

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

The American Museum of Natural History

June 30, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
The American Museum of Natural History

Opinion

We have audited the consolidated financial statements of The American Museum of Natural History (the "Museum"), which includes The American Museum of Natural History Planetarium Authority, and which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Museum as of June 30, 2023 and 2022, 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.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Museum and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 for one year after the date 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 consolidated 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 US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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.

Grant Thornton LLP

New York, New York
November 13, 2023

The American Museum of Natural History

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 84,440,307	\$ 193,828,909
Accounts receivable, less allowance for doubtful accounts of \$600,000 in 2023 and \$670,463 in 2022	6,631,494	3,010,943
Inventories, less allowance of \$40,000 in 2023 and 2022	1,202,645	972,781
Prepaid expenses and other assets	9,230,215	10,632,017
Government grants receivable, net	15,140,990	14,725,998
Contributions receivable, net	46,991,142	44,739,317
Long-term investments	712,264,358	684,213,189
Plant and equipment, net	<u>767,257,614</u>	<u>666,390,994</u>
Total assets	<u>\$ 1,643,158,765</u>	<u>\$ 1,618,514,148</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 64,650,994	\$ 64,597,628
Accrued interest payable	3,553,447	4,535,101
Deferred revenue	10,269,057	9,687,195
Bonds and loans payable	411,098,975	424,952,951
Interest rate exchange and cap agreements	6,649,721	13,189,725
Accrued postretirement and other benefits	<u>40,917,022</u>	<u>44,781,775</u>
Total liabilities	<u>537,139,216</u>	<u>561,744,375</u>
Net assets		
Net assets without donor restrictions	484,773,270	247,307,624
Net assets with donor restrictions	<u>621,246,279</u>	<u>809,462,149</u>
Total net assets	<u>1,106,019,549</u>	<u>1,056,769,773</u>
Total liabilities and net assets	<u>\$ 1,643,158,765</u>	<u>\$ 1,618,514,148</u>

The accompanying notes are an integral part of these consolidated financial statements.

The American Museum of Natural History

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended June 30, 2023 and 2022

	2023				2022					
	Without Donor Restrictions	Program or Time Restricted	With Donor Restrictions Amounts Held in Perpetuity	Total	Total	Without Donor Restrictions	Program or Time Restricted	With Donor Restrictions Amounts Held in Perpetuity	Total	Total
Operating revenue and support										
Investment return designated for operations	\$ 21,094,009	\$ 14,498,036	\$ -	\$ 14,498,036	\$ 35,592,045	\$ 21,500,413	\$ -	\$ -	\$ 13,353,366	\$ 34,853,779
Contributions and grants	36,469,601	9,906,560	-	9,906,560	46,376,161	30,911,204	-	-	6,358,254	37,269,458
Operating support from the City of New York	22,930,691	-	-	-	22,930,691	19,332,286	-	-	-	19,332,286
Visitors' contributions and admissions	56,187,368	-	-	-	56,187,368	30,700,512	-	-	-	30,700,512
Membership fees	7,085,725	-	-	-	7,085,725	5,320,293	-	-	-	5,320,293
Auxiliary activities	25,668,236	-	-	-	25,668,236	18,933,437	-	-	-	18,933,437
Miscellaneous fees and other revenue	5,604,896	-	-	-	5,604,896	5,401,028	-	-	-	5,401,028
Net assets released from restrictions	24,786,666	(24,786,666)	-	(24,786,666)	-	21,574,447	(21,574,447)	-	(21,574,447)	-
Total operating revenue and support	199,827,192	(382,070)	-	(382,070)	199,445,122	153,673,620	(1,862,827)	-	(1,862,827)	151,810,793
Operating expenses										
Scientific research	35,009,523	-	-	-	35,009,523	31,392,481	-	-	-	31,392,481
Education	23,503,281	-	-	-	23,503,281	21,398,407	-	-	-	21,398,407
Exhibitions	5,706,666	-	-	-	5,706,666	5,566,336	-	-	-	5,566,336
Membership	2,152,715	-	-	-	2,152,715	1,618,687	-	-	-	1,618,687
Visitor services	9,852,429	-	-	-	9,852,429	7,265,256	-	-	-	7,265,256
Auxiliary activities	14,716,002	-	-	-	14,716,002	12,090,565	-	-	-	12,090,565
General and administrative	23,312,951	-	-	-	23,312,951	20,873,582	-	-	-	20,873,582
Fundraising	7,947,591	-	-	-	7,947,591	5,777,187	-	-	-	5,777,187
Communications and digital media	8,353,716	-	-	-	8,353,716	7,000,387	-	-	-	7,000,387
Information technology	8,728,782	-	-	-	8,728,782	8,222,616	-	-	-	8,222,616
Guardianship, maintenance and operating costs	42,926,771	-	-	-	42,926,771	37,085,578	-	-	-	37,085,578
Total operating expenses	182,210,427	-	-	-	182,210,427	158,291,082	-	-	-	158,291,082
Designated contributions and transfers to plant and long-term investments	17,556,250	-	-	-	17,556,250	7,572,358	-	-	-	7,572,358
Operating revenue and support over expenses, designated contributions, and transfers	60,515	(382,070)	-	(382,070)	(321,555)	(12,189,820)	(1,862,827)	-	(1,862,827)	(14,052,647)
Release from quasi-endowment to support operations	-	-	-	-	-	12,189,820	-	-	-	12,189,820
Operating revenue and support in excess of operating expenses, designated contributions, releases and transfers	60,515	(382,070)	-	(382,070)	(321,555)	-	(1,862,827)	-	(1,862,827)	(1,862,827)
Nonoperating revenue, support and expenses										
Revenue and support for plant:										
Contributions, grants and miscellaneous revenue	11,046,298	2,727,431	-	2,727,431	13,773,729	4,550,723	-	-	13,672,265	18,222,988
Capital support from the City of New York	22,729,564	-	-	-	22,729,564	29,837,870	-	-	-	29,837,870
Net assets released from restrictions	224,523,250	(224,523,250)	-	(224,523,250)	-	9,088,383	(9,088,383)	-	(9,088,383)	-
Transfer from long-term investments and operations to plant	12,508,891	-	-	-	12,508,891	11,972,358	-	-	-	11,972,358
Plant expenses:										
Interest and related expenses	11,215,944	-	-	-	11,215,944	10,936,467	-	-	-	10,936,467
Change in value of interest rate exchange and cap agreements	(6,540,004)	-	-	-	(6,540,004)	(14,768,705)	-	-	-	(14,768,705)
Depreciation and amortization	36,441,043	-	-	-	36,441,043	33,395,979	-	-	-	33,395,979
Plant expenses not capitalized	93,333	-	-	-	93,333	3,409	-	-	-	3,409
Long-term investments:										
Contributions and bequests	5,457,494	987,550	9,977,740	10,965,290	16,422,784	361,737	3,647	461,710	465,357	827,094
Investment return (loss), in excess of amounts designated for operations and plant	(11,458,610)	26,180,837	2,821,382	29,002,219	17,543,609	(63,405,314)	(94,760,174)	(17,503,363)	(112,263,537)	(175,668,851)
Net assets released from restrictions and other	6,005,490	(7,161,212)	1,155,722	(6,005,490)	-	13,306,744	(13,306,744)	-	(13,306,744)	-
Transfers from plant and operations (to) from long-term investments, net	5,047,359	-	-	-	5,047,359	(16,589,820)	-	-	-	(16,589,820)
Pension-related activities and other transfers	2,755,711	-	-	-	2,755,711	18,547,568	-	-	-	18,547,568
CHANGE IN NET ASSETS	237,465,646	(202,170,714)	13,954,844	(188,215,870)	49,249,776	(21,896,901)	(105,342,216)	(17,041,653)	(122,383,869)	(144,280,770)
Net assets, beginning of year	247,307,624	561,772,866	247,689,283	809,462,149	1,056,769,773	269,204,525	667,115,082	264,730,936	931,846,018	1,201,050,543
Net assets, end of year	\$ 484,773,270	\$ 359,602,152	\$ 261,644,127	\$ 621,246,279	\$ 1,106,019,549	\$ 247,307,624	\$ 561,772,866	\$ 247,689,283	\$ 809,462,149	\$ 1,056,769,773

