



FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022



Leaf & Cole, LLP
Certified Public Accountants

**REUBEN H. FLEET SCIENCE CENTER
FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 24



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

Opinion

We have audited the accompanying financial statements of Reuben H. Fleet Science Center (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reuben H. Fleet Science Center 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Reuben H. Fleet Science Center, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 Reuben H. Fleet Science Center'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 Reuben H. Fleet Science Center'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.

Leaf & Cole LLP

San Diego, California
November 30, 2023

**REUBEN H. FLEET SCIENCE CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

ASSETS

	<u>2023</u>	<u>2022</u>
<u>Current Assets:</u> (Notes 2, 4, 5, 6 and 10)		
Cash and cash equivalents	\$ 2,843,655	\$ 3,207,328
Investments	3,015,603	2,508,764
Accounts receivable, net	542,978	1,210,284
Pledges receivable	55,052	99,732
Inventory	109,576	81,459
Prepaid expenses	294,415	242,010
Total Current Assets	6,861,279	7,349,577
<u>Noncurrent Assets:</u> (Notes 2, 4, 5, 7, 8, 9 and 10)		
Property and equipment, net	6,356,436	6,762,150
Endowment Assets:		
Investments	390,565	314,870
Beneficial interest in endowment funds	1,364,825	1,227,604
Beneficial interest in perpetual trust	665,322	656,304
Total Noncurrent Assets	8,777,148	8,960,928
TOTAL ASSETS	\$ 15,638,427	\$ 16,310,505

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 2 and 10)		
Accounts payable and accrued expenses	\$ 986,646	\$ 492,108
Deferred revenue	116,570	95,459
Current portion of notes payable	295,598	289,892
Total Current Liabilities	1,398,814	877,459
<u>Noncurrent Liabilities:</u> (Notes 2 and 10)		
Notes payable, net	2,725,648	2,998,598
Total Noncurrent Liabilities	2,725,648	2,998,598
Total Liabilities	4,124,462	3,876,057
<u>Commitments and Contingency</u> (Note 14)		
<u>Net Assets:</u> (Notes 2, 11, 12 and 13)		
Without Donor Restrictions:		
Undesignated	4,574,025	6,264,128
Board designated reserves	2,956,326	2,581,071
Total Without Donor Restrictions	7,530,351	8,845,199
With Donor Restrictions	3,983,614	3,589,249
Total Net Assets	11,513,965	12,434,448
TOTAL LIABILITIES AND NET ASSETS	\$ 15,638,427	\$ 16,310,505

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, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Contributions:						
Revenues:						
Fleet admissions	\$ 3,345,711	\$ -	\$ 3,345,711	\$ 2,713,785	\$ -	\$ 2,713,785
Retail operations	1,971,724	-	1,971,724	1,439,071	-	1,439,071
Membership dues	573,139	-	573,139	605,427	-	605,427
Education program fees	618,147	-	618,147	444,831	-	444,831
Other	202,491	-	202,491	171,301	-	171,301
Investment income (loss)	296,296	159,580	455,876	(226,981)	(215,992)	(442,973)
Total Revenues	<u>7,007,508</u>	<u>159,580</u>	<u>7,167,088</u>	<u>5,147,434</u>	<u>(215,992)</u>	<u>4,931,442</u>
Contributions:						
Contributions and grants	1,559,919	804,278	2,364,197	6,220,083	1,173,233	7,393,316
In-kind contributions	238,961	-	238,961	1,000	-	1,000
Net assets released from restrictions	569,493	(569,493)	-	2,512,214	(2,512,214)	-
Total Contributions	<u>2,368,373</u>	<u>234,785</u>	<u>2,603,158</u>	<u>8,733,297</u>	<u>(1,338,981)</u>	<u>7,394,316</u>
Total Revenues and Contributions	<u>9,375,881</u>	<u>394,365</u>	<u>9,770,246</u>	<u>13,880,731</u>	<u>(1,554,973)</u>	<u>12,325,758</u>
Expenses:						
Programs and exhibits	7,977,202	-	7,977,202	6,677,211	-	6,677,211
Management and general	1,844,065	-	1,844,065	1,621,702	-	1,621,702
Fundraising	869,462	-	869,462	697,086	-	697,086
Total Expenses	<u>10,690,729</u>	<u>-</u>	<u>10,690,729</u>	<u>8,995,999</u>	<u>-</u>	<u>8,995,999</u>
Change in Net Assets	(1,314,848)	394,365	(920,483)	4,884,732	(1,554,973)	3,329,759
Net Assets at Beginning of Year	<u>8,845,199</u>	<u>3,589,249</u>	<u>12,434,448</u>	<u>3,960,467</u>	<u>5,144,222</u>	<u>9,104,689</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 7,530,351</u></u>	<u><u>\$ 3,983,614</u></u>	<u><u>\$ 11,513,965</u></u>	<u><u>\$ 8,845,199</u></u>	<u><u>\$ 3,589,249</u></u>	<u><u>\$ 12,434,448</u></u>

