

The Great Lakes Museum of Science, Environment and Technology

**Financial Statements
September 30, 2024**

Independent Auditor's Report

To the Board of Directors of
The Great Lakes Museum of Science, Environment and Technology

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Great Lakes Museum of Science, Environment and Technology (a nonprofit corporation, the "Science Center"), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Science Center as of September 30, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 the 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.

To the Board of Directors of
The Great Lakes Museum of Science, Environment and Technology

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 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 generally accepted auditing standards 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 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 the 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.

Report on Summarized Comparative Information

We have previously audited the Science Center's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements, in our report dated November 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Board of Directors of
The Great Lakes Museum of Science, Environment and Technology

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024, on our consideration of the Science Center'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 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 Science Center'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 Science Center's internal control over financial reporting and compliance.

Ciuni + Panichi, Inc.

Cleveland, Ohio
November 27, 2024

The Great Lakes Museum of Science, Environment and Technology

Statement of Financial Position

September 30, 2024 (with comparative totals for 2023)

		<u>Assets</u>	
		<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$	1,090,888	\$ 1,461,890
Accounts receivable		367,888	364,881
Grants receivable		68,259	38,045
Pledges receivable, net		353,005	912,099
Prepaid expenses and other assets		257,286	237,771
Endowment:			
Pledges receivable, net		1,098,310	-
Marketable securities		6,348,393	5,081,331
Assets restricted for purchase of property and equipment:			
Cash		929,488	1,731,649
Pledges receivable, net		812,447	285,000
Property and equipment, net		<u>23,740,735</u>	<u>24,535,461</u>
Total assets	\$	<u><u>35,066,699</u></u>	\$ <u><u>34,648,127</u></u>
 <u>Liabilities and Equity</u>			
Liabilities:			
Accounts payable	\$	356,763	\$ 539,777
Accrued expenses and other liabilities		40,650	64,742
Deferred membership revenue		356,788	396,935
Deferred revenue/refundable advances		350,081	370,954
Loans payable		28,947	150,181
Pension withdrawal liability		513,811	513,811
Total liabilities		<u>1,647,040</u>	<u>2,036,400</u>
Net assets:			
Without donor restrictions:			
Undesignated		22,520,857	23,408,694
Board-designated		339,795	297,518
Total net assets without donor restrictions		<u>22,860,652</u>	<u>23,706,212</u>
With donor restrictions		<u>10,559,007</u>	<u>8,905,515</u>
Total net assets		<u>33,419,659</u>	<u>32,611,727</u>
Total liabilities and net assets	\$	<u><u>35,066,699</u></u>	\$ <u><u>34,648,127</u></u>

The accompanying notes are an integral part of these financial statements

The Great Lakes Museum of Science, Environment and Technology

Statement of Activities

For the year ended September 30, 2024 (with comparative totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Operating revenues:				
Admissions	\$ 1,874,456	\$ -	\$ 1,874,456	\$ 2,056,454
Memberships	911,346	-	911,346	798,280
Educational programs	568,138	-	568,138	580,200
Facility rentals	390,534	-	390,534	427,907
Contract income	1,205,041	-	1,205,041	1,026,250
Other	42,124	-	42,124	11,674
Total operating revenues	<u>4,991,639</u>	<u>-</u>	<u>4,991,639</u>	<u>4,900,765</u>
Investment return designated for operations	264,674	-	264,674	283,691
Contribution revenues:				
Individual contributions	277,724	58,730	336,454	246,939
Corporate and foundation contributions	1,075,568	554,822	1,630,390	1,305,895
Contributed nonfinancial assets	67,356	-	67,356	-
Public funding	414,361	-	414,361	1,506,060
Fundraising events	596,339	-	596,339	230,725
Less: direct benefit to donor costs	(180,031)	-	(180,031)	(12,662)
Net assets released from program and time restrictions	<u>1,151,935</u>	<u>(1,151,935)</u>	<u>-</u>	<u>-</u>
Total contribution revenues	<u>3,403,252</u>	<u>(538,383)</u>	<u>2,864,869</u>	<u>3,276,957</u>
Total revenues	<u>8,659,565</u>	<u>(538,383)</u>	<u>8,121,182</u>	<u>8,461,413</u>
Operating expenses:				
Program	6,986,941	-	6,986,941	5,789,639
Management and general	850,978	-	850,978	641,069
Fundraising	906,405	-	906,405	942,072
Operating expenses before depreciation	<u>8,744,324</u>	<u>-</u>	<u>8,744,324</u>	<u>7,372,780</u>
Change in net assets from operating activities before depreciation and loss on write-off of property and equipment	(84,759)	(538,383)	(623,142)	1,088,633
Depreciation	(1,990,806)	-	(1,990,806)	(1,815,684)
Loss on write-off of property and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(468)</u>
Change in net assets from operating activities	<u>(2,075,565)</u>	<u>(538,383)</u>	<u>(2,613,948)</u>	<u>(727,519)</u>
Non-operating activities:				
Investment return, net	155,042	928,962	1,084,004	589,368
Investment return designated for operations	(15,497)	(249,177)	(264,674)	(283,691)
Contributions received for endowment	-	1,643,310	1,643,310	-
Contributions received for capital purchases	-	959,240	959,240	1,320,000
Net assets released from restriction for capital project	<u>1,090,460</u>	<u>(1,090,460)</u>	<u>-</u>	<u>-</u>
Change in net assets from non-operating activities	<u>1,230,005</u>	<u>2,191,875</u>	<u>3,421,880</u>	<u>1,625,677</u>
Change in net assets	(845,560)	1,653,492	807,932	898,158
Net assets – beginning of year	<u>23,706,212</u>	<u>8,905,515</u>	<u>32,611,727</u>	<u>31,713,569</u>
Net assets – end of year	<u>\$ 22,860,652</u>	<u>\$ 10,559,007</u>	<u>\$ 33,419,659</u>	<u>\$ 32,611,727</u>