The accompanying notes are an integral part of these consolidated financial statements.

The American Museum of Natural History

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets	\$ 49,249,776	\$ (144,280,770)
Adjustments to reconcile changes in net assets to net cash flows used in operations:		
Depreciation	36,326,592	33,281,528
(Gain) loss in fair value of investments	(56,755,448)	136,235,865
Change in value of interest rate exchange and cap agreements	(6,540,004)	(14,768,705)
Amortization of deferred bond issuance costs	114,451	114,451
Amortization of deferred bond premium	(303,427)	(303,428)
Contributions restricted in perpetuity	(7,650,768)	(2,246,065)
Contributions and grants restricted for plant and equipment	(31,591,940)	(45,870,206)
Changes in operating assets and liabilities:		
Accounts receivable, inventory, prepaid expenses and other assets	(2,583,561)	2,509,333
Contributions and grants receivable, net	(2,666,817)	17,431,822
Accounts payable and other liabilities	(4,406,744)	(6,345,297)
Accrued postretirement and other benefits	(3,864,753)	(29,788,363)
	<u>(30,672,643)</u>	<u>(54,029,835)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Capital expenditures	(133,148,201)	(116,174,052)
Net proceeds from disposition of investments	152,789,007	197,010,901
Purchases of investments	(123,934,473)	(147,006,670)
	<u>(104,293,667)</u>	<u>(66,169,821)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Contributions restricted in perpetuity	7,650,768	2,246,065
Contributions and grants restricted for plant and equipment	31,591,940	45,870,206
Payments on bonds and loans payable	(13,665,000)	-
	<u>25,577,708</u>	<u>48,116,271</u>
Net cash provided by financing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(109,388,602)	(72,083,385)
Cash and cash equivalents, beginning of year	<u>193,828,909</u>	<u>265,912,294</u>
Cash and cash equivalents, end of year	<u>\$ 84,440,307</u>	<u>\$ 193,828,909</u>
Supplemental disclosure:		
Interest paid	<u>\$ 15,268,292</u>	<u>\$ 12,717,664</u>
Change in fixed asset purchases included in accounts payable and accrued liabilities	<u>\$ 4,045,011</u>	<u>\$ 18,075,117</u>

The accompanying notes are an integral part of these consolidated financial statements.

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1 - ORGANIZATION

The American Museum of Natural History (the “Museum”) is a highly complex scientific, educational and cultural institution that was founded as a natural history museum and library in 1869 by a special act of the Legislature of the State of New York. Today it is a diverse scientific, educational and cultural organization with one of the world’s largest natural history collections, museums, and library, as well as the Rose Center for Earth and Space (and Hayden Planetarium), and the Richard Gilder Graduate School. The Museum is accredited as a museum by the American Alliance of Museums and its scientific research, educational programs and exhibitions operate under the auspices of the Board of Regents of the State of New York.

Within the Museum is the Richard Gilder Graduate School (the “Graduate School”) that was first chartered in 2006, and was accredited, by the Board of Regents of the State of New York. On January 10, 2023, the Graduate School obtained accreditation by the New England Commission on Higher Education. The Graduate School is authorized to confer the degrees of Doctor of Philosophy (“Ph.D.”) and Master of Philosophy (“M. Phil”) in Comparative Biology and the Master of Arts in Teaching Earth Science (“MAT”). The activities of the Graduate School are included in the accompanying consolidated financial statements.

The Museum also operates the Rose Center for Earth and Space and the Hayden Planetarium housed within it pursuant to a lease from The American Museum of Natural History Planetarium Authority (the “Planetarium Authority”). The Planetarium Authority is a public benefit corporation chartered in 1933 by a special act of the Legislature of the State of New York, and its Board consists of three to five independent members appointed by the Museum’s Board of Trustees. The financial statements of the Planetarium Authority are included in the accompanying consolidated financial statements.

