



SCIENCE MUSEUM OKLAHOMA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024 and 2023

WITH

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Science Museum Oklahoma, Inc.

Opinion

We have audited the accompanying financial statements of Science Museum Oklahoma, Inc. (the Museum) which comprise the statements of financial position as of June 30, 2024 and 2023, 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 Museum as of June 30, 2024 and 2023, and the results of its operations 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). 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 Museum and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A handwritten signature in black ink that reads "Hogan Taylor LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
October 30, 2024

SCIENCE MUSEUM OKLAHOMA, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	2024	2023
Assets		
Cash	\$ 10,155,358	\$ 9,678,083
Investments	8,953,412	10,285,793
Receivables:		
Pledges receivable, net	3,967,356	2,789,809
Land lease contributions	117,041	159,483
Other, net	102,752	125,210
Prepaid expenses and other	62,910	59,517
Inventory	138,658	109,649
Restricted cash	-	165,626
Property and equipment, net	19,765,973	16,455,299
Beneficial interest in assets held by OCCF	49,214,620	45,285,069
Collections	3,906,938	3,906,938
	<hr/>	<hr/>
Total assets	\$ 96,385,018	\$ 89,020,476
	<hr/>	<hr/>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 68,599	\$ 313,879
Accrued liabilities	513,855	494,878
Deferred revenues	968,001	1,040,126
Notes payable	1,313,234	1,522,036
	<hr/>	<hr/>
Total liabilities	2,863,689	3,370,919
Net assets:		
Without donor restrictions:		
Undesignated	13,243,400	13,247,719
Board designated	3,466,086	4,517,142
Invested in collections	3,906,938	3,906,938
Invested in property and equipment	19,765,973	16,455,299
	<hr/>	<hr/>
Total without donor restrictions	40,382,397	38,127,098
With donor restrictions	53,138,932	47,522,459
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Total net assets	93,521,329	85,649,557
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Total liabilities and net assets	\$ 96,385,018	\$ 89,020,476
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SCIENCE MUSEUM OKLAHOMA, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Admissions	\$ 4,389,712	\$ -	\$ 4,389,712
Contributions	2,335,426	1,692,030	4,027,456
Memberships	1,852,580	-	1,852,580
Education programs	544,846	-	544,846
Rentals	59,962	-	59,962
Museum shop sales, net of cost of sales of \$417,191	475,269	-	475,269
Café commissions	109,681	-	109,681
Other income	652,260	-	652,260
Net investment return	1,178,929	-	1,178,929
Net increase in value of beneficial interest in assets held by OCCF	-	6,212,161	6,212,161
Net assets released from restrictions	2,287,718	(2,287,718)	-
Total revenues, gains and other support	13,886,383	5,616,473	19,502,856
Expenses			
Programming:			
Exhibit services and collections	5,405,619	-	5,405,619
Science department	2,345,598	-	2,345,598
Planetarium	251,399	-	251,399
Facility rentals	9,001	-	9,001
Admissions	918,674	-	918,674
Museum shop and café	504,280	-	504,280
Total programming	9,434,571	-	9,434,571
Supporting services:			
Development	424,202	-	424,202
Facilities	793,542	-	793,542
Management and general	978,769	-	978,769
Total supporting services	2,196,513	-	2,196,513
Total expenses	11,631,084	-	11,631,084
Change in net assets	2,255,299	5,616,473	7,871,772
Net assets, beginning of year	38,127,098	47,522,459	85,649,557
Net assets, end of year	\$ 40,382,397	\$ 53,138,932	\$ 93,521,329

See notes to financial statements.

SCIENCE MUSEUM OKLAHOMA, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Admissions	\$ 4,408,761	\$ -	\$ 4,408,761
Contributions	4,669,981	2,059,144	6,729,125
Memberships	1,716,973	-	1,716,973
Education programs	484,620	-	484,620
Rentals	59,042	-	59,042
Museum shop sales, net of cost of sales of \$447,261	480,948	-	480,948
Café commissions	88,003	-	88,003
Other income	303,233	-	303,233
Net investment return	637,637	-	637,637
Net increase in value of beneficial interest in assets held by OCCF	-	4,406,343	4,406,343
Net assets released from restrictions	2,453,874	(2,453,874)	-
Total revenues, gains and other support	15,303,072	4,011,613	19,314,685
Expenses			
Programming:			
Exhibit services and collections	5,177,348	-	5,177,348
Science department	2,261,324	-	2,261,324
Planetarium	233,163	-	233,163
Facility rentals	5,850	-	5,850
Admissions	1,158,113	-	1,158,113
Museum shop and café	252,668	-	252,668
Total programming	9,088,466	-	9,088,466
Supporting services:			
Development	342,017	-	342,017
Facilities	746,214	-	746,214
Management and general	1,126,807	-	1,126,807
Total supporting services	2,215,038	-	2,215,038
Total expenses	11,303,504	-	11,303,504
Change in net assets	3,999,568	4,011,613	8,011,181
Net assets, beginning of year	34,127,530	43,510,846	77,638,376
Net assets, end of year	\$ 38,127,098	\$ 47,522,459	\$ 85,649,557

