



FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



Leaf & Cole, LLP
Certified Public Accountants

**REUBEN H. FLEET SCIENCE CENTER
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Trustees
Reuben H. Fleet Science Center

Report on the Financial Statements

We have audited the accompanying financial statements of Reuben H. Fleet Science Center, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

To the Board of Trustees
Reuben H. Fleet Science Center

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reuben H. Fleet Science Center as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Leaf & Cole LLP

San Diego, California
September 29, 2021

**REUBEN H. FLEET SCIENCE CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>Current Assets:</u> (Notes 2, 4, 5 and 6)		
Cash and cash equivalents	\$ 3,520,888	\$ 1,921,567
Investments	926,335	1,789,949
Accounts receivable, net	435,526	119,483
Pledges receivable	124,407	84,485
Inventory	73,749	98,886
Prepaid expenses	291,688	255,967
Total Current Assets	<u>5,372,593</u>	<u>4,270,337</u>
<u>Noncurrent Assets:</u> (Notes 2, 4, 5, 6, 7, 8, 9 and 10)		
Pledges receivable	-	57,774
Property and equipment, net	5,786,960	5,357,891
Endowment Assets:		
Investments	335,035	261,758
Pledges receivable, net	-	569,822
Beneficial interest in endowment funds	1,221,584	979,698
Beneficial interest in perpetual trust	807,063	663,837
Total Noncurrent Assets	<u>8,150,642</u>	<u>7,890,780</u>
TOTAL ASSETS	\$ <u>13,523,235</u>	\$ <u>12,161,117</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities:</u> (Notes 2, 10 and 14)		
Accounts payable and accrued expenses	\$ 419,841	\$ 448,565
Deferred revenue	581,684	275,516
Current portion of notes payable	183,052	277,003
Total Current Liabilities	<u>1,184,577</u>	<u>1,001,084</u>
<u>Noncurrent Liabilities:</u> (Notes 2 and 10)		
Notes payable, net	<u>3,233,969</u>	<u>3,144,453</u>
Total Noncurrent Liabilities	<u>3,233,969</u>	<u>3,144,453</u>
Total Liabilities	<u>4,418,546</u>	<u>4,145,537</u>
<u>Commitments and Contingencies</u> (Note 14)		
<u>Net Assets:</u> (Notes 2, 11, 12 and 13)		
Without Donor Restrictions:		
Undesignated	2,247,780	1,888,107
Board designated reserves	1,712,687	2,581,071
Total Without Donor Restrictions	<u>3,960,467</u>	<u>4,469,178</u>
With Donor Restrictions	<u>5,144,222</u>	<u>3,546,402</u>
Total Net Assets	<u>9,104,689</u>	<u>8,015,580</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>13,523,235</u>	\$ <u>12,161,117</u>

The accompanying notes are an integral part of the financial statements.

**REUBEN H. FLEET SCIENCE CENTER
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Contributions:						
Revenues:						
Investment income (loss)	\$ 281,409	\$ 527,079	\$ 808,488	\$ (28,278)	\$ 18,925	\$ (9,353)
Fleet admissions	435,386	-	435,386	2,495,201	-	2,495,201
Education program fees	311,217	-	311,217	305,158	-	305,158
Retail operations	265,967	-	265,967	1,106,462	-	1,106,462
Membership dues	115,649	-	115,649	592,636	-	592,636
Other	29,760	-	29,760	107,123	-	107,123
Total Revenues	<u>1,439,388</u>	<u>527,079</u>	<u>1,966,467</u>	<u>4,578,302</u>	<u>18,925</u>	<u>4,597,227</u>
Contributions:						
Contributions and grants	2,710,896	1,972,118	4,683,014	2,486,966	558,190	3,045,156
In-kind contributions	44,067	-	44,067	10,635	-	10,635
Net assets released from restrictions	901,377	(901,377)	-	3,134,283	(3,134,283)	-
Total Contributions	<u>3,656,340</u>	<u>1,070,741</u>	<u>4,727,081</u>	<u>5,631,884</u>	<u>(2,576,093)</u>	<u>3,055,791</u>
Total Revenues and Contributions	<u>5,095,728</u>	<u>1,597,820</u>	<u>6,693,548</u>	<u>10,210,186</u>	<u>(2,557,168)</u>	<u>7,653,018</u>
Expenses:						
Programs and exhibits	3,832,195	-	3,832,195	6,331,162	-	6,331,162
Management and general	1,204,264	-	1,204,264	1,426,029	-	1,426,029
Fundraising	567,980	-	567,980	644,518	-	644,518
Total Expenses	<u>5,604,439</u>	<u>-</u>	<u>5,604,439</u>	<u>8,401,709</u>	<u>-</u>	<u>8,401,709</u>
Change in Net Assets	(508,711)	1,597,820	1,089,109	1,808,477	(2,557,168)	(748,691)
Net Assets at Beginning of Year	<u>4,469,178</u>	<u>3,546,402</u>	<u>8,015,580</u>	<u>2,660,701</u>	<u>6,103,570</u>	<u>8,764,271</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 3,960,467</u></u>	<u><u>\$ 5,144,222</u></u>	<u><u>\$ 9,104,689</u></u>	<u><u>\$ 4,469,178</u></u>	<u><u>\$ 3,546,402</u></u>	<u><u>\$ 8,015,580</u></u>

The accompanying notes are an integral part of the financial statements.