The Museum is a nonprofit education corporation and exempt from corporate federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “IRC”) and is qualified to receive tax-deductible gifts and bequests under the U.S. tax code. The Planetarium Authority is also exempt from corporate federal income tax under Section 501(c)(3) of the IRC.

On March 13, 2020, the Museum closed to the public in accordance with directives issued by New York State due to the COVID-19 global pandemic. The Museum remained closed until September 2, 2020, when it reopened for AMNH Members, and on September 9, 2020, it reopened to the general public, with limited capacities at a reduced 5-days a week schedule. The pandemic’s multi-year impact, locally, nationally, and internationally, has slowed the pace of recovery for the Museum and has been challenging both operationally and financially. The Museum’s primary focus has been to ensure the safety of personnel and visitors, continued digital delivery of mission-related programs, and navigating the financial and operational uncertainty of planning for the future. Although, the COVID-19 pandemic continued in fiscal 2023, the Museum had two significant milestones: resuming a 7-day operation on August 15, 2022, and opening the new Richard Gilder Center for Science, Education, and Innovation on May 4, 2023, both of which will support the Museum’s recovery from the pandemic.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All inter-institutional amounts/transactions have been eliminated in consolidation.

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Net Asset Accounting - Museum resources are classified and reported in the accompanying consolidated financial statements as separate classes of net assets in accordance with donor-imposed restrictions as follows:

Net Assets Without Donor Restriction

Represent net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Trustees and management, for the Museum to utilize in any of its programs or supporting services. Net assets without donor restrictions may be designated for specific purposes by the Museum's Board of Trustees or may be limited by legal requirements or contractual agreements with outside parties.

Net Assets With Donor Restriction

Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. A portion of the Museum's net assets with donor restrictions are subject to donor-imposed restrictions that require the Museum to use or expend the gifts as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities as net assets released from restrictions.

Another portion of net assets with donor restrictions stipulates that the corpus of the gifts be maintained in perpetuity, but allows for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes.

Measure of Operations

The Museum's measure of operations includes all operating revenues and expenses included in net assets without donor restrictions that are an integral part of its programs and supporting activities, including net assets released from donor restrictions to support operating activities. The measure of operations also includes distributions from the endowment in support of operating expenses as appropriated by the Museum's Board of Trustees (see Note 6). The measure of operations excludes net income and gains or losses on the endowment that exceed or are less than the annual distribution appropriated by the Board of Trustees and changes in fair value of planned giving and other agreements, plant revenue, non-capitalizable plant expenses, depreciation and amortization of plant and equipment, interest and related expenses, other pension-related activities apart from service cost, contributions with donor restrictions for long-term investment and capital, gifts without restrictions designated by the Museum for nonoperating purposes and other transfers and nonrecurring items.

Revenue Recognition and Receivables

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Museum recognizes revenue when control of the promised goods or services is transferred to the Museum's patrons, students or outside parties in an amount that reflects the consideration the Museum expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Museum has identified program revenues and sales of auxiliary revenue as revenue categories subject to the principles of ASC 606. The Museum recognizes contracts with customers, as goods or services are transferred or provided in accordance with ASC 606.

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The Museum has multiple revenue sources that are accounted for as exchange transactions, including visitors' contributions and admissions, membership fees, auxiliary activities, and miscellaneous fees and other revenue.

Visitors' Contributions and Admissions

The Museum recognizes revenue from visitors' contributions and admissions upon sale or date of service, as applicable.

Membership Fees

The Museum offers memberships of various categories that typically last for a term of one year. The Museum divides fees from these memberships between contributions and exchange transactions and recognizes revenue for the contribution upon sale and for the exchange portion of the transaction ratably over the term of the membership.

Auxiliary Activities

Revenue from auxiliary activities includes sales and other revenue from retail sales and parking garage fees of \$15,265,391 and \$11,196,444 for the years ended June 30, 2023 and 2022, respectively. The Museum recognizes revenue from these sources upon sale. Revenue from auxiliary activities also includes special events, food services, and exhibition touring fees of \$10,402,845 and \$7,736,993 for the years ended June 30, 2023 and 2022, respectively. The Museum recognizes this revenue as performance obligations are satisfied.

Miscellaneous Fees and Other Revenue

Revenue from miscellaneous fees and other revenue includes educational programs, short-term investment income, and miscellaneous income of \$4,666,310 and \$5,345,210 for the years ended June 30, 2023 and 2022, respectively. The Museum recognizes revenue for educational programs and miscellaneous income upon sale. Although the Museum recognizes revenue for short-term investment income as earned, it is not subject to ASC 606.

Contributions, Grants and Contracts

The Museum recognizes revenue from grants and contracts in accordance with Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Museum evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Museum applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Museum evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Museum is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Grants for capital projects received from the City of New York (the "City") and the State of New York (the "State") have been deemed to be conditional contributions and are recorded as support for plant within net assets without donor restrictions, as the work is performed.

Federal, state and city grants and contracts for research, education and other purposes have been deemed to be conditional contributions and are included in contributions and grants without donor restrictions in the consolidated statement of activities. Revenue from grants and contracts is recognized when earned, that

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

is, generally as the related costs are incurred under the terms of the grant or contract agreements. Amounts expended in advance of reimbursements are reported as government grants receivable.

Contributions and grants, including donations of cash, property, in-kind contributions and unconditional promises to give (pledges), are reported in the period received. Contributions are recorded at fair value, and in the case of pledges, are recorded at the present value of their estimated future cash flows. Discounts to present value are calculated using current interest rates paid on U.S. Treasury obligations with maturities that correspond to expected pledge payment dates adjusted for credit risk. Allowances are recorded for estimated uncollectible contributions based on management's judgment, including past collection experience and other relevant factors.

The Museum has a significant number of volunteers who contribute meaningful amounts of time in furtherance of the Museum's mission. Such contributions do not meet generally accepted accounting criteria for recognition as contributed services and, accordingly, are not reflected in the consolidated statements of activities.

Cash and Cash Equivalents

Cash consists of cash on premises generated through the course of daily activities and cash on deposit with banks and other financial institutions. Cash equivalents represent money market funds or short-term investments with original maturities of 90 days or less from the date of purchase. Cash and cash equivalents managed by the Museum's investment managers as part of its long-term investment strategy are included in long-term investments.