See notes to financial statements.

SCIENCE MUSEUM OKLAHOMA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2024

	Program Services							Supporting Services				
	Programming Exhibits	Science Department	Planetarium	Rentals	Admissions	Museum Shop	Program Services Total	Development	Facilities	Management and General	Supporting Services Total	Total
Payroll	\$ 1,675,932	\$ 1,627,688	\$ 182,281	\$ 8,071	\$ 534,977	\$ 319,273	\$ 4,348,222	\$ 222,399	\$ 254,927	\$ 416,309	\$ 893,635	\$ 5,241,857
Payroll benefits	347,773	278,741	29,655	672	87,156	67,459	811,456	41,416	64,980	78,121	184,517	995,973
Cost of sales - Museum shop sales	-	-	-	-	-	417,191	417,191	-	-	-	-	417,191
Legal and accounting fees	5,081	10,042	872	-	9,275	9,275	34,545	2,819	2,135	37,318	42,272	76,817
Contract service and other fees	228,843	38,006	2,802	166	42,254	34,886	346,957	2,845	108,795	28,607	140,247	487,204
Advertising	82,061	47,202	5,877	-	284	284	135,708	30	132	139	301	136,009
Office supplies	37,902	9,877	779	-	23,309	15,625	87,492	7,367	1,015	36,762	45,144	132,636
Credit card and bank fees	2,711	4,467	-	-	162,621	5,427	175,226	1,533	-	5,963	7,496	182,722
Travel and training	22,842	21,740	9,257	-	9,730	7,611	71,180	16,075	943	12,167	29,185	100,365
Network and website	13,200	9,600	1,200	-	-	-	24,000	-	-	-	-	24,000
Occupancy	302,978	56,992	91	-	427	229	360,717	39,126	310,251	215,536	564,913	925,630
Conferences and meetings	674	269	-	-	-	-	943	269	-	1,482	1,751	2,694
Insurance	28,890	6,437	288	92	1,645	1,552	38,904	325	5,450	480	6,255	45,159
Dues and subscriptions	67,404	10,226	1,667	-	10,610	6,713	96,620	9,160	167	10,226	19,553	116,173
Hospitality	15,659	38,429	13,765	-	5,976	4,852	78,681	71,753	1,940	18,255	91,948	170,629
Supplies	157,134	98,111	986	-	19,462	23,936	299,629	857	37,043	2,167	40,067	339,696
Tools and equipment	15,742	8,193	1,597	-	5,471	1,303	32,306	2,218	5,073	2,983	10,274	42,580
Interest	14,187	5,675	-	-	-	-	19,862	5,675	-	31,212	36,887	56,749
Depreciation	2,370,765	55,866	-	-	3,921	3,921	2,434,473	-	-	78,992	78,992	2,513,465
Miscellaneous and hiring	15,841	18,037	282	-	1,556	1,934	37,650	335	691	2,050	3,076	40,726
	5,405,619	2,345,598	251,399	9,001	918,674	921,471	9,851,762	424,202	793,542	978,769	2,196,513	12,048,275
Less expenses included with revenues on the statement of activities:												
Museum shop cost of sales	-	-	-	-	-	417,191	417,191	-	-	-	-	417,191
	<u>\$ 5,405,619</u>	<u>\$ 2,345,598</u>	<u>\$ 251,399</u>	<u>\$ 9,001</u>	<u>\$ 918,674</u>	<u>\$ 504,280</u>	<u>\$ 9,434,571</u>	<u>\$ 424,202</u>	<u>\$ 793,542</u>	<u>\$ 978,769</u>	<u>\$ 2,196,513</u>	<u>\$ 11,631,084</u>

See notes to financial statements.