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

**REUBEN H. FLEET SCIENCE CENTER
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023					2022				
	Supporting Services				Total	Supporting Services				Total
	Programs and Exhibits	Management and General	Fundraising	Supporting Services		Programs and Exhibits	Management and General	Fundraising	Supporting Services	
Personnel	\$ 4,083,689	\$ 1,185,055	526,803	\$ 1,711,858	\$ 5,795,547	\$ 3,286,320	\$ 997,897	\$ 419,164	\$ 1,417,061	\$ 4,703,381
Cost of sales - Retail operations	713,338	-	-	-	713,338	547,217	-	-	-	547,217
Building equipment and maintenance	565,187	80,474	41,069	121,543	686,730	415,164	71,016	29,563	100,579	515,743
Office expenses	231,347	199,530	31,992	231,522	462,869	172,355	173,685	15,311	188,996	361,351
Advertising, printing and graphics	394,860	-	18,202	18,202	413,062	211,557	-	9,403	9,403	220,960
Miscellaneous	260,137	53,274	30,011	83,285	343,422	185,736	86,594	21,680	108,274	294,010
Professional fees	150,252	134,620	51,764	186,384	336,636	47,021	119,332	66,724	186,056	233,077
Film lease expense	212,337	-	-	-	212,337	266,684	-	-	-	266,684
Contract services	88,045	72,294	5,095	77,389	165,434	200,899	58,656	14,420	73,076	273,975
Insurance	120,613	29,740	14,870	44,610	165,223	105,880	27,558	11,603	39,161	145,041
Interest	114,022	24,269	11,612	35,881	149,903	116,493	30,625	12,793	43,418	159,911
Special events - development	-	-	133,592	133,592	133,592	679	-	88,620	88,620	89,299
Education programs	100,353	-	-	-	100,353	42,652	-	1,000	1,000	43,652
Exhibits	98,724	-	567	567	99,291	323,828	47	40	87	323,915
Membership	68,442	22,274	3,418	25,692	94,134	97,425	22,342	6,613	28,955	126,380
Travel, training and conferences	26,795	8,793	467	9,260	36,055	6,915	4,995	152	5,147	12,062
Special events - non-development	24,150	-	-	-	24,150	11,586	-	-	-	11,586
Retail supplies	7,678	-	-	-	7,678	7,490	-	-	-	7,490
Total Expenses Before Depreciation	7,259,969	1,810,323	869,462	2,679,785	9,939,754	6,045,901	1,592,747	697,086	2,289,833	8,335,734
Depreciation	717,233	33,742	-	33,742	750,975	631,310	28,955	-	28,955	660,265
Total Expenses	\$ 7,977,202	\$ 1,844,065	\$ 869,462	\$ 2,713,527	\$ 10,690,729	\$ 6,677,211	\$ 1,621,702	\$ 697,086	\$ 2,318,788	\$ 8,995,999