**REUBEN H. FLEET SCIENCE CENTER
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021					2020				
	Supporting Services				Total	Supporting Services				Total
	Programs and Exhibits	Management and General	Fundraising	Supporting Services		Programs and Exhibits	Management and General	Fundraising	Supporting Services	
Personnel	\$ 2,360,033	\$ 894,470	\$ 402,358	\$ 1,296,828	\$ 3,656,861	\$ 3,582,320	\$ 1,081,649	\$ 517,055	\$ 1,598,704	\$ 5,181,024
Building equipment and maintenance	210,816	43,047	20,588	63,635	274,451	312,811	51,256	22,781	74,037	386,848
Office expenses	71,271	122,618	17,866	140,484	211,755	180,670	111,911	10,864	122,775	303,445
Interest	106,666	31,793	15,206	46,999	153,665	114,078	25,319	11,253	36,572	150,650
Insurance	87,371	30,447	14,562	45,009	132,380	100,939	24,492	10,885	35,377	136,316
Exhibits	113,440	-	-	-	113,440	128,464	698	74	772	129,236
Cost of sales - Retail operations	110,507	-	-	-	110,507	421,869	-	-	-	421,869
Miscellaneous	59,083	9,515	10,543	20,058	79,141	134,459	19,640	15,399	35,039	169,498
Advertising, printing and graphics	66,177	115	568	683	66,860	348,765	795	8,103	8,898	357,663
Contract services	54,356	5,827	2,648	8,475	62,831	34,203	4,415	1,634	6,049	40,252
Special events - development	-	-	59,797	59,797	59,797	-	-	21,675	21,675	21,675
Professional fees	30,760	24,475	4,250	28,725	59,485	153,301	50,803	3,128	53,931	207,232
Membership	15,679	19,509	5,594	25,103	40,782	97,042	20,974	8,803	29,777	126,819
Film lease expense	37,514	-	-	-	37,514	135,614	-	-	-	135,614
Education programs	8,746	-	14,000	14,000	22,746	34,896	-	10,500	10,500	45,396
Retail supplies	757	-	-	-	757	9,525	12	-	12	9,537
Special events - non-development	642	-	-	-	642	22,321	254	-	254	22,575
Travel, training and conferences	746	(149)	-	(149)	597	19,809	11,402	2,364	13,766	33,575
Total Expenses Before Depreciation	<u>3,334,564</u>	<u>1,181,667</u>	<u>567,980</u>	<u>1,749,647</u>	<u>5,084,211</u>	<u>5,831,086</u>	<u>1,403,620</u>	<u>644,518</u>	<u>2,048,138</u>	<u>7,879,224</u>
Depreciation	497,631	22,597	-	22,597	520,228	500,076	22,409	-	22,409	522,485
Total Expenses	<u>\$ 3,832,195</u>	<u>\$ 1,204,264</u>	<u>\$ 567,980</u>	<u>\$ 1,772,244</u>	<u>\$ 5,604,439</u>	<u>\$ 6,331,162</u>	<u>\$ 1,426,029</u>	<u>\$ 644,518</u>	<u>\$ 2,070,547</u>	<u>\$ 8,401,709</u>

The accompanying notes are an integral part of the financial statements.

**REUBEN H. FLEET SCIENCE CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 1,089,109	\$ (748,691)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	520,228	522,485
Amortization of debt issuance costs	15,433	9,989
Realized and unrealized (gains) losses on investments	(608,705)	78,964
Loss on disposal of property and equipment	-	272
Endowment contributions	(30,178)	-
Endowment investment (gains) losses	(143,226)	12,713
(Increase) Decrease in:		
Accounts receivable, net	(316,043)	107,696
Pledges receivable	587,674	257,095
Inventory	25,137	(310)
Prepaid expenses	(35,721)	(95,213)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(28,724)	(110,052)
Deferred revenue	306,168	177,267
Net Cash Provided by Operating Activities	<u>1,381,152</u>	<u>212,215</u>
<u>Cash Flows From Investing Activities:</u>		
Investment sales/maturities/(purchases), net	1,117,243	(39,478)
Purchases of property and equipment	(949,297)	(168,685)
Change in beneficial interest in endowment funds	39,913	36,005
Change in beneficial interest in perpetual trust	(143,226)	12,713
Net Cash Provided by (Used in) Investing Activities	<u>64,633</u>	<u>(159,445)</u>
<u>Cash Flows From Financing Activities:</u>		
Principal payments on notes payable	(77,983)	(264,423)
Payments for debt issuance costs	(28,964)	-
Proceeds from notes payable	87,079	150,000
Endowment contributions	30,178	-
Endowment investment gains (losses)	143,226	(12,713)
Net Cash Provided by (Used in) Financing Activities	<u>153,536</u>	<u>(127,136)</u>
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash	1,599,321	(74,366)
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	<u>1,921,567</u>	<u>1,995,933</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 3,520,888</u>	<u>\$ 1,921,567</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid for interest	<u>\$ 134,671</u>	<u>\$ 141,496</u>

The accompanying notes are an integral part of the financial statements.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 1 - Organization:

The Reuben H. Fleet Science Center (“the Fleet”) is a California Non-profit Public Benefit Corporation organized on August 9, 1957 and is dedicated to realizing a San Diego where everyone is connected to the power of science.