SCIENCE MUSEUM OKLAHOMA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2023

	Program Services							Supporting Services				
	Programming Exhibits	Science Department	Planetarium	Rentals	Admissions	Museum Shop	Program Services Total	Development	Facilities	Management and General	Supporting Services Total	Total
Payroll	\$ 1,555,074	\$ 1,595,325	\$ 178,017	\$ 5,406	\$ 689,683	\$ 135,939	\$ 4,159,444	\$ 211,790	\$ 225,778	\$ 558,911	\$ 996,479	\$ 5,155,923
Payroll benefits	328,124	234,094	25,491	382	117,608	29,521	735,220	24,186	48,523	98,647	171,356	906,576
Cost of sales - Museum shop sales	-	-	-	-	-	447,261	447,261	-	-	-	-	447,261
Legal and accounting fees	2,535	5,010	435	-	7,520	7,520	23,020	2,853	1,065	40,313	44,231	67,251
Contract service and other fees	203,463	42,313	9,606	-	52,846	36,224	344,452	5,173	133,195	33,658	172,026	516,478
Advertising	71,994	46,087	5,681	-	467	260	124,489	27	156	128	311	124,800
Office supplies	30,534	10,481	1,622	-	26,869	11,756	81,262	5,218	510	33,521	39,249	120,511
Credit card and bank fees	2,781	5,677	-	-	178,368	-	186,826	1,494	-	6,065	7,559	194,385
Travel and training	20,950	22,776	2,594	-	9,004	2,226	57,550	19,624	1,400	13,656	34,680	92,230
Network and website	13,200	9,600	1,200	-	-	-	24,000	-	-	-	-	24,000
Occupancy	255,148	55,793	-	-	253	253	311,447	30,792	286,664	169,608	487,064	798,511
Conferences and meetings	362	145	-	-	-	-	507	145	-	797	942	1,449
Insurance	31,262	7,033	637	62	2,081	1,323	42,398	257	5,146	691	6,094	48,492
Dues and subscriptions	32,289	13,105	5,974	-	28,567	1,366	81,301	7,056	313	33,206	40,575	121,876
Hospitality	13,679	19,532	1,263	-	8,592	5,986	49,052	25,299	2,937	12,134	40,370	89,422
Supplies	146,717	107,960	244	-	29,519	15,360	299,800	678	36,487	3,898	41,063	340,863
Tools and equipment	13,503	7,387	180	-	2,384	595	24,049	761	3,503	3,275	7,539	31,588
Interest	16,353	6,541	-	-	-	-	22,894	6,541	-	35,976	42,517	65,411
Depreciation	2,424,612	55,977	-	-	3,182	3,182	2,486,953	-	-	81,744	81,744	2,568,697
Miscellaneous and hiring	14,768	16,488	219	-	1,170	1,157	33,802	123	537	579	1,239	35,041
	5,177,348	2,261,324	233,163	5,850	1,158,113	699,929	9,535,727	342,017	746,214	1,126,807	2,215,038	11,750,765
Less expenses included with revenues on the statement of activities:												
Museum shop cost of sales	-	-	-	-	-	447,261	447,261	-	-	-	-	447,261
	<u>\$ 5,177,348</u>	<u>\$ 2,261,324</u>	<u>\$ 233,163</u>	<u>\$ 5,850</u>	<u>\$ 1,158,113</u>	<u>\$ 252,668</u>	<u>\$ 9,088,466</u>	<u>\$ 342,017</u>	<u>\$ 746,214</u>	<u>\$ 1,126,807</u>	<u>\$ 2,215,038</u>	<u>\$ 11,303,504</u>

See notes to financial statements.

