



**FINANCIAL REPORT  
JUNE 30, 2022**

# CALIFORNIA SCIENCE CENTER FOUNDATION

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
California Science Center Foundation

### Opinion

We have audited the financial statements of California Science Center Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2022 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Singer Lewak LLP*

November 2, 2022

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2022 and 2021

<b>ASSETS</b>		
	2022	2021
Cash and cash equivalents	\$ 25,833,770	\$ 15,194,391
Operating investments	41,742,250	41,854,009
Accounts receivable	2,714,521	2,009,537
Contributions and planned gifts receivable, net	59,946,844	16,552,778
Lease receivable, net	14,399,343	15,749,630
Prepaid expenses and other assets	701,155	1,029,769
Long-term investments	226,137,851	56,172,585
Properties and exhibits, net	7,306,225	7,182,054
Collections (Note 2)	-	-
	<b>\$ 378,781,959</b>	<b>\$ 155,744,753</b>

<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 7,650,830	\$ 2,980,775
Refundable advances and deposits	1,177,741	27,702,288
Loans and bonds payable	205,532,071	44,209,249
	214,360,642	74,892,312
<b>Net assets</b>		
Without donor restrictions	51,075,333	46,451,272
With donor restrictions	113,345,984	34,401,169
	164,421,317	80,852,441
	<b>\$ 378,781,959</b>	<b>\$ 155,744,753</b>

See notes to financial statements.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Direct public support	\$ 4,707,918	\$ 101,432,330	\$ 106,140,248
Government grants and contracts	12,502,660	-	12,502,660
Program fees and services	4,802,681	-	4,802,681
Auxilliary services	4,232,330	-	4,232,330
Net investment loss	(2,252,177)	(2,916,765)	(5,168,942)
Change in value of split interest agreements	-	221,939	221,939
Net assets released from restrictions	19,792,689	(19,792,689)	-
	43,786,101	78,944,815	122,730,916
<b>Expenses</b>			
Program services	16,077,774	-	16,077,774
General and administrative	1,875,404	-	1,875,404
Fundraising	1,905,743	-	1,905,743
	19,858,921	-	19,858,921
Change in net assets from operations	23,927,180	78,944,815	102,871,995
<b>Non-operating items</b>			
Interest income on Phase II lease	601,166	-	601,166
PPP loan forgiveness	2,006,652	-	2,006,652
Depreciation and amortization	(1,164,152)	-	(1,164,152)
Loss on uncollectible promises to give	(271,950)	-	(271,950)
Bond-related	(4,625,436)	-	(4,625,436)
Phase III	(15,849,399)	-	(15,849,399)
Total non-operating items	(19,303,119)	-	(19,303,119)
<b>Change in net assets</b>	4,624,061	78,944,815	83,568,876
<b>Net assets, beginning of year</b>	46,451,272	34,401,169	80,852,441
<b>Net assets, end of year</b>	<b>\$ 51,075,333</b>	<b>\$ 113,345,984</b>	<b>\$ 164,421,317</b>

See notes to financial statements.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Direct public support	\$ 2,616,965	\$ 8,644,148	\$ 11,261,113
Government grants and contracts	6,151,681	-	6,151,681
Program fees and services	2,721,781	-	2,721,781
Auxilliary services	1,139,685	-	1,139,685
Net investment return	1,213,351	2,649,357	3,862,708
Change in value of split interest agreements	-	212,010	212,010
Net assets released from restrictions	5,391,205	(5,391,205)	-
Total support and revenue	19,234,668	6,114,310	25,348,978
<b>Expenses</b>			
Program services	10,765,032	-	10,765,032
General and administrative	2,107,449	-	2,107,449
Fundraising	1,218,052	-	1,218,052
Total expenses	14,090,533	-	14,090,533
Change in net assets from operations	5,144,135	6,114,310	11,258,445
<b>Non-operating items</b>			
Interest income on Phase II lease	650,811	-	650,811
PPP loan forgiveness	1,294,926	-	1,294,926
Depreciation and amortization	(733,472)	-	(733,472)
Loss on uncollectible promises to give	-	(11,000)	(11,000)
Bond-related	(1,205,337)	-	(1,205,337)
Phase III	(806,901)	-	(806,901)
Total non-operating items	(799,973)	(11,000)	(810,973)
<b>Change in net assets</b>	4,344,162	6,103,310	10,447,472
<b>Net assets, beginning of year</b>	42,107,110	28,297,859	70,404,969
<b>Net assets, end of year</b>	<b>\$ 46,451,272</b>	<b>\$ 34,401,169</b>	<b>\$ 80,852,441</b>

