-size grocery store and much more. Visitors of all ages can build free-form structures in the popular Block Busters! exhibition. On weekends, scheduled programs such as the Make-It Workshop and Weekend Science Clubs, provide additional opportunities for educational fun.

IMAX Giant Dome Theater

The Fleet is also home to the world’s first IMAX® Dome Theater, presenting the biggest film and digital presentations on the planet. Its unique configuration wraps the audience in images and provides the illusion of being suspended in space. Film topics take audiences from outer space to under water and every place in between. Films are generally suitable for all ages. The Eugene Heikoff and Marilyn Jacobs Heikoff Dome Theater also plays host to the monthly Sky Tonight planetarium show, which is led by an astronomer and paired with outdoor telescope viewing, courtesy of the San Diego Astronomy Association (weather permitting). The Fleet also produces large-format films as a member of the Giant Dome Theater Consortium.

Education Programs

The Fleet offers science education for students, seniors, teachers and the general public through lectures, classes, workshops and more. Whether it’s a visit to the Fleet or a Science-to-Go program delivered at a school site, we offer programs accessible by everyone. The Fleet also runs weekly half-day education camps during school breaks. Camps are held for grades pre-K–8 and are designed to be fun, educational, hands-on and to incorporate the Fleet’s Science Center Exhibit Galleries. Summer camp themes during summer 2017 include: chemistry, the human body, robotics and space.

Craveology

Craveology is the perfect location to pick up the lunch or treat you're craving. The casual, friendly atmosphere has a great selection of items, including salads, sandwiches, wraps and flatbread pizzas. We can satisfy any growling stomach! And if you’re looking to rejuvenate from your busy day, order a fruit smoothie, frappé or one of our specialty coffees and have a seat at our beautiful patio, located in front of the iconic Balboa Park Bea Evenson Fountain. Admission to the Fleet is not required for a visit to Craveology, so stop by, feed your craving and enjoy the view.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 1 - Organization:(Continued)

North Star Science Store

The North Star Science Store, located inside the Fleet Science Center, is the perfect place to shop for educational gifts, do-it-yourself kits, toys and souvenirs. We offer a wonderful assortment of curious and hard-to-find items, a great selection of books, models and more! Examine tons of science-related products to awaken the astronomer, physicist or chemist within. Shop, learn and enjoy!

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of the Fleet have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets – Net assets not subject to donor imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor imposed stipulations that will be met by actions of the Fleet and/or the passage of time. When a donor stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Fleet. The income from these assets is available for either general operations or specific programs as specified by the donor.

The FASB has issued reporting standards for endowments of not-for-profit Organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 2 - Significant Accounting Policies: (Continued)

Risks and Uncertainties

The Fleet invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The Fleet's statements of financial position include the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in mutual and exchange traded funds are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.
- Investments in Jewish Community Foundation funds are considered Level 2 assets and are reported at fair value based on the fair value of the underlying assets in the funds as reported by the fund manager, Jewish Community Foundation, since these funds are valued by the fund manager and are not traded in an active market.
- Beneficial interest in endowment funds held at San Diego Foundation is considered a Level 3 asset which represents the fair value of the underlying assets as reported by San Diego Foundation. (Note 7)
- Beneficial interest in perpetual trust is considered a Level 3 asset which represents the fair value of the underlying assets as reported by the third party trustee. (Note 8)

Inventory

Inventory consists of retail store merchandise, restaurant paper supplies and restaurant food. Inventory is valued at the lower of average cost or market.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 2 - Significant Accounting Policies: (Continued)

Investments in Joint Ventures

Joint ventures for the production and licensing of films are carried under either the cost or equity method of accounting, based on the Fleet's degree of influence over the joint venture. The Fleet annually reviews the investments in joint ventures for impairment of carrying value. The investments in joint ventures totaled \$-0- and \$10,514 at June 30, 2018 and 2017, respectively.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on management's evaluation of outstanding accounts receivable and pledges receivable. The allowance for doubtful accounts receivable totaled \$3,500 and \$3,500 at June 30, 2018 and 2017, respectively. Management believes that all pledges receivable are fully collectible; therefore, no allowance for doubtful pledges receivable was recorded at June 30, 2018 and 2017.