SCIENCE MUSEUM OKLAHOMA, INC.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 7,871,772	\$ 8,011,181
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net gain on investments	(346,158)	(146,201)
Net increase in value of beneficial interest in assets held by OCCF	(6,212,161)	(4,406,343)
Depreciation	2,513,465	2,568,697
Contributions restricted for capital purposes	(1,372,379)	(1,841,234)
Nonmonetary lease expense	42,442	42,441
Changes in operating assets and liabilities:		
Pledge receivable	(1,177,547)	(2,789,809)
Other receivables	22,458	(80,179)
Prepaid expenses and other	(3,393)	(18,678)
Inventory	(29,009)	(37,275)
Accounts payable	(245,280)	180,835
Accrued liabilities	18,977	(117,686)
Deferred revenues	(72,125)	150,709
Net cash provided by operating activities	1,011,062	1,516,458
Cash Flows from Investing Activities		
Purchases of investments	(9,163,337)	(13,232,964)
Proceeds from sale of investments	10,841,876	3,093,372
Purchases of property and equipment	(5,824,139)	(2,941,001)
Distributions of beneficial interest in assets held by OCCF	2,282,610	2,274,903
Net cash used in investing activities	(1,862,990)	(10,805,690)
Cash Flows from Financing Activities		
Contributions restricted for capital purposes	1,372,379	1,841,234
Principal payments on long-term debt	(208,802)	(200,278)
Net cash provided by financing activities	1,163,577	1,640,956
Net change in cash and restricted cash	311,649	(7,648,276)
Cash and restricted cash, beginning of year	9,843,709	17,491,985
Cash and restricted cash, end of year	\$ 10,155,358	\$ 9,843,709
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 56,749	\$ 65,411
Reconciliation of Cash and Restricted Cash to the Statements of Financial Position		
Cash	\$ 10,155,358	\$ 9,678,083
Restricted cash	-	165,626
Total cash and restricted cash	\$ 10,155,358	\$ 9,843,709

See notes to financial statements.

SCIENCE MUSEUM OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

Note 1 – Organization and Nature of Operations

The accompanying financial statements include the accounts and activities of Science Museum Oklahoma, Inc. (the Museum). The Museum provides the public with educational services and entertaining experiences through numerous aviation and space artifacts, hands-on science exhibits, cultural galleries, a planetarium, a museum shop, and a café.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting and reporting

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

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

Without donor restrictions – Net assets without donor restrictions include all resources that are expendable at the discretion of the Board of Trustees (the Board) and/or management for general operations. From time to time the Board may designate a portion of these net assets for specific purposes which make them unavailable for use at management's discretion. At June 30, 2024 and 2023, there were Board designations of \$3,466,086 and \$4,517,142, respectively, for capital project expenditures, maintenance, education, research, and public service.

With donor restrictions – Net assets with donor restrictions consist of resources whose use is limited by donor-imposed time and/or purpose restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or occurrence of a future event specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that the resources be maintained in perpetuity but permit the Museum to expend income generated in accordance with the provisions of the related agreements. See Note 10 for more information on the composition of net assets with donor restrictions.

Cash and restricted cash

The Museum maintains its cash in accounts which typically exceed federal insured amounts. However, it has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash accounts.

Pledges and other receivables

Pledges receivable are carried at the original pledge amount discounted to the present value less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to the receivable balance. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. No allowance for doubtful accounts was deemed necessary as of June 30, 2024 or 2023.

Investments

Investments are stated at fair value, which is based on quoted market prices. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Property and equipment

Property and equipment is recorded at historical cost or estimated fair value at the date of contribution. Property and equipment, with an initial value of \$1,000 or more, is capitalized and depreciated on a straight-line basis over the estimated useful lives of the respective assets.

Collections

The Museum's collections include aviation and space artifacts, historical treasures, and similar assets that are held for public exhibition and education, protected, cared for, and preserved.

Except for collections held by the Oklahoma City Community Foundation, Inc. (OCCF) relating to The Kirkpatrick Center Affiliated Fund of the Oklahoma City Community Foundation, Inc. group (the KCAF fund group) described in Note 5, the Museum has capitalized its collection since its inception. Purchased items accessioned into the collection are capitalized at cost and are to be categorized as unencumbered based upon the guidelines of the Alliance Code of Ethics for Museums. Collection items are maintained for their cultural, historical, aesthetic, or mission-related value that is worth preserving perpetually and are not depreciated over their estimated useful lives. The Museum protects and preserves the service potential of the collection items. The collections held by the KCAF fund group are not recognized in the Museum's statements of financial position. Donated items, if significant, are capitalized at their fair value on the accession date. Collections cannot be used as collateral or leveraged as a financial asset for purposes of loans or lien.

When collection items are deaccessioned, the proceeds may be used for purchasing new collection items and direct care of existing collection items. The Museum adheres to the American Alliance of Museum's definition of direct care of collections as an investment that enhances the life, usefulness, or quality of a museum's collection. These actions involve the conservation and preservation of all collection items held by the Museum. Gains or losses on the deaccession of collection items are classified in the statement of activities as with or without donor restrictions depending on donor stipulations, if any, placed on the item at the time of accession.