See notes to financial statements.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Program Services			Supporting Services			
	Education and Exhibits	Museum Services	Total	General and Administrative	Fundraising	Total	Total
Compensation	\$ 2,175,304	\$ 7,022,246	\$ 9,197,550	\$ 1,475,655	\$ 867,492	\$ 2,343,147	\$ 11,540,697
Advertising and promotion	825,057	21,481	846,538	-	-	-	846,538
Cost of sales	-	1,157,202	1,157,202	-	-	-	1,157,202
Film royalty	-	179,245	179,245	-	-	-	179,245
Grants paid	778,547	-	778,547	-	-	-	778,547
Insurance	6,907	191,091	197,998	66,783	-	66,783	264,781
Office	47,947	220,342	268,289	18,158	134,365	152,523	420,812
Other	168,702	78,719	247,421	71,207	85,915	157,122	404,543
Outside services	1,712,077	543,843	2,255,920	141,995	603,617	745,612	3,001,532
Supplies	232,762	448,801	681,563	52,702	51,607	104,309	785,872
Travel and conferences	78,554	188,947	267,501	48,904	162,747	211,651	479,152
	<b><u>\$ 6,025,857</u></b>	<b><u>\$ 10,051,917</u></b>	<b><u>\$ 16,077,774</u></b>	<b><u>\$ 1,875,404</u></b>	<b><u>\$ 1,905,743</u></b>	<b><u>\$ 3,781,147</u></b>	<b><u>\$ 19,858,921</u></b>

See notes to financial statements.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2021

	Program Services			Supporting Services			Totals
	Education and Exhibits	Museum Services	Total	General and Administrative	Fundraising	Total	
Compensation	\$ 1,830,765	\$ 5,178,344	\$ 7,009,109	\$ 1,636,622	\$ 940,880	\$ 2,577,502	\$ 9,586,611
Advertising and promotion	380,993	9,254	390,247	-	-	-	390,247
Cost of sales	-	421,184	421,184	-	-	-	421,184
Film royalty	-	38,517	38,517	-	-	-	38,517
Insurance	6,615	159,622	166,237	138,403	-	138,403	304,640
Office	65,237	116,910	182,147	17,429	15,443	32,872	215,019
Other	78,324	24,072	102,396	90,343	74,083	164,426	266,822
Outside services	970,490	737,244	1,707,734	138,498	137,340	275,838	1,983,572
Supplies	223,029	438,863	661,892	42,100	40,272	82,372	744,264
Travel and conferences	41,140	44,429	85,569	44,054	10,034	54,088	139,657
	<b><u>\$ 3,596,593</u></b>	<b><u>\$ 7,168,439</u></b>	<b><u>\$ 10,765,032</u></b>	<b><u>\$ 2,107,449</u></b>	<b><u>\$ 1,218,052</u></b>	<b><u>\$ 3,325,501</u></b>	<b><u>\$ 14,090,533</u></b>

See notes to financial statements.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2022 and 2021**

	2022	2021
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 83,568,876	\$ 10,447,472
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net (gains) losses on investments	8,335,482	(2,103,107)
Bad debt expense	-	55,679
Depreciation of properties and exhibits	1,164,152	733,472
Amortization of bond premium and issuance cost	(1,358,147)	(817,368)
Loss on uncollectible promises to give	271,950	11,000
Unearned interest income	(601,166)	(650,811)
Contributions restricted for long-term purposes	-	(7,320,000)
Change in discount on contributions and planned gifts receivables	5,710,934	146,863
Change in value of split-interest agreements	(221,940)	(212,010)
Dividends and interest on endowment	(137,646)	(127,811)
Forgiveness of loans payable	(2,006,652)	(1,294,926)
Changes in operating assets and liabilities:		
Accounts receivable	(704,984)	(745,451)
Contributions and planned gifts receivable	(65,270,782)	446,232
Lease receivable	1,951,453	1,951,457
Prepaid expenses and other assets	328,614	206,031
Accounts payable and accrued expenses	4,859,046	181,388
Refundable advance and deposits	(26,524,547)	(553,160)
Net cash provided by operating activities	9,364,643	354,950
<b>Cash flows from investing activities</b>		
Purchases of properties and exhibits	(1,470,662)	(2,117,359)
Dividends and interest earned on endowment	137,646	127,811
Proceeds from sales and maturities of investments	97,405,975	102,755,632
Purchases of investments	(275,594,964)	(108,164,744)
Net cash used in investing activities	(179,522,005)	(7,398,660)
<b>Cash flows from financing activities</b>		
Collection of contributions restricted for long-term purposes	2,115,772	3,193,678
Collection of contributions restricted for endowments	14,000,000	-
Refundable advances for capital projects	-	5,854,835
Proceeds from loans payable	-	2,000,000
Payment of bonds	(2,980,000)	(2,845,000)
Proceeds from issuance of bonds	167,660,969	-
Net cash provided by financing activities	180,796,741	8,203,513
<b>Net increase in cash and cash equivalents</b>	10,639,379	1,159,803
<b>Cash and cash equivalents, beginning of year</b>	15,194,391	14,034,588
<b>Cash and cash equivalents, end of year</b>	<b>\$ 25,833,770</b>	<b>\$ 15,194,391</b>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	<b>\$ 1,876,750</b>	<b>\$ 2,019,000</b>

