



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

OREGON MUSEUM OF SCIENCE AND INDUSTRY

May 31, 2020 and 2019

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Report of Independent Auditors

To the Board of Trustees
Oregon Museum of Science and Industry

Report on the Financial Statements

We have audited the accompanying financial statements of Oregon Museum of Science and Industry (the Museum), which comprise the statement of financial position as of May 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oregon Museum of Science and Industry as of May 31, 2020, 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.

Emphasis of Matter

As discussed in Note 1, Oregon Museum of Science and Industry adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) using the full retrospective method. The Museum also adopted ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* on a modified prospective basis. Our opinion is not modified with respect to these matters.

Other Matters*Report on Summarized Comparative Information*

We have previously audited Oregon Museum of Science and Industry's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived, except as disclosed in Note 1.

Moss Adams LLP

Portland, Oregon
October 7, 2020

Oregon Museum of Science and Industry
Statement of Financial Position
(with Summarized Financial Information for May 31, 2019)

	May 31, 2020			May 31, 2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,876,191	\$ 1,372,384	\$ 7,248,575	\$ 4,994,354
Accounts, pledges, and contracts receivable, current portion, net of allowance	1,561,200	2,581,599	4,142,799	5,773,141
Investments	3,930,466	1,249,028	5,179,494	7,783,829
Inventories	21,092	-	21,092	23,909
Prepaid expenses and other assets	586,153	-	586,153	415,086
Due from other funds	334,697	-	334,697	871,982
Total current assets	12,309,799	5,203,011	17,512,810	19,862,301
LONG-TERM ASSETS				
Accounts, pledges and contracts receivable, net of current portion	31,370	-	31,370	854,563
Beneficial interest in perpetual trust	-	357,050	357,050	350,173
Land, buildings, exhibits, and equipment, net	40,219,096	-	40,219,096	40,172,572
Total long-term assets	40,250,466	357,050	40,607,516	41,377,308
TOTAL ASSETS	\$ 52,560,265	\$ 5,560,061	\$ 58,120,326	\$ 61,239,609
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 1,933,037	\$ -	\$ 1,933,037	\$ 2,255,947
Due to other funds	-	334,697	334,697	871,982
Deferred revenues, current portion	3,780,638	-	3,780,638	4,080,452
Annuity agreement, current portion	7,400	-	7,400	7,400
Capital lease obligations, current portion	-	-	-	34,656
Loan payable, current portion	874,587	-	874,587	-
Bonds payable, current portion	1,180,268	-	1,180,268	300,417
Total current liabilities	7,775,930	334,697	8,110,627	7,550,854
LONG-TERM LIABILITIES				
Deferred revenues, net of current portion	436,350	-	436,350	289,036
Annuity agreement, net of current portion	12,780	-	12,780	13,120
Loan payable, net of current portion	1,374,350	-	1,374,350	-
Bonds payable, net of current portion	3,596,149	-	3,596,149	3,554,527
Total long-term liabilities	5,419,629	-	5,419,629	3,856,683
Total liabilities	13,195,559	334,697	13,530,256	11,407,537
NET ASSETS	39,364,706	5,225,364	44,590,070	49,832,072
TOTAL LIABILITIES AND NET ASSETS	\$ 52,560,265	\$ 5,560,061	\$ 58,120,326	\$ 61,239,609

See accompanying notes.

Oregon Museum of Science and Industry
Statement of Activities
(with Summarized Financial Information for the Year Ended May 31, 2019)

	Year Ended May 31, 2020			May 31, 2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Admissions	\$ 5,132,278	\$ -	\$ 5,132,278	\$ 6,941,194
Memberships	2,174,041	-	2,174,041	2,717,430
Educational programs	2,546,217	-	2,546,217	3,331,636
Auxiliary activities	901,296	-	901,296	1,231,703
Exhibit fees	976,138	-	976,138	959,815
Contributions and grants	2,066,128	1,992,860	4,058,988	14,266,858
Change in value of perpetual trust	-	6,877	6,877	(26,814)
Contributed services of volunteers and in-kind donations	575,753	-	575,753	703,157
Investment return, net	307,386	16,578	323,964	116,851
Other income	793,975	-	793,975	953,540
(Loss) gain on sale of land, buildings, exhibits, and equipment	(6,236)	-	(6,236)	104,993
Net assets released from restriction	5,286,591	(5,286,591)	-	-
Total revenues	20,753,567	(3,270,276)	17,483,291	31,300,363
EXPENSES				
Program services				
Museum activities	13,062,449	-	13,062,449	13,371,977
Educational programs	3,935,471	-	3,935,471	4,171,224
Total program services	16,997,920	-	16,997,920	17,543,201
Supporting services				
Management and general	3,976,861	-	3,976,861	3,671,861
Fund-raising	1,335,664	-	1,335,664	1,516,543
Total supporting services	5,312,525	-	5,312,525	5,188,404
Auxiliary activities	414,848	-	414,848	397,259
Total expenses	22,725,293	-	22,725,293	23,128,864
CHANGE IN NET ASSETS	(1,971,726)	(3,270,276)	(5,242,002)	8,171,499
NET ASSETS, beginning of year	41,336,432	8,495,640	49,832,072	41,660,573
NET ASSETS, end of year	\$ 39,364,706	\$ 5,225,364	\$ 44,590,070	\$ 49,832,072

