



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

OREGON MUSEUM OF SCIENCE AND INDUSTRY

May 31, 2022 and 2021

Table of Contents

	PAGE
Report of Independent Auditors	1–3
Financial Statements	
Statement of financial position	4
Statement of activities	5
Statements of functional expenses	6–7
Statements of cash flows	8–9
Notes to financial statements	10–28

Report of Independent Auditors

The Board of Trustees
Oregon Museum of Science and Industry

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oregon Museum of Science and Industry (the Museum), which comprise the statement of financial position as of May 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Oregon Museum of Science and Industry as of May 31, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Other Matter

We have previously audited Oregon Museum of Science and Industry's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss Adams LLP

Portland, Oregon
October 7, 2022

Oregon Museum of Science and Industry
Statement of Financial Position
(with Summarized Financial Information for May 31, 2021)

	May 31, 2022			May 31, 2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 9,925,689	\$ 2,596,833	\$ 12,522,522	\$ 10,102,674
Accounts, pledges, and contracts receivable, current portion, net of allowance	926,193	787,249	1,713,442	3,164,069
Investments	2,659,714	1,550,126	4,209,840	4,494,441
Prepaid expenses and other assets	655,387	-	655,387	539,468
Due from other funds	594,675	-	594,675	864,344
Total current assets	14,761,658	4,934,208	19,695,866	19,164,996
LONG-TERM ASSETS				
Accounts, pledges and contracts receivable, net of current portion	-	69,956	69,956	44,747
Beneficial interest in perpetual trust	-	390,108	390,108	455,002
Land, buildings, exhibits, and equipment, net	41,707,512	-	41,707,512	40,587,205
Total long-term assets	41,707,512	460,064	42,167,576	41,086,954
TOTAL ASSETS	\$ 56,469,170	\$ 5,394,272	\$ 61,863,442	\$ 60,251,950
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 2,019,817	\$ -	\$ 2,019,817	\$ 1,921,945
Due to other funds	-	594,675	594,675	864,344
Deferred revenues, current portion	3,235,447	-	3,235,447	2,554,738
Loan payable, current portion	-	-	-	1,156,064
Bonds payable, current portion	298,649	-	298,649	2,365,669
Total current liabilities	5,553,913	594,675	6,148,588	8,862,760
LONG-TERM LIABILITIES				
Deferred revenues, net of current portion	121,501	-	121,501	45,000
Loan payable, net of current portion	-	-	-	2,156,417
Bonds payable, net of current portion	6,896,918	-	6,896,918	3,477,372
Total long-term liabilities	7,018,419	-	7,018,419	5,678,789
Total liabilities	12,572,332	594,675	13,167,007	14,541,549
NET ASSETS	43,896,838	4,799,597	48,696,435	45,710,401
TOTAL LIABILITIES AND NET ASSETS	\$ 56,469,170	\$ 5,394,272	\$ 61,863,442	\$ 60,251,950

Oregon Museum of Science and Industry
Statement of Activities
(with Summarized Financial Information for the Year Ended May 31, 2021)