The accompanying notes are an integral part of these financial statements

The Great Lakes Museum of Science, Environment and Technology

Statement of Functional Expenses

For the year ended September 30, 2024 (with comparative totals for 2023)

	Program Services	Management and General	Fundraising	2024 Total	2023 Total
Salaries and wages	\$ 2,536,592	\$ 282,285	\$ 414,981	\$ 3,233,858	\$ 2,883,820
Employee benefits	406,431	49,905	61,393	517,729	455,290
Payroll taxes	198,569	20,241	29,900	248,710	219,821
Professional fees	619,061	122,446	53,399	794,906	575,857
Advertising and promotion	419,644	86,376	13,047	519,067	382,871
Office expenses	16,595	3,921	1,570	22,086	31,614
Information technology	108,977	29,059	40,687	178,723	177,786
Theater and exhibits	109,312	31,570	-	140,882	361,192
Travel	134,477	1,065	2,930	138,472	37,137
Conferences	17,144	21,074	3,405	41,623	12,121
Interest	-	9,498	-	9,498	14,648
Insurance	210,461	18,708	4,677	233,846	155,124
Utilities	553,730	49,220	12,305	615,255	637,433
Repair and maintenance	412,471	4,910	-	417,381	443,830
Bank fees	109,770	15,635	4,963	130,368	133,231
Supplies (includes \$67,356 of contributed nonfinancial assets)	1,133,707	105,065	263,148	1,501,920	851,005
Total before depreciation	6,986,941	850,978	906,405	8,744,324	7,372,780
Depreciation	1,791,726	159,264	39,816	1,990,806	1,815,684
 Total expenses	 \$ <u>8,778,667</u>	 \$ <u>1,010,242</u>	 \$ <u>946,221</u>	 \$ <u>10,735,130</u>	 \$ <u>9,188,464</u>
 Comparative totals for the year ended September 30, 2023	 \$ <u>7,423,757</u>	 \$ <u>786,323</u>	 \$ <u>978,384</u>		 \$ <u>9,188,464</u>

The accompanying notes are an integral part of these financial statements

The Great Lakes Museum of Science, Environment and Technology

Statement of Cash Flows

For the year ended September 30, 2024 (with comparative totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 807,932	\$ 898,158
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	1,990,806	1,815,684
Net realized and unrealized gain on investments	(832,431)	(351,787)
Contributions restricted for long-term purposes	(2,665,000)	(1,320,000)
Write-off of uncollectible pledges receivable	-	9,450
Change in discount on pledges receivable, net	72,216	-
Loss on write-off of property and equipment	-	468
Changes in operating assets and liabilities:		
Accounts receivable	(3,007)	52,551
Grants receivable	(30,214)	(15,455)
Pledges receivable	721,121	(476,082)
Prepaid expenses and other assets	(19,515)	(1,139)
Accounts payable	(137,248)	(118,156)
Accrued expenses and other liabilities	(24,092)	5,759
Deferred membership revenue	(40,147)	89,916
Deferred revenue/refundable advances	(20,873)	(8,816)
Net cash (used) provided by operating activities	<u>(180,452)</u>	<u>580,551</u>
Cash flows from investing activities:		
Purchases of marketable securities	(4,236,553)	(2,190,830)
Sales of marketable securities	3,801,922	2,332,100
Purchases of property and equipment	(1,241,846)	(1,714,489)
Net cash used by investing activities	<u>(1,676,477)</u>	<u>(1,573,219)</u>
Cash flows from financing activities:		
Collections of contributions restricted for long-term purposes	805,000	1,070,000
Principal payments on loans payable	(121,234)	(170,518)
Net cash provided by financing activities	<u>683,766</u>	<u>899,482</u>
Net decrease in cash and cash equivalents	(1,173,163)	(93,186)
Cash and cash equivalents, beginning of year	<u>3,193,539</u>	<u>3,286,725</u>
Cash and cash equivalents, end of year	<u>\$ 2,020,376</u>	<u>\$ 3,193,539</u>

The accompanying notes are an integral part of these financial statements

The Great Lakes Museum of Science, Environment and Technology

Statement of Cash Flows (continued)

For the year ended September 30, 2024 (with comparative totals for 2023)

	<u>2024</u>	<u>2023</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest during the year	\$ 9,498	\$ 14,648
Non-cash investing and financing activities:		
Property and equipment purchases financed through accounts payable	\$ -	\$ 45,766
Reconciliation to cash and cash equivalents on Statement of Financial Position		
Cash and cash equivalents	\$ 1,090,888	\$ 1,461,890
Cash and cash equivalents restricted for purchase of property and equipment	929,488	1,731,649
	<u>\$ 2,020,376</u>	<u>\$ 3,193,539</u>

The accompanying notes are an integral part of these financial statements

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 1: Summary of Significant Accounting Policies

Nature of Activities

The Great Lakes Museum of Science, Environment and Technology (the “Science Center”), was formed on July 22, 1988. The Science Center was organized exclusively for charitable, educational, and scientific purposes. The primary purpose of the Science Center is to be a science, environment, and technology center, with a particular emphasis on the Great Lakes region and a commitment to informational science education for families and visitors to the region. The Science Center opened in July 1996.