Oregon Museum of Science and Industry Statement of Functional Expenses

	Year Ended May 31, 2020							
	Program Services			Supporting Services			Auxiliary Activities	Total
	Museum Activities	Educational Programs	Subtotal	Management and General	Fundraising	Subtotal		
Salaries, wages, and related expenses	\$ 5,477,157	\$ 2,691,730	\$ 8,168,887	\$ 1,960,999	\$ 855,939	\$ 2,816,938	\$ 253,352	\$ 11,239,177
Depreciation and amortization of capital assets	3,008,899	311,799	3,320,698	29,576	-	29,576	138,709	3,488,983
Professional services	1,376,892	277,620	1,654,512	302,022	97,754	399,776	-	2,054,288
Utilities	652,410	49,234	701,644	-	-	-	-	701,644
Supplies and subscriptions	305,891	134,787	440,678	211,661	13,528	225,189	2,378	668,245
Museum support services	358,597	7,142	365,739	226,847	24,848	251,695	5,573	623,007
Rentals	418,815	116,349	535,164	52,707	-	52,707	701	588,572
Publicity, printing, and postage	556,192	3,072	559,264	2,998	22,631	25,629	624	585,517
Contributed services of volunteers and in-kind donations	261,141	35,050	296,191	-	277,762	277,762	-	573,953
Bank fees and interest	768	225	993	475,953	255	476,208	-	477,201
Insurance	963	9,160	10,123	359,188	-	359,188	-	369,311
Repairs and maintenance	291,027	16,111	307,138	28,733	-	28,733	-	335,871
Food	40,601	136,358	176,959	30,945	31,321	62,266	10,467	249,692
Transportation	102,739	66,280	169,019	761	409	1,170	-	170,189
Taxes and other	61,425	8,233	69,658	92,928	492	93,420	400	163,478
Equipment	56,233	18	56,251	104,482	-	104,482	-	160,733
Travel	53,077	34,844	87,921	12,052	6,100	18,152	34	106,107
Telephone	20,980	13,676	34,656	48,778	4,625	53,403	2,250	90,309
Miscellaneous	18,642	-	18,642	24,436	-	24,436	-	43,078
Cost of merchandise sold	-	23,783	23,783	-	-	-	360	24,143
Bad debt	-	-	-	11,795	-	11,795	-	11,795
Total functional expenses	\$ 13,062,449	\$ 3,935,471	\$ 16,997,920	\$ 3,976,861	\$ 1,335,664	\$ 5,312,525	\$ 414,848	\$ 22,725,293

Oregon Museum of Science and Industry

Statement of Functional Expenses

	Year Ended May 31, 2019							
	Program Services			Supporting Services			Auxiliary Activities	Total
	Museum Activities	Educational Programs	Subtotal	Management and General	Fundraising	Subtotal		
Salaries, wages, and related expenses	\$ 5,409,038	\$ 2,687,807	\$ 8,096,845	\$ 1,836,471	\$ 957,186	\$ 2,793,657	\$ 248,938	\$ 11,139,440
Depreciation and amortization of capital assets	2,712,575	278,681	2,991,256	83,775	1,840	85,615	110,179	3,187,050
Professional services	850,542	112,435	962,977	329,157	235,030	564,187	-	1,527,164
Utilities	700,810	52,710	753,520	-	-	-	-	753,520
Supplies and subscriptions	367,130	196,320	563,450	166,269	6,474	172,743	4,080	740,273
Museum support services	571,242	10,737	581,979	145,045	10,937	155,982	9,762	747,723
Rentals	912,131	173,498	1,085,629	16,309	898	17,207	2,618	1,105,454
Publicity, printing, and postage	545,498	3,790	549,288	5,861	19,044	24,905	1,156	575,349
Contributed services of volunteers and in-kind donations	269,081	142,185	411,266	-	217,205	217,205	-	628,471
Bank fees and interest	163	40	203	452,305	147	452,452	-	452,655
Insurance	963	7,047	8,010	342,036	-	342,036	-	350,046
Repairs and maintenance	317,824	28,378	346,202	35,317	-	35,317	-	381,519
Food	37,725	249,087	286,812	36,755	51,560	88,315	10,848	385,975
Transportation	260,742	71,319	332,061	168	807	975	167	333,203
Taxes and other	51,450	12,746	64,196	89,003	715	89,718	1,566	155,480
Equipment	125,337	57,021	182,358	41,191	3,113	44,304	5,311	231,973
Travel	210,156	42,536	252,692	21,609	5,987	27,596	134	280,422
Telephone	20,218	16,834	37,052	50,489	5,600	56,089	2,400	95,541
Miscellaneous	9,501	150	9,651	13,853	-	13,853	100	23,604
Cost of merchandise sold	(149)	27,903	27,754	-	-	-	-	27,754
Bad debt	-	-	-	6,248	-	6,248	-	6,248
Total functional expenses	\$ 13,371,977	\$ 4,171,224	\$ 17,543,201	\$ 3,671,861	\$ 1,516,543	\$ 5,188,404	\$ 397,259	\$ 23,128,864