	Year Ended May 31, 2022			May 31, 2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Admissions	\$ 4,511,547	\$ -	\$ 4,511,547	\$ 1,438,366
Memberships	1,220,209	-	1,220,209	1,485,922
Educational programs	1,809,031	-	1,809,031	1,640,069
Auxiliary activities	1,295,727	-	1,295,727	306,069
Exhibit fees	773,572	-	773,572	526,849
Contributions and grants	1,767,748	9,761,154	11,528,902	8,107,091
Change in value of perpetual trust	-	(64,894)	(64,894)	97,952
Contributed services of volunteers and in-kind donations	139,789	-	139,789	193,798
Investment return, net	(145,398)	39,167	(106,231)	731,231
Other income	491,221	-	491,221	314,753
Gain on extinguishment of debt	2,000,000	-	2,000,000	2,248,937
Gain (loss) on sale of land, buildings, exhibits, and equipment	15,325	-	15,325	(59,713)
Net assets released from restriction	10,274,065	(10,274,065)	-	-
Total revenues	24,152,836	(538,638)	23,614,198	17,031,324
EXPENSES				
Program services				
Museum activities	11,728,440	-	11,728,440	8,907,256
Educational programs	3,209,503	-	3,209,503	2,622,096
Total program services	14,937,943	-	14,937,943	11,529,352
Supporting services				
Management and general	3,753,274	-	3,753,274	3,107,725
Fund-raising	1,107,117	-	1,107,117	819,348
Total supporting services	4,860,391	-	4,860,391	3,927,073
Auxiliary activities	829,830	-	829,830	454,568
Total expenses	20,628,164	-	20,628,164	15,910,993
CHANGE IN NET ASSETS	3,524,672	(538,638)	2,986,034	1,120,331
NET ASSETS, beginning of year	40,372,166	5,338,235	45,710,401	44,590,070
NET ASSETS, end of year	\$ 43,896,838	\$ 4,799,597	\$ 48,696,435	\$ 45,710,401

Oregon Museum of Science and Industry Statement of Functional Expenses

	Year Ended May 31, 2022							
	Program Services			Supporting Services			Auxiliary Activities	Total
	Museum Activities	Educational Programs	Subtotal	Management and General	Fundraising	Subtotal		
Salaries, wages, and related expenses	\$ 4,534,692	\$ 2,076,585	\$ 6,611,277	\$ 1,604,055	\$ 730,781	\$ 2,334,836	\$ 146,658	\$ 9,092,771
Depreciation and amortization of capital assets	2,446,480	487,352	2,933,832	178,127	-	178,127	326,624	3,438,583
Professional services	1,537,008	253,404	1,790,412	357,587	203,312	560,899	-	2,351,311
Rentals	1,125,224	8,312	1,133,536	68,539	-	68,539	-	1,202,075
Supplies and subscriptions	221,553	98,495	320,048	307,981	16,408	324,389	1,223	645,660
Utilities	559,499	45,596	605,095	-	-	-	-	605,095
Museum support services	377,697	100	377,797	126,591	5,772	132,363	2,827	512,987
Bank fees and interest	986	20	1,006	458,065	252	458,317	42	459,365
Insurance	8,948	340	9,288	397,196	-	397,196	-	406,484
Cost of merchandise sold	171	19,860	20,031	-	-	-	344,065	364,096
Publicity, printing, and postage	270,529	2,862	273,391	5,555	12,240	17,795	1,288	292,474
Repairs and maintenance	208,686	15,768	224,454	44,097	-	44,097	244	268,795
Equipment	53,913	62,137	116,050	96,774	10,010	106,784	-	222,834
Food	41,132	53,596	94,728	12,447	43,169	55,616	2,901	153,245
Contributed services of volunteers and in-kind donations	37,921	14,343	52,264	7,920	79,605	87,525	-	139,789
Taxes and other	98,717	17,040	115,757	15,445	1,468	16,913	3,050	135,720
Travel	87,862	29,208	117,070	5,350	255	5,605	8	122,683
Transportation	97,741	14,099	111,840	413	20	433	-	112,273
Telephone	15,875	10,098	25,973	49,311	3,825	53,136	900	80,009
Miscellaneous	3,806	288	4,094	16,171	-	16,171	-	20,265
Bad debt	-	-	-	1,650	-	1,650	-	1,650
Total functional expenses	\$ 11,728,440	\$ 3,209,503	\$ 14,937,943	\$ 3,753,274	\$ 1,107,117	\$ 4,860,391	\$ 829,830	\$ 20,628,164

See accompanying notes.