Basis of Presentation

The Science Center follows authoritative guidance issued by the Financial Accounting Standards Board (FASB) which established the FASB Accounting Standards Codification (ASC) as the single source of authoritative accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Science Center and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations, and are therefore available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes.

Net Assets Without Donor Restrictions (Undesignated) – Consists of net assets that are not subject to donor-imposed restrictions nor have been designated for a specific purpose by the Science Center’s Board. The purpose of these net assets is to provide support for the daily operations and the mission of the Science Center.

Net Assets Without Donor Restrictions (Board-designated) – Consists of net assets that can be used only for the specific purposes determined by a formal action of the Science Center’s Board, which is the Science Center’s highest level of decision-making authority. Commitments may be changed or lifted only by the Science Center’s Board taking the same formal action that imposed the constraint originally. The Board-designated net assets are designated for an endowment to ensure the continuous operation of the Science Center.

Net Assets With Donor Restrictions – Net assets whose use has been limited by donor-imposed time and/or purpose restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Some net assets with donor restrictions include a donor stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Science Center to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy (Note 8).

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Non-operating activities reflect transactions of a long-term investment nature and certain non-operating gains/losses. These include contributions to be invested by the Science Center to generate a return that will support future operations, contributions to be used for facilities and equipment, contributions for capital and related expenses, investment earnings (including interest and dividends and realized and unrealized investment gains or losses, net of investment fees), and gains/losses related to pension withdrawal liability.

Adopted Accounting Pronouncement

In June 2016, the FASB issued an amendment on the measurement of credit losses on the financial assets held by a reporting entity at each reporting date (Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses*). The guidance requires the use of a new current expected credit loss (CECL) model in estimating allowance for credit losses with respect to accounts receivable. The CECL model requires that the Science Center estimate its lifetime expected credit loss with respect to these receivables and record allowances that, when deducted from the balance of the receivables, represent the estimated amounts expected to be collected. On October 1, 2023, the Science Center adopted this standard. There was no material impact resulting from the adoption of this standard.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Functional Allocation of Expenses

The costs of providing the Science Center's various programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated to the appropriate programs and supporting services. Indirect expenses are allocated primarily based on square footage of the Science Center and employee salary allocations based upon estimates of employee service efforts per functional area.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 1: Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Science Center considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents, excluding those funds held in brokerage accounts that have been restricted/designated for long-term purposes.

Accounts Receivable and Credit Policies

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Accounts receivable are stated at the amount billed to the customer. Customer account balances with invoices dated over 90 days old are considered delinquent.

The carrying amount of receivables is reduced by an allowance for credit losses that reflects management's best estimate of the amounts that will not be collected. The allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtors, and predictions about future market conditions. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. At September 30, 2024, management estimated that no allowance for credit losses was required.

Pledges and Grants Receivable

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions.

Unconditional contributions are recognized as revenue in the period the promise is received. Conditional contributions are recognized when conditions upon which the contributions depend are substantially satisfied. Pledges are stated at their estimated fair value. Pledges that are to be received over a period of time greater than one year are discounted to their estimated fair value assuming their respective payment terms and appropriate discount rates as of the dates the pledges are received. The discount is amortized into contribution revenue over the term of the respective pledge agreement.

The Science Center uses the allowance method to record their estimate of uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises outstanding.

Revenue Recognition

Earned revenue sources primarily include membership revenue, admissions revenue, educational program revenue, facility rentals, fundraising revenue, and contract income (café, store, and garage).

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 1: Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

As a practical expedient, the Science Center may apply revenue recognition guidance to a portfolio of contracts with similar characteristics if the Science Center reasonably expects the effects on the financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts (or performance obligations) within that portfolio. The Science Center is taking the practical expedient approach for admissions revenue, membership revenue, educational program revenue, and fundraising revenue.

Admissions revenue is recognized at a point in time.

Membership revenue is recognized over time, over the membership period (output method). Membership normally spans one year from the date of purchase. Payment is obtained when a member registers. The membership contract contains multiple performance obligations, however, management has determined that recognizing revenue evenly over the membership period is materially equivalent to segregating each performance obligation and recognizing revenue as each is met.

Educational program revenue includes camps and classes, as well as revenue from an agreement with a third-party organization. The majority of the camp sessions are week-long sessions between June and August. Camp sessions are required to be paid in full before camp begins. Revenue is recognized over time, as the camp session occurs. Revenue from the third-party organization includes assistance with curriculum development. The Science Center bills this organization on a monthly basis, for hours worked each month. Revenue is recognized over each month, when the work is performed. There are multiple performance obligations in the contract. However, the performance obligations began and ended in the same fiscal year.