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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ (920,483)	\$ 3,329,759
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	750,975	660,265
Amortization of debt issuance costs	20,877	20,877
Realized and unrealized (gains) losses on investments	(324,305)	360,911
Endowment contributions	(100,000)	(200,000)
Endowment investment (gains) losses	(9,018)	150,759
(Increase) Decrease in:		
Accounts receivable, net	667,306	(774,758)
Pledges receivable	44,680	24,675
Inventory	(28,117)	(7,710)
Prepaid expenses	(52,405)	49,678
Increase (Decrease) in:		
Accounts payable and accrued expenses	494,538	72,267
Deferred revenue	21,111	(486,225)
Net Cash Provided by Operating Activities	<u>565,159</u>	<u>3,200,498</u>
<u>Cash Flows From Investing Activities:</u>		
Investment sales/maturities/(purchases), net	(347,039)	(1,874,647)
Purchases of property and equipment	(345,261)	(1,635,455)
Change in beneficial interest in endowment funds	(48,411)	(54,548)
Change in beneficial interest in perpetual trust	(9,018)	150,759
Net Cash Used in Investing Activities	<u>(749,729)</u>	<u>(3,413,891)</u>
<u>Cash Flows From Financing Activities:</u>		
Principal payments on notes payable	(288,121)	(149,408)
Endowment contributions	100,000	200,000
Endowment investment gains (losses)	9,018	(150,759)
Net Cash Used in Financing Activities	<u>(179,103)</u>	<u>(100,167)</u>
Net Decrease in Cash and Cash Equivalents and Restricted Cash	(363,673)	(313,560)
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	<u>3,207,328</u>	<u>3,520,888</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ <u>2,843,655</u>	\$ <u>3,207,328</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid for interest	<u>\$ 129,955</u>	<u>\$ 142,969</u>

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

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 1 - Organization:

The 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 put their engineering skills to the test in the Dream! Design! Build! exhibition. In addition to other galleries, It’s Electric and Sun, Earth, Universe the Fleet added Illusion in 2020 to its collection of permanent exhibitions. On weekends, scheduled programs such as the Genius in the House 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 public through lectures, classes, workshops, virtual programs, 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 half-day and full-day educational camps during school breaks. Camps are offered for grades pre-K–8, and are designed to be fun, educational, hands-on, and to incorporate the Fleet’s Science Center Exhibit Galleries. Recent summer camp themes have included: chemistry, the human body, robotics, and space. The Fleet’s Education department also facilitates a number of community initiatives, including collaborative meetings with STEM partners across San Diego County, as well as science-themed events that occur in a variety of community locations.

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, 2023 AND 2022**

Note 1 - Organization:(Continued)

North Star Science Store

The North Star Science Store, located inside the Fleet, 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

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations, and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor)-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires—that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

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.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 2 - Significant Accounting Policies: (Continued)

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 by 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 8)
- 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 9)

Inventory

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

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 at June 30, 2023 and 2022. Management believes that all pledges receivable are fully collectible; therefore, no allowance for doubtful pledges receivable was recorded at June 30, 2023 and 2022.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation

The Fleet capitalizes all expenditures in excess of \$10,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support 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 support with donor restrictions. Absent donor stipulations regarding how 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 net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment 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 \$750,975 and \$660,265 for the years ended June 30, 2023 and 2022, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid vacation totaling \$264,349 and \$243,162 at June 30, 2023 and 2022, respectively, is accrued when incurred, and included in accounts payable and accrued expenses.

Debt Issuance Costs

Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized debt issuance costs are presented as a direct reduction from the carrying value of the related obligation. Amortization of debt issuance costs is reported as a component of interest expense, and totaled \$20,877 for each of the years ended June 30, 2023 and 2022.

Revenue Recognition

The Fleet recognizes revenue from admissions, education program fees, and other revenue upon sale or date of service, as applicable. Deferred revenues totaled \$116,570 and \$95,459 at June 30, 2023 and 2022, respectively.

Retail operations revenue is recognized as revenue when the sale transaction occurs.

The Fleet offers memberships of various categories that typically last for a term of one year. The Fleet divides fees from these memberships between contributions and exchange transactions and recognizes revenue for the contribution upon sale. The exchange portion is also recognized upon sale, since fees are non-refundable and used to fund the Fleet's mission and access programs.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition (Continued)

Pledges receivable and contributions are recognized when the donor makes a promise to give to the Fleet that is in substance, unconditional. Conditional contributions are recognized as revenue when the conditions have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. 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.