Oregon Museum of Science and Industry

Statement of Functional Expenses

	Year Ended May 31, 2021							
	Program Services			Supporting Services			Auxiliary Activities	Total
	Museum Activities	Educational Programs	Subtotal	Management and General	Fundraising	Subtotal		
Salaries, wages, and related expenses	\$ 3,559,165	\$ 1,923,248	\$ 5,482,413	\$ 1,564,060	\$ 577,822	\$ 2,141,882	\$ 89,205	\$ 7,713,500
Depreciation and amortization of capital assets	2,722,812	451,298	3,174,110	24,456	-	24,456	312,966	3,511,532
Professional services	612,504	84,580	697,084	210,991	88,087	299,078	-	996,162
Rentals	524,224	5,210	529,434	55,310	-	55,310	-	584,744
Supplies and subscriptions	154,419	73,866	228,285	230,765	8,022	238,787	505	467,577
Utilities	443,826	43,488	487,314	-	-	-	-	487,314
Museum support services	235,160	1	235,161	125,235	8,455	133,690	211	369,062
Bank fees and interest	319	109	428	267,796	207	268,003	10	268,441
Insurance	963	340	1,303	364,232	-	364,232	-	365,535
Cost of merchandise sold	-	-	-	-	-	-	49,709	49,709
Publicity, printing, and postage	127,083	987	128,070	2,146	6,360	8,506	17	136,593
Repairs and maintenance	170,174	6,616	176,790	49,089	-	49,089	142	226,021
Equipment	15,032	6,747	21,779	73,557	-	73,557	-	95,336
Food	88,663	6,970	95,633	3,774	22,776	26,550	-	122,183
Contributed services of volunteers and in-kind donations	67,056	2,917	69,973	20,185	103,640	123,825	-	193,798
Taxes and other	13,100	2,350	15,450	38,787	100	38,887	1,095	55,432
Travel	53,538	328	53,866	-	79	79	-	53,945
Transportation	80,612	2,304	82,916	-	-	-	108	83,024
Telephone	19,103	10,717	29,820	52,382	3,800	56,182	600	86,602
Miscellaneous	19,503	20	19,523	-	-	-	-	19,523
Bad debt	-	-	-	24,960	-	24,960	-	24,960
Total functional expenses	\$ 8,907,256	\$ 2,622,096	\$ 11,529,352	\$ 3,107,725	\$ 819,348	\$ 3,927,073	\$ 454,568	\$ 15,910,993

Oregon Museum of Science and Industry Statements of Cash Flows

	Years Ended May 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,986,034	\$ 1,120,331
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized losses (gains) on investments	284,024	(726,660)
Gain on extinguishment of debt	(2,000,000)	(2,248,937)
Depreciation and amortization expense	3,438,583	3,511,532
Present value adjustment to annuities payable	-	(20,180)
Fair value adjustment to perpetual trust	64,894	(97,952)
(Gain) loss on disposition of land, buildings, exhibits, and equipment	(15,325)	59,713
Changes in assets and liabilities:		
Accounts, pledges, and contracts receivable	1,425,418	965,353
Prepaid expenses and other assets	(115,919)	67,777
Accounts payable and accrued expenses	97,872	(11,092)
Deferred revenues	757,210	(1,617,250)
Net cash provided by operating activities	<u>6,922,791</u>	<u>1,002,635</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,752,323	3,411,713
Purchase of investments	(1,751,746)	(2,000,000)
Proceeds from sale of land, buildings, exhibits and equipment	15,325	-
Purchase of land, buildings, exhibits and equipment	(4,558,890)	(2,783,290)
Net cash used in investing activities	<u>(4,542,988)</u>	<u>(1,371,577)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	-	2,156,417
Payments on loans payable	(1,312,481)	-
Payments on 2020 Series A bonds payable	(147,536)	(74,233)
Proceeds from issuance of 2020 Series B bonds payable	1,500,062	1,140,857
Net cash provided by financing activities	<u>40,045</u>	<u>3,223,041</u>
INCREASE IN CASH AND CASH EQUIVALENTS	2,419,848	2,854,099
CASH AND CASH EQUIVALENTS, beginning of year	<u>10,102,674</u>	<u>7,248,575</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 12,522,522</u>	<u>\$ 10,102,674</u>

Oregon Museum of Science and Industry Statements of Cash Flows

	Years Ended May 31,	
	<u>2022</u>	<u>2021</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 266,995</u>	<u>\$ 184,404</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES		
Building improvements financed with loan payable	<u>\$ -</u>	<u>\$ 1,156,064</u>

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.