Fundraising revenue includes sponsorships and ticket sales. Payment is obtained when a participant registers for an event. These revenues are a hybrid of contribution and exchange transaction. The contracts with sponsors include performance obligations related to name recognition and event entry, while ticket sales have one performance obligation, event entry. The exchange portion of the transaction is the fair value of benefits received by sponsor/ticket purchaser. The revenue allocated to the name recognition performance obligation qualifies for recognition over time, however, management has determined that the effect of recognizing such revenue at a point in time along with the revenue allocated to event entry results in no difference to revenue recognized, as all performance obligations began and ended within the same fiscal year.

Contract income includes certain arrangements whereby the Science Center has contracted with third parties to operate the café, store, and garage. These contracts include variable consideration in the form of a percentage of gross receipts (Note 10). The revenue is recognized at a point in time, when the inherent uncertainty around the amount of variable consideration is resolved.

The Science Center had \$1,479,484 of revenue recognized over time for the year ended September 30, 2024, which consisted of membership revenue and educational programs revenue. The Science Center had \$3,301,652 of revenue recognized at a point in time at September 30, 2024, which included contract income, admissions revenue, and fundraising events.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 1: Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Receivables were \$133,348 and \$78,192 at September 30, 2024 and 2023, respectively. Contract liabilities were \$706,869 and \$767,889 at September 30, 2024 and 2023, respectively.

Marketable Securities

Investments in marketable securities are reported at their fair values in the statement of financial position.

Property and Equipment

Property and equipment are stated at cost and are depreciated utilizing the straight-line method. The Science Center capitalizes purchases that exceed \$5,000. The estimated useful lives of assets are as follows:

Building	50 years
Parking garage	30 years
Mather Connector	20 years
Exhibits	5 to 10 years
Furniture and equipment	5 to 10 years

Deferred Membership Revenue

Deferred membership revenue consists of unearned membership revenues. Membership revenue is recognized evenly over the term of the memberships. Any unearned amounts are presented as deferred membership revenue on the accompanying statement of financial position.

Deferred Revenue/Refundable Advances

Deferred revenue primarily consists of unearned revenue from the vendor that operates the Science Center's cafeteria. As part of an operating agreement between the vendor and the Science Center, the vendor made capital upgrades to the Science Center's cafeteria. The Science Center is recognizing that revenue over the 10-year term of the operating agreement. Deferred revenue also includes rental deposits for future events, payments received for future education programs, and unused gift cards purchased by customers. Amounts received in advance on conditional contributions are reported as refundable advances.

Contributed Nonfinancial Assets

Contributed goods and services are reflected within the financial statements at their estimated fair value at date of receipt, if they meet the criteria defined in accordance with the FASB ASC topic, "*Not-For-Profit Entities*." Contributions of services are recognized if (a) the services received create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by the donation.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 1: Summary of Significant Accounting Policies (continued)

Advertising and Promotion

Advertising and promotion initiatives are designed to generate attendance and secure optimum exposure for the Science Center's exhibits, programs, community relationships and special events. Advertising and promotion costs are expensed when incurred.

Concentrations of Risk

Financial instruments that potentially subject the Science Center to concentrations of credit risk consist primarily of cash, investment securities, and pledges receivable.

At various times during the year, the Science Center's cash and cash equivalents in bank balances may exceed federally insured limits.

The Science Center has significant investments in equity and debt securities and is therefore subject to concentrations of credit risk. Investments are managed by investment advisors who operate under an investment policy approved by the Investment Committee. Though the market value of investments is subject to fluctuations, the Investment Committee believes that the investment policy is prudent for the long-term welfare of the Science Center.

Credit risk with respect to pledges receivable is limited due to the number and credit worthiness of the foundations, corporations, governmental agencies, and individuals who comprise the contributor base.

As of September 30, 2024, 39% of the Science Center's pledges receivable was due from one source.

Projectionists for the DOME Theater are covered under union contracts. The union contracts' original terms were from October 1, 2003 until September 30, 2006, and automatically renew themselves from year-to-year thereafter unless either party serves notice of its desire to terminate the agreement at least 60 days prior to October 1 of a given year. During fiscal year 2019, the projectionists' union contract and the theatrical employees' union contract were both extended through September 30, 2024. Subsequent to year-end, the projectionists' union contract and the theatrical employees' union contract were both extended through September 30, 2029.

Income Tax Status

The Science Center is tax-exempt, under Section 501c(3) of the Internal Revenue Code of 1986. No provision for federal income taxes has been reported in its financial statements. The Science Center has not been classified as an organization that is a "private foundation" within the meaning of Section 509(a) of the IRC.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 1: Summary of Significant Accounting Policies (continued)

Income Tax Status (continued)

In accordance with the “Income Taxes” topic of the FASB ASC, uncertain income tax positions are evaluated at least annually by management. Any penalties and interest would be shown as income tax expense on the statement of functional expenses. As of September 30, 2024, the Science Center has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the year then ended.

The Science Center files its Federal Form 990 in the U.S. federal jurisdiction and a state registration at the office of the state’s Attorney General for the State of Ohio.

Subsequent Events

In preparing these financial statements, the Science Center has evaluated events and transactions for potential recognition or disclosure through November 27, 2024, the date the financial statements were available to be issued.