The Fleet operates the following programs and activities:

Science Exhibits

The Fleet features more than 100 interactive science exhibits in multiple galleries, as well as major traveling exhibitions. Visitors can create colored shadows, touch a tornado, examine the vibration of guitar strings, and get their hands on a variety of intriguing scientific phenomena. Permanent exhibitions include Studio X, where people can invent and create and Retro-Active Science, classic science exhibits that explore a variety of fundamental science principles. Children rule in Kid City, just for kids ages five and under. Kid City contains a factory with conveyor belts, cranes, air chutes, an interactive fire truck, several Young Explorer computers, a child-size grocery store and much more. Visitors of all ages can put their engineering skills to the test in the Dream! Design! Build! exhibition. In addition to other galleries, It’s Electric and Sun, Earth, Universe the Fleet added Illusion in 2020 to its collection of permanent exhibitions. On weekends, scheduled programs such as the Genius in the House and Weekend Science Clubs provide additional opportunities for educational fun.

IMAX Giant Dome Theater

The Fleet is also home to the world’s first IMAX® Dome Theater, presenting the biggest film and digital presentations on the planet. Its unique configuration wraps the audience in images and provides the illusion of being suspended in space. Film topics take audiences from outer space to under water and every place in between. Films are generally suitable for all ages. The Eugene Heikoff and Marilyn Jacobs Heikoff Dome Theater also plays host to the monthly Sky Tonight planetarium show, which is led by an astronomer and paired with outdoor telescope viewing, courtesy of the San Diego Astronomy Association (weather permitting). The Fleet also produces large-format films as a member of the Giant Dome Theater Consortium.

Education Programs

The Fleet offers science education for students, seniors, teachers and the public through lectures, classes, workshops, virtual programs and more. Whether it’s a visit to the Fleet or a Science-to-Go program delivered at a school site, we offer programs accessible by everyone. The Fleet also runs half-day and full-day educational camps during school breaks. Camps are offered for grades pre-K–8 and are designed to be fun, educational, hands-on and to incorporate the Fleet’s Science Center Exhibit Galleries. Recent summer camp themes have included: chemistry, the human body, robotics, and space. The Fleet’s Education department also facilitates a number of community initiatives, including collaborative meetings with STEM partners across San Diego County, as well as science-themed events that occur in a variety of community locations.

Craveology

Craveology is the perfect location to pick up the lunch or treat you’re craving. The casual, friendly atmosphere has a great selection of items, including salads, sandwiches, wraps and flatbread pizzas. We can satisfy any growling stomach! And if you’re looking to rejuvenate from your busy day, order a fruit smoothie, frappé or one of our specialty coffees and have a seat at our beautiful patio, located in front of the iconic Balboa Park Bea Evenson Fountain. Admission to the Fleet is not required for a visit to Craveology, so stop by, feed your craving and enjoy the view.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 1 - Organization:(Continued)

North Star Science Store

The North Star Science Store, located inside the Fleet, is the perfect place to shop for educational gifts, do-it-yourself kits, toys, and souvenirs. We offer a wonderful assortment of curious and hard-to-find items, a great selection of books, models, and more! Examine tons of science-related products to awaken the astronomer, physicist, or chemist within. Shop, learn, and enjoy!

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of the Fleet have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

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

- Net Assets Without Donor Restrictions - Net assets available for use in general operations, and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor)-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires—that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Fleet invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term, and such changes could materially affect the amounts reported in the statements of financial position.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 2 - Significant Accounting Policies: (Continued)

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy), and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The Fleet's statements of financial position include the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in mutual and exchange traded funds are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.
- Investments in Jewish Community Foundation funds are considered Level 2 assets, and are reported at fair value based on the fair value of the underlying assets in the funds as reported by the fund manager, Jewish Community Foundation, since these funds are valued by the fund manager and are not traded in an active market.
- Beneficial interest in endowment funds held by San Diego Foundation is considered a Level 3 asset, which represents the fair value of the underlying assets as reported by San Diego Foundation. (Note 8)
- Beneficial interest in perpetual trust is considered a Level 3 asset, which represents the fair value of the underlying assets as reported by the third-party trustee. (Note 9)