On July 2021, the Fleet was awarded and received a Shuttered Venue Operators Grant (“SVOG”) from the U.S. Small Business Administration (“SBA”) in the amount of \$2,115,897. In September 2021, the Fleet was awarded a supplemental SVOG from the SBA in the amount of \$1,511,448, and received the funding in October 2021. This cost-reimbursement federal grant is eligible to cover expenses for the period of March 20, 2020 through June 30, 2022. As a condition to receiving distributions, grant recipients must agree to certain terms and conditions, including, among other things, that the funds are being used for eligible expenses as defined by the SBA. SVOG payments are recorded as deferred revenue upon receipt of the SVOG funding from the SBA. Grant revenue is recognized to the extent that eligible expenses have been incurred. The Fleet incurred \$-0- and \$3,627,345 of eligible expenses during the years ended June 30, 2023 and 2022, respectively, and thus recognized the \$-0- and \$3,627,345 as grant revenue during the years ended June 30, 2023 and 2022, respectively.

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 year ended June 30, 2022 did not meet the requirements above; therefore, no amounts were recognized in the financial statements.

During fiscal year 2023, the Fleet received donated services for consulting. The Fleet also received contributions of advertising and donated items for use in the auction. The Fleet received the following in-kind contributions for the year ending June 30:

	<u>2023</u>	<u>2022</u>
Consulting	\$ 100,000	\$ -
Advertising	70,951	-
Auction items	68,010	-
Other items	-	1,000
Total In-Kind Contributions	\$ 238,961	\$ 1,000

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Donated Services and Materials (Continued)

All donated services and assets were utilized by the Fleet's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets. Donated consulting services are valued at the standard hourly rates charged for those services. Donated advertising is valued at the rates charged for advertising. Donated items are valued at the wholesale prices that would be received for selling similar products.

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.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. 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, 2023, 2022, 2021, and 2020 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 and Restricted Cash

For purposes of the statements of cash flows, The Fleet considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 2 - Significant Accounting Policies: (Continued)

Accounting Pronouncement Adopted

In February 2016, the FASB issued Accounting Standards Codification (“ASC”) 842, *Leases* (“*FASB ASC 842*”), to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet by lessees, and the disclosure of key information about leasing arrangements. This standard is applied on a modified retrospective basis.

FASB ASC 842 was adopted July 1, 2022 with certain practical expedients available. The adoption had no effect on the 2023 financial statements.

Subsequent Events

In preparing these financial statements, the Fleet has evaluated events and transactions for potential recognition or disclosure through November 30, 2023, the date the financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed.

Note 3 - Liquidity and Availability:

The Fleet regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Fleet considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Fleet considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The table below presents financial assets available for general expenditures within one year at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,843,655	\$ 3,207,328
Investments	3,015,603	2,508,764
Accounts receivable, net	542,978	1,210,284
Pledges receivable	55,052	99,732
Appropriation of endowment earnings and Board-designated reserves	314,000	192,000
Less: Board designated reserves	<u>(2,956,326)</u>	<u>(2,581,071)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,814,962</u>	<u>\$ 4,617,037</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Fleet operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The governing board (the “Board”) of the Fleet has designated a portion of its resources without donor restrictions as reserves as described in Note 11. The amounts not expected to be used for operations within one year are excluded from the table above but are available for use with the approval of the Board.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 3 - Liquidity and Availability: (Continued)

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Appropriations of endowment fund earnings are made in accordance with the spending policy, as described in Note 13. The portion of the donor-restricted endowment funds required to be held in perpetuity are not available for general expenditure.