Note 2: Fair Value Measurements

The FASB framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Science Center has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 2: Fair Value Measurements (continued)

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

The Science Center's Level 3 investments are valued based upon information obtained from the community foundation that manages the investments. The investments held at the community foundation are classified as Level 3 due to the significance of Level 2 and Level 3 underlying securities within these pooled investments (e.g., fixed-income, private equity, hedged equity).

Financial assets consisted of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 299,111	\$ -	\$ -	\$ 299,111
Equities	773,705	-	-	773,705
Mutual funds:				
Fixed-income	1,694,233	-	-	1,694,233
Large-cap equity	1,921,440	-	-	1,921,440
Mid-cap equity	501,881	-	-	501,881
Small-cap equity	30,506	-	-	30,506
International equity	121,132	-	-	121,132
Emerging markets	76,463	-	-	76,463
Alternatives	891,885	-	-	891,885
Held at community foundation	<u>-</u>	<u>-</u>	<u>15,357</u>	<u>15,357</u>
	<u>\$ 6,310,356</u>	<u>\$ -</u>	<u>\$ 15,357</u>	<u>\$ 6,325,713</u>

As of September 30, 2024, marketable securities as presented on the accompanying statement of financial position also included \$22,680 of accrued interest.

Note 3: Pledges Receivable

Pledges receivable were discounted to their present value assuming a discount rate ranging from 3.42% to 4.69%. The pledges receivable, net as of September 30, 2024 are scheduled to be collected as follows:

Payable within one year	\$ 1,323,892
Payable within one to five years	<u>1,097,086</u>
	2,420,978
Less: discount	(72,216)
Less: allowance for doubtful accounts	<u>(85,000)</u>
Pledges receivable, net	<u>\$ 2,263,762</u>

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 3: Pledges Receivable (continued)

The Science Center had unconditional promises to give receivable of \$1,745,277 due from related parties at September 30, 2024. Contribution revenue from related parties for the year ended September 30, 2024 was \$3,025,655.

During fiscal 2021, the Science Center determined that it had qualified for the Employee Retention Credit (“ERC”). The Science Center considered funding under this federal program to be a conditional promise to give. The revenue was recognized during the year ended September 30, 2021, when management deemed the conditions were met. In fiscal 2023, the Science Center’s application was submitted for \$234,540. The ERC receivable of \$234,540 is included in accounts receivable in the statement of financial position at September 30, 2024.

During fiscal 2024, the Science Center received a conditional challenge match promise to give of \$200,000 by a board member to support the endowment. The payment is conditioned upon a \$200,000 match from a board member(s). At September 30, 2024, \$200,000 was outstanding as a conditional promise. The Science Center will recognize revenue as the conditions are met.

During fiscal 2024, the Science Center received a conditional promise to give of \$500,000 from the State of Ohio for a capital project. The payment is conditioned upon acceptance of the project by the Ohio Facilities Construction Commission, incurring costs, and a match of \$.50 of local funding for every \$1 of state funding. At September 30, 2024, \$500,000 was outstanding as a conditional promise. The Science Center will recognize revenue as the conditions are met.

Note 4: Property and Equipment

The following is a summary of property and equipment at September 30, 2024:

Buildings	\$ 50,326,439
Exhibits	18,912,364
Furniture and equipment	<u>6,736,977</u>
	75,975,780
Less: accumulated depreciation	<u>(53,449,286)</u>
	22,526,494
Construction in progress	<u>1,214,241</u>
Property and equipment, net	\$ <u>23,740,735</u>

As of September 30, 2024, construction in progress primarily relates to the Great Lakes exhibit planning and design. The Science Center will reclassify assets from construction in progress and begin to depreciate them upon final completion of each individual project.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 5: Loans Payable

On May 1, 1997, the Science Center entered into a loan agreement with the State of Ohio, which provided for borrowings up to \$7,825,000 for the purpose of the construction of a parking garage adjacent to the Science Center. Principal payments under the original agreement were due as follows: \$4,000,000 on or before May 10, 1999 and beginning June 10, 1999, equal payments to fully amortize the remaining principal balance over 19 years. During 2013, the loan was amended to extend the maturity date to May 2023. Interest on the outstanding borrowings is payable at 3% per annum. The parking garage, the net revenues of the parking garage, and certain leases into which the Science Center has entered collateralized the borrowing under this agreement. The Science Center is subject to certain operational covenants under the terms of the agreement. In September 2020, the State of Ohio agreed to defer the loan payments for one year, from October 2020 through September 2021. The maturity date of the loan was extended to May 2024. The loan was fully paid off in fiscal year 2024. The balance at September 30, 2024 was \$-0-.

The Science Center entered into a service agreement with ABM Industry Groups, LLC (“ABM”) through December 31, 2021. Under this agreement, ABM manages and operates the parking garage. As part of this agreement, ABM purchased and installed capital improvements to the garage costing \$216,510. ABM agreed that \$100,000 of the equipment cost would be a donation to the Science Center, with the remaining \$116,510 to be repaid by the Science Center to ABM. The repayments are to be made in 60 monthly installments beginning on April 1, 2017. Interest on the outstanding borrowings is payable at 4.25% per annum. On October 1, 2020, the Science Center entered into an amended agreement with ABM that refinanced the remaining amount due and deferred the loan payments for one year, from October 2020 through September 2021. As part of this amendment, ABM made capital improvements to the garage costing \$17,045 and provided \$6,000 to be used for mechanical repairs, which was added to the outstanding loan balance. The repayments are to be made in 60 monthly installments beginning on October 1, 2021. Interest on the outstanding borrowings is payable at 4.25% per annum. The amendment extends the agreement through October 2026. The balance at September 30, 2024 was \$28,947.