Financial statement presentation

The accompanying financial statements of MSI 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:

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 MSI 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 MSI. 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 and other customers 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, 2022 and 2021. 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.

Oregon Museum of Science and Industry

Notes to Financial Statements

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

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.

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 2 to 50 years.

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 5 to 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.

Upon the deaccession of collections and exhibits, the Museum's policy is to use those proceeds for the acquisition of new collection items and the direct care of existing collections. Direct care costs include costs that enhance the life, usefulness, or quality of the Museum's collection and provide a benefit to the Museum's collection.

Paycheck Protection Program (PPP) loan payable

During the year ended May 31, 2021, the Museum received a second PPP loan in the amount \$2,000,000. 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. During the year ended May 31, 2022, the Museum received full forgiveness of the PPP loan received during the year ended May 31, 2021. See Note 11.

Oregon Museum of Science and Industry

Notes to Financial Statements

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

Deferred revenues

OMSI sells annual Museum memberships, which cover a 12-month period from the month of purchase. Membership fees are recognized ratably over the 12-month period to which they are valid.

OMSI owns certain traveling exhibits which have been contracted to other museums through fiscal year 2026. Revenues from these contracts, deferred initially, are recognized over the terms of the contracts upon delivery of the exhibit at each site.

OMSI also receives prepayments on certain camps and classes. Such prepayments are deferred and recognized as revenue when the event occurs.

Admissions

Revenues from admissions are recorded at the time of ticket redemption.

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 and classes. 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.

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 measurable performance obligation or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

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 \$2,288,226 that have not been recognized at May 31, 2022 because qualifying expenditures have not yet been incurred.

Oregon Museum of Science and Industry

Notes to Financial Statements

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

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>2022</u>	<u>2021</u>
Contributed services of volunteers and in-kind donations	<u>\$ 139,789</u>	<u>\$ 193,798</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.

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 \$267,035 and \$107,533 for the years ended May 31, 2022 and 2021, 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.

Oregon Museum of Science and Industry

Notes to Financial Statements

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

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, 2022 or 2021. 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.

Reclassifications

Certain reclassifications have been made to the 2021 statement of financial position and statement of cash flows to conform with current year presentation. These reclassifications had no effect on total net assets or the change in net assets.

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, 2022, which is the date the financial statements were available to be issued.

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, 2021, from which the summarized information was derived.

Oregon Museum of Science and Industry

Notes to Financial Statements

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>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 9,925,689	\$ 8,049,827
Accounts, pledges, and contracts receivable	926,193	1,249,997
Investments	<u>2,659,714</u>	<u>2,758,530</u>
Total financial assets available within one year	13,511,596	12,058,354
Liquidity resources:		
Bank line of credit	-	1,500,000
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>\$ 12,511,596</u>	<u>\$ 12,558,354</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:

	<u>2022</u>	<u>2021</u>
Accounts, pledges, and contracts receivable without donor restrictions:		
Trade and other receivables	\$ 483,748	\$ 677,015
Traveling exhibit and exhibit sales contracts	100,213	153,448
Pledges, net of discount	159,708	283,722
Grants	<u>202,524</u>	<u>155,812</u>
	946,193	1,269,997
Less allowance for doubtful accounts	<u>(20,000)</u>	<u>(20,000)</u>
Accounts, pledges, and contracts receivable without donor restrictions, net of discount	<u>926,193</u>	<u>1,249,997</u>
Pledges and grants receivable with donor restrictions:		
Pledges, net of discount	742,596	1,043,223
Grants	<u>114,609</u>	<u>915,596</u>
Pledges and grants receivable with donor restrictions	<u>857,205</u>	<u>1,958,819</u>
Total accounts, pledges, and contracts receivable	1,783,398	3,208,816
Less accounts, pledges, and contracts receivable due within one year	<u>(1,713,442)</u>	<u>(3,164,069)</u>
Long-term accounts, pledges, and contracts receivable	<u>\$ 69,956</u>	<u>\$ 44,747</u>