Oregon Museum of Science and Industry Statements of Cash Flows

	Years Ended May 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (5,242,002)	\$ 8,171,499
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized (gains) losses on investments	(102,555)	79,634
Contribution of investment securities	-	(5,015,814)
Contribution of land, exhibits and equipment	(1,800)	(74,686)
Depreciation and amortization expense	3,488,983	3,187,050
Present value adjustment to annuities payable	8,910	8,105
Fair value adjustment to perpetual trust	(6,877)	26,814
Loss (gain) on disposition of land, buildings, exhibits, and equipment	6,236	(104,993)
Changes in assets and liabilities:		
Accounts, pledges, and contracts receivable	2,453,535	(3,135,314)
Inventories	2,817	(1,254)
Prepaid expenses and other assets	(171,067)	254,862
Accounts payable and accrued expenses	(322,910)	376,575
Deferred revenues	(152,500)	418,879
Net cash (used in) provided by operating activities	(39,230)	4,191,357
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,706,890	-
Purchase of investments	-	(200,496)
Proceeds from sale of land, buildings, exhibits and equipment	-	98,867
Purchase of land, buildings, exhibits and equipment	(3,539,943)	(2,604,678)
Net cash used in investing activities	(833,053)	(2,706,307)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	2,248,937	-
Payments on 2015 Series A bonds payable	(3,854,944)	(290,443)
Proceeds from issuance of 2020 Series A bonds payable	3,668,000	-
Proceeds from issuance of 2020 Series B bonds payable	1,108,417	-
Payments on capital lease obligations	(34,656)	(259,314)
Payments of annuities	(9,250)	(9,250)
Net cash provided by (used in) financing activities	3,126,504	(559,007)
INCREASE IN CASH AND CASH EQUIVALENTS	2,254,221	926,043
CASH AND CASH EQUIVALENTS, beginning of year	4,994,354	4,068,311
CASH AND CASH EQUIVALENTS, end of year	\$ 7,248,575	\$ 4,994,354
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 260,805	\$ 161,211
Donated investment securities	\$ -	\$ 5,015,814

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Oregon Museum of Science and Industry (OMSI or the Museum) was founded in 1946 to provide the public with science and technology learning through relevant and entertaining exhibits, programs, and experiences. The Museum is located in Portland, Oregon.

Recently adopted standards

As of June 1, 2019, the Museum adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) using the full retrospective method applied to all contracts. The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The table below summarizes the retrospective effect of the adoption of ASU No. 2014-09 on the presentation of net assets for the year ended May 31, 2019.

	<u>As Originally Presented</u>	<u>Change Related to ASU 2014-09</u>	<u>Revised Presentation</u>
Deferred revenues, current portion	\$ 2,806,743	\$ 1,273,709	\$ 4,080,452
Net assets without donor restrictions	42,610,141	(1,273,709)	41,336,432

As of June 1, 2019, the Museum adopted ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* on a modified prospective basis. This guidance is intended to improve the evaluation and determination of whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. In addition, the standard requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The adoption of ASU 2018-08 had no impact on the Museum's change in net assets.

As of June 1, 2019, the Museum adopted ASU 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This guidance is intended to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required that is most important to users of the financial statements. ASU 2018-13 modifies the disclosure requirements on fair value measurements founded within ASC Topic 820 Fair Value Measurements, including streamlining disclosures related to transfers between Level 1 and Level 2 classifications, and simplifying disclosures for Level 3 assets and liabilities. The Museum's fair value disclosures in Note 7 reflect the changes required by ASU 2018-13.

Financial statement presentation

The accompanying financial statements of OMSI have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. The balances and activities of the Museum have been segregated into net asset classifications according to the nature of the activity and related restrictions imposed by donors. The principal classifications are as follows:

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of OMSI and/or the passage of time. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Also included in this classification are net assets subject to donor-imposed stipulations which must be maintained in perpetuity by OMSI. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and amounts deposited in banks, money market accounts, commercial paper, and certificates of deposit, with an original maturity of less than 90 days. Certain amounts may exceed the limits of FDIC insurance coverage. However, the Museum has not incurred any credit related losses to date.

Accounts, pledges, and contracts receivable

Accounts receivable consist primarily of admissions and fees due to the Museum from various organizations. Pledges are considered unconditional commitments of the donors. Accordingly, recognition of these contributions is recognized when the pledge is made. Contracts receivable consist of amounts due to the Museum from various grantor agencies for eligible expenses incurred. Accounts, pledges, and contracts receivable are reported on the statement of financial position net of the allowance for doubtful accounts of \$20,000 at May 31, 2020 and 2019. The allowance for doubtful accounts is estimated by evaluating the credit worthiness of those from whom amounts are due as well as current economic trends. Receivables are considered delinquent if not paid by the due date. Accounts are charged off when all collection efforts have been exhausted.

Investments and investment return

Investments in securities with readily determinable fair values are measured at fair value in the statement of financial position. Investment return includes realized and unrealized gains and losses, interest, and dividends, net of investment expenses, and are reported as an increase or decrease to the appropriate net asset category.

Inventories

Inventories, principally retail merchandise, are recorded at the lower of average cost or net realizable value.