Required principal payments based on the outstanding loan agreements for the years ending September 30 are as follows:

2025	\$ 14,167
2026	<u>14,780</u>
	\$ <u>28,947</u>

Note 6: Line of Credit

In March 2020, the Science Center entered into a revolving line of credit agreement with a commercial bank. During 2024, the line of credit was amended to extend the maturity date to February 28, 2025. The Science Center can draw from this line as needed, in an amount not to exceed \$750,000. The agreement is secured by certain investment securities. Interest on the outstanding borrowings is payable monthly, at a variable rate (4.87% at September 30, 2024). The Science Center had \$-0- outstanding on this line of credit as of September 30, 2024.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 7: Leases

Lessor

During 2021, the Science Center entered into a lease agreement with the Cleveland Browns. The lease term extends through July 31, 2026. Under the terms of the agreement, the Science Center has permitted the Cleveland Browns to use the parking garage for each Cleveland Browns home game.

During 2009, the Science Center entered into a lease and shared use agreement with the Board of Education of the Cleveland Municipal School District (the "District"). During the year ended September 30, 2024, the lease term was extended through June 30, 2025. Under the terms of the agreement, the Science Center has permitted the District to operate a ninth grade Science, Technology, Engineering, and Mathematics (STEM) academy at the Science Center. The District is required to pay a \$16,000 monthly fee and to reimburse the Science Center for other operating expenses as defined in the agreement.

The components of lease income, which are included in contract income on the statement of activities, are as follows for the year ended September 30, 2024:

Lease income from the Cleveland Browns	\$ 331,000
Lease income from the District	<u>192,000</u>
	\$ <u>523,000</u>

Scheduled minimum future payments on operating leases with original terms of one year or longer are as follows (number of home games is variable):

2024 NFL season (August 2024 – February 2025)	\$ 26,000 per home game
2025 NFL season (August 2025 – February 2026)	\$ 27,000 per home game

Note 8: Net Asset Classification of Endowment Funds

The Science Center's endowments funds consist of collectively invested Board-designated funds and donor-restricted funds established to fund Board directed needs and programs. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 8: Net Asset Classification of Endowment Funds (continued)

The Board of Directors of the Science Center has interpreted the State of Ohio's enacted version of the Uniform Prudent Management of Institutional Fund Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Science Center classifies within net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) 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. In accordance with UPMIFA, the Science Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

During the year ended September 30, 2016, the Science Center successfully petitioned an endowment donor to release \$2 million from the perpetual endowment fund and transfer it to net assets without donor restrictions (Board-designated). The Science Center is conducting a campaign that includes a \$4 million goal of securing endowment funds.

Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2024:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 297,518	\$ 4,783,813	\$ 5,081,331
Contributions	-	545,000	545,000
Investment return, net:			
Interest and dividends	10,809	173,799	184,608
Investment management fees	(1,777)	(28,552)	(30,329)
Net realized and unrealized gain	<u>48,742</u>	<u>783,715</u>	<u>832,457</u>
Total investment return, net	57,774	928,962	986,736
Appropriation of endowment assets for expenditure	<u>(15,497)</u>	<u>(249,177)</u>	<u>(264,674)</u>
Endowment net assets, end of year	\$ <u>339,795</u>	\$ <u>6,008,598</u>	\$ <u>6,348,393</u>

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 8: Net Asset Classification of Endowment Funds (continued)

The Science Center also received endowment pledges, net of \$1,098,310 that are included in pledges receivable, net as of September 30, 2024.

Return Objectives and Risk Parameters

The Science Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Science Center must hold in perpetuity, as well as Board-designated funds.

In general, it is desired that the Science Center portfolio earn at least competitive nominal returns in comparison with their respective benchmarks.

Strategies Employed for Achieving Objectives

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

Spending Policy

In accordance with the objective of the Science Center's endowment policy, the principal portion of the donor-restricted endowment fund shall not be used by, or for the benefit of, the Science Center, except to the extent that the annual withdrawal rate, which is calculated based on 5% of the three-year rolling average market value of the endowment fund, established by the Board may have the effect of withdrawing some principal as part of the total return of the endowment investments for a given period of time. In establishing this policy, the Science Center considered the long-term expected return on its endowment. This policy is consistent with the Science Center's objective to maintain the purchasing power of the endowment assets held in perpetuity, or for an otherwise specified term, as well as to provide additional real growth through new gifts and investment returns. While the annual spending policy from the Board-designated endowment funds generally follows the same spending rule as the donor-restricted endowment funds, the Science Center's Board may appropriate greater amounts for expenditure from the Board-designated endowment funds.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 9: Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised for the following at September 30, 2024:

Subject to expenditure for specified purpose or period:	
Capital campaign	\$ 270,881
Education programs	415,051
Endowment earnings not yet appropriated for expenditure – time restrictions	952,469
Exhibits	1,471,054
Mather exhibit planning	938,278
Maintenance funds – Cleveland Creates	250,000
Operational (time restrictions)	105,755
Other	<u>1,080</u>
	4,404,568
To be held in perpetuity:	
Donor-restricted endowment	<u>6,154,439</u>
Total net assets with donor restrictions:	\$ <u>10,559,007</u>

Net assets with donor restrictions were released from restriction for the following purposes during the year ended September 30, 2024:

Cleveland Creates	\$ 26,000
Endowment earnings appropriated for expenditure	249,177
Education programs	558,435
Exhibits	1,090,460
Eclipse Event – future operations	65,000
Sponsorship	500,000
Operational (time restrictions)	<u>2,500</u>
	\$ <u>2,491,572</u>

Note 10: Agreements, Commitments, and Contingencies

In 1996, the Science Center entered into a Common Area Maintenance Agreement (the “Agreement”) for the North Coast Harbor area with Cleveland-Cuyahoga Port Authority, the City of Cleveland, and the Rock and Roll Hall of Fame and Museum. In October 2002, an amendment to the Agreement was executed which, among other things, added the Cleveland Browns Stadium Company LLC as a participant. This Agreement terminates upon the occurrence of certain events as described in the Agreement. Under this Agreement, the parties involved will provide for the ongoing operation, maintenance, insurance, security, and improvements of the North Coast Harbor area. Costs incurred under this Agreement totaled \$44,079 during the year ended September 30, 2024.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 10: Agreements, Commitments, and Contingencies (continued)

In fiscal 2024, the Science Center entered into a Property Maintenance and Operating Agreement (the “Operating Agreement”) with the Rock and Roll Hall of Fame and Museum (“RRHOF”). This Operating Agreement terminates upon the occurrence of certain events as described in the Agreement. Under this Operating Agreement, the Science Center agrees to provide RRHOF with access to and use of a portion of the Science Center’s property for RRHOF to construct and maintain a new community green space, at no cost to the Science Center.

The Science Center has entered into a service agreement with ABM through September 30, 2026. Under this agreement, ABM manages and operates the parking garage for a management fee equal to 3% of gross revenues, plus reimbursement of operating expenses. The management fee was \$15,332 during the year ended September 30, 2024.

In September 2017, the Science Center entered into an agreement with Levy Premium Foodservice (“Levy”). Under this agreement, Levy manages the food service operations for the Science Center through September 30, 2027. Levy pays a commission to the Science Center equal to 17.5% of gross receipts up to \$750,000 and 22.5% of gross receipts in excess of \$750,000. Additionally, as part of this agreement, Levy will invest up to \$500,000 in upgrades to the Science Center’s cafeteria. This investment is earned by the Science Center equally over the 10-year life of the agreement. If the agreement is terminated early, the Science Center will owe Levy the remaining balance of the investment. The Science Center has recognized \$164,572 of fees and amortization of additions during the year ended September 30, 2024, which has been included in contract income on the accompanying statement of activities.

In April 2005, the Science Center entered into an amended license agreement to provide retail space to Event Network through May 18, 2017. The agreement contained an automatic five-year renewal, which was exercised during 2017. During fiscal 2022, the Science Center signed an amendment extending the agreement through May 18, 2025. In accordance with the terms of the agreement, Event Network manages the retail store and pays a percentage rent to the Science Center equal to 20% of gross receipts up to \$600,000, 24% of gross receipts between \$600,000 and \$1,000,000, and 26% of gross receipts in excess of \$1,000,000. Additionally, the Science Center is guaranteed a minimum payment of \$100,000, contingent upon the maintenance of certain attendance levels. The Science Center has recognized \$124,821 during the year ended September 30, 2024, which has been included in contract income on the accompanying statement of activities.

The Science Center has entered into a 10-year partnership, through fiscal year 2029, with the National Aeronautics and Space Administration (NASA) Glenn Research Center to transfer the designation of the official NASA Visitor Center to the Science Center. Students under the age of 18 may receive free admission four times a year. All Title I schools are allowed free admission throughout the year.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 10: Agreements, Commitments, and Contingencies (continued)

The Science Center has an operating agreement with the City of Cleveland for the land on which the Science Center is located. The agreement term is for a period of 50 years commencing January 1, 1995, with the option to renew for an additional 49 years. Annual rent under this lease is one dollar. Additionally, in 1994, the Science Center entered into an operating agreement with the State of Ohio for the submerged land upon which the Science Center is located. The agreement term is for a period of 50 years with the option to renew for an additional 49 years upon expiration of the original term.

Monies received under various government grants and reimbursement contracts are subject to subsequent review and possible adjustment by the grantors or payers.

During the normal course of operations, the Science Center is subject to occasional legal proceedings and claims. Management does not believe there to be exposure to any material legal contingencies or claims as of September 30, 2024.

Note 11: Multi-Employer Pension Plan

The Science Center contributed to a multi-employer defined benefit pension plan (the "Plan") under the terms of a collective bargaining agreement that covered its projectionist union-represented employees. Contributions to the Plan were based upon the collective bargaining agreement. Effective December 30, 2014, the Plan was terminated through a mass withdrawal of all contributing employers. As a result of this action, no additional employer contributions will be required in the future. However, the Science Center is subject to a pension withdrawal liability in the amount of \$513,811 as of September 30, 2024.