Revenue recognition from exchange transactions

The Museum recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. ASC 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition, whereby revenue is recognized when each performance obligation is satisfied. The Museum reports the following revenue from exchange transaction in its statements of activities:

Admissions – Admissions revenue is associated with tickets sold for entry to the Museum. Admissions revenue ticket price is based upon established levels for individuals and groups. The Museum recognizes revenue for admission at the point of sale.

Memberships – The Museum offers individual and corporate memberships to the Museum at various levels. These are for a single-year period and are incorporated as part of operating support. Payments for memberships are due at the point of sale. The revenue is recognized ratably throughout the year as the performance obligation is satisfied.

Education programs – The Museum conducts program-related experiences where the performance obligation is delivery of the program. Fees for activities and workshops are set by the Museum. Education program fees are typically collected by the Museum in the period the program occurs. If the Museum collects any fees in advance of the program, they are held in a liability account and recognized in the fiscal year in which the program occurs.

Rentals – The Museum contracts with customers for rental of its facilities and the performance obligation occurs when the customer holds their event onsite. Rental fees are set by the Museum and any deposit collected prior to the event is held in a liability account. The rental fee is recognized at the time of the event, where any deposit is then applied to the client's receivable balance.

Museum shop sales – The Museum operates a gift store onsite, which sells mission related items on a retail basis to customers. The performance obligation is the delivery of the goods to the customer. The transaction price is established by the Museum based on retail prices suggested by the suppliers. As each item is individually priced, no allocation of the transaction price is necessary. The Museum recognizes revenue as the customer pays and takes possession of the merchandise. Merchandise are sold with a right of return which are not significant and are therefore recognized in the period they occur.

Revenue recognition for contributions

Contributions, including unconditional promises to give, are recognized as revenue when the donor's unconditional commitment is received. Unconditional promises to give that extend for periods longer than one year are reported at the net present value of the estimated future cash flows. Conditional promises to give, which contain donor-imposed conditions that represent a barrier that must be overcome as well as a right of release from obligation, are recognized when the conditions on which they depend are substantially met. Promises with the condition that the Museum incur certain qualifying costs become unconditional in stages and are recognized as contributions to the extent that costs are incurred as each stage is met.

The Museum reports contributions of cash and other assets as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Contributions with donor restrictions that are fulfilled in the same reporting period as their receipts are recorded as increases in net assets without donor restrictions in the statements of activities.

The Museum reports gifts of property and equipment as increases in net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. The Museum reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, unless donor stipulations specify how long long-lived assets must be maintained.

The Museum records contributions made by donors on its behalf to other not-for-profit organizations or charitable trusts as an asset unless the donor has explicitly granted the recipient organization variance power. However, the Museum records contributions made to other not-for-profit organizations or charitable trusts as an asset regardless if variance power exists if the Museum has designated itself as beneficiary. Variance power is defined as the unilateral power to redirect the use of the assets to another beneficiary.

Functional expense allocations

The costs of providing the Museum's various programs and supporting services have been summarized on a functional basis in the statements of activities. Most expenses can be directly attributed to the program or supporting functions. Certain categories of expenses are attributed to more than one functional category.

Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Museum allocates salaries and wages based on actual staff positions. Administrative expenses are allocated to each area based on an estimate of usage. All remaining expenses are allocated based on actual expenses for the function.

Income tax status

The Museum is a nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Museum is subject to federal income tax on any unrelated business taxable income.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Museum to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of credit risk

Financial instruments, which potentially subject the Museum to credit risk, consist of receivables and beneficial interest in assets held by OCCF.

Two donors accounted for 59% of total contribution revenues and both of these donors accounted for 47% of the pledge receivable for the year ended June 30, 2024. Two donors and one governmental agency accounted for 78% of total contribution revenues and one of these donors accounted for 100% of the pledge receivable for the year ended June 30, 2023.

Subsequent events

Management has evaluated subsequent events through October 30, 2024, the date the financial statements were available to be issued.

Note 3 – Pledges Receivable

Included in the pledges receivable is an unconditional promise to give, expected to be received as follows, at June 30, 2024:

	2024	2023
Less than one year	\$ 1,170,000	\$ 700,000
One to five years, net of discount	2,797,356	2,089,809
Pledges receivable, net	<u>\$ 3,967,356</u>	<u>\$ 2,789,809</u>

Unconditional promises to give due in more than one year are discounted using an estimated risk-free rate at June 30, 2024 and 2023. The estimated risk-free rate applied to each year at June 30, 2024 and 2023, were 0.45% and 0.53%, respectively. The total discount applied at June 30, 2024 and 2023, was \$12,644 and \$10,191, respectively.