See notes to financial statements.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – GENERAL DESCRIPTION

The California Science Center Foundation (the “Foundation”) is a California nonprofit corporation created to support educational exhibits and programs in association with the California Science Center (the “Science Center”), which is an institution within the Natural Resources Agency of the State of California (the “State”). The Foundation raises funds to support educational exhibits and programs featured at the Science Center and, under agreements with the Science Center, the Foundation manages exhibitions and programs of scientific, educational, and industrial interest, and performs other operations at the Science Center.

The Foundation has a contractual relationship with the Science Center, whereby the Foundation operates on land and buildings owned, leased, and maintained by the State. In October 2019, the Foundation entered into a 50-year amended and restated joint operation agreement (the “Operation Agreement”) with the State. If the Foundation dissolves or terminates the Operation Agreement without cause, all the assets under the control of or owned by the Foundation will be transferred to the Science Center, in trust, for the benefit of the visitors to the Science Center.

The Science Center is being developed under a three-phase Master Plan. Phase I was completed in 1998, and another significant milestone in the Master Plan was achieved in 2010 with the opening of Ecosystems, the centerpiece of Phase II. Construction is underway to build the Samuel Oschin Air and Space Center – Space Shuttle Endeavour’s permanent home and the feature component of Phase III of the Master Plan. This major expansion will integrate authentic artifacts, including an outstanding collection of aircraft and spacecraft, immersive experiences, and the Science Center’s signature hands-on, educational exhibits that encourage active learning through discovery. The total project cost of Phase III is currently estimated to be \$400 million. For the years ended June 30, 2022 and 2021, the Foundation expended \$16.7 million and \$1.3 million, respectively. As of June 30, 2022 and 2021, the Phase III costs incurred to date totaled \$87.6 million and \$70.9 million, respectively.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### Reclassifications

Certain prior year amounts have been reclassified to conform to current presentation with no impact on net assets.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Estimates also affect the reported amount of revenues, expenses, or other changes in net assets during the reporting period. Actual results could differ from these estimates.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Cash and Cash Equivalents

Cash equivalents include highly liquid investments with original maturities of three months or less at the date of purchase, which are neither held for nor restricted by donors for long-term purposes. Cash and highly liquid financial instruments restricted to exhibits and projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

#### Investments

Investments are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

#### Accounts Receivable

Accounts receivable consist of noninterest-bearing amounts due for program services provided. The Foundation determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of current economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2022 and 2021, management determined no allowance for uncollectible accounts was necessary.

#### Contributions Receivable

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Foundation determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

#### Planned Gifts Receivable

The Foundation has been named as a beneficiary of several charitable remainder trusts for which a third party has been named as the trustee. The Foundation has also received irrevocable promises to give from donors that are payable upon the donors' deaths. The donor's expected life is estimated using appropriate Internal Revenue Service (IRS) life expectancy tables, and such promises to give are discounted at an appropriate discount rate. Such amounts have been included in contribution and planned gifts receivable in the statements of financial position.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Lease Receivable

Sales-type lease receivables are recorded at the present value of the future minimum lease payments discounted at the interest rate implicit in the lease. Interest income is recognized over the lease term using the effective interest method.

#### Properties and Exhibits

Purchased furniture, fixtures, and equipment are recorded at cost. Contributed items, except for artifacts, are capitalized at fair value on the date of donation. Depreciation is computed on the straight-line basis over the estimated useful life.

Exhibits purchased through the use of funds with and/or without donor restrictions are capitalized at cost. Capitalized exhibits are depreciated using the straight-line method over their useful lives of five years.

#### Impairment of Long-lived Assets

Management reviews long-lived assets for impairment whenever changes in events or circumstances indicate the assets may be impaired. An impairment loss is recorded when the net book value of the asset exceeds its fair value. If the asset is determined to be impaired, the asset is written down to its realizable value, and the loss is recognized in income from continuing operations in the period when the determination is made. No impairment charges were recorded during the years ended June 30, 2022 and 2021.