Land, buildings, exhibits, and equipment

Land, buildings, exhibits, and equipment are stated at cost or, for donated items, estimated fair value at the date of donation. Upon retirement or sale of such assets, the cost of the asset and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded. Depreciation of buildings, exhibits, and equipment is recorded over the estimated useful lives of the respective assets on the straight-line basis with such lives ranging from 3 to 50 years.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

New equipment and expenditures for major repairs and improvements exceeding \$5,000 are capitalized; conversely, expenditures for minor repairs and maintenance costs are expensed when incurred. Costs related to the design, construction, and refurbishment of traveling exhibits are capitalized and depreciated over the period during which the exhibit is actively displayed, generally five years. Costs incurred on all non-traveling exhibits are capitalized and depreciated over their useful life, approximately 10–15 years.

Collections

During 1994, the U.S. Department of the Navy donated the use of the U.S.S. Blueback submarine to the Museum as a permanent exhibit. Additionally, during 2006, an anonymous donor contributed a neonatal exhibit to the Museum. It is not practicable to estimate the fair value of these collections and, as such, they have not been capitalized in the accompanying statement of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired and as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset category.

Paycheck Protection Program (PPP) loan payable

In April 2020, the Museum received a PPP loan in the amount of \$2,248,937. See Note 10. It is the Museum's policy to account for this loan in accordance with ASC 470, *Debt*, with interest accrued and expensed over the term of the loan, or until forgiveness is granted, releasing the Museum from being the primary obligor.

Deferred revenues

OMSI sells annual Museum memberships, which cover a 12-month period from the month of purchase. In accordance with the Museum's adoption of ASU 2014-09, membership fees are recognized ratably over the 12-month period to which they are valid. Deferred revenue related to memberships was as follows at May 31:

	<u>2020</u>	<u>2019</u>
Deferred revenue, beginning of year	\$ 1,273,709	\$ 1,418,080
Purchase of memberships	2,159,972	2,573,059
Amortization of memberships to revenue	<u>(2,174,041)</u>	<u>(2,717,430)</u>
Deferred revenue, end of year	<u>\$ 1,259,640</u>	<u>\$ 1,273,709</u>

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

OMSI owns certain traveling exhibits which have been contracted to other museums through fiscal year 2023. Revenues from these contracts, deferred initially, are recognized over the terms of the contracts upon delivery of the exhibit at each site. Deferred revenue related to these contracts was as follows at May 31:

	2020	2019
Deferred revenue, beginning of year	\$ 1,074,550	\$ 1,047,784
Traveling exhibit fees	1,002,724	986,581
Amortization of exhibit fees to revenue	(976,138)	(959,815)
Deferred revenue, end of year	\$ 1,101,136	\$ 1,074,550

OMSI also receives prepayments on certain camps, classes, and other events. Such prepayments are deferred and recognized as revenue when the event occurs. Deferred revenue relating to these prepayments was as follows at May 31:

	2020	2019
Deferred revenue, beginning of year	\$ 2,021,229	\$ 1,629,116
Purchase of camps, classes, and other events	2,381,200	3,723,749
Amortization of educational programs to revenue	(2,546,217)	(3,331,636)
Deferred revenue, end of year	\$ 1,856,212	\$ 2,021,229

Admissions

Revenues from admissions are recorded at the point of sale.

Memberships

Revenues from memberships, which are nonrefundable, are recognized ratably over the period over which the membership is valid.

Educational programs

Revenues from educational programs consist of payments for camps, classes, and other events. These revenues are recognized at the completion of the camp, class, or event. If an educational program is canceled, participants are provided the option for a refund or for application of the fee to a future camp, class, or event.

Auxiliary activities

Revenues from auxiliary activities primarily include sales from the Museum's science store and café and are recognized on receipt.

Exhibit fees

Revenues from traveling exhibit fees are recognized ratably over the term of the exhibit's contract.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Contributions and grants

The Museum recognizes contributions and grants when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurement performance obligation or other barrier and a right of return – are not recognized until the conditions on which they depend have been met in accordance with ASU 2018-08.

A portion of the Museum’s revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Museum has incurred expenditures in compliance with the specific contract or grant provisions. The Museum received cost-reimbursable grants of \$2,643,426 that have not been recognized at May 31, 2020 because qualifying expenditures have not yet been incurred.

All contributions and grants are considered to be available for OMSI’s unrestricted use unless specifically restricted by the donor. Contributions and grants restricted by the donor are recorded as net assets with donor restrictions. When the restrictions are satisfied, the restricted amounts are released to net assets without donor restrictions.

Contributed services of volunteers and in-kind donations

Donated materials are reported as contributions in the accompanying financial statements at their estimated fair values at the date of receipt. Donated services are similarly reported when they enhance a nonfinancial asset or when specialized services are performed such as exhibit repair or production, or would otherwise be purchased or performed by salaried personnel, and when the Museum exercises control over the duties of the donor’s services. These services have been recorded as revenue and expense in the accompanying statement of activities as follows at May 31:

	<u>2020</u>	<u>2019</u>
Contributed services of volunteers and in-kind donations	\$ 573,953	\$ 628,471
Capitalized in-kind donations	<u>1,800</u>	<u>74,686</u>
	<u>\$ 575,753</u>	<u>\$ 703,157</u>

Functional allocation of expenses

The costs of the Museum’s various activities and programs have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs, supporting services, and auxiliary activities benefited on a reasonable basis that is consistently applied. Auxiliary activities include the Museum’s science store and special events. Depreciation and amortization of capital assets are allocated on a square footage basis or directly according to the program it supports. All other expenses are allocated on the basis of estimates of time and effort or directly to the programs benefited.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Advertising expenses

The Museum advertises primarily through publications, broadcasts, and outdoor media throughout the Portland metropolitan area. Advertising and development funding promotion costs are expensed as incurred and are included in publicity, printing, and postage in the statements of functional expenses. Advertising expenses aggregated \$544,633 and \$520,689 for the years ended May 31, 2020 and 2019, respectively.