Capitalization and Depreciation

The Fleet capitalizes all expenditures in excess of \$10,000 for property at cost, while donations of property are recorded at their estimated fair values. Such donations are reported as unrestricted support 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 are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Fleet reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Fleet reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property is depreciated using the straight-line method over the estimated useful asset lives as follows:

Leasehold improvements	29 - 33 years
Equipment and furniture	5 - 15 years
Exhibits	7 years

Depreciation totaled \$826,883 and \$1,069,129 for the years ended June 30, 2018 and 2017, respectively.

Maintenance, repairs and minor renewals are charged to operations as incurred. Upon sale or disposition of property, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings.

Compensated Absences

Accumulated unpaid vacation totaling \$174,077 and \$162,253 at June 30, 2018 and 2017, respectively, is accrued when incurred and included in accounts payable and accrued expenses.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 2 - Significant Accounting Policies: (Continued)

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain financing for the Fleet. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and totaled \$9,989 and \$9,989 for the years ended June 30, 2018 and 2017, respectively.

Revenue Recognition

Income received in advance is deferred and recognized over the periods to which the income relates. Deferred revenues totaled \$115,122 and \$142,255 at June 30, 2018 and 2017, respectively.

Pledges receivable and contributions are recognized when the donor makes a promise to give to the Fleet that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Donated Services and Materials

The Fleet utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2018 and 2017, did not meet the requirements above, therefore no amounts were recognized in the financial statements.

In-kind contributions, which consist primarily of donated advertising used for program services with an estimated fair value of \$134,055 and \$366,090 for the years ended June 30, 2018 and 2017, respectively, are included in unrestricted contributions and grants and also included in expenses in the accompanying statements of activities.

License Agreements

The Fleet enters into license agreements for the use of films and exhibits. The costs incurred under these agreements are recognized over the terms of the license periods.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 2 - Significant Accounting Policies: (Continued)

Allocated Expenses

The Fleet allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Fleet's management.

Income Taxes

The Fleet is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Fleet believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Fleet is not a private foundation.

The Fleet's Return of Organization Exempt from Income Tax for the years ended June 30, 2018, 2017, 2016 and 2015 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentration of Credit Risk

The Fleet maintains its cash in bank accounts and brokerage accounts which, at times, may exceed federally insured limits. The Fleet has not experienced any losses in such accounts. The Fleet believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Fleet considers all highly-liquid investment instruments purchased with a maturity of three months or less to be cash equivalents. Not included in cash and cash equivalents are funds restricted as to their use, regardless of liquidity.

Reclassification

The Fleet has reclassified certain prior year information to conform with the current year presentation.

Subsequent Events

In preparing these financial statements, the Fleet has evaluated events and transactions for potential recognition or disclosure through December 3, 2018, the date the financial statements were available to be issued and concluded that there were no events or transactions that needed to be disclosed.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 3 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

	2018			Balance at June 30, 2018
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual and Exchange Traded Funds:				
Domestic equity	\$ 1,273,173	\$ -	\$ -	\$ 1,273,173
Domestic fixed income	688,288	-	-	688,288
International equity	145,019	-	-	145,019
Jewish Community Foundation	-	708,037	-	708,037
Beneficial interest in endowment funds (Note 7)	-	-	901,975	901,975
Beneficial interest in perpetual trust (Note 8)	-	-	713,277	713,277
	<u>\$ 2,106,480</u>	<u>\$ 708,037</u>	<u>\$ 1,615,252</u>	<u>\$ 4,429,769</u>