#### Collections

The Foundation holds a number of artifacts of historical significance as collections including the Space Shuttle Orbiter Endeavour and related artifacts. Contributed collection items are not capitalized in the statement of financial position. Purchased collection items are treated as a reduction in net assets without donor restrictions at the time of purchase. Unexpended proceeds from deaccessions are treated as an increase in net assets without donor restrictions and are made available for acquisition of other collections. Collections are cataloged and preserved for educational purposes.

Costs of purchasing or collecting live animals are expensed as incurred.

#### Refundable Advances and Deposits

The Foundation includes funds received for conditional contributions in refundable advances until all conditions are met.

Deposits are funds received before an event is held and is recorded as a refundable advance until the event takes places.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Paycheck Protection Program (PPP) Loan

The Foundation accounts for its PPP loans as debt and recognizes the forgiveness upon being legally released by the lender.

#### Debt Issuance Costs

Debt issuance costs are presented in the statements of financial position as a reduction of bonds payable and amortized using the effective interest method over the term of the bonds.

#### Net Assets

Net assets of the Foundation and changes therein have been classified and reported as follows:

*Net assets without donor restrictions* are available for use in general operations and not subject to donor restrictions. The only limits on net assets without donor restrictions are broad limits resulting from the nature of the Foundation and the purpose specified in its articles of incorporation or bylaws, or through board designation.

*Net assets with donor restrictions* include those assets subject to donor-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 as 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.

#### Revenue and Revenue Recognition

Direct public support represents contributions and is recognized as revenue when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received and reported as increases in the appropriate category of net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value, except for artifacts (see Collections section in this Note).

Membership dues are recognized over the period of the membership and are included in direct public support on the statement of activities.

Government contracts revenue is generally recognized on a cost reimbursement basis, as the costs for the related government funded activity are incurred.

Admission fees include admissions revenue on special exhibits and IMAX theater fees and are recognized as earned, or as events or performances are held.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue and Revenue Recognition (Continued)

Sales include ExploraStore and concession stand revenues which are earned at the point of sale.

Other fees and revenues include revenue from conference reservations, registration fees for classes, and rental fees for exhibits loaned to other museums which are earned as each event, performance, or class is held. Deposits received before an exhibit is loaned out or before an event is held are recorded as refundable advances.

#### Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Directly identifiable expenses are charged to programs, general and administrative expenses, and fundraising. Expenses relating to more than one function (including certain salaries and related benefits, depreciation, and insurance) are allocated based on the proportion of time or square footage utilized on the activity.

#### Contributed Services

A number of unpaid volunteers and certain businesses have made contributions of their time to develop programs, principally education programs and membership development. The value of this contributed time is not reflected in these statements, since these services neither create nor enhance a nonfinancial asset, nor would the services typically be purchased by the Foundation.

#### Advertising Costs

The Foundation expenses advertising costs as incurred.

#### Measure of Operations

The Foundation classifies all business operations as revenues and expenses in the statement of activities, except for non-operating items. Operating expenses are classified into categories that reflect the Foundation's operations. Non-operating items include interest income on Phase II lease, depreciation and amortization expense, Phase III expense, bond-related expenses, and PPP loan forgiveness. For purposes of functional expenses, the Foundation considers depreciation to be program costs, except for \$10,942 and \$2,325 that is allocated to general and administrative expenses and fundraising, respectively for the year ended June 30, 2022. Depreciation of \$9,866 and \$4,459 was allocated to general and administrative expenses and fundraising, respectively for the year ended June 30, 2021.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

In an IRS letter of determination dated February 11, 1959, the Foundation was classified as a charitable and educational organization, exempt from income taxes under Internal Revenue Code §501(c)(3) and California Revenue and Taxation Code §2370(d).

The Foundation recognizes the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The amount of unrecognized tax benefits is adjusted as appropriate for changes in facts and circumstances.

#### Fair Value Measurements

As defined by U.S. GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses the market or income approach. Based on this approach, the Foundation often uses certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

During the years ended June 30, 2022 and 2021, there were no changes to the Foundation's valuation techniques that had, or are expected to have, a material impact on the financial statements.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Risks and Uncertainties

Credit risk is the risk of failure of another party to perform in accordance with the contract terms. Financial instruments which potentially subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, contributions and planned gift receivables, and investments.

The Foundation maintains its cash balances with several financial institutions that, from time to time, exceed insured limits. To date, the Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

With respect to accounts receivable, contributions and planned gifts receivable, the Foundation routinely assesses the financial strength of its donors and believes that the related credit risk exposure is limited.