Income taxes

The Museum is a tax-exempt organization and is not subject to federal or state income taxes, except for unrelated business income, in accordance with Section 501(c)(3) of the Internal Revenue Code. In addition, the Museum qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation. Unrelated business income tax, if any, is insignificant and no tax provision has been made in the accompanying financial statements.

The Museum recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Museum recognizes interest and penalties related to income tax matters, if any, in management and general expenses.

The Museum had no unrecognized tax benefits at May 31, 2020 or 2019. The Museum files an exempt organization return in the U.S. federal jurisdiction and applicable unrelated business income tax returns for U.S. federal and Oregon purposes.

Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, 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 public support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Museum recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Museum's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements were available to be issued.

The Museum has evaluated subsequent events through October 7, 2020, which is the date the financial statements were available to be issued. See Note 17.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 2 – Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended May 31, 2019, from which the summarized information was derived.

Note 3 – Liquidity and Availability

Financial assets and liquid resources available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of May 31:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 5,876,191	\$ 2,273,820
Accounts, pledges, and contracts receivable	1,561,200	1,405,408
Investments	<u>3,930,466</u>	<u>6,664,817</u>
Total financial assets available within one year	11,367,857	10,344,045
Liquidity resources:		
Bank line of credit	1,500,000	200,000
Less amount required to be maintained in accordance with the Museum's outstanding bonds payable	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 11,867,857</u>	<u>\$ 9,544,045</u>

As part of the Museum's liquidity management plan, the Museum invests cash in excess of daily requirements in short-term investments and money market funds. In accordance with the Museum's outstanding bonds payable, OMSI must maintain cash and cash equivalents of at least \$1,000,000 as of the last day of the second and fourth quarter of each fiscal year.

Oregon Museum of Science and Industry
Notes to Financial Statements

Note 4 – Accounts, Pledges, and Contracts Receivable

Accounts, pledges, and contracts receivable consist of the following at May 31:

	2020	2019
Accounts, pledges, and contracts receivable without donor restrictions:		
Trade and other receivables	\$ 783,991	\$ 812,628
Traveling exhibit and exhibit sales contracts	523,672	390,361
Pledges, net of discount	187,592	159,578
Grants	117,315	107,234
	1,612,570	1,469,801
Less allowance for doubtful accounts	(20,000)	(20,000)
Accounts, pledges, and contracts receivable without donor restrictions, net of discount	1,592,570	1,449,801
Pledges and grants receivable with donor restrictions:		
Pledges, net of discount	580,046	2,046,828
Grants	2,001,553	3,131,075
Pledges and grants receivable with donor restrictions	2,581,599	5,177,903
Total accounts, pledges, and contracts receivable	4,174,169	6,627,704
Less accounts, pledges, and contracts receivable due within one year	(4,142,799)	(5,773,141)
Long-term accounts, pledges, and contracts receivable	\$ 31,370	\$ 854,563

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 4 – Accounts, Pledges, and Contracts Receivable (continued)

Pledges receivable greater than one year are reflected at the present value of estimated future payments using an estimated discount rate of four percent. The discount totaled \$13,077 and \$92,030 for the years ended May 31, 2020 and 2019, respectively.

As of May 31, 2020, pledges receivable are due as follows:

Less than one year	\$ 779,615
One to five years	<u>1,100</u>
	780,715
Less: discount to net present value	<u>(13,077)</u>
Pledges receivable, net of discount	<u>\$ 767,638</u>

Note 5 – Beneficial Interest in Perpetual Trust

OMSI is the sole beneficiary of a perpetual trust whereby the investment principal remains part of the trust and is not the property of the Museum. The trust is managed by a third-party trustee, Bank of America, N.A. Each year, OMSI receives annual income distributions from the trust in perpetuity, which is to be used for scholarship or educational purposes. The Museum has no right to the investment principal. The annual fluctuation in the fair value of the trust is included in the statement of activities as an increase or decrease in net assets with donor restrictions. As of May 31, 2020 and 2019, the fair value of the trust assets totaled \$357,050 and \$350,173, respectively.

Note 6 – Investments

Investments are comprised of the following at May 31:

	<u>2020</u>	<u>2019</u>
Mutual funds	\$ 860,095	\$ 1,859,463
Stocks and exchange traded funds	960,801	826,406
Fixed income securities	<u>3,358,598</u>	<u>5,097,960</u>
Total investments	<u>\$ 5,179,494</u>	<u>\$ 7,783,829</u>

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 7 – Fair Value of Assets

The Museum accounts for financial instruments in accordance with the standard for *Fair Value Measurements*. This standard defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The Museum determines fair value based upon quoted prices when available or through the use of alternative approaches, such as matrix or model pricing, when market quotes are not readily accessible or available. The valuation techniques used are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Museum's market assumptions. These two types of inputs create the following fair value hierarchy:

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

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. The Museum's own data used to develop unobservable inputs is adjusted for market consideration when available.