Although the pension withdrawal liability is a legal obligation, the Science Center is currently only required to pay monthly installments of approximately \$561 into perpetuity. This amount is comprised of entirely interest expense; therefore, no reduction will be made to the withdrawal liability principal. While the present value of scheduled payments could change in the future based on an actuarially calculated adjustment, changes to other employers' obligations, or settlements reached with the Plan, it is quite possible that the outstanding pension withdrawal liability (i.e., the principal) will never be paid.

Note 12: Defined Contribution Plan

The Science Center has a 403(b) Plan for all of its full-time employees. The provisions of the 403(b) Plan allow the Science Center to provide an employer match. The Science Center may elect to contribute a matching amount up to 2% of an employee's salary. Employees vest in the matching contributions immediately. The employer match for the year ended September 30, 2024 was \$26,582.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 13: Contributed Nonfinancial Assets

All significant contributed nonfinancial assets are recorded by the Science Center at their estimated fair value at the date of donation. The Science Center records the value of the material received or the services rendered as revenue. The value of any contributed nonfinancial assets whose benefit will last more than one period is capitalized and amortized over its useful life. For the year ended September 30, 2024, contributed nonfinancial assets recognized within the statement of activities include:

Furniture	\$	50,475
Supplies		15,000
Professional services		<u>1,881</u>
	\$	<u>67,356</u>

Furniture – The Science Center estimates the fair value based on current costs for similar goods.

Supplies – The contributed supplies include tape used for an exhibit. The Science Center estimates the fair value based on current costs for similar goods.

Professional services – The contributed professional services include donated trash collection services. The Science Center estimates the fair value based on current costs for similar services.

All contributed nonfinancial assets were utilized by the Science Center and were not monetized.

The Science Center deploys volunteers in the furtherance of its programs. During the year ended September 30, 2024, 9 volunteers (unaudited) provided 1,916 hours of service (unaudited) to the Science Center. Using a blended hourly rate of \$12 per hour, this resulted in approximately \$22,992 (unaudited) of donated time from the volunteers during the year ended September 30, 2024. These amounts were excluded from the accompanying statements of activities and functional expenses, as such services were not provided by those possessing specialized skills. Thus, they did not meet the criterion for recognition in the statements of activities and functional expenses as prescribed by accounting principles generally accepted in the United States of America.

The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 14: Liquidity and Availability of Resources

The Science Center maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Science Center is largely supported by fees generated from admissions and memberships, and partially supported by contributions. Some of its admissions revenues have seasonal variations, as do some of the contributions it receives; these variations are accommodated through careful management of the financial assets. Additionally, the Science Center takes into account donor restrictions that require resources to be used in a particular manner or in a future period, and therefore maintains sufficient resources to meet those responsibilities. The Science Center considers net assets with donor restrictions that are expected to be released from restriction within the next fiscal year to be available for general expenditure. These amounts totaled \$415,051 restricted for education programs at September 30, 2024. Additionally, net assets with donor restrictions that are included within construction in progress of \$938,278 have been excluded from restricted by donors – purpose or time below, as they do not represent financial assets.

In addition, the Science Center maintains Board-designated funds (net assets without donor restrictions), a portion of which are readily available to support the operations of the Science Center through the Board's endowment spending policy. The Science Center has the ability to access additional Board-designated funds by special authorization of the Board, if necessary.

As discussed in Note 6, the Science Center has a secured line of credit with a bank with maximum borrowings of \$750,000, of which \$-0- was outstanding at September 30, 2024. This line can be drawn upon by management as needed to supplement the cash flow of the Science Center. The line of credit expires on February 28, 2025.

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The Great Lakes Museum of Science, Environment and Technology

Notes to Financial Statements

September 30, 2024

Note 14: Liquidity and Availability of Resources (continued)

The Science Center's financial assets available within one year of September 30, 2024 for general expenditures are as follows:

Cash and cash equivalents	\$	502,936
Accounts receivable		367,888
Grants receivable		68,259
Pledges receivable, net		353,005
Endowment:		
Pledges receivable, net		1,098,310
Marketable securities		6,348,393
Assets restricted for purchase of property and equipment:		
Cash		1,517,440
Pledges receivable, net		<u>812,447</u>
Total financial assets		11,068,678

Less:

Amounts unavailable for general expenditures within one year, due to:

Restricted by donors – purpose or time		(3,051,239)
Restricted by donors – held in perpetuity		<u>(6,154,439)</u>
		(9,205,678)

Amounts unavailable to management without

Board's approval:

Board-designated endowment		(339,795)
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Amounts made available through Board-approved endowment spending policy

260,067

Total financial assets unavailable within one year

(9,285,406)

Total financial assets available to management for general expenditures within one year

\$ 1,783,272

**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of
The Great Lakes Museum of Science, Environment and Technology

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Great Lakes Museum of Science, Environment and Technology (a nonprofit corporation, the “Science Center”), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Science Center’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Science Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Science Center’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Directors of
The Great Lakes Museum of Science, Environment and Technology

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Science Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Science Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Science Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ciuni + Panichi, Inc.

Cleveland, Ohio
November 27, 2024