	2017			Balance at June 30, 2017
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual and Exchange Traded Funds:				
Domestic equity	\$ 1,275,522	\$ -	\$ -	\$ 1,275,522
Domestic fixed income	570,858	-	-	570,858
International equity	254,746	-	-	254,746
Jewish Community Foundation	-	662,297	-	662,297
Beneficial interest in endowment funds (Note 7)	-	-	803,737	803,737
Beneficial interest in perpetual trust (Note 8)	-	-	710,727	710,727
	<u>\$ 2,101,126</u>	<u>\$ 662,297</u>	<u>\$ 1,514,464</u>	<u>\$ 4,277,887</u>

The reconciliation for financial instruments measured at fair value on a recurring basis as significant unobservable inputs (Level 3) are included in the Notes as indicated above.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 3 - Fair Value Measurements: (Continued)

The following table represents the Fleet's Level 3 financial instruments, the valuation techniques used to measure the fair value of the financial instruments, and the significant unobservable inputs and the range of values for those inputs for the years ended June 30:

		2018		
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 901,975	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A
Beneficial interest in perpetual trust	\$ 713,277	Valuation of underlying assets as provided by third party trustee	Base price	N/A
		2017		
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 803,737	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A
Beneficial interest in perpetual trust	\$ 710,727	Valuation of underlying assets as provided by third party trustee	Base price	N/A

Note 4 - Investments:

Investments consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Mutual and exchange traded funds	\$ 2,106,480	\$ 2,101,126
Jewish Community Foundation – Long Term Pool	708,037	662,297
Total Investments	<u>\$ 2,814,517</u>	<u>\$ 2,763,423</u>

Investments held at Jewish Community Foundation are invested in the Long Term Pool, which invests 59% in domestic and international equities, 38% in fixed income and 3% in real assets consisting of REITs and/or commodities at June 30, 2018.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 4 - Investments: (Continued)

The following schedule summarizes the investment return for the years ended June 30:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividend income	\$ 3,151	\$ 112,573	\$ -	\$ 115,724
Net realized and unrealized gains (losses)	(590)	129,807	2,550	131,767
Investment fees	(79)	(26,491)	-	(26,570)
Total Investment Income	\$ 2,482	\$ 215,889	\$ 2,550	\$ 220,921
	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividend income	\$ 247	\$ 52,102	\$ -	\$ 52,349
Net realized and unrealized gains (losses)	(168)	329,105	60,547	389,484
Investment fees	-	(24,312)	-	(24,312)
Total Investment Income	\$ 79	\$ 356,895	\$ 60,547	\$ 417,521

Note 5 - Pledges Receivable:

Pledges receivable consist of the following at June 30:

	2018	2017
Noncurrent – Endowment Pledges:		
Due in less than one year	\$ 216,000	\$ 400,000
Due in one to five years	600,000	600,000
Less: Discounts to present value	(66,602)	(87,117)
Total Pledges Receivable, Net	\$ 749,398	\$ 912,883

The pledges receivable have been discounted to their present value using a discount rate ranging from 2% to 4% at June 30, 2018 and 2017.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 6 - Property and Equipment:

Property and equipment consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 10,759,476	\$ 10,806,363
Equipment and furniture	2,913,015	2,800,610
Exhibits	836,564	776,414
Construction in progress - Exhibits	250,000	116,000
Construction in progress - Improvements	392,018	382,549
Subtotal	<u>15,151,073</u>	<u>14,881,936</u>
Less: Accumulated depreciation	<u>(9,154,712)</u>	<u>(8,327,829)</u>
Property and Equipment, Net	<u>\$ 5,996,361</u>	<u>\$ 6,554,107</u>

Note 7 - Beneficial Interest in Endowment Funds:

The Fleet has a beneficial interest in endowment funds held at San Diego Foundation, which are classified as restricted. The beneficial interest in endowment funds held at San Diego Foundation is invested in a portfolio of equity and debt securities, which is structured for long-term total return, consisting of 27% international equities, 25% domestic equities, 21% alternative investments, 17% fixed income, 7% real estate and 3% commodities.