The Museum used the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value in the financial statements:

Investments – Investments are comprised of mutual funds, stocks, exchange traded funds, and fixed income securities for which fair values are based on quoted market prices in an active market. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Beneficial interest in perpetual trust – The Museum's beneficial interest in perpetual trust is recorded at fair value based on the fair value of the underlying trust assets as determined by the third-party trustee, which is based on quoted market prices. The third-party trustee controls the investments in the trust and makes all management and investment decisions.

The Museum has no liabilities that are required to be measured at fair value at May 31, 2020 or 2019. There were no changes in valuation methodologies or assumptions during the years ended May 31, 2020 or 2019. It is the Museum's policy to recognize transfers between levels in the fair value hierarchy as of the actual date of the event or circumstances that caused the transfer.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 7 – Fair Value of Assets (continued)

The following table presents the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at May 31, 2020 and 2019:

	Fair Value Measurement at Report Date Using:			
	Fair Value at May 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 860,095	\$ 860,095	\$ -	\$ -
Stocks and exchange traded funds	960,801	960,801	-	-
Fixed income securities	3,358,598	759,863	2,598,735	-
Beneficial interest in perpetual trust	357,050	-	-	357,050
	<u>\$ 5,536,544</u>	<u>\$ 2,580,759</u>	<u>\$ 2,598,735</u>	<u>\$ 357,050</u>

	Fair Value Measurement at Report Date Using:			
	Fair Value at May 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,859,463	\$ 1,859,463	\$ -	\$ -
Stocks and exchange traded funds	826,406	826,406	-	-
Fixed income securities	5,097,960	1,006,820	4,091,140	-
Beneficial interest in perpetual trust	350,173	-	-	350,173
	<u>\$ 8,134,002</u>	<u>\$ 3,692,689</u>	<u>\$ 4,091,140</u>	<u>\$ 350,173</u>

Oregon Museum of Science and Industry
Notes to Financial Statements

Note 8 – Land, Buildings, Exhibits, and Equipment

Land, buildings, exhibits, and equipment consist of the following at May 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 9,683,547	\$ 9,683,547
Buildings and improvements	49,829,096	49,552,192
Exhibits	13,168,096	12,071,351
Equipment	<u>6,835,339</u>	<u>6,821,429</u>
	79,516,078	78,128,519
Less accumulated depreciation and amortization	<u>(41,878,097)</u>	<u>(38,452,196)</u>
	37,637,981	39,676,323
Construction in progress	<u>2,581,115</u>	<u>496,249</u>
	\$ <u>40,219,096</u>	\$ <u>40,172,572</u>

Equipment includes assets purchased under capital leases with an aggregate cost of \$2,518,272 for both May 31, 2020 and 2019, and accumulated amortization of \$1,943,771 and \$1,767,922 at May 31, 2020 and 2019, respectively. Amortization expense for the years ended May 31, 2020 and 2019 totaled \$175,849 and \$195,283, respectively.

Note 9 – Line of Credit

At May 31, 2020 and 2019, the Museum has an operating line of credit with an approved maximum borrowing limit of \$1,500,000 and \$200,000, respectively, from a bank. The line is secured by cash and investments held at Wells Fargo. Interest accrues at the bank's prime rate plus 1.00% per annum, or the floor rate of 5.25%. There was no outstanding balance on the line of credit at May 31, 2020 or 2019. The operating line matures on February 10, 2021.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 10 – Bonds Payable and Loan Payable

Bonds payable

In April 2020, the Museum issued bonds to refinance the Museum's 2015 Series A Oregon Facilities Authority bonds, pay the costs of renovating and improving the Museum's facilities, including, but not limited to roof improvements, and finance certain costs of issuing the bonds. The bonds were issued and purchased by Wells Fargo as a private placement. To secure its 2020 bond obligations, the Museum granted a security interest in real property held by the Museum. The face value of the 2020 Series A bonds is \$3,668,000. The bond proceeds of the 2020 Series B bonds will be disbursed in installments through the making of advances in accordance with the terms and conditions of the bond agreement. Interest payable on the 2020 Series B bonds shall be determined based on the principal amount which will be at the earliest of the following to occur: the date when the sum of the aggregate advances equals \$3,830,000, the completion date of the project, the full funding date, or the determination of taxability. At May 31, 2020, advances totaled \$1,108,417. The face value of the 2020 Series B bonds is \$3,830,000.

The agreement contains covenants which require the Museum to maintain a minimum liquidity of at least \$1,000,000 as of the last day of the second and fourth quarter of each fiscal year.

Loan payable

In April 2020, the Museum received a loan through the Small Business Administration in the amount of \$2,248,937 under the criteria outlined in the Paycheck Protection Program (PPP) of the CARES Act of 2020. Under the terms of the agreement, interest payments are due starting November 2020. Interest will accrue at a rate of 1.00% per annum. The loan matures in April 2022. The Museum intends to utilize the loan forgiveness opportunity within the PPP. Burdened payroll (as defined by the PPP) incurred in a span of 24 weeks after the loan date is subject to forgiveness and will be evaluated by the lending institution.