The Foundation holds significant investments in the form of bonds, certificates of deposit, and mutual funds with major financial institutions. The value of investments is subject to change due to changes in interest rates and market performance. The Foundation minimizes the risk through investment diversification.

#### Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted. The Foundation is currently evaluating the impact of adopting this new guidance on its financial statements.

### NOTE 3 – FINANCIAL ASSETS AND LIQUITY RESOURCES

The Foundation regularly monitors the availability of resources required to meet its operating needs, debt service and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – FINANCIAL ASSETS AND LIQUITY RESOURCES (Continued)**

As of June 30, 2022 and 2021, the following table shows the financial assets without donor or contractual restriction held by the Foundation that could readily be made available within one year of the balance sheet date to meet general expenditures.

	2022	2021
Cash and cash equivalents	\$ 25,833,770	\$ 15,194,391
Operating investments	41,742,250	41,854,009
Accounts receivable	2,714,521	2,009,537
Contributions and planned gifts receivable	59,946,844	16,552,778
<b>Financial assets at year-end</b>	<b><u>\$130,237,385</u></b>	<b><u>\$ 75,610,715</u></b>
Less amounts unavailable for general expenditure due to time or purpose restrictions	(61,820,277)	(45,328,823)
<b>Financial assets available to meet general expenditures within one year</b>	<b><u>\$ 68,417,108</u></b>	<b><u>\$ 30,281,892</u></b>

In the fiscal year ended June 30, 2022, the Science Center experienced reduced attendance and depressed earned income as a continued result of the COVID-19 pandemic. Cost reduction efforts were supplemented by relief funding received, allowing the Foundation to continue covering all cash needs. Unrestricted, liquid financial assets on-hand as of June 30, 2022 are sufficient to cover more than two years of operating expenditures and debt service. Additional financial assets are set aside for restricted purposes, including exhibit development, education programs, and Phase III construction.

**NOTE 4 – CONTRIBUTIONS AND PLANNED GIFTS RECEIVABLE**

Conditional promises to give are not included in the financial statements. As of June 30, 2022 and 2021, the Foundation had approximately \$6.3 million and \$84 million, respectively, in promises to give, conditioned on achievement of specified operational and fundraising goals expected to occur in future periods. Unconditional promises to give as of June 30, 2022 and 2021 are expected to be realized in the following years:

	2022	2021
Due within one year	\$ 8,308,185	\$ 3,780,705
Due between one to five years	28,848,332	11,719,002
Due in more than five years	29,607,019	1,911,902
Present value discount (0.17% to 4.4%)	(6,452,447)	(740,537)
Allowance for uncollectible contributions	(364,245)	(118,294)
	<b><u>\$ 59,946,844</u></b>	<b><u>\$ 16,552,778</u></b>

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 5 – INVESTMENTS**

As of June 30, 2022, the investments measured at fair value are summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Operating investments:			
Corporate bonds	\$ -	\$ 15,982,477	\$ 15,982,477
Commercial paper and CD's	-	25,262,505	25,262,205
Agency notes	-	497,268	497,268
	<u>-</u>	<u>41,742,250</u>	<u>41,742,250</u>
Total operating investments			
Long-term investments:			
Corporate bonds	-	35,493,082	35,493,082
Mutual funds	25,685,943	-	25,685,943
	<u>25,685,943</u>	<u>35,493,082</u>	<u>61,179,025</u>
Bond trust accounts:			
Highly liquid investments	5,689,440	-	5,689,440
Private debt obligations	-	136,552,362	136,552,362
	<u>5,689,440</u>	<u>136,552,362</u>	<u>142,241,802</u>
Endowment investments:			
Mutual funds	19,443,963	-	19,443,963
Highly liquid investments	3,273,061	-	3,273,061
	<u>22,717,024</u>	<u>-</u>	<u>22,717,024</u>
Total long-term investments	<u>54,092,407</u>	<u>172,045,444</u>	<u>226,137,851</u>
	<b><u>\$ 54,092,407</u></b>	<b><u>\$213,787,694</u></b>	<b><u>\$267,880,101</u></b>

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 5 – INVESTMENTS (Continued)**