The activity in the beneficial interest in endowment funds held at San Diego Foundation consisted of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Balance at Beginning of Year	\$ 803,737	\$ 654,381
Contributions	184,000	100,000
Investment gain, net	41,654	73,929
Distributions	<u>(127,416)</u>	<u>(24,573)</u>
Balance at End of Year	<u>\$ 901,975</u>	<u>\$ 803,737</u>

Note 8 - Beneficial Interest in Perpetual Trust:

The Fleet is a beneficiary of a perpetual trust. A beneficial interest in a perpetual trust is an arrangement in which the donor establishes and funds a perpetual trust for the benefit of one or more non-profit beneficiaries. The assets are administered and managed by an independent third party, and are invested 4% in cash and cash equivalents, 17% in fixed income mutual funds, 51% in equity mutual funds, 10% in real estate funds and 18% in diversified mutual funds. Under the terms of the arrangement, the Fleet has an irrevocable right to receive the investment income earned on the trust in perpetuity. The Fleet's interest in the trust is recorded at fair value and is classified as permanently restricted net assets. Distributions received from the trust are recorded as temporarily restricted investment income, and the change in fair value is recorded as permanently restricted investment income in the statement of activities.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 8 - Beneficial Interest in Perpetual Trust: (Continued)

The activity in the beneficial interest in perpetual trust consisted of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Balance at Beginning of Year	\$ 710,727	\$ 650,180
Change in fair value	2,550	60,547
Investment income	28,500	9,000
Investment income distributed	<u>(28,500)</u>	<u>(9,000)</u>
Balance at End of Year	<u>\$ 713,277</u>	<u>\$ 710,727</u>

Note 9 - Line-of-Credit:

The Fleet has a line-of-credit with First Republic Bank in the amount of \$500,000 with interest at the bank's prime rate (5.25% at June 30, 2018). The line-of-credit matures on February 1, 2019, and is secured by gross pledge revenue and leasehold interest in the deed of trust with assignment of leases and rents on the Fleet. There was no outstanding balance at June 30, 2018 and 2017.

Note 10 - Notes Payable:

Notes payable consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Note payable to First Republic Bank through the issuance of tax exempt bonds by the California Statewide Communities Development Authority in the original amount of \$5,000,000, bears interest rate at 4% with payments of principal and interest of \$32,663 payable monthly, due November 1, 2030. Secured by gross pledge revenue and leasehold interest in the deed of trust with assignment of leases and rents on the Fleet. Accrued interest payable totaled \$12,782 and \$13,555 at June 30, 2018 and 2017, respectively.	\$ 3,833,925	\$ 4,065,244
Note payable to San Diego Gas & Electric in the original amount of \$132,699. The note is noninterest bearing and requires a monthly payment of \$1,164, due October 2022. Unsecured.	<u>61,693</u>	<u>75,661</u>
Total Notes Payable	3,895,618	4,140,905
Less: Unamortized debt issuance costs	<u>(124,867)</u>	<u>(134,856)</u>
Total, Notes Payable Net	<u>\$ 3,770,751</u>	<u>\$ 4,006,049</u>

Debt issuance costs total \$179,808, less accumulated amortization of \$54,941 and \$44,952 at June 30, 2018 and 2017, respectively.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 10 - Notes Payable: (Continued)

Future principal payments on the notes payable are as follows:

<u>Years Ended June 30</u>		
2019	\$	256,985
2020		266,886
2021		277,190
2022		287,914
2023		290,928
Thereafter		<u>2,515,715</u>
	\$	<u><u>3,895,618</u></u>

Note 11 - Unrestricted Net Assets - Board Designated Funds:

The Fleet's Board of Trustees approved the establishment of appropriations of unrestricted net assets totaling \$200,000 for a Capital Reserve and \$300,000 for an Operating Reserve. The reserve balances are as follows at June 30:

	<u>2018</u>	<u>2017</u>
Capital reserve	\$ 157,044	\$ 157,044
Operating reserve	<u>125,931</u>	<u>125,931</u>
	<u>\$ 282,975</u>	<u>\$ 282,975</u>