Investments

Investments in publicly traded debt and equity securities are recorded at fair value, generally determined on the basis of quoted market values as of the reporting date. Investments in alternative investments that are not readily marketable, are reported at fair value as determined by the respective investment manager at the fund's measurement date and adjusted by the Museum for activity from that date through June 30 of each year. Interests in planned giving agreements and perpetual trusts are reported at fair value based on the underlying assets.

Purchases and sales of investments are reflected on a trade-date basis. Changes in fair value of investments are determined based on average cost and are recorded in the consolidated statement of activities in the period in which they occur. Such changes are reported as increases or decreases in net assets without donor restrictions unless subject to donor restriction or applicable law. Dividends and interest are recognized as earned. The Museum's investments are pooled to facilitate their management. Investment return is allocated to net assets with and without donor restrictions based on donor restrictions, if any, calculated on a unit basis that reflects the ratio of the related funds invested in the pooled portfolio to the total fair value.

Concentrations of Credit Risk

In order to avoid concentrations of credit risk in cash and cash equivalents, the Museum has diversified its short-term cash holdings among several high credit quality banks and financial institutions. Additionally, it has diversified its endowment investment holdings among different investment managers with different strategies and holdings in accordance with direction from the Investment Committee of its Board of Trustees, in consultation with external advisors.

Fair Value Measurements

FASB Topic 820, under the FASB ASC, defined fair value, established a framework for measuring fair value, and expanded disclosures about fair value measurements. The standard provides a consistent

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities, subject to the standard, measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in publicly traded markets for identical assets or liabilities as of the measurement date. The type of investments in Level I include listed equities held in the name of the Museum, and exclude listed equities and other securities held indirectly through commingled funds.
- Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in publicly traded markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of valuation methodologies.
- Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include hedge funds, private investment funds and partnership interests, which are required to provide the Museum with periodic audited financial statements.

The Museum follows the accounting standards of the FASB ASC Subtopic 820-10-35-59, *Fair Value Measurement and Disclosures - Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*. This allows for the estimation of the fair value of investments in investment companies, for which the investment does not have a readily determinable fair value, using net asset value ("NAV") per share or its equivalent, as provided by the investment managers. The Museum reviews and evaluates the values provided by its investment managers and agrees with the valuation methods and assumptions used in determining the NAVs of these investments as of the measurement date. These estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investments valued using a NAV as an estimate of fair value are exempt from categorization within the fair value hierarchy and related disclosures. Therefore, the Museum separately discloses the information required for assets measured using NAV, and discloses a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value as reported on the consolidated financial statements.

Inventory

Inventory consists of retail shop merchandise valued at cost, principally using the first-in, first-out cost method. The Museum provides an allowance for inventory obsolescence and shrinkage based on amounts ultimately expected to be realized upon sale.

Plant and Equipment

The Museum's and the Planetarium Authority's facilities consist of permanent exhibition halls and theaters, including those in the Rose Center for Earth and Space, and research and educational facilities located on an 18-acre campus on the Upper West Side of Manhattan.

The buildings and land occupied by the Museum are owned by the City of New York and are occupied by the Museum pursuant to an original 1877 lease with the City. The lease grants to the Museum, free of rent,

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the exclusive use of the land and buildings erected and to be erected thereon for so long as the leased properties are used for purposes consistent with the Museum's charter. The Museum includes the book value of these buildings and grounds in its consolidated financial statements consistent with U.S. GAAP, which permits the recording of assets contributed to institutions pursuant to a long-term lease.

The Planetarium Authority holds title to the Rose Center for Earth and Space and the land beneath. The land was donated by the City and the State to the Planetarium Authority, subject to a reversion of title in certain events, in which case, title to the land and building would revert to the City but under lease to the Museum, under the same provisions as the City's lease of land and buildings to the Museum.

The Museum owns the Southwest Research Station and its research facilities located on approximately 100 acres in the Chiricahua Mountains near Portal, Arizona, that it purchased in 1955. The Museum also owns Great Gull Island in Long Island Sound, New York that was donated to the Museum by the United States in 1949. It consists of approximately 17 acres used by the Museum for research purposes.

The gross value of plant represents the cost of Museum expenditures for construction and leasehold improvements. The gross value of equipment represents the cost of Museum expenditures and the value of donated equipment. Plant and equipment purchased for a value greater than \$5,000 and with depreciable lives greater than one year are reported at cost, net of accumulated depreciation and amortization, which is calculated on a straight-line basis over the estimated useful lives of such assets which range from five to 40 years.

Bond Issuance Costs

Costs incurred for the issuance of debt are deferred and amortized over the life of the outstanding debt to which they pertain. Debt issuance costs are presented in the consolidated statement of financial position as a direct deduction from the carrying amount of debt, consistent with debt discounts or premiums.

Exhibitions

The Museum capitalizes exhibition costs as they are incurred. Upon the opening of an exhibition, the capitalized costs are amortized on a straight-line basis over its estimated useful life of five years. The net unamortized exhibition costs are included in prepaid expenses and other assets on the consolidated statement of financial position.

Collections

The Museum has extensive collections of specimens and artifacts that constitute a record of life on Earth. These invaluable, and sometimes irreplaceable, collections have been acquired through field expeditions, contributions and purchases since the Museum's inception and represent one of the largest and most important natural history collections in the world. More recent collection areas include the Museum's frozen tissue collection of DNA and tissue samples as well as large scientific databases of genomic and astrophysical data. The collections provide a resource for scientists around the world, and grow significantly each year.

In accordance with accounting policies generally followed by museums, the value of the Museum's collections is not reflected in the consolidated statements of financial position. The Museum's collections policy requires that the proceeds from the sale of collection items be used for acquisitions to the collections. If the assets used to purchase collection items are sourced from restricted funds, proceeds from the sale of those items are recorded as increases in net assets with donor restrictions in that fund until an acquisition is made.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant estimates relate to actuarial assumptions used to calculate potential postretirement benefits, the determination of allowances for doubtful accounts, the useful lives of plant and equipment, conditional asset retirement obligations and the fair value of certain alternative investments and interest rate exchange and cap agreements. Actual results could differ from those estimates.