Inventory

Inventory consists of retail store merchandise, restaurant paper supplies, and restaurant food. Inventory is valued at the lower of average cost or net realizable value.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method, based on management's evaluation of outstanding accounts receivable and pledges receivable. The allowance for doubtful accounts receivable totaled \$3,500 at June 30, 2021 and 2020. Management believes that all pledges receivable are fully collectible; therefore, no allowance for doubtful pledges receivable was recorded at June 30, 2021 and 2020.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation

The Fleet capitalizes all expenditures in excess of \$10,000 for property at cost, while donations of property are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, the Fleet reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Fleet reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property is depreciated using the straight-line method over the estimated useful asset lives as follows:

Leasehold improvements	29 - 33 years
Equipment and furniture	5 - 15 years
Exhibits	7 years

Depreciation totaled \$520,228 and \$522,485 for the years ended June 30, 2021 and 2020, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid vacation totaling \$208,560 and \$227,155 at June 30, 2021 and 2020, respectively, is accrued when incurred, and included in accounts payable and accrued expenses.

Debt Issuance Costs

Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized debt issuance costs are presented as a direct reduction from the carrying value of the related obligation. Amortization of debt issuance costs is reported as a component of interest expense and totaled \$15,433 and \$9,989 for the years ended June 30, 2021 and 2020, respectively.

Revenue Recognition

The Fleet recognizes revenue from admissions, education program fees, and other revenue upon sale or date of service, as applicable. Deferred revenues totaled \$42,649 and \$52,052 at June 30, 2021 and 2020, respectively.

Retail operations revenue is recognized as revenue when the sale transaction occurs.

The Fleet offers memberships of various categories that typically last for a term of one year. The Fleet divides fees from these memberships between contributions and exchange transactions and recognizes revenue for the contribution upon sale. The exchange portion is also recognized upon sale since fees are non-refundable and used to fund the Fleet's mission and access programs.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition (Continued)

Pledges receivable and contributions are recognized when the donor makes a promise to give to the Fleet that is in substance, unconditional. Conditional contributions are recognized as revenue when the conditions have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Deferred revenue for conditional contributions totaled \$-0- and \$83,333 at June 30, 2021 and 2020, respectively.

Donated Services and Materials

The Fleet utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements, unless the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2021 and 2020 did not meet the requirements above; therefore, no amounts were recognized in the financial statements.

In-kind contributions, which consist of donated materials and advertising used for program services with an estimated fair value of \$44,067 and \$10,635 for the years ended June 30, 2021 and 2020, respectively, are included in contributions and grants, and also included in expenses in the accompanying statements of activities.

License Agreements

The Fleet enters into license agreements for the use of films and exhibits. The costs incurred under these agreements are recognized over the terms of the license periods.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. The Fleet allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Fleet's management.

Income Taxes

The Fleet is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Fleet believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Fleet is not a private foundation.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 2 - Significant Accounting Policies: (Continued)

Income Taxes (Continued)

The Fleet's Return of Organization Exempt from Income Tax for the years ended June 30, 2021, 2020, 2019, and 2018 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentration of Credit Risk

The Fleet maintains its cash in bank accounts and brokerage accounts which, at times, may exceed federally insured limits. The Fleet has not experienced any losses in such accounts. The Fleet believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents and Restricted Cash

For purposes of the statements of cash flows, The Fleet considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Subsequent Events

In preparing these financial statements, the Fleet has evaluated events and transactions for potential recognition or disclosure through September 29, 2021, the date the financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed, except as disclosed in Note 15.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 3 - Liquidity and Availability

The Fleet regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Fleet considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Fleet considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The table below presents financial assets available for general expenditures within one year at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,520,888	\$ 1,921,567
Investments	926,335	1,789,949
Accounts receivable, net	435,526	119,483
Pledges receivable	124,407	84,485
Appropriation of endowment earnings and Board-designated reserves	487,000	172,000
Less: Board designated reserves	<u>(1,712,687)</u>	<u>(2,582,071)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,781,469</u>	<u>\$ 1,505,413</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Fleet operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The governing board (the "Board") of the Fleet has designated a portion of its resources without donor restrictions as reserves as described in Note 11. The amounts not expected to be used for operations within one year are excluded from the table above but are available for use with the approval of the Board.

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Appropriations of endowment fund earnings are made in accordance with the spending policy, as described in Note 13. The portion of the donor-restricted endowment funds required to be held in perpetuity are not available for general expenditure.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 4 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

	2021			Balance at June 30, 2021
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual and exchange traded funds	\$ 1,254,390	\$ -	\$ -	\$ 1,254,390
Jewish Community Foundation	-	6,980	-	6,980
Beneficial interest in endowment funds (Note 8)	-	-	1,221,584	1,221,584
Beneficial interest in perpetual trust (Note 9)	-	-	807,063	807,063
	<u>\$ 1,254,390</u>	<u>\$ 6,980</u>	<u>\$ 2,028,647</u>	<u>\$ 3,290,017</u>
	2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Mutual and exchange traded funds	\$ 1,979,657	\$ -	\$ -	\$ 1,979,657
Jewish Community Foundation	-	72,050	-	72,050
Beneficial interest in endowment funds (Note 8)	-	-	979,698	979,698
Beneficial interest in perpetual trust (Note 9)	-	-	663,837	663,837
	<u>\$ 1,979,657</u>	<u>\$ 72,050</u>	<u>\$ 1,643,535</u>	<u>\$ 3,695,242</u>