Bonds payable and loan payable consists of the following at May 31:

	<u>2020</u>	<u>2019</u>
Oregon Facilities Authority 2015 Series A Bonds – Interest only payments through May 1, 2018 at an interest rate of 3.45%. Beginning May 1, 2018, monthly principal and interest payments of \$35,905. Refunded April 2020.	\$ -	\$ 3,854,944
Oregon Facilities Authority 2020 Series A Bonds – Interest only payments through November 1, 2020 at an interest rate of 2.62%. Beginning December 1, 2020, principal and interest payments begin, bonds mature April 30, 2050.	3,668,000	-
Oregon Facilities Authority 2020 Series B Bonds – Principal and interest payments to be determined at the termination of the advance period. Interest will accrue at 2.62%. Bonds mature April 30, 2050.	1,108,417	-

Oregon Museum of Science and Industry
Notes to Financial Statements

Note 10 – Bonds Payable and Loan Payable (continued)

	2020	2019
Paycheck Protection Program Loan – 18 monthly consecutive principal payments in the amount of \$124,941 beginning November 2020, with the entire outstanding principal balance and all accrued but unpaid interest due and payable on the maturity date, unless forgiven in accordance with the loan agreement.	<u>\$ 2,248,937</u>	<u>\$ -</u>
Less current portion	<u>(2,054,855)</u>	<u>(300,417)</u>
Bonds payable and loan payable, net of current portion	<u><u>\$ 4,970,499</u></u>	<u><u>\$ 3,554,527</u></u>

The following is a summary of scheduled redemptions of bonds payable and payments on the loan payable:

Years ending May 31,	2021	\$ 2,054,855
	2022	1,521,886
	2023	151,503
	2024	155,343
	2025	159,754
	Thereafter	<u>2,982,013</u>
		<u><u>\$ 7,025,354</u></u>

Total interest expense for the years ended May 31, 2020 and 2019 was \$259,257 and \$151,200, respectively.

Note 11 – Trust Funds Held by Others

Securities and cash with fair values of \$913,711 and \$924,356 at May 31, 2020 and 2019, respectively, are held in trust for the benefit of OMSI and various other charitable organizations. No portion of these assets held in trust for OMSI have been included in the accompanying financial statements. The principal is to remain in trust in perpetuity and investment income is distributed to OMSI at the discretion of the trustees. Such distributions are recorded as contributions with donor restrictions when received.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 11 – Trust Funds Held by Others (continued)

In addition, an endowment fund was established on July 16, 1998, for the benefit of OMSI, for the maintenance or renovation of OMSI's buildings, and the construction or maintenance of exhibits. The endowment is subject to various conditions, including the continued support of state and local governments until the existing indebtedness to the ODOE is satisfied. Because the ODOE debt was satisfied in 2015, the endowment is no longer subject to these various conditions as of May 31, 2020 or 2019. No portion of these assets held in the endowment fund for the benefit of OMSI have been included in the accompanying financial statements.

A portion of the earnings on the endowment funds is distributed on an annual basis. The fair value of the endowment, including matching funds, totaled \$5,439,612 and \$5,702,462 at May 31, 2020 and 2019, respectively. OMSI recorded contributions with donor restrictions from the endowment of \$243,423 and \$239,656 for the years ended May 31, 2020 and 2019, respectively.

Note 12 – Benefit Plans

Defined contribution plan – The Museum sponsors a 403(b) plan (the Plan) whereby eligible employees may defer a portion of their gross wages. Employees are eligible to participate in the Plan on the first day of employment. Employees are eligible to participate in the Plan match once they have completed one year of service. Employees may contribute a maximum of 100% of their compensation to the Plan (subject to annual limitations by the IRS). OMSI makes discretionary matching contributions to the Plan, the amount of which is determined at the end of the Plan year, December 31. Employer contributions vest over a period of five years. OMSI contributed approximately \$93,000 to the Plan for the year ended May 31, 2019. The Board of Trustees did not approve a matching contribution for the year ended May 31, 2020.

457(b) deferred compensation plan – Effective October 1, 2013, the Museum established a deferred compensation plan (the Plan) under the provisions of Section 457(b) of the Internal Revenue Code for selected employees at the Museum. Investments are owned by the Museum and managed individually by the participant. Participants are 100% vested in both employee and employer deferrals at all times. Payments will be made upon death, retirement, or unforeseeable emergency. Until such time, plan assets are subject to the claim of the Museum's creditors.

The Museum did not make discretionary contributions to the Plan during the years ended May 31, 2020 or 2019. The Museum recorded an asset and liability in the amount of \$224,638 as of May 31, 2020. The Museum recorded an asset and liability in the amount of \$184,148 as of May 31, 2019. The asset and liability are recorded in accounts, pledges, and contracts receivable and accounts payable and accrued expenses, respectively, on the statement of financial position.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 13 – Commitments and Contingencies

Operating leases

The Museum has entered into various leases under operating agreements expiring March 2023. One of these lease agreements includes renewal periods at the Museum's option for five years commencing on September 2020. Future minimum payments associated with the operating lease agreements for succeeding years total approximately \$61,500 and are to be made through March 2023.