Deferred Revenue

Deferred revenue consists of amounts received from donors who have not yet directed the use of their gifts, advance payments for traveling exhibitions, advance ticket sales, and other miscellaneous deferred items, all recognized as revenue upon performance of the underlying obligation or once the donor has directed the use of their gift.

Income Taxes

U.S. GAAP requires that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The Museum does not believe its consolidated financial statements include any uncertain tax positions that would have a material adverse effect on its financial condition.

Subsequent Events

The Museum evaluated its June 30, 2023 consolidated financial statements for subsequent events through November 13, 2023, the date the consolidated financial statements were issued. The Museum is not aware of any material subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Unconditional promises to donate to the Museum (pledges) are recorded as contributions receivable at the present value of expected future cash flows. Discount factors are established in the fiscal year in which the respective contribution originates and are not subsequently adjusted. The rates used to discount contributions receivable to present value at June 30, 2023 and 2022 ranged from 0.7% to 5.9%.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Contributions receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
Gross contributions due:		
Within one year	\$ 25,741,530	\$ 11,941,831
1 to 5 years	17,173,357	28,618,586
Over 5 years	11,488,999	11,655,585
Gross contributions receivable	54,403,886	52,216,002
Less:		
Discount for present value	(6,410,308)	(6,576,685)
Allowance for doubtful accounts	(1,002,436)	(900,000)
Contributions receivable, net	\$ 46,991,142	\$ 44,739,317

The Museum has been notified of certain intentions to give. If received, these gifts will be used to support operations, fund capital expenditures or for long-term investment. These amounts have not been recorded in the accompanying consolidated financial statements due to their conditional nature.

NOTE 4 - GOVERNMENT GRANTS RECEIVABLE

Government grants receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
Due from the City (primarily for capital projects)	\$ 7,833,434	\$ 6,095,209
Due from the City for Urban Advantage	6,471,765	6,311,872
Due from Federal agencies	1,135,791	2,597,917
Gross government grants receivable	15,440,990	15,004,998
Less: allowance for doubtful accounts	(300,000)	(279,000)
Government grants receivable, net	\$ 15,140,990	\$ 14,725,998

The Museum is also the recipient of government grants that have been awarded primarily for research, education and capital projects that will be recorded as revenue in the future as the terms of the respective agreements are satisfied. The remaining balances of these conditional grants, which total \$16,029,233, have not been reflected in the accompanying 2023 consolidated financial statements.

NOTE 5 - LONG-TERM INVESTMENTS

Investment objectives and policies are approved by the Museum's Board of Trustees based on recommendations by its Investment Committee and are carried forward and implemented by external investment managers, which are selected and monitored by the Investment Committee and staff of the Museum in consultation with its external advisors.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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The following table presents investment return (loss), net, less distributions from endowment to operations and plant, pursuant to annual appropriation by the Board of Trustees, for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 4,868,340	\$ 2,763,137
Gain (loss) in fair value of investments	<u>56,755,448</u>	<u>(136,235,865)</u>
Total gains (losses) on investments, before investment expenses	61,623,788	(133,472,728)
Investment expenses	<u>(1,676,957)</u>	<u>(1,727,000)</u>
Total gains (losses) on investments, after investment expenses	59,946,831	(135,199,728)
Less:		
Distribution from endowment to operations pursuant to annual appropriation by the Board of Trustees	(35,592,045)	(34,853,779)
Distribution from endowment to plant pursuant to annual appropriation by the Board of Trustees	<u>(6,811,177)</u>	<u>(5,615,344)</u>
Investment gains (losses), net of amounts designated for operations and plant	<u>\$ 17,543,609</u>	<u>\$ (175,668,851)</u>

Long-term investments consist of the following at June 30, 2023 and 2022:

	<u>Fair Value</u>	
	<u>2023</u>	<u>2022</u>
Cash equivalents ¹	\$ 72,115,514	\$ 70,461,211
Accrued interest and dividends receivable	230,897	95,949
U.S. common and preferred stocks	95,895,545	84,321,076
Foreign common and preferred stocks	88,040,599	84,323,283
Fixed income	18,520,757	19,248,846
Alternative investments	<u>423,341,321</u>	<u>412,092,141</u>
Pooled endowment	698,144,633	670,542,506
Planned giving agreements and perpetual trusts	<u>14,119,725</u>	<u>13,670,683</u>
Long-term investments	<u>\$ 712,264,358</u>	<u>\$ 684,213,189</u>

¹ Includes pending settlements of investment trades, net, of \$5,198,657 and (\$15,806) and accrued investment management fees of \$56,250 and \$71,556 at June 30, 2023 and 2022, respectively.

Alternative investments represent hedge funds, private equity, real assets and other investments which follow a variety of investment strategies. Terms and conditions of these investments, including liquidity provisions, differ for each fund. The Museum believes that the reported amount of its alternative investments is a reasonable estimate of the fair value of such investments at June 30, 2023 and 2022. The

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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Museum uses the NAV per share or its equivalent to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables list investments by major category:

2023					
Alternative Investment Strategy	Fair Value Determined Using NAV in Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions
U.S. common and preferred stocks	\$ 30,252,212	N/A	\$ -	Monthly with notice required by the 22nd of the month prior	None
Foreign common and preferred stocks	88,040,599	N/A	-	Ranges between daily with 5 days' notice to a rolling 3 year redemption with 90 days' notice	None
Marketable Alternative Assets:					
Equity-oriented funds	163,575,881	N/A	-	Ranges between quarterly redemption with 30 days' notice to 50% bi-annual redemption with a 90 days' notice and subject to a 36 month payout at firm's discretion	None
Credit-oriented funds	31,142,992	N/A	-	Ranges between 25% quarterly redemption with 60 days' notice to 25% quarterly redemption with 75 days' notice	None
Multi-strategy funds	45,113,481	N/A	-	Ranges between quarterly redemption with 65 days' notice to annual redemption with 60 days' notice	None
Real assets-oriented funds	10,952,271	N/A	-	Monthly with 15 days' notice	None
Total Marketable Alternative Assets	<u>250,784,625</u>		<u>-</u>		
Nonmarketable Alternative Assets:					
Funds of Funds	7,235,734	1 to 6 years	2,151,776	As underlying investments are sold	None
Equity-oriented funds	143,094,148	1 to 10 years	40,718,386	As underlying investments are sold	None
Credit-oriented funds	14,696,264	1 to 5 years	9,934,984	As underlying investments are sold	None
Real assets-oriented funds	7,530,550	1 to 4 years	174,912	As underlying investments are sold	None
Total Nonmarketable Alternative Assets	<u>172,556,696</u>		<u>52,980,058</u>		
Total Alternative Investments	<u>\$ 541,634,132</u>		<u>\$ 52,980,058</u>		