Note 4 – Liquidity and Availability of Financial Assets

The Museum seeks to acquire all funds needed for its operations in each fiscal year. In addition to funds raised annually, the Museum maintains a reserve to cover six months of operating expenses. The Museum holds these funds in its operating accounts.

The Museum's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows as of June 30:

	2024	2023
Cash	\$ 10,155,358	\$ 9,678,083
Investments	8,953,412	10,285,793
Other receivables	102,752	125,210
Total financial assets	19,211,522	20,089,086
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Sales tax retained to pay bond obligation	(264,629)	(264,629)
Board designations:		
Capital project expenditures	(1,101,451)	(1,639,214)
Education, research and public service	(2,364,635)	(2,877,928)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,480,807</u>	<u>\$ 15,307,315</u>

Of the financial assets available, approximately \$7.5 million is not Board-designated; however, it is expected that these funds will be required within the next three to five years for several major projects. These projects include refurbishing the Museum's main science floor as a result of moving the planetarium from its existing location and enhancing the Museum's current gardens to create a more interactive science park. The Museum also maintains a degree of liquidity to pursue unfunded exhibit and program options which it feels would serve the community's interest but may require significant initial investment.

Note 5 – Contributions to OCCF

Separate funds, Air Space Museum Affiliated Fund group (ASMAF fund group), The Science Museum Oklahoma Fund of the Oklahoma City Community Foundation, Inc. group (OAF fund group) and KCAF fund group (collectively, the Science Museum Oklahoma Affiliated Fund group) have been established at OCCF. The Science Museum Oklahoma Affiliated Fund group represents contributions received by OCCF, from either third parties or the Museum, which are designated to be invested to benefit the Museum. The Science Museum Oklahoma Affiliated Fund group is a restricted endowment in perpetuity, the income from which is designated to benefit the Museum's exhibits and programs, improve and maintain Museum facilities, and general operations. Earnings and market activity are recorded net in the statement of activities and are recorded as with donor restrictions.

Investment decisions for the Science Museum Oklahoma Affiliated Fund group are made by OCCF. Income earned on the donated funds is paid to the Museum on a basis determined by OCCF. That amount is calculated and agreed to by the Board of Trustees for the Science Museum Oklahoma Affiliated Fund group. When this amount is paid to the Museum, a transfer is made to net assets without donor restrictions. The principal amount of the Science Museum Oklahoma Affiliated Fund group cannot be distributed without the unanimous approval of OCCF's Board of Directors. As a result, OCCF has variance power over contributions it has received from third parties on behalf of the Museum, and the Museum has not recorded

these funds as an asset in its financial statements. During the years ended June 30, 2024 and 2023, OCCF distributed \$704,908 and \$704,345 respectively, of the income generated from the portion of the Science Museum Oklahoma Affiliated Fund group comprised of third-party donations, which is included as a component of contributions without donor restrictions in the statements of activities.

The Science Museum Oklahoma Affiliated Fund group also contains funds transferred to it by the Museum, which designated itself as beneficiary. The Museum's Board authorized OCCF to manage these funds in the same manner as the Science Museum Oklahoma Affiliated Fund group assets donated by third parties, which effectively grants variance power to OCCF. However, as the Museum designated itself as beneficiary, the Museum has recognized a beneficial interest in assets held by OCCF in its statements of financial position.

The following schedule summarizes the fair value of the Science Museum Oklahoma Affiliated Fund group at June 30:

	Beneficial Interest in Assets Held by OCCF	Received by OCCF from Third-Party Donors (A)	Total
2024			
KCAF fund group (A)	\$ 45,176,256	\$ -	\$ 45,176,256
OAF fund group (A)	3,974,914	6,680,430	10,655,344
ASMAF fund group (A)	63,450	8,516,316	8,579,766
	<u>\$ 49,214,620</u>	<u>\$ 15,196,746</u>	<u>\$ 64,411,366</u>
2023			
KCAF fund group (A)	\$ 41,569,144	\$ -	\$ 41,569,144
OAF fund group (A)	3,657,539	6,147,021	9,804,560
ASMAF fund group (A)	58,386	7,836,129	7,894,515
	<u>\$ 45,285,069</u>	<u>\$ 13,983,150</u>	<u>\$ 59,268,219</u>

(A) The Museum does not include, in the amounts listed above, the cost or fair value of collections held by OCCF.