Note 4 - Fair Value Measurements:

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

	2023			Balance at June 30, 2023
	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	\$ 3,399,586	\$ -	\$ -	\$ 3,399,586
Jewish Community Foundation	-	6,582	-	6,582
Beneficial interest in endowment funds (Note 8)	-	-	1,364,825	1,364,825
Beneficial interest in perpetual trust (Note 9)	-	-	665,322	665,322
	<u>\$ 3,399,586</u>	<u>\$ 6,582</u>	<u>\$ 2,030,147</u>	<u>\$ 5,436,315</u>
	2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Mutual and exchange traded funds	\$ 2,817,642	\$ -	\$ -	\$ 2,817,642
Jewish Community Foundation	-	5,992	-	5,992
Beneficial interest in endowment funds (Note 8)	-	-	1,227,604	1,227,604
Beneficial interest in perpetual trust (Note 9)	-	-	656,304	656,304
	<u>\$ 2,817,642</u>	<u>\$ 5,992</u>	<u>\$ 1,883,908</u>	<u>\$ 4,707,542</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, 2023 AND 2022**

Note 4 - 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:

<u>2023</u>				
<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Significant Input Values</u>
Beneficial interest in endowment funds	\$ 1,364,825	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A
Beneficial interest in perpetual trust	\$ 665,322	Valuation of underlying assets as provided by third party trustee	Base price	N/A
<u>2022</u>				
<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Significant Input Values</u>
Beneficial interest in endowment funds	\$ 1,227,604	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A
Beneficial interest in perpetual trust	\$ 656,304	Valuation of underlying assets as provided by third party trustee	Base price	N/A

Note 5 - Investments:

Investments consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Mutual and exchange traded funds	\$ 3,399,586	\$ 2,817,642
Jewish Community Foundation – Long Term Pool	6,582	5,992
Total Investments	<u>\$ 3,406,168</u>	<u>\$ 2,823,634</u>

Investments are classified in the statements of financial position as follows at June 30:

	<u>2023</u>	<u>2022</u>
Current assets - Investments	\$ 3,015,603	\$ 2,508,764
Noncurrent assets – Endowment investments	390,565	314,870
Total Investments	<u>\$ 3,406,168</u>	<u>\$ 2,823,634</u>

Investments held at Jewish Community Foundation are invested in the Long-Term Pool, which invests 65.5% in domestic and international equities, 30% in fixed income, and 4.5% in real assets consisting of REITs and/or commodities at June 30, 2023.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 5 - Investments: (Continued)

The following schedule summarizes the investment income (loss) for the years ended June 30:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 109,462	\$ 45,335	\$ 154,797
Net realized and unrealized gains	210,210	123,113	333,323
Investment fees	(23,376)	(8,868)	(32,244)
Total Investment Income	\$ 296,296	\$ 159,580	\$ 455,876
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 48,164	\$ 42,095	\$ 90,259
Net realized and unrealized losses	(261,541)	(250,129)	(511,670)
Investment fees	(13,604)	(7,958)	(21,562)
Total Investment Loss	\$ (226,981)	\$ (215,992)	\$ (442,973)

Note 6 - Pledges Receivable:

Pledges receivable totaling \$55,052 and \$99,732 at June 30, 2023 and 2022, respectively, are due in less than one year.

Note 7 - Property and Equipment:

Property and equipment consist of the following at June 30:

	2023	2022
Leasehold improvements	\$ 11,189,967	\$ 11,114,240
Equipment and furniture	3,111,422	5,169,481
Exhibits	816,846	730,898
Construction in progress - Exhibits	364,205	362,205
Construction in progress - Improvements	492,156	486,330
Subtotal	15,974,596	17,863,154
Less: Accumulated depreciation	(9,618,160)	(11,101,004)
Property and Equipment, Net	\$ 6,356,436	\$ 6,762,150

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 8 - Beneficial Interest in Endowment Funds:

The Fleet has a beneficial interest in endowment funds held by San Diego Foundation, which is classified as with donor restrictions. The beneficial interest in endowment funds held by San Diego Foundation is invested in a portfolio of equity and debt securities, which is structured for long-term total return, consisting of 45.6% international equities, 13.9% private equities, 4.5% private credit, 15% hedge funds, 10% fixed income, 3.2% real estate, and 7.8% real assets.