The reconciliation for financial instruments measured at fair value on a recurring basis, as significant unobservable inputs (Level 3), are included in the Notes, as indicated above.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 4 - Fair Value Measurements: (Continued)

The following table represents the Fleet's Level 3 financial instruments, the valuation techniques used to measure the fair value of the financial instruments, and the significant unobservable inputs and the range of values for those inputs for the years ended June 30:

2021				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 1,221,584	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A
Beneficial interest in perpetual trust	\$ 807,063	Valuation of underlying assets as provided by third party trustee	Base price	N/A
2020				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 979,698	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A
Beneficial interest in perpetual trust	\$ 663,837	Valuation of underlying assets as provided by third party trustee	Base price	N/A

Note 5 - Investments:

Investments consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Mutual and exchange traded funds	\$ 1,254,390	\$ 1,979,657
Jewish Community Foundation – Long Term Pool	6,980	72,050
Total Investments	<u>\$ 1,261,370</u>	<u>\$ 2,051,707</u>

Investments are classified in the statements of financial position as follows at June 30:

	<u>2021</u>	<u>2020</u>
Current assets - Investments	\$ 926,335	\$ 1,789,949
Noncurrent assets – Endowment investments	335,035	261,758
Total Investments	<u>\$ 1,261,370</u>	<u>\$ 2,051,707</u>

Investments held at Jewish Community Foundation are invested in the Long-Term Pool, which invests 65% in domestic and international equities, 32% in fixed income, and 3% in real assets consisting of REITs and/or commodities at June 30, 2021.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 5 - Investments: (Continued)

The following schedule summarizes the investment income (loss) for the years ended June 30:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 36,606	\$ 39,159	\$ 75,765
Net realized and unrealized gains	256,322	495,609	751,931
Investment fees	(11,519)	(7,689)	(19,208)
Total Investment Income	\$ 281,409	\$ 527,079	\$ 808,488
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 67,826	\$ 37,528	\$ 105,354
Net realized and unrealized gains (losses)	(80,065)	(11,612)	(91,677)
Investment fees	(16,039)	(6,991)	(23,020)
Total Investment Income (Loss)	\$ (28,278)	\$ 18,925	\$ (9,353)

Note 6 - Pledges Receivable:

Pledges receivable consist of the following at June 30:

	2021	2020
Due in less than one year - operating	\$ 124,407	\$ 84,485
Due in one-to-five years - operating	-	57,774
Due in less than one year - endowment	-	200,000
Due in one-to-five years - endowment	-	400,000
Less: Discounts to present value	-	(30,178)
Total Pledges Receivable, Net	\$ 124,407	\$ 712,081

The pledges receivable have been discounted to their present value, using a discount rate ranging from 2% to 4%, at June 30, 2020.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 7 - Property and Equipment:

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 10,802,504	\$ 10,802,504
Equipment and furniture	3,011,160	2,983,113
Exhibits	720,898	720,898
Construction in progress - Exhibits	362,205	362,205
Construction in progress - Improvements	1,330,932	409,682
Subtotal	<u>16,227,699</u>	<u>15,278,402</u>
Less: Accumulated depreciation	<u>(10,440,739)</u>	<u>(9,920,511)</u>
Property and Equipment, Net	<u>\$ 5,786,960</u>	<u>\$ 5,357,891</u>

Note 8 - Beneficial Interest in Endowment Funds:

The Fleet has a beneficial interest in endowment funds held by San Diego Foundation, which is classified as with donor restrictions. The beneficial interest in endowment funds held by San Diego Foundation is invested in a portfolio of equity and debt securities, which is structured for long-term total return, consisting of 48% international equities, 12% private equities, 14% hedge funds, 14% fixed income, 6% real estate, and 6% real assets.

The activity in the beneficial interest in endowment funds held by San Diego Foundation consisted of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Balance at Beginning of Year	\$ 979,698	\$ 1,002,458
Investment gain, net	277,046	8,580
Distributions	<u>(35,160)</u>	<u>(31,340)</u>
Balance at End of Year	<u>\$ 1,221,584</u>	<u>\$ 979,698</u>

Note 9 - Beneficial Interest in Perpetual Trust:

The Fleet is a beneficiary of a perpetual trust (the "Trust"). A beneficial interest in a perpetual trust is an arrangement in which the donor establishes and funds a perpetual trust for the benefit of one or more non-profit beneficiaries. The assets are administered and managed by an independent third party, and are invested 2% in cash and cash equivalents, 26% in fixed income mutual funds, 68% in equity mutual funds, 2% in real estate funds, and 2% in diversified mutual funds. Under the terms of the arrangement, the Fleet has an irrevocable right to receive the investment income earned on the Trust in perpetuity. The Fleet's interest in the Trust is recorded at fair value and is classified as net assets with donor restrictions of a perpetual nature. Distributions received from the Trust, and the change in fair value of the Trust, are recorded as investment income with donor restrictions in the statements of activities.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 9 - Beneficial Interest in Perpetual Trust: (Continued)