Note 12 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2018</u>	<u>2017</u>
Unappropriated endowment earnings	\$ 493,989	\$ 526,487
Science Starts Here Initiative	428,472	855,589
Education	134,738	112,051
Other	129,531	70,000
Innovation Fund	40,223	40,223
Science Fair Awards	39,501	46,501
Fleet Inquiry Education Program	18,326	33,394
Fleet Exhibits & Equipment	2,900	15,000
Ethics Center Programs	292	29,149
Education Special Programs	-	25,703
Family Science Nights	-	16,119
Employee Activity Fund	-	124
Total Temporarily Restricted Net Assets	<u>\$ 1,287,972</u>	<u>\$ 1,770,340</u>

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 12 - Temporarily Restricted Net Assets: (Continued)

Net assets totaling \$1,055,381 and \$1,251,090 were released from donor restrictions for the years ended June 30, 2018 and 2017, respectively, by incurring expenses satisfying the purpose or time restrictions specified by donors.

Note 13 - Endowment Net Assets:

The Fleet's endowment consists of a charitable endowment fund established on June 30, 2000, with a \$1,000,000 grant from the San Diego Foundation Reuben H. Fleet Foundation Fund that was received over a four-year period. Income and gains generated from the investment are to be used for charitable, scientific, literary or educational purposes. In addition, the Fleet has funds held and managed through a beneficial interest in a perpetual trust (Note 8) and beneficial interest in endowment funds held at San Diego Foundation ("SDF") (Note 7).

In regards to the funds held and managed by the Fleet, the Fleet has interpreted the enacted version of the 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 Fleet classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Fleet in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Fleet considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Fleet to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2018 and 2017.

The Fleet has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a minimal level
- Comply with applicable laws

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 13 - Endowment Net Assets: (Continued)

The Fleet's endowment funds are invested in debt and other securities that are structured to satisfy its long-term rate-of-return objectives. The Fleet relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Fleet's spending policy provides that distributions may be made from the cumulative total return (capital gains and current income) rather than being limited to interest and dividend income. The current distribution authorized by the Fleet's Board of Trustees is 4.5% of the average twelve quarters' ending investment balances and is determined as of March 31st each year.

The Fleet has endowment funds that are held and managed through a beneficial interest in a perpetual trust ("Trust") and beneficial interest in endowment funds held at San Diego Foundation ("SDF"). The Trust and SDF manage these funds in accordance with UPMIFA. The objective is to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require the Fleet to retain as a fund of perpetual duration. The Fleet classifies permanently restricted net assets held by the Trust and SDF as:

- The original value of gifts donated to the fund
- The original value of the Fleet funds transferred to the fund
- The original value of subsequent gifts donated to the fund
- Investment income and realized and unrealized gains and losses on investments
- Distributions from the fund in accordance with the spending policy

The Trust and SDF have has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a level commensurate with that of the median fund in comparable foundations
- Comply with applicable laws

The Trust endowment funds are invested in a diversified mutual fund portfolio managed by the Trustee, Wells Fargo Bank. The Trust's spending policy is to disburse 5% annually, based upon the "5% Rule" that applies to Private Foundations. The Trust is now classified as a "Non-Functionally Integrated Supporting Organization" which follows the rules for Private Foundations. If the net income disbursed to beneficiaries during the year does not equal 5% (as determined on the tax return), the trustee is required take that difference from the trust's principal.

SDF's endowment funds are invested in a diversified portfolio which is structured for long-term total return. SDF's spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the Endowment Principal of any fund, at the end of each month, is less than the initial value of all contributions made to the Endowment Principal, then distributions will be limited to interest and dividends received.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 13 - Endowment Net Assets: (Continued)

Endowment composition by type of fund at June 30:

	2018		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds:			
Fleet endowments	\$ 456,014	\$ 3,116,375	\$ 3,572,389
Beneficial interest in endowment funds held at San Diego Foundation	37,975	864,000	901,975
Beneficial interest in perpetual trust	-	713,277	713,277
Total Endowment Funds	\$ 493,989	\$ 4,693,652	\$ 5,187,641