Additionally, the Museum enters into various short-term operating leases for items such as equipment, exhibit rentals, facilities, and storage fees. Rent expense related to operating leases was \$588,572 and \$1,105,454 for the years ended May 31, 2020 and 2019, respectively.

Grant revenues

The grant revenues reported in the accompanying statement of activities are subject to audit and adjustment by grantor agencies. Grant revenues relating to costs, which may be ultimately questioned or disallowed by the grantor agencies, may become a liability of the Museum as a result of audit findings. However, management does not expect any significant liabilities related to grant revenues.

Note 14 – Net Assets Released from Restrictions

Net assets relating to restricted contributions and grants are released from net assets with donor restrictions to net assets without donor restrictions when the Museum incurs expenses satisfying the restricted purposes or when other events specified by donors occur. Such releases are summarized as follows at May 31, 2020:

Satisfaction of program restrictions for grants	\$ 1,232,213
Satisfaction of program restrictions for contributions	<u>4,054,378</u>
	<u>\$ 5,286,591</u>

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 15 – Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at May 31:

	<u>2020</u>	<u>2019</u>
Contributions and grants restricted by purpose for:		
Various projects and exhibits	\$ 1,993,732	\$ 3,131,075
Special operating purposes	1,992,144	3,989,710
Scholarships	<u>172,429</u>	<u>317,306</u>
Total purpose restrictions	<u>4,158,305</u>	<u>7,438,091</u>
Contributions restricted by time for operations	<u>163,398</u>	<u>175,994</u>
Endowments		
General Education (Original Gift, \$442,602)	510,054	494,870
Steere Education (Original Gift, \$26,282)	26,282	26,282
Naftalin Education (Original Gift, \$8,294)	8,880	8,835
Poulsen Education (Original Gift, \$1,395)	<u>1,395</u>	<u>1,395</u>
Total endowments held in perpetuity	<u>546,611</u>	<u>531,382</u>
Peterson Trust – beneficial interest in trust	<u>357,050</u>	<u>350,173</u>
Total endowments	<u>903,661</u>	<u>881,555</u>
Total net assets with donor restrictions	<u>\$ 5,225,364</u>	<u>\$ 8,495,640</u>

Note 16 – Endowments

Board-designated endowments represent quasi-endowments which are net assets without donor restrictions designated by the Board of Trustees to provide support and resources for Museum operations. A Board-designated endowment, which results from an internal Board designation, is not an outside donor-restricted endowment and is, therefore, classified as net assets without donor restrictions. The Board of Trustees of the Museum has the right to decide at any time to expend the designated portion of such funds. The Museum did not have any Board-designated endowments as of May 31, 2020 or 2019.

Endowments with donor restrictions are comprised of endowments that have outside donor-imposed stipulations, which neither expire by the passage of time nor can be fulfilled by actions of the Museum. Also included in this classification are funds resulting from earnings on those endowments, whose use by the Museum is restricted by donor-imposed stipulations that either expire by the passage of time or by fulfilling the specified purpose restriction.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 16 – Endowments (continued)

Endowment dollars invested with growth in mind may have the fair value of assets, associated with individual donor-restricted funds, fall below the level that the donor requires the Museum to retain as a fund of perpetual duration. There were no such deficiencies as of May 31, 2020 and 2019.

The Museum follows the Uniform Prudent Management of Institutional Funds Act of 2007 (UPMIFA or the Act), the provisions of which apply to endowment funds existing on or established after the effective date of January 1, 2008. The Board of Trustees of the Museum has interpreted the Act 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 Museum classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 the Act, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Museum 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 Museum
7. The investment policies of the Museum

The Museum's spending policy allows for allocation of 100% of the earnings from its endowment funds for expenditure each year. Not all of the earnings are spent each year as funds are expended depending on program activity. The earnings are typically spent on financial assistance for participants in camps, classes, labs, and field trips.

Endowment net assets and changes in endowment net assets for the year ended May 31, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, May 31, 2019	\$ -	\$ 531,382	\$ 531,382
Investment return	-	16,578	16,578
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(1,349)</u>	<u>(1,349)</u>
Endowment net assets, May 31, 2020	<u><u>\$ -</u></u>	<u><u>\$ 546,611</u></u>	<u><u>\$ 546,611</u></u>

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 16 – Endowments (continued)

Endowment net assets and changes in endowment net assets for the year ended May 31, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, May 31, 2018	\$ -	\$ 529,434	\$ 529,434
Investment return	-	20,258	20,258
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(18,310)</u>	<u>(18,310)</u>
Endowment net assets, May 31, 2019	<u><u>\$ -</u></u>	<u><u>\$ 531,382</u></u>	<u><u>\$ 531,382</u></u>

Note 17 – Subsequent Event

During the year ended May 31, 2020, the World Health Organization (WHO) declared the novel coronavirus outbreak a public health emergency. In response to the WHO's declaration, the Museum's Board of Trustees authorized a temporary closure to the public beginning March 14, 2020. Subsequent to year-end, the Museum reopened as allowed under current state and local orders. The duration and intensity of the impact of the COVID-19 pandemic and resulting disruption to the Museum's operations cannot be reasonably estimated at this time, but it is expected to impact the Museum's results for 2021.