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

2022					
Alternative Investment Strategy	Fair Value Determined Using NAV in Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions
U.S. common and preferred stocks	\$ 22,287,838	N/A	\$ -	Monthly with notice required by the 22nd of the month prior Ranges between daily with 5 days' notice to a rolling 3 year redemption with 90 days' notice	None
Foreign common and preferred stocks	84,323,283	N/A	-		None
Marketable Alternative Assets: Funds of Funds	610,669	N/A	-	In liquidation Ranges between quarterly redemption with 30 days' notice to 50% bi-annual redemption with a 90 days' notice and subject to a 36 month payout at firm's discretion	None
Equity-oriented funds	156,273,141	N/A	-		Ranges between none and a lockup through 12/31/22
Credit-oriented funds	30,534,917	N/A	-	Ranges between 25% quarterly redemption with 60 days' notice to 25% quarterly redemption with 75 days' notice	None
Multi-strategy funds	47,800,046	N/A	-	Ranges between quarterly redemption with 65 days' notice to annual redemption with 60 days' notice	None
Real assets-oriented funds	10,132,886	N/A	-	Monthly with 15 days' notice	None
Total Marketable Alternative Assets	<u>245,351,659</u>		<u>-</u>		
Nonmarketable Alternative Assets:					
Funds of Funds	6,776,807	1 to 7 years	3,401,812	As underlying investments are sold	None
Equity-oriented funds	136,665,504	1 to 10 years	41,915,544	As underlying investments are sold	None
Credit-oriented funds	15,741,042	1 to 5 years	5,476,640	As underlying investments are sold	None
Real assets-oriented funds	7,557,129	1 to 4 years	204,942	As underlying investments are sold	None
Total Nonmarketable Alternative Assets	<u>166,740,482</u>		<u>50,998,938</u>		
Total Alternative Investments	<u>\$ 518,703,262</u>		<u>\$ 50,998,938</u>		

The Museum's investment portfolio is exposed to various risks, such as interest rate, market risk and credit risk. Because of the level of risk associated with such investments, changes in their values will occur and such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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The following tables summarize investments within the fair value hierarchy as of June 30, 2023 and 2022:

	2023				Total
	Level 1	Level 2	Level 3	NAV	
Cash equivalents	\$ 66,973,107	\$ -	\$ -	\$ -	\$ 66,973,107
U.S. common and preferred stocks	65,643,333	-	-	30,252,212	95,895,545
Foreign common and preferred stocks	-	-	-	88,040,599	88,040,599
Fixed income	18,520,757	-	-	-	18,520,757
Marketable alternative investments	-	-	-	250,784,625	250,784,625
Nonmarketable alternative investments	-	-	-	172,556,696	172,556,696
Planned giving agreements	-	10,346,718	-	-	10,346,718
Perpetual trusts	-	-	3,773,007	-	3,773,007
	<u>\$ 151,137,197</u>	<u>\$ 10,346,718</u>	<u>\$ 3,773,007</u>	<u>\$ 541,634,132</u>	706,891,054
Pending receivables and payables, net					5,142,407
Accrued interest and dividends					230,897
Total long-term investments					<u>\$ 712,264,358</u>

	2022				Total
	Level 1	Level 2	Level 3	NAV	
Cash equivalents	\$ 70,548,573	\$ -	\$ -	\$ -	\$ 70,548,573
U.S. common and preferred stocks	62,033,238	-	-	22,287,838	84,321,076
Foreign common and preferred stocks	-	-	-	84,323,283	84,323,283
Fixed income	19,248,846	-	-	-	19,248,846
Marketable alternative investments	-	-	-	245,351,659	245,351,659
Nonmarketable alternative investments	-	-	-	166,740,482	166,740,482
Planned giving agreements	-	10,112,624	-	-	10,112,624
Perpetual trusts	-	-	3,558,059	-	3,558,059
	<u>\$ 151,830,657</u>	<u>\$ 10,112,624</u>	<u>\$ 3,558,059</u>	<u>\$ 518,703,262</u>	684,204,602
Pending receivables and payables, net					(87,362)
Accrued interest and dividends					95,949
Total long-term investments					<u>\$ 684,213,189</u>

The following table summarizes the changes in fair values associated with Level 3 investments for the years ended June 30, 2023 and 2022:

	2023	2022
Level 3 investments, beginning of year	\$ 3,558,059	\$ 4,339,970
Realized and unrealized gains (losses)	214,948	(781,911)
Level 3 investments, end of year	<u>\$ 3,773,007</u>	<u>\$ 3,558,059</u>

Under the Museum's charitable gift annuities program where the Museum is the trustee, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or other stipulated life beneficiaries. Upon termination of a life interest, the share of the corpus attributable to the life interest holder, if any, becomes available to the Museum. Changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are recognized annually by the Museum, based on actuarially determined valuations. The discount rates used to value planned giving agreements at June 30, 2023 and 2022 ranged from 0.6% to 8.0% and are

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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set at the time the original gift is made. Contribution revenue is recognized at the date planned giving agreements are established.

NOTE 6 - ENDOWMENT

The Museum's endowment consists of donor-restricted endowment funds (funds contributed by donors with the restriction that the funds be invested, spent in part, or otherwise preserved as endowment). The endowment also includes Board-designated gifts (gifts that could be spent currently, but have been set aside by the Board to be invested and spent in a manner similar to donor-restricted endowment funds but without restrictions, otherwise known as quasi endowment). As required by U.S. GAAP, net assets of the endowment funds are classified as and reported based on the existence or absence of donor-imposed restrictions or relevant law.