The activity in the beneficial interest in perpetual trust consisted of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Balance at Beginning of Year	\$ 663,837	\$ 676,550
Change in fair value	143,226	(12,713)
Investment income	30,750	30,750
Investment income distributed	<u>(30,750)</u>	<u>(30,750)</u>
Balance at End of Year	<u>\$ 807,063</u>	<u>\$ 663,837</u>

Note 10 - Notes Payable:

Notes payable consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Note payable to First Republic Bank through the issuance of tax-exempt bonds by the California Statewide Communities Development Authority, in the original amount of \$5,000,000, bears interest rate at 4%, with payments of principal and interest of \$32,663 payable monthly, due November 1, 2030. During fiscal year 2021, the loan was restructured with a 6-month moratorium on principal and interest, followed by interest-only payments through December 2021. Secured by gross pledge revenue, and leasehold interest in the deed of trust with assignment of leases and rents on the Fleet. Accrued interest payable totaled \$11,219 and \$11,142 at June 30, 2021 and 2020, respectively.	\$ 3,365,652	\$ 3,342,588
Note payable to San Diego Gas & Electric in the original amount of \$132,699. The note is noninterest-bearing, and requires a monthly payment of \$1,164, due October 2022. Unsecured.	19,788	33,756
Note payable to U.S. Small Business Administration in the original amount of \$150,000, bears interest at 2.75% with payments of principal and interest of \$641 monthly, beginning June 2021. The note is due June 2050. Secured by property and receivables. Accrued interest payable totaled \$3,484 and \$-0- at June 30, 2021 and 2020, respectively.	<u>150,000</u>	<u>150,000</u>
Total Notes Payable	3,535,440	3,526,344
Less: Unamortized debt issuance costs	<u>(118,419)</u>	<u>(104,888)</u>
Total Notes Payable Net	3,417,021	3,421,456
Less: Current portion of notes payable	<u>(183,052)</u>	<u>(277,003)</u>
Total Notes Payable, Net, Noncurrent	<u>\$ 3,233,969</u>	<u>\$ 3,144,453</u>

Debt issuance costs total \$208,772 and \$179,808, less accumulated amortization of \$90,353 and \$74,920 at June 30, 2021 and 2020, respectively.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 10 - Notes Payable: (Continued)

Future principal payments on the notes payable are as follows:

<u>Years Ended June 30</u>	
2022	\$ 183,052
2023	335,444
2024	343,005
2025	356,933
2026	371,425
Thereafter	<u>1,945,581</u>
	<u>\$ 3,535,440</u>

Note 11 - Board-Designated Reserves:

The Fleet's Board of Trustees approved the establishment of appropriations of net assets without donor restrictions totaling \$200,000 for a Capital Reserve, and \$300,000 for an Operating Reserve. In response to the COVID-19 pandemic (Note 14), the Board established a Board emergency fund. The reserve balances are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Board emergency fund	\$ 1,430,262	\$ 2,298,646
Capital reserve	157,044	157,044
Operating reserve	<u>125,381</u>	<u>125,381</u>
Total Board Designated Reserves	<u>\$ 1,712,687</u>	<u>\$ 2,581,071</u>

Note 12 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by the Fleet, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Science Starts Here Initiative	\$ 2,632,390	\$ 869,184
Unappropriated endowment earnings	333,641	18,477
Education	115,267	125,680
Innovation Fund	25,223	40,223
Ethics Center Programs	7,094	5,182
Other	566	566
Fleet Inquiry Education Program	-	20,452
Science Fair Awards	-	10,000
Total Subject to Expenditure for Specified Purpose	<u>3,114,181</u>	<u>1,089,764</u>
Perpetual in Nature:		
Endowments (Note 13)	<u>2,030,041</u>	<u>2,456,638</u>
Total Net Assets with Donor Restrictions	<u>\$ 5,144,222</u>	<u>\$ 3,546,402</u>

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 12 - Net Assets With Donor Restrictions: (Continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donor, are as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Purpose Restrictions Accomplished:		
Education	\$ 152,663	\$ 146,789
Unappropriated endowment earnings	68,689	294,146
Science Starts Here Initiative	31,140	326,406
Fleet Inquiry Education Program	20,452	21,400
Innovation fund	15,000	-
Science Fair Awards	10,000	24,501
Ethics Center Programs	3,433	707
Fleet Exhibits & Equipment	-	2,900
Other	-	9,434
Total Net Assets Released from Restrictions	301,377	826,283
Endowment Net Assets Released	600,000	2,308,000
	\$ 901,377	\$ 3,134,283

During 2021 and 2020, donors agreed to release endowment funds of a perpetual nature totaling \$600,000 and \$2,308,000, respectively, for use without donor restriction. (Note 13)

Note 13 - Endowment Net Assets:

The Fleet's endowment consists of a charitable endowment fund established on June 30, 2000, with a \$1,000,000 grant from the San Diego Foundation Reuben H. Fleet Foundation Fund that was received over a four-year period. Income and gains generated from the investment are to be used for charitable, scientific, literary, or educational purposes. In addition, the Fleet has funds held and managed through a beneficial interest in a perpetual trust, and beneficial interest in endowment funds held by San Diego Foundation.