Note 6 – Donor Restricted Endowments

Board interpretation

The endowment of the Museum consists of funds established for a variety of purposes. Net assets associated with these endowment funds are classified and reported based on the existence or absence of specific restrictions placed upon such funds by donors as contemplated by the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

The Board interprets UPMIFA as requiring preservation of the fair value of the original gift as of the gift date if there is specific intent expressed by the donor that prevents appropriation for expenditure of such amount. As a result of this interpretation, the Museum classifies as net assets with donor restriction in perpetuity (a) the original value of gifts properly allocated to the permanent endowment, (b) the original value of subsequent gifts properly allocated to the permanent endowment, and (c) accumulations to the existing permanent endowment if such accumulations are donor restricted from appropriation for expenditure. All remaining portions of the Museum's endowment funds are classified as net assets with donor restrictions for time and/or purpose until those amounts are appropriated for expenditure by the

Museum in a manner consistent with the standard of prudence prescribed by UPMIFA. UPMIFA does not prohibit appropriation for expenditure of all donor-restricted endowment funds.

In accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate for expenditure or to accumulate returns from endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Museum and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Museum
7. Investment policies of the Museum

Return objectives, risk parameters, strategies and spending policy

The endowment funds of the Museum are managed and invested by OCCF. OCCF is charged with managing and investing these funds in accordance with the intent of the donors as expressed in the gifting instruments and the charitable purposes of the Museum. OCCF makes distributions in accordance with OCCF's spending policies. OCCF may incur only those costs which are appropriate and reasonable in relation to these funds, the purposes of the Museum, and the skills available to OCCF. The Museum monitors OCCF's performance and compliance with the scope of OCCF's duties to the Museum; however, the Museum does not have any control over the investment or distribution policies of OCCF. As stated in Note 4, distributions from earnings on endowed funds are determined by the Board of Trustees of the Science Museum Oklahoma Affiliated Fund group.

Changes in endowment fund net assets with donor restrictions consist of the following for the years ended June 30:

	2024	2023
Endowment fund net assets, beginning of year	\$ 45,285,069	\$ 43,153,629
Investment return:		
Investment income	6,307,643	4,496,139
Investment fees	(95,482)	(89,796)
Net investment return	6,212,161	4,406,343
Appropriation for expenditure	(2,282,610)	(2,274,903)
Endowment fund net assets, end of year	<u>\$ 49,214,620</u>	<u>\$ 45,285,069</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or state law requires the Museum to retain as a fund of perpetual duration. At June 30, 2024 and 2023, there were no deficiencies of this nature.

Note 7 – Investments and Fair Value Measurements

The Museum has adopted the framework for measuring fair value in accordance with accounting standards that establishes a fair value hierarchy based on the observability of inputs used to measure fair value.

These inputs are summarized in the three broad levels listed below:

Level 1	Quoted prices in active markets for identical assets or liabilities.
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used as of June 30, 2024 and 2023.

Following is a description of the valuation methodologies used for assets measured at fair value:

Where quoted market prices are available in an active market, investments are classified within Level 1. Level 1 investments primarily include mutual funds.

Where quoted market prices are not available, fair values are estimated by using pricing models, quoted prices of investments with similar characteristics, or discounted cash flows. Inputs used include broker/dealer quotes and other data which are obtained from independent pricing services. These investments are classified within Level 2 and primarily include U.S. treasury securities.

In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. Beneficial interest in assets held by others (Beneficial Interest) is measured at fair value using Level 3 inputs. Since OCCF maintains variance power for the Beneficial Interests it holds, there is no potential market for the Beneficial Interest or similar assets. Consequently, the valuation is determined by aggregating the valuation of the underlying investments of the beneficial interest as reported by OCCF. These are considered to be Level 3 measurements.

This table sets forth by level, within the fair value hierarchy, assets at fair value at June 30, 2024:

	Level 1	Level 2	Level 3	Total
2024				
Mutual funds:				
Equity	\$ 3,401,704	\$ -	\$ -	\$ 3,401,704
Fixed income	2,357,328	-	-	2,357,328
U.S. treasury securities	-	3,194,380	-	3,194,380
Beneficial interest in assets held by others	-	-	49,214,620	49,214,620
Total assets at fair value	\$ 5,759,032	\$ 3,194,380	\$ 49,214,620	\$ 58,168,032

This table sets forth by level, within the fair value hierarchy, assets at fair value at June 30, 2023:

	Level 1	Level 2	Level 3	Total
2023				
Mutual funds:				
Equity	\$ 3,277,247	\$ -	\$ -	\$ 3,277,247
Fixed income	1,964,514	-	-	1,964,514
U.S. treasury securities	-	5,044,032	-	5,044,032
Beneficial interest in assets held by others	-	-	45,285,069	45,285,069
Total assets at fair value	\$ 5,241,761	\$ 5,044,032	\$ 45,285,069	\$ 55,570,862

There were no purchases of investments included in level 3 during the years ended June 30, 2024 or 2023. During the years ended June 30, 2024 and 2023, there were no transfers of financial instruments into or out of Level 3 of the fair value hierarchy.