The financial objectives of the Museum's endowment include providing support for the Museum's annual operations and providing funding for certain nonoperating activities, such as capital needs, as institutional needs or opportunities arise. Accordingly, the Museum's current spending policy is to annually spend 5% of the fair value of the endowment averaged over the 12 preceding quarters for operations with such additional amounts as may be appropriated by the Board of Trustees for capital and other purposes.

In order to accomplish this financial objective, the primary investment strategy for the endowment over the long-term is to generate an average total return equal to the Museum's spending policy, plus an amount sufficient to fund investment-related expenses and inflation. While this is the Museum's long-term objective, it is recognized that due to market circumstances the Museum may not be able to achieve this objective in a particular year or years, and may surpass this objective in other years.

In order to meet this investment objective, while also maintaining prudent levels of risk and liquidity, the Museum maintains a highly diversified investment portfolio.

The portfolio is invested by external investment managers selected by the Investment Committee in consultation with external advisors. Investments are made through separate accounts or commingled vehicles, including funds, trusts, and limited partnerships and similar interests.

In September 2010, the New York Prudent Management of Institutional Funds Act ("NYPMIFA") became effective. The application of NYPMIFA requires all unspent donor-restricted endowment earnings to be classified as net assets with donor restrictions until appropriated for expenditure by the Board of the Museum. In accordance with NYPMIFA, the Museum applies a standard of prudence and considers its spending policy and the following factors in making a determination to appropriate for expenditure or to accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment funds;
- (2) The purposes and institutional objectives of the Museum and its endowment funds;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and appreciation of investments;
- (6) Other resources of the Museum;
- (7) Where appropriate, alternatives to appropriation from the endowment funds and the possible effects of those alternatives on the Museum;

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

- (8) The investment policy of the Museum; and
- (9) The cash needs and other needs of the Museum.

Unless otherwise stipulated by the donor, the Museum classifies as donor-restricted endowment funds net assets with donor restrictions held in perpetuity, based on the original value of the gift when it was donated to the permanent endowment. Accumulated earnings to the permanent endowment are classified as net assets with donor restrictions that are program or time restricted in accordance with NYPMIFA. Such accumulated earnings are directed in accordance with the applicable donor gift instrument with regard to purpose. The Board-designated endowment is classified as net assets without donor restrictions.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Museum to retain as a fund of perpetual duration. These deficiencies generally result from unfavorable market fluctuations that occur shortly after the investment of new donor-restricted contributions. In such an event, the Museum will not continue to appropriate from the donor-restricted funds, but rather appropriate from Board-designated endowment funds. Cumulative deficiencies of this nature at June 30, 2023 totaled \$29,754 which included two funds with original donor contributions totaling \$1,517,564. Cumulative deficiencies of this nature at June 30, 2022 totaled \$190,391 which included three funds with original donor contributions totaling \$10,720,000.

Total endowment net assets include the pooled endowment and accrued endowment expenses and exclude endowment related pledges, planned giving agreements and perpetual trusts.

The following table summarizes endowment net asset composition by type of fund as of June 30, 2023:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions			Total
		Program or Time Restricted	Amounts Held in Perpetuity	Total	
Donor-restricted endowment funds	\$ -	\$ 281,767,210	\$ 241,839,966	\$ 523,607,176	\$ 523,607,176
Board-designated endowment funds	176,633,212	-	-	-	176,633,212
Total endowment net assets	<u>\$ 176,633,212</u>	<u>\$ 281,767,210</u>	<u>\$ 241,839,966</u>	<u>\$ 523,607,176</u>	<u>\$ 700,240,388</u>

The following table summarizes endowment net asset composition by type of fund as of June 30, 2022:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions			Total
		Program or Time Restricted	Amounts Held in Perpetuity	Total	
Donor-restricted endowment funds	\$ -	\$ 262,802,339	\$ 230,789,079	\$ 493,591,418	\$ 493,591,418
Board-designated endowment funds	177,057,674	-	-	-	177,057,674
Total endowment net assets	<u>\$ 177,057,674</u>	<u>\$ 262,802,339</u>	<u>\$ 230,789,079</u>	<u>\$ 493,591,418</u>	<u>\$ 670,649,092</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The following tables summarize changes in endowment net assets for the fiscal years 2023 and 2022:

	2023				
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions			Total
		Program or Time Restricted	Amounts Held in Perpetuity	Total	
Endowment net assets, beginning of year	\$ 177,057,674	\$ 262,802,339	\$ 230,789,079	\$ 493,591,418	\$ 670,649,092
Contributions and bequests	5,350,244	10,000	7,900,928	7,910,928	13,261,172
Appropriation of endowment assets for expenditure	(22,295,447)	(14,323,971)	-	(14,323,971)	(36,619,418)
Interest and dividends	1,297,490	3,570,850	-	3,570,850	4,868,340
Investment gains, realized and unrealized	15,001,565	36,869,204	1,994,237	38,863,441	53,865,006
Net distributions to support non-operating purposes	(5,783,804)	-	-	-	(5,783,804)
Other, primarily net assets released from restrictions and other transfers ¹	6,005,490	(7,161,212)	1,155,722	(6,005,490)	-
Endowment net assets, end of year	<u>\$ 176,633,212</u>	<u>\$ 281,767,210</u>	<u>\$ 241,839,966</u>	<u>\$ 523,607,176</u>	<u>\$ 700,240,388</u>

¹ Includes Board-approved capital draws in fiscal years 2021 and 2022 which were originally appropriated from donor-restricted funds during the pandemic crisis, plus proportionate endowment performance for the period, which were later determined not to be necessary and therefore returned to those funds. Amounts related to capital draws taken in fiscal years 2021 and 2022, which were refunded from net assets without donor restrictions to net assets with donor restrictions, totaled \$3,661,350 and \$1,069,027, respectively.