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 \$10,544 and \$5,253 for the years ended May 31, 2022 and 2021, respectively.

As of May 31, 2022, pledges receivable are due as follows:

Less than one year	\$ 832,348
One to five years	<u>80,500</u>
	912,848
Less: discount to net present value	<u>(10,544)</u>
Pledges receivable, net of discount	<u><u>\$ 902,304</u></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, 2022 and 2021, the fair value of the trust assets totaled \$390,108 and \$455,002, respectively.

Note 6 – Investments

Investments are comprised of the following at May 31:

	<u>2022</u>	<u>2021</u>
Mutual funds	\$ 1,031,837	\$ 1,313,288
Stocks and exchange traded funds	1,174,909	1,179,346
Certificates of deposit	<u>2,003,094</u>	<u>2,001,807</u>
Total investments	<u><u>\$ 4,209,840</u></u>	<u><u>\$ 4,494,441</u></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 ASC 820, *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 certificates of deposit, mutual funds, stocks, and exchange traded funds 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, 2022 or 2021. There were no changes in valuation methodologies or assumptions during the years ended May 31, 2022 or 2021.

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, 2022 and 2021:

	Fair Value Measurement at Report Date Using:			
	Fair Value at May 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,031,837	\$ 1,031,837	\$ -	\$ -
Stocks and exchange traded funds	1,174,909	1,174,909	-	-
Certificates of deposit	2,003,094	-	2,003,094	-
Beneficial interest in perpetual trust	390,108	-	-	390,108
	<u>\$ 4,599,948</u>	<u>\$ 2,206,746</u>	<u>\$ 2,003,094</u>	<u>\$ 390,108</u>

	Fair Value Measurement at Report Date Using:			
	Fair Value at May 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,313,288	\$ 1,313,288	\$ -	\$ -
Stocks and exchange traded funds	1,179,346	1,179,346	-	-
Certificates of deposit	2,001,807	-	2,001,807	-
Beneficial interest in perpetual trust	455,002	-	-	455,002
	<u>\$ 4,949,443</u>	<u>\$ 2,492,634</u>	<u>\$ 2,001,807</u>	<u>\$ 455,002</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:

	2022	2021
Land	\$ 9,683,547	\$ 9,683,547
Buildings and improvements	56,970,832	51,346,284
Exhibits	13,974,504	13,335,446
Equipment	6,320,202	6,343,108
Total land, buildings, exhibits, and equipment	86,949,085	80,708,385
Less accumulated depreciation and amortization	(46,503,553)	(44,843,922)
Construction in progress	40,445,532	35,864,463
	1,261,980	4,722,742
Land, buildings, exhibits, and equipment, net	\$ 41,707,512	\$ 40,587,205

Equipment includes assets purchased under capital leases with an aggregate cost of \$2,518,272 for both May 31, 2022 and 2021, and accumulated amortization of \$2,294,687 and \$2,119,229 at May 31, 2022 and 2021, respectively. Amortization expense for the years ended May 31, 2022 and 2021 was \$175,458.