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

	<u>2023</u>	<u>2022</u>
Balance at Beginning of Year	\$ 1,227,604	\$ 1,221,584
Contributions	100,000	100,000
Investment gain (loss), net	82,974	(53,826)
Distributions	<u>(45,753)</u>	<u>(40,154)</u>
Balance at End of Year	<u>\$ 1,364,825</u>	<u>\$ 1,227,604</u>

Note 9 - Beneficial Interest in Perpetual Trust:

The Fleet is a beneficiary of a perpetual trust (the "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 2% in cash and cash equivalents, 38% in fixed income mutual funds, 56% in equity mutual funds, and 4% in real estate 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 net assets with donor restrictions of a perpetual nature. Distributions received from the Trust, and the change in fair value of the Trust, are recorded as investment income with donor restrictions in the statements of activities.

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

	<u>2023</u>	<u>2022</u>
Balance at Beginning of Year	\$ 656,304	\$ 807,063
Change in fair value	9,018	(150,759)
Investment income	36,000	32,700
Investment income distributed	<u>(36,000)</u>	<u>(32,700)</u>
Balance at End of Year	<u>\$ 665,323</u>	<u>\$ 656,304</u>

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 10 - Notes Payable:

Notes payable consist of the following at June 30:

	<u>2023</u>	<u>2022</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 at 4%, with payments of principal and interest of \$32,663 payable monthly, due November 1, 2030. During fiscal year 2021, the loan was restructured with a 6-month moratorium on principal and interest, followed by interest-only payments through December 2021. 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 \$9,839 and \$10,768 at June 30, 2023 and 2022, respectively.	\$ 2,951,608	\$ 3,230,295
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. Paid in full during the year ended June 30, 2023.	-	5,820
Note payable to U.S. Small Business Administration in the original amount of \$150,000, bears interest at 2.75% with payments of principal and interest of \$641 monthly, beginning June 2021. The note is due June 2050. Secured by property and receivables. Accrued interest payable totaled \$-0- for each of the years ended June 30, 2023 and 2022.	<u>146,303</u>	<u>149,917</u>
Total Notes Payable	<u>3,097,911</u>	<u>3,386,032</u>
Less: Unamortized debt issuance costs	<u>(76,665)</u>	<u>(97,542)</u>
Total Notes Payable Net	<u>3,021,246</u>	<u>3,288,490</u>
Less: Current portion of notes payable	<u>(295,598)</u>	<u>(289,892)</u>
Total Notes Payable, Net, Noncurrent	<u>\$ 2,725,648</u>	<u>\$ 2,998,598</u>

Debt issuance costs total \$208,772, less accumulated amortization of \$132,107 and \$111,230 at June 30, 2023 and 2022, respectively.

Future principal payments on the notes payable are as follows:

<u>Years Ended June 30</u>	
2023	\$ 295,598
2024	307,594
2025	320,076
2026	333,066
2027	346,584
Thereafter	<u>1,494,993</u>
	<u>\$ 3,097,911</u>

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 11 - Board-Designated Reserves:

The Fleet's Board of Trustees approved the establishment of appropriations of net assets without donor restrictions totaling \$200,000 for a Capital Reserve, and \$300,000 for an Operating Reserve. In response to the COVID-19 pandemic, the Board established a Board emergency fund. The reserve balances are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Board emergency fund	\$ 2,673,901	\$ 2,298,646
Capital reserve	157,044	157,044
Operating reserve	125,381	125,381
Total Board Designated Reserves	<u>\$ 2,956,326</u>	<u>\$ 2,581,071</u>

Note 12 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by the Fleet, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Science Starts Here Initiative	\$ 1,150,438	\$ 1,057,355
Education	312,847	284,985
Unappropriated endowment earnings	232,412	119,496
Other	38,538	566
Ethics Center Programs	33,557	22,342
Innovation Fund	25,223	25,223
Exhibits	2,299	566
Total Subject to Expenditure for Specified Purpose	<u>1,795,314</u>	<u>1,509,967</u>
Perpetual in Nature:		
Endowments (Note 13)	<u>2,188,300</u>	<u>2,079,282</u>
Total Net Assets with Donor Restrictions	<u>\$ 3,983,614</u>	<u>\$ 3,589,249</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donor, are as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Purpose Restrictions Accomplished:		
Education	\$ 439,103	\$ 393,619
Science Starts Here Initiative	78,244	1,966,512
Unappropriated endowment earnings	37,645	148,911
Ethics Center Programs	5,800	3,172
Other	4,000	-
Exhibits	3,701	-
Total Net Assets Released from Restrictions	<u>\$ 569,493</u>	<u>\$ 2,512,214</u>

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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, and beneficial interest in endowment funds held by San Diego Foundation.