In regards to funds held and managed by the Fleet, the Fleet has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fleet classifies donor-restricted net assets of a perpetual nature as (1) the original value of gifts donated to the permanent endowment; (2) the original value of subsequent gifts donated to the permanent endowment; (3) accumulations to the permanent endowment, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in donor-restricted net assets of a perpetual nature is classified as donor-restricted net assets with time restrictions, until those amounts are appropriated for expenditure by the Fleet in a manner consistent with the standard of prudence prescribed by UPMIFA.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 13 - Endowment Net Assets: (Continued)

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

- The duration and preservation of the fund
- The purposes of the Fleet and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Fleet
- The investment policies of the Fleet

The Fleet considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Fleet has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Fleet has no underwater endowment funds at June 30, 2021 and 2020.

The Fleet has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives, while keeping risk at a minimal level
- Comply with applicable laws

The Fleet's endowment funds are invested in debt and other securities that are structured to satisfy its long-term rate-of-return objectives. The Fleet relies on a total return strategy, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Fleet's spending policy provides that distributions may be made from the cumulative total return (capital gains and current income), rather than being limited to interest and dividend income. The current distribution authorized by the Fleet's Board of Trustees is 4.5% of the average twelve quarters' ending investment balances and is determined as of March 31st each year.

The Fleet has endowment funds that are held and managed through a beneficial interest in a perpetual trust ("Trust") (Note 9), and beneficial interest in endowment funds held by San Diego Foundation ("SDF") (Note 8). The Trust and SDF manage these funds in accordance with UPMIFA. The objective is to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require the Fleet to retain as a fund of perpetual duration. The Fleet classifies donor-restricted net assets of a perpetual nature held by the Trust and SDF as:

- The original value of gifts donated to the fund
- The original value of the Fleet funds transferred to the fund
- The original value of subsequent gifts donated to the fund
- Investment income, and realized and unrealized gains and losses on investments
- Distributions from the fund in accordance with the spending policy

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 13 - Endowment Net Assets: (Continued)

The Trust and SDF have adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives, while keeping risk at a level commensurate with that of the median fund in comparable foundations
- Comply with applicable laws

The Trust endowment funds are invested in a diversified mutual fund portfolio managed by the Trustee, Wells Fargo Bank. The Trust's spending policy is to disburse 5% annually, based upon the "5% Rule" that applies to Private Foundations. The Trust is now classified as a "Non-Functionally Integrated Supporting Organization" which follows the rules for Private Foundations. If the net income disbursed to beneficiaries during the year does not equal 5% (as determined on the tax return), the trustee is required to take that difference from the trust's principal.

SDF's endowment funds are invested in a diversified portfolio which is structured for long-term total return. SDF's spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the Endowment Principal of any fund, at the end of each month, is less than the initial value of all contributions made to the Endowment Principal, then distributions will be limited to interest and dividends received.

Endowment composition by type of fund at June 30:

	2021		
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions – Perpetual</u>	<u>Total</u>
Donor-restricted endowment funds:			
Fleet endowments	\$ 76,057	\$ 258,978	\$ 335,035
Beneficial interest in endowment funds held by San Diego Foundation	257,584	964,000	1,221,584
Beneficial interest in perpetual trust	-	807,063	807,063
Total Endowment Funds	\$ 333,641	\$ 2,030,041	\$ 2,363,682
	2020		
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions – Perpetual</u>	<u>Total</u>
Donor-restricted endowment funds:			
Fleet endowments	\$ 2,779	\$ 828,801	\$ 831,580
Beneficial interest in endowment funds held by San Diego Foundation	15,698	964,000	979,698
Beneficial interest in perpetual trust	-	663,837	663,837
Total Endowment Funds	\$ 18,477	\$ 2,456,638	\$ 2,475,115

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
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Note 13 - Endowment Net Assets: (Continued)

Changes in endowment net assets for the years ended June 30:

	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
Endowment Net Assets at June 30, 2019	\$ 280,985	\$ 4,777,351	\$ 5,058,336
Investment income (loss)	888	(12,713)	(11,825)
Contributions	30,750	-	30,750
Donor approved release of endowment funds	-	(2,308,000)	(2,308,000)
Appropriation of endowment assets for expenditure	(294,146)	-	(294,146)
Endowment Net Assets at June 30, 2020	18,477	2,456,638	2,475,115
Investment income	353,103	143,225	496,328
Contributions	30,750	30,178	60,928
Donor approved release of endowment funds	-	(600,000)	(600,000)
Appropriation of endowment assets for expenditure	(68,689)	-	(68,689)
Endowment Net Assets at June 30, 2021	<u>\$ 333,641</u>	<u>\$ 2,030,041</u>	<u>\$ 2,363,682</u>

Note 14 - Commitments and Contingencies:

Equipment Lease

The Fleet has an equipment lease through June 2023. Equipment rent expense totaled \$16,137 for each of the years ended June 30, 2021 and 2020.