As of June 30, 2021, the investments measured at fair value are summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Operating Investments:			
Corporate bonds	\$ -	\$ 15,741,391	\$ 15,741,391
Municipal bonds	-	1,215,892	1,215,892
Highly liquid investments	4,714,386	-	4,714,386
Mutual funds	<u>20,182,340</u>	<u>-</u>	<u>20,182,340</u>
Total operating investments	<u>24,896,726</u>	<u>16,957,283</u>	<u>41,854,009</u>
Long-term investments:			
Corporate bonds	-	11,497,219	11,497,219
Certificates of deposit	-	512,840	512,840
Mutual funds	<u>31,591,530</u>	<u>-</u>	<u>31,591,530</u>
	<u>31,591,530</u>	<u>12,010,059</u>	<u>43,601,589</u>
Bond trust accounts:			
Highly liquid investments	<u>650,525</u>	<u>-</u>	<u>650,525</u>
	<u>650,525</u>	<u>-</u>	<u>650,525</u>
Endowment investments:			
Highly liquid investments	246,714	-	246,714
Mutual funds	<u>11,673,757</u>	<u>-</u>	<u>11,673,757</u>
	<u>11,920,471</u>	<u>-</u>	<u>11,920,471</u>
Total long-term investments	<u>44,162,526</u>	<u>12,010,059</u>	<u>56,172,585</u>
	<b><u>\$ 69,059,252</u></b>	<b><u>\$ 28,967,342</u></b>	<b><u>\$ 98,026,594</u></b>

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 6 – PROPERTIES AND EXHIBITS**

As of June 30, 2022 and 2021, properties and exhibits consist of the following:

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Life</u>
Exhibits	\$ 27,994,418	\$ 27,147,344	5 years
Building	3,418,745	3,418,745	5 years
Equipment, furniture and fixtures, and information systems	<u>5,552,083</u>	<u>5,644,764</u>	5–25 years
	36,965,246	36,210,853	
Accumulated depreciation	<u>(33,188,817)</u>	<u>(32,543,145)</u>	
	3,776,429	3,667,708	
Construction in progress	<u>3,529,796</u>	<u>3,514,346</u>	
	<b><u>\$ 7,306,225</u></b>	<b><u>\$ 7,182,054</u></b>	

**NOTE 7 – LOANS AND BONDS PAYABLE**

PPP Loans Payable

During April 2020, the Foundation received a loan from a bank totaling \$2,549,700 under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) and the Foundation repaid \$1,269,700 which reduced the outstanding balance to \$1,280,000 as of June 30, 2020. The PPP loan bore interest at 1.0% maturing April 21, 2022. On June 11, 2021, the Foundation was notified by the SBA that the outstanding principal balance and accrued interest totaling \$1,294,926 were forgiven.

During March 2021, the Foundation received a second PPP loan totaling \$2,000,000. The Foundation utilized the PPP loan proceeds for eligible costs. The PPP loan bore interest at 1% maturing March 2023. On December 27, 2021, the Foundation was notified by the SBA that the outstanding principal balance and accrued interest totaling \$2,006,652 were forgiven.

The SBA has the authority to review or audit the PPP loan and related documentation and records, which are required to be maintained by the Foundation for six years from the forgiveness date.

Bonds Payable

During August 2006, California Infrastructure and Economic Development Bank (the “Issuer”) issued tax-exempt bonds totaling \$82,000,000 (the “2006 Bonds”) with fixed interest rates ranging from 4.1% to 5.0% and lent the proceeds to the Foundation.

# CALIFORNIA SCIENCE CENTER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7 – LOANS AND BONDS PAYABLE (Continued)

#### Bonds Payable (Continued)

During October 2016, pursuant to an indenture by the Issuer, the 2006 Bonds were refinanced by \$50,835,000 of tax-exempt bonds (the “2016 Bonds”) issued in two series; Series A was issued for \$20,085,000, and Series B was issued for \$30,750,000. The 2016 Bonds were issued with fixed interest rates ranging from 2.0% to 5.0%. A premium totaling \$9,605,728 was received, and debt issuance costs of \$787,750 were incurred upon the sale of the bonds.

The Issuer lent the proceeds of the 2016 Bonds to the Foundation pursuant to a loan agreement (the “Loan Agreement”) between the Issuer and the Foundation. The bond premium and issuance costs are being amortized over the life of the bonds using the effective interest method. During the years ended June 30, 2022 and 2021, the Foundation’s estimated arbitrage rebate tax liability was zero.

The 2016 Bonds are limited obligations of the Issuer payable solely from revenues from the Foundation. The loan payments are general obligations of the Foundation. No specific property is pledged under the Loan Agreement. There is no reserve fund and no financial covenant associated with these bonds.

The 2016 Bonds bear a fixed net interest cost of 2.788% with an arbitrage yield of 2.1318%. The Foundation is responsible for making interest payments to the Trustee on the first of each November and May (having commenced May 1, 2017).