	2017		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds:			
Fleet endowments	\$ 402,750	\$ 3,279,860	\$ 3,682,610
Beneficial interest in endowment funds held at San Diego Foundation	123,737	680,000	803,737
Beneficial interest in perpetual trust	-	710,727	710,727
Total Endowment Funds	\$ 526,487	\$ 4,670,587	\$ 5,197,074

Changes in endowment net assets for the years Ended June 30:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets at June 30, 2016	\$ 343,363	\$ 4,581,001	\$ 4,924,364
Investment return:			
Interest and dividends	52,102	-	52,102
Net realized and unrealized gains	329,105	60,547	389,652
Investment fees	(24,312)	-	(24,312)
Total Investment Return	356,895	60,547	417,442
Contributions	-	29,039	29,039
Appropriation of endowment assets for expenditure	(173,771)	-	(173,771)
Endowment Net Assets at June 30, 2017	526,487	4,670,587	5,197,074
Investment return:			
Interest and dividends	112,573	-	112,573
Net realized and unrealized gains	129,807	2,550	132,357
Investment fees	(26,491)	-	(26,491)
Total Investment Return	215,889	2,550	218,439
Contributions	-	20,515	20,515
Appropriation of endowment assets for expenditure	(248,387)	-	(248,387)
Endowment Net Assets at June 30, 2018	\$ 493,989	\$ 4,693,652	\$ 5,187,641

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 14 - Commitments and Contingencies:

Exhibit Lease Agreements

The Fleet has entered into exhibit lease agreements with various vendors for future exhibits.

Future annual payment requirements to fulfill the exhibit lease agreements are as follows:

Year Ended June 30		
2019		\$ <u>91,477</u>

Equipment Lease

The Fleet has an equipment lease through June 2023. Equipment rent expense totaled \$16,137 for the year ended June 30, 2018.

The following is a schedule of future minimum lease payments under the lease:

Years Ended June 30		
2019		\$ 16,137
2020		16,137
2021		16,137
2022		16,137
2023		<u>16,137</u>
Total		<u>\$ 80,685</u>

Pension Plan

The Fleet has established a 401(k) salary deferral plan covering substantially all employees who are at least 21 years of age and who elect to participate in the Plan. An employee will become a participant in the Plan on the first day of the month immediately following the employee's hire date. Participants may make elective deferral contributions up to the maximum dollar amount established by the Internal Revenue Code (IRC) of pretax annual compensation, as defined by the Plan. Participants age 50 and older may make catch-up contributions to a maximum dollar amount established by the IRC. The Plan allows participants to elect to designate all or any portion of their elective deferral contributions as Roth elective deferrals. Participants may also contribute amounts representing distributions from other tax qualified plans (rollovers).

The Fleet provides matching contributions to participants who are age 21 years or older, have been employed for at least one year and have completed a minimum of 1,000 hours of service. Participants eligible for employer matching contributions are entitled to receive 100% of the participant's salary reduction contributions up to 2% of the participant's compensation. The employer matching contributions totaled \$93,434 and \$36,375 for the years ended June 30, 2018 and 2017, respectively.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 14 - Commitments and Contingencies: (Continued)

Pension Plan (Continued)

In addition to the matching contributions, the Fleet may elect to make an employer base contribution. A participant is entitled to receive an allocation of the employer base contribution, whether or not he/she makes an elective deferral contribution, provided that he/she has completed a minimum of 1,000 hours of service during the Plan year and is employed on the last day of the Plan year. There was no elective deferred contribution for the years ended June 30, 2018 and 2017.

Agreement with the City of San Diego

The building and land where the Fleet is located are owned by the City of San Diego (the “City”) and leased to the Fleet, and therefore are not assets of the Fleet and are not reflected in the accompanying financial statements. Additions and renovations to the original building are assets of the Fleet and are reflected as leasehold improvements in the accompanying financial statements. The Fleet operates under a 35-year lease with the City ending in 2031. As part of this agreement, the Fleet is to make the premises available to the City, without charge, up to three times per calendar year for civic events and special programs. Under the agreement, in place of cash rent for the use of the premises, the consideration to the City from the Fleet will be the continuous operation, development and maintenance of the premises.