In regards to funds held and managed by the Fleet, the Fleet has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (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 donor-restricted net assets of a perpetual nature as (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 donor-restricted net assets of a perpetual nature is classified as donor-restricted net assets with time restrictions, 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

The Fleet 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 Fleet has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Fleet has no underwater endowment funds at June 30, 2023 and 2022.

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, 2023 AND 2022**

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") (Note 9), and beneficial interest in endowment funds held by San Diego Foundation ("SDF") (Note 8). 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 donor-restricted net assets of a perpetual nature 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 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 to 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, 2023 AND 2022**

Note 13 - Endowment Net Assets: (Continued)

Endowment composition by type of fund at June 30:

	2023		
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions – Perpetual</u>	<u>Total</u>
Donor-restricted endowment funds:			
Fleet endowments	\$ 31,587	\$ 358,978	\$ 390,565
Beneficial interest in endowment funds held by San Diego Foundation	200,825	1,164,000	1,364,825
Beneficial interest in perpetual trust	-	665,322	665,322
Total Endowment Funds	\$ 232,412	\$ 2,188,300	\$ 2,420,712
	2022		
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions – Perpetual</u>	<u>Total</u>
Donor-restricted endowment funds:			
Fleet endowments	\$ (44,108)	\$ 358,978	\$ 314,870
Beneficial interest in endowment funds held by San Diego Foundation	163,604	1,064,000	1,227,604
Beneficial interest in perpetual trust	-	656,304	656,304
Total Endowment Funds	\$ 119,496	\$ 2,079,282	\$ 2,198,778

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

	<u>With Donor Restrictions</u>	<u>With Donor Restrictions - Perpetual</u>	<u>Total</u>
Endowment Net Assets at June 30, 2021	\$ 333,641	\$ 2,030,041	\$ 2,363,682
Investment (Loss)	(97,933)	(150,759)	(248,692)
Contributions	32,700	200,000	232,700
Appropriation of endowment assets for expenditure	(148,912)	-	(148,912)
Endowment Net Assets at June 30, 2022	119,496	2,079,282	2,198,778
Investment (Loss)	114,561	9,018	123,579
Contributions	36,000	100,000	136,000
Appropriation of endowment assets for expenditure	(37,645)	-	(37,645)
Endowment Net Assets at June 30, 2023	\$ 232,412	\$ 2,188,300	\$ 2,420,712

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 14 - Commitments and Contingency:

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 becomes 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 \$38,185 and \$34,782 for the years ended June 30, 2023 and 2022, respectively.

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, 2023 and 2022.

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 14 - Commitments and Contingency: (Continued)

Payroll Protection Program Loan

In March 2021, the Fleet received a loan totaling \$907,000 from the U.S. Small Business Administration, under the CARES Act Paycheck Protection Program (“PPP”). The loan is forgivable to the extent that the Fleet meets the terms and conditions of the PPP. Any portion of the loan that is not forgiven bears interest at 1% and is due in March 2023. The Fleet has recognized the \$-0- and \$539,035 as revenue for the years ended June 30, 2022 and 2021, respectively, since they believe that they have satisfied the terms and conditions of forgiveness of the PPP. The loan was fully forgiven in November 2021.

Theater Seating Contract

In December 2022, the Fleet entered into a contract totaling \$197,769 to replace the IMAX theater seating. The initial payment totaling \$50,261 was paid in June 2023, and the remainder of the contract totaling \$147,508 at June 30, 2023 is due during the year ended June 30, 2024.