Note 9 – Deferred Revenue

Deferred revenue related to memberships was as follows at May 31:

	2022	2021
Deferred revenue, beginning of year	\$ 465,598	\$ 1,259,640
Purchase of memberships	1,572,645	691,880
Amortization of memberships to revenue	(1,220,209)	(1,485,922)
Deferred revenue, end of year	\$ 818,034	\$ 465,598

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 9 – Deferred Revenue (continued)

Deferred revenue related to traveling exhibits was as follows at May 31:

	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of year	\$ 556,171	\$ 1,101,136
Traveling exhibit fees (refunds)	683,027	(18,116)
Amortization of exhibit fees to revenue	<u>(773,572)</u>	<u>(526,849)</u>
Deferred revenue, end of year	<u>\$ 465,626</u>	<u>\$ 556,171</u>

Deferred revenue related to camps and classes was as follows at May 31:

	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of year	\$ 1,577,969	\$ 1,856,212
Purchase of camps, classes, and other events	2,304,350	1,361,826
Amortization of educational programs to revenue	<u>(1,809,031)</u>	<u>(1,640,069)</u>
Deferred revenue, end of year	<u>\$ 2,073,288</u>	<u>\$ 1,577,969</u>

Note 10 – 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 were 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 is 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, 2022, the project had been completed and advances totaled \$3,746,953. The face value of the 2020 Series B bonds is \$3,830,000.

Oregon Museum of Science and Industry Notes to Financial Statements

Note 10 – Bonds Payable (continued)

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.

Bonds payable consists of the following at May 31:

	2022	2021
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.	\$ 3,448,614	\$ 3,596,150
Oregon Facilities Authority 2020 Series B Bonds – Interest only payments through May 1, 2022 at an interest rate of 2.62%. Beginning June 1, 2022, principal and interest payments begin, bonds mature on April 30, 2050.	3,746,953	2,246,891
Bonds payable, total	7,195,567	5,843,041
Less current portion	(298,649)	(2,365,669)
Bonds payable, net of current portion	\$ 6,896,918	\$ 3,477,372

The following is a summary of scheduled redemptions of bonds payable:

Years ending May 31,	2023	\$ 298,649
	2024	306,183
	2025	314,913
	2026	323,381
	2027	332,076
	Thereafter	5,620,365
		\$ 7,195,567

Total interest expense for the years ended May 31, 2022 and 2021 was \$247,143 and \$172,005 respectively.

In accordance with the agreement, the bonds mature on April 30, 2050. However, because the bonds were purchased by Wells Fargo as a private placement, the direct purchase period ends on April 1, 2030. As of the end of the direct purchase period, the interest rate may be modified in accordance with the terms of the agreement.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 11 – Loans Payable

In January 2021, the Museum received a second PPP loan from the SBA in the amount of \$2,000,000. Interest accrued at a rate of 1.00% per annum. In March 2022, the Museum received notice that the loan had been forgiven in full. A gain on the loan's extinguishment of \$2,000,000 is recorded in the Museum's statement of activities.

In June 2020, the Museum received an Economic Injury Disaster Loan through the SBA in the amount of \$150,000. The loan was paid in full in April 2022.

In October 2020, Bon Appetit Management Company ("Bon Appetit") elected to terminate its food service contract with the Museum. Pursuant to the terms of the agreement, the Museum is required to pay Bon Appetit the unamortized amount of the Restaurant Capital Investment, funds paid for by Bon Appetit for the development of the Museum's café infrastructure. The loan matured and was paid in full in December 2021.

Loans payable consists of the following at May 31:

	<u>2022</u>	<u>2021</u>
Paycheck Protection Program Loan – 18 monthly consecutive principal payments beginning April 2022, 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. Forgiven in March 2022.	\$ -	\$ 2,000,000
Bon Appetit Loan – Interest only payments made monthly. Interest accrues at 5.25%. All unpaid interest and principal are due upon maturity, December 2021. Paid off in December 2021.	-	1,156,064
Economic Injury Disaster Loan – Monthly consecutive principal payments in the amount of \$641 beginning June 2021. Interest accrues at 2.75% per annum. Loan matures in June 2050. Paid off in April 2022.	-	<u>156,417</u>
Loans payable, total	-	3,312,481
Less current portion	-	<u>(1,156,064)</u>
Loans payable, net of current portion	<u>\$ -</u>	<u>\$ 2,156,417</u>

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 12 – Line of Credit

At May 31, 2021, the Museum had an operating line of credit with an approved maximum borrowing limit of \$1,500,000 from a bank. The line was 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, 2021. The operating line matured on February 10, 2022 and was not renewed.