	2022				
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions			Total
		Program or Time Restricted	Amounts Held in Perpetuity	Total	
Endowment net assets, beginning of year	\$ 238,822,757	\$ 370,747,993	\$ 244,330,212	\$ 615,078,205	\$ 853,900,962
Contributions and bequests	39,235	-	2,290,048	2,290,048	2,329,283
Appropriation of endowment assets for expenditure	(21,753,590)	(13,100,189)	-	(13,100,189)	(34,853,779)
Interest and dividends	777,743	1,985,394	-	1,985,394	2,763,137
Investment losses, realized and unrealized	(38,361,795)	(81,492,371)	(15,831,181)	(97,323,552)	(135,685,347)
Net distributions to support non-operating purposes	(3,583,600)	(2,031,744)	-	(2,031,744)	(5,615,344)
Net distributions to support operations	(12,189,820)	-	-	-	(12,189,820)
Other, primarily net assets released from restrictions and other transfers	13,306,744	(13,306,744)	-	(13,306,744)	-
Endowment net assets, end of year	<u>\$ 177,057,674</u>	<u>\$ 262,802,339</u>	<u>\$ 230,789,079</u>	<u>\$ 493,591,418</u>	<u>\$ 670,649,092</u>

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NOTE 7 - PLANT AND EQUIPMENT, NET

Plant and equipment, net, consists of the following at June 30, 2023 and 2022:

	Range of Estimated Useful Lives	2023	2022
Buildings and leasehold improvements	5 - 40 years	\$1,351,160,156	\$ 851,430,927
Equipment, furniture and fixtures	5 years	96,287,020	94,423,374
Construction-in-progress		3,277,289	367,676,952
		<u>1,450,724,465</u>	<u>1,313,531,253</u>
Gross plant and equipment			
Less: accumulated depreciation and amortization		<u>(683,466,851)</u>	<u>(647,140,259)</u>
		<u>\$ 767,257,614</u>	<u>\$ 666,390,994</u>
Plant and equipment, net			

At June 30, 2022, amounts in construction-in-progress primarily related to the construction of the Gilder Center for Science, Education, and Innovation which was placed in service in fiscal 2023.

In accordance with U.S. GAAP, the Museum accounts for conditional asset retirement obligations to reflect the cost associated with the eventual remediation of asbestos on certain Museum collections and portions of the buildings in which they reside. At June 30, 2023 and 2022, the Museum's liability for conditional asset retirement obligations totaled approximately \$2,200,000 and is included in the accompanying consolidated statements of financial position in accounts payable and accrued liabilities.

Because the Museum's buildings and land are owned by the City, remediation costs associated with the removal of asbestos and other hazardous materials within the construct of the buildings are allocated between the City and the Museum at the time of project origination. Until a project exists, the range of time over which remediation may be required is unknown and the costs to the Museum cannot reasonably be estimated. Accordingly, any building remediation where a remediation project has not been entered into between the City and the Museum cannot be measured and has not been recorded in the accompanying consolidated financial statements.

NOTE 8 - NOTES PAYABLE TO BANKS

At June 30, 2023, the Museum had two unsecured credit facilities with two commercial banks.

One facility, a \$60 million revolving line of credit that matures in January 2025, had no amounts outstanding as of June 30, 2023 and 2022. Amounts borrowed under this facility bear interest based on the Secured Overnight Financing Rate ("SOFR") and are reset every 30 days.

A second facility, a \$40 million revolving line of credit that matures in June 2025, had no amounts outstanding as of June 30, 2023 and 2022. Amounts borrowed under this facility bear interest based on SOFR and are reset every 30 days.

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 9 - BONDS AND LOANS PAYABLE

Since 1991, the Museum has entered into unsecured loan agreements with the Trust for Cultural Resources of the City of New York (the "Trust"), a public benefit organization created by the State of New York. Pursuant to these agreements the Trust has issued tax-exempt bonds, the proceeds of which have been used for the financing of a portion of the construction, expansion, improvement and rehabilitation of facilities operated by the Museum or to refinance existing indebtedness incurred for similar purposes. Pursuant to these loan agreements, the Museum is required to pay, when due, principal and interest on the bonds.

In 2015, the Museum issued unsecured taxable bonds direct to the market as its own issuer, the proceeds of which were used to refinance existing indebtedness which was originally issued through the Trust. These bonds require the Museum to pay, when due, principal and interest.

In 2021, the Museum issued unsecured taxable bonds direct to the market as its own issuer, the proceeds of which were used to finance a major capital project and to refinance existing indebtedness. These bonds require the Museum to pay, when due, principal and interest.

Total interest and related expense for the years ended June 30, 2023 and 2022 was \$11,215,944 and \$10,936,467, respectively. Included in this amount are payments related to interest rate exchange agreements of \$382,181 and \$2,682,055 for the years ended June 30, 2023 and 2022, respectively, as well as other bond related expenses of \$353,743 and \$406,612, for the years ended June 30, 2023 and 2022, respectively.

Series 2008 Refinancing Bonds

In 2008, the Trust issued Series 2008 Variable Interest Rate Bonds totaling \$174,630,000, which have been refunded such that only the \$21,335,000 Series 2008B3 Bonds were outstanding.

The Series 2008B3 Bonds are subject to a weekly interest rate reset. In the event the Museum receives notice of any optional tender on its variable rate demand bonds, or if the bonds become subject to mandatory tender, the purchase price will be paid from the remarketing of the bonds. To provide liquidity in the event a tender does not remarket promptly, the Museum has entered into a backup credit facility with a major U.S. bank totaling \$15.3 million, which has historically been renewed since inception. The credit facility currently expires on June 28, 2024. There has been no drawdown to date against the credit facility supporting the Series 2008B3 Bonds.

Series 2014 Refinancing Bonds

In 2014, the Trust issued Series 2014 Bonds totaling \$149,490,000 divided as follows: \$49,775,000 Series 2014A Bonds, \$50,225,000 Series 2014B1 Bonds, and \$49,490,000 Series 2014B2 Bonds for the purpose of refinancing the Series 2004A, Series 2008B1, and Series 2008B2 Bonds, which are no longer outstanding.