The following is a schedule of future minimum lease payments under the lease:

Years Ended June 30	
2022	\$ 16,137
Total	<u>\$ 16,137</u>

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
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Note 14 - Commitments and Contingencies: (Continued)

Pension Plan

The Fleet has established a 401(k) salary deferral plan covering substantially all employees who are at least 21 years of age, and who elect to participate in the Plan. An employee becomes a participant in the Plan on the first day of the month immediately following the employee's hire date. Participants may make elective deferral contributions up to the maximum dollar amount established by the Internal Revenue Code (IRC) of pretax annual compensation, as defined by the Plan. Participants age 50 and older may make catch-up contributions to a maximum dollar amount established by the IRC. The Plan allows participants to elect to designate all or any portion of their elective deferral contributions as Roth elective deferrals. Participants may also contribute amounts representing distributions from other tax qualified plans (rollovers).

The Fleet provides matching contributions to participants who are age 21 years or older, have been employed for at least one year, and have completed a minimum of 1,000 hours of service. Participants eligible for employer matching contributions are entitled to receive 100% of the participant's salary reduction contributions, up to 2% of the participant's compensation. The employer matching contributions totaled \$31,043 and \$43,959 for the years ended June 30, 2021 and 2020, respectively.

In addition to the matching contributions, the Fleet may elect to make an employer base contribution. A participant is entitled to receive an allocation of the employer base contribution, whether or not he/she makes an elective deferral contribution, provided that he/she has completed a minimum of 1,000 hours of service during the Plan year and is employed on the last day of the Plan year. There was no elective deferred contribution for the years ended June 30, 2021 and 2020.

Agreement with the City of San Diego

The building and land where the Fleet is located are owned by the City of San Diego (the "City"), and leased to the Fleet, and therefore are not assets of the Fleet and are not reflected in the accompanying financial statements. Additions and renovations to the original building are assets of the Fleet and are reflected as leasehold improvements in the accompanying financial statements. The Fleet operates under a 35-year lease with the City ending in 2031. As part of this agreement, the Fleet is to make the premises available to the City, without charge, up to three times per calendar year for civic events and special programs. Under the agreement, in place of cash rent for the use of the premises, the consideration to the City from the Fleet will be the continuous operation, development, and maintenance of the premises.

IMAX® Laser Dome Theatre System and Trademark License

In April 2021, the Fleet entered into an agreement with IMAX Theatres International Limited ("IMAX") to purchase an IMAX® laser dome theatre system for the operation of an IMAX® theatre and provide certain related services, obtain maintenance services for that system and sublicense from IMAX certain trademarks. The agreement is for ten years. The laser dome theatre purchase price is \$1,400,000. Payments of \$840,000 have been capitalized as of June 30, 2021 and are included in construction in progress – improvements. The final payments will be paid in fiscal year 2022 when installation is complete.

**REUBEN H. FLEET SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 14 - Commitments and Contingencies: (Continued)

Giant Dome Theater Consortium

The Giant Dome Theater Consortium (“GDTC”) is an independent nonprofit educational organization that was formed in 2010 and is currently composed of 7 founding member museums. The mission of the GDTC is to produce and provide funding for educational/science large-format films to be shown in science museum theaters with giant domes. The Fleet joined the GDTC at its inception and contributed \$50,000 in 2010 as its initial contribution to join the group, which was expensed at the time of disbursement. The GDTC invests in new film projects, and the Fleet will pay film lease license fees at a lower rate than non-members. The GDTC will reinvest approximately two-thirds of these fees into new films, and the remaining one-third will go to the film producer.

Payroll Protection Program Loan

In March 2021, the Fleet received a loan totaling \$907,000 from the U.S. Small Business Administration, under the CARES Act Paycheck Protection Program (“PPP”). The loan is forgivable to the extent that the Fleet meets the terms and conditions of the PPP. Any portion of the loan that is not forgiven bears interest at 1% and is due in March 2023. The Fleet has recognized the \$367,965 as revenue for the year ended June 30, 2021, since they believe that they have satisfied the terms and conditions of forgiveness of the PPP. The remaining \$539,035 has been included in deferred revenue at June 30, 2021, and the Fleet expects to satisfy the terms and conditions of forgiveness of this portion of the PPP during the year ended June 30, 2022.

Coronavirus Pandemic Contingency

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The Fleet is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Fleet’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Fleet’s donors, customers, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Fleet’s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Note 15 - Subsequent Event:

Shuttered Venue Operator Grant

In July 2021, the Fleet was awarded the Shuttered Venue Operator Grant in the amount of \$2,115,897.