Market volatility

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect net assets.

Note 8 – Property and Equipment

Property and equipment consist of the following at June 30:

	Years	2024	2023
Equipment	3 to 10	\$ 2,635,724	\$ 2,346,122
Furniture and fixtures	5 to 10	717,821	700,076
Building and improvements	5 to 40	26,075,822	25,930,747
Dome Theater	10 to 20	8,390,235	8,390,235
Computer equipment	3 to 5	487,122	461,082
Exhibits	5 to 10	15,398,292	15,366,292
Vehicles	5	103,017	103,017
Oklahoma Museum Network property and equipment	3 to 5	6,665,114	6,680,739
Exhibits in process:			
Planetarium construction		7,526,960	3,613,954
Other		1,619,889	203,593
		69,619,996	63,795,857
Accumulated depreciation		(49,854,023)	(47,340,558)
Property and equipment, net		\$ 19,765,973	\$ 16,455,299

Note 9 – Long-Term Debt

Long-term debt consists of the following at June 30:

	2024	2023
Bonds payable, due in monthly installments of \$22,052, including interest at 3.87%, until December 10, 2029 (A)	<u>\$ 1,313,234</u>	<u>\$ 1,522,036</u>

(A) Payments on the bonds are made through retention of sales taxes on the Museum's admissions revenue as allowed by the state of Oklahoma. The bonds are collateralized by up to \$1,000,000 of annual admissions revenue. The Museum's loan agreement contains various affirmative and negative covenants which, among other things, restrict future borrowings and limit the use of loan proceeds to qualified project costs relating to the Children's Discovery Initiative. At June 30, 2024, the Museum was in compliance with all loan covenants.

Maturities of long-term debt at June 30, 2024, are as follows:

Fiscal Year	Amount
2025	\$ 216,574
2026	225,619
2027	234,633
2028	244,006
2029	253,755
Thereafter	<u>138,647</u>
	<u>\$ 1,313,234</u>

Note 10 – Net Assets with Donor Imposed Restrictions

Net assets with donor restrictions are available for the following purposes at June 30, 2024:

Program	For a Specific Purpose/Time	Held in Perpetuity	Total
Planetarium construction	\$ 3,604,308	\$ -	\$ 3,604,308
Exhibit acquisitions, and maintenance	202,963	-	202,963
Land lease expenses	117,041	-	117,041
Endowments for programs and general operations	<u>30,502,837</u>	<u>18,711,783</u>	<u>49,214,620</u>
	<u>\$ 34,427,149</u>	<u>\$ 18,711,783</u>	<u>\$ 53,138,932</u>

Net assets with donor restrictions are available for the following purposes at June 30, 2023:

Program	For a Specific Purpose/Time	Held in Perpetuity	Total
Planetarium construction	\$ 1,912,278	\$ -	\$ 1,912,278
Exhibit acquisitions and maintenance	165,629	-	165,629
Land lease expenses	159,483	-	159,483
Endowments for programs and general operations	<u>26,573,286</u>	<u>18,711,783</u>	<u>45,285,069</u>
	<u>\$ 28,810,676</u>	<u>\$ 18,711,783</u>	<u>\$ 47,522,459</u>

Note 11 – Nonmonetary Lease Transactions

The Museum's building and parking lot are located on land leased from the City of Oklahoma City (the City). The annual payment under the building land lease is \$1.00, while the lease for the parking lot land requires no payment. The lease for the building land expires on October 4, 2026, while the lease for the parking lot land expires on February 29, 2028. Because the City has explicitly and unconditionally promised the use of these parcels of land for a specified period of time, the fair value of these leases, discounted to present value, have been recognized as unconditional promises to give in the accompanying statements of financial position as receivables-land lease contributions. During the years ended June 30, 2024 and 2023, amortized lease expenses of approximately \$42,000 for each year were recognized in the accompanying statements of activities related specifically to these leases.