Note 13 – Trust Funds Held by Others

Securities and cash with fair values of \$941,204 and \$1,077,503 at May 31, 2022 and 2021, 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.

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, 2022 or 2021. 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 \$7,019,267 and \$7,260,278 at May 31, 2022 and 2021, respectively. OMSI recorded contributions with donor restrictions from the endowment of \$244,051 and \$245,052 for the years ended May 31, 2022 and 2021, respectively.

Note 14 – 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. The Board of Trustees approved a matching contribution totaling \$66,710 during the year ended May 31, 2022. The Board of Trustees did not approve a matching contribution for the year ended May 31, 2021.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 14 – Benefit Plans (continued)

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, 2022 or 2021. The Museum recorded an asset and liability in the amount of \$68,637 as of May 31, 2022. The Museum recorded an asset and liability in the amount of \$286,631 as of May 31, 2021. 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.

Note 15 – Commitments and Contingencies

Operating leases

The Museum has entered into various leases under operating agreements expiring August 2025. Future minimum payments associated with the operating lease agreements for succeeding years total approximately \$317,000 and are to be made through August 2025.

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 \$1,203,080 and \$584,744 for the years ended May 31, 2022 and 2021, 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 16 – 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, 2022:

Satisfaction of program restrictions for grants	\$ 7,282,132
Satisfaction of program restrictions for contributions	<u>2,991,933</u>
	<u>\$ 10,274,065</u>

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 16 – Net Assets Released from Restrictions (continued)

A significant portion of net assets released from restriction for grants represents the Museum's receipt and spend of the Shuttered Venue Operators Grant (SVOG) in the amount of \$4,594,516.

Note 17 – Net Assets with Donor Restrictions

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

	2022	2021
Contributions and grants restricted by purpose for:		
Various projects and exhibits	\$ 114,609	\$ 786,601
Special operating purposes	3,458,237	3,186,457
Scholarships	257,138	238,159
Total purpose restrictions	3,829,984	4,211,217
Contributions restricted by time for operations	7,500	103,600
Endowments		
General Education (Original Gift, \$442,602)	535,237	531,675
Steere Education (Original Gift, \$26,282)	26,282	26,282
Naftalin Education (Original Gift, \$8,294)	9,091	9,064
Poulsen Education (Original Gift, \$1,395)	1,395	1,395
Total endowments held in perpetuity	572,005	568,416
Peterson Trust – beneficial interest in trust	390,108	455,002
Total endowments	962,113	1,023,418
Total net assets with donor restrictions	\$ 4,799,597	\$ 5,338,235

Note 18 – 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, 2022 or 2021.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 18 – Endowments (continued)

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.

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, 2022 and 2021.

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.

Oregon Museum of Science and Industry

Notes to Financial Statements

Note 18 – Endowments (continued)

Endowment net assets and changes in endowment net assets for the year ended May 31, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, May 31, 2021	\$ -	\$ 568,416	\$ 568,416
Investment return	-	39,167	39,167
Appropriation of endowment assets for expenditure	-	(35,578)	(35,578)
Endowment net assets, May 31, 2022	\$ -	\$ 572,005	\$ 572,005

Endowment net assets and changes in endowment net assets for the year ended May 31, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, May 31, 2020	\$ -	\$ 546,611	\$ 546,611
Investment return	-	38,382	38,382
Appropriation of endowment assets for expenditure	-	(16,577)	(16,577)
Endowment net assets, May 31, 2021	\$ -	\$ 568,416	\$ 568,416