Giant Dome Theater Consortium

The Giant Dome Theater Consortium (“GDTC”) is an independent nonprofit educational organization that was formed in 2010 and is currently composed of 7 founding member museums. The mission of the GDTC is to produce and provide funding for educational/science large-format films to be shown in science museum theaters with giant domes. The Fleet joined the GDTC at its inception and contributed \$50,000 in 2010 as its initial contribution to join the group which was expensed at the time of disbursement. The GDTC invests in new film projects and the Fleet will pay film lease license fees at a lower rate than non-members. The GDTC will reinvest approximately two-thirds of these fees into new films and the remaining one-third will go to the film producer.

REUBEN H. FLEET SCIENCE CENTER
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018					2017				
	Supporting Services					Supporting Services				
	Programs and Exhibits	Management and General	Fundraising	Total Supporting Services	Total	Programs and Exhibits	Management and General	Fundraising	Total Supporting Services	Total
Personnel	\$ 3,467,174	\$ 846,824	\$ 411,381	\$ 1,258,205	\$ 4,725,379	\$ 3,313,737	\$ 566,629	\$ 451,954	\$ 1,018,583	\$ 4,332,320
Cost of sales - Retail operations	609,600	-	-	-	609,600	571,186	-	-	-	571,186
Exhibits	490,655	-	-	-	490,655	564,581	24	-	24	564,605
Advertising, printing and graphics	522,748	196	-	196	522,944	535,913	2	-	2	535,915
Building equipment and maintenance	377,457	37,463	15,610	53,073	430,530	384,303	121,115	-	121,115	505,418
Professional fees	252,829	43,332	454	43,786	296,615	272,959	16,495	-	16,495	289,454
Office expenses	244,549	20,035	9,114	29,149	273,698	270,016	16,554	-	16,554	286,570
Miscellaneous	223,891	27,281	3,274	30,555	254,446	375,011	10,524	4,597	15,121	390,132
Film lease expense	185,205	-	-	-	185,205	262,647	-	-	-	262,647
Interest	142,179	19,683	7,986	27,669	169,848	134,294	35,812	8,953	44,765	179,059
Membership	124,144	10,772	59	10,831	134,975	160,559	1,402	-	1,402	161,961
Insurance	108,521	15,741	6,531	22,272	130,793	59,093	59,093	-	59,093	118,186
In-kind advertising, printing and graphics	117,803	-	-	-	117,803	327,618	-	-	-	327,618
Special events - development	8,848	63	98,102	98,165	107,013	474	5,237	93,929	99,166	99,640
Contract services	82,074	4,768	915	5,683	87,757	67,007	15,758	-	15,758	82,765
Education programs	67,297	-	-	-	67,297	48,858	-	-	-	48,858
Travel, training and conferences	38,292	14,381	451	14,832	53,124	42,516	1,941	-	1,941	44,457
Special events - non-development	30,574	-	-	-	30,574	-	-	-	-	-
Retail supplies	2,975	-	-	-	2,975	13,710	-	-	-	13,710
Total Expenses Before Depreciation	<u>7,096,815</u>	<u>1,040,539</u>	<u>553,877</u>	<u>1,594,416</u>	<u>8,691,231</u>	<u>7,404,482</u>	<u>850,586</u>	<u>559,433</u>	<u>1,410,019</u>	<u>8,814,501</u>
Depreciation	790,028	36,855	-	36,855	826,883	1,037,998	31,131	-	31,131	1,069,129
Total Expenses	<u><u>\$ 7,886,843</u></u>	<u><u>\$ 1,077,394</u></u>	<u><u>\$ 553,877</u></u>	<u><u>\$ 1,631,271</u></u>	<u><u>\$ 9,518,114</u></u>	<u><u>\$ 8,442,480</u></u>	<u><u>\$ 881,717</u></u>	<u><u>\$ 559,433</u></u>	<u><u>\$ 1,441,150</u></u>	<u><u>\$ 9,883,630</u></u>