During October 2021, California Infrastructure and Economic Development Bank (the “Issuer”) issued tax-exempt bonds totaling \$145,255,000 (the “2021 Bonds”) issued in two series; Series A was issued for \$41,980,000, and Series B was issued for \$103,275,000. The 2021 Bonds were issued with a fixed interest rate of 4.0%. A premium totaling \$23,695,079 was received, and debt issuance costs of \$1,325,806 were incurred upon the sale of the bonds.

The Issuer lent the proceeds of the 2021 Bonds to the Foundation pursuant to a loan agreement (the “Loan Agreement”) between the Issuer and the Foundation. The bond premium and issuance costs are being amortized over the life of the bonds using the effective interest method. During the year ended June 30, 2022, the Foundation’s estimated arbitrage rebate tax liability was zero.

The 2021 Bonds are limited obligations of the Issuer payable solely from revenues from the Foundation. The loan payments are general obligations of the Foundation. No specific property is pledged under the Loan Agreement. There is no reserve fund and no financial covenant associated with these bonds.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – LOANS AND BONDS PAYABLE (Continued)**

Bonds Payable (Continued)

The 2021 Bonds bear a fixed net interest cost of 3.284% with an arbitrage yield of 2.165%. The Foundation is responsible for making interest payments to the Trustee on the first of each November and May (having commenced May 1, 2022).

As of June 30, 2022, principal payments, premium amortization, and issuance cost amortization on the above obligations for the future years ending June 30 are as follows:

	<u>Principal</u>	<u>Premium Amortization</u>	<u>Issuance Cost Amortization</u>	<u>Net Payment</u>
2023	\$ 3,135,000	\$ 1,638,704	\$ (115,102)	\$ 4,658,602
2024	3,290,000	1,585,190	(108,268)	4,766,922
2025	3,455,000	1,558,100	(105,398)	4,907,702
2026	4,380,000	1,509,086	(100,025)	5,789,061
2027	4,590,000	1,447,718	(93,975)	5,943,743
Thereafter	<u>160,960,000</u>	<u>19,604,963</u>	<u>(1,098,922)</u>	<u>179,466,041</u>
	<b><u>\$179,810,000</u></b>	<b><u>\$ 27,343,761</u></b>	<b><u>\$ (1,621,690)</u></b>	<b><u>\$205,532,071</u></b>

**NOTE 8 – ENDOWMENT**

The Foundation established an endowment to ensure the long-term survival of its mission and to provide a stable source of annual funding for its programs and activities over the long term. The Foundation's endowment consists of approximately ten individual funds established for a variety of purposes.

The Board of Trustees of the Foundation has interpreted the California enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as not requiring the preservation of the fair value of the original gift as of the gift date, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the original value of gifts donated to the permanent endowment as perpetually restricted. The remaining portion of the donor-restricted endowment fund that is not classified as perpetually restricted net assets is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by the UPMIFA.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8 – ENDOWMENT (Continued)**

The Foundation has an Investment Committee that oversees the investment of the endowment funds and has an investment policy. The target spend rate for the endowment is 5% of corpus, funded from returns on investment of the endowment funds. This return is defined as all dividends and interest, as well as both realized and unrealized gains and losses. With the exception of gift instruments that require individual management, either by nature of the instrument or as specified by law, all endowment gifts are pooled for the purpose of investment. Pooled investments and the allocation of pooled investment income are accounted for on a unit market method.

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

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Based on the Foundation’s objectives for spending, the Investment Committee has deemed that the following asset allocation is appropriate. The allocation is determined based on the market value of the assets:

Equity securities	40 to 70%
Fixed-income securities	30 to 50%
Highly liquid investments	0 to 15%

As of June 30, 2022 and 2021, endowment assets consist of the following:

	<u>2022</u>	<u>2021</u>
Endowment corpus	\$ 19,733,617	\$ 5,733,617
Unappropriated endowment earnings	<u>2,983,407</u>	<u>6,186,854</u>
	<b><u>\$ 22,717,024</u></b>	<b><u>\$ 11,920,471</u></b>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). At June 30, 2022, one fund with an original gift value of \$14,000,000, fair value of \$13,098,025, and deficiency of \$901,975 was reported in net assets with donor restrictions.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8 – ENDOWMENT (Continued)**

For the years ended June 30, 2022 and 2021, changes in endowment net assets are as follows:

	2022	2021
Endowment net assets, beginning of year	\$ 11,920,471	\$ 9,524,421
Contributions	14,000,000	-
Net investment return (loss)	(2,916,765)	2,649,357
Appropriation of endowment assets pursuant to spending-rate policy	(286,682)	(253,307)
Endowment net assets, end of year	<b><u>\$ 22,717,024</u></b>	<b><u>\$ 11,920,471</u></b>

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2022, and 2021, donor-restricted net assets were available for the following purposes or periods:

	2022	2021
<i>Subject to expenditure for specified purpose:</i>		
Phase II projects	\$ 11,000	\$ 11,000
Phase III projects	77,417,484	9,971,478
Restricted for exhibits and education	5,638,707	6,214,733
	83,067,191	16,197,211
<i>Subject to the passage of time:</i>		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	7,295,483	6,034,686
<i>Subject to the Foundation's spending policy and appropriation:</i>		
Unappropriated endowment earnings	3,885,382	6,186,854
<i>Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation</i>		
Endowment funds restricted in perpetuity	19,733,617	5,733,617
Underwater endowment	(901,975)	-
Planned gifts receivable	266,286	248,801
	19,097,928	5,982,418
	<b><u>\$113,345,984</u></b>	<b><u>\$ 34,401,169</u></b>

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Donor-restricted net assets include contributions restricted to Phase II projects under the Science Center Master Plan, including the construction of the Ecosystems gallery and exhibits, and Phase III projects, creating the Samuel Oschin Air & Space Center and related exhibits.

For the years ended June 30, 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors are as follows:

	2022	2021
<i>Satisfaction of purpose restrictions:</i>		
Phase II projects	\$ -	\$ 10,000
Phase III projects	15,845,216	807,797
Restricted for exhibits and education	2,348,436	3,061,368
Other	4,687	-
	18,198,339	3,879,165
<i>Satisfaction of time restrictions</i>	1,307,668	1,258,733
<i>Endowment earnings appropriated</i>	286,682	253,307
	<b><u>\$ 19,792,689</u></b>	<b><u>\$ 5,391,205</u></b>

**NOTE 10 – DEFINED-CONTRIBUTION PLANS**

The Foundation offers two defined-contribution plans to its employees. Under the 403(b) plan, an employee can elect to make voluntary contributions on a pretax basis (up to annual IRS limits) to the plan through a payroll deduction. Based on the employee's contributions to the 403(b) plan, the Foundation makes a matching contribution to the 401(a) plan, up to 4% of the employee's salary. The plans allow participants to invest in a variety of investments. For the years ended June 30, 2022 and 2021, matching contributions totaled \$206,402 and \$192,537, respectively.

**NOTE 11 – LEASES**

In August 2006, the State and the Foundation executed a lease agreement whereby the State leased the completed Phase II building for payments totaling \$45.9 million over 25 years with payments commencing upon beneficial use and occupancy of the Phase II building. At the end of the lease term, ownership of the building will revert to the State. The State accepted beneficial use and occupancy of the Phase II building on June 15, 2009. Lease payments are due monthly in arrears.

**CALIFORNIA SCIENCE CENTER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 11 – LEASES (Continued)**

Under sales-financing method lease accounting, the present value of the lease payments, \$27.6 million, was recognized as revenue during the year ended June 30, 2009, the year the lease payments commenced.

In October 2016, the State and the Foundation entered into an amended and restated lease purchase agreement (the “Amendment”) which reduced the total, gross lease payments over the remaining fifteen years to \$28.3 million. At the date the lease amendment payments commenced, the difference between the total gross lease payments of \$28.3 million, and the present value of the lease payments of \$21.4 million, was recorded as unearned interest income of \$6.9 million. The unearned interest income is being recognized over the life of the lease using the effective interest method.

As of June 30, 2022, the minimum lease payments, net of unearned interest income, for future years ending June 30 are as follows:

	Payment	Unearned Interest	Net Lease Receivable
2023	\$ 1,951,457	\$ (549,625)	\$ 1,401,832
2024	1,951,457	(496,117)	1,455,340
2025	1,951,457	(440,566)	1,510,891
2026	1,951,457	(382,895)	1,568,562
2027	1,951,457	(323,023)	1,628,434
Thereafter	7,480,614	(646,330)	6,834,284
	<b><u>\$ 17,237,899</u></b>	<b><u>\$ (2,838,556)</u></b>	<b><u>\$ 14,399,343</u></b>

The State approved legislation in 2015 which includes significant funding for the Phase III project with a contribution totaling \$72.9 million to the Foundation to support the construction of the Samuel Oschin Air and Space Center in the form of annual lease payments of \$2.43 million over 30 years. The State and the Foundation have executed an agreement regarding the Phase III project lease to commence upon beneficial use and occupancy of the Phase III facility.

**NOTE 12 – SUBSEQUENT EVENTS**

The Foundation has evaluated all subsequent events through November 2, 2022 the date on which the financial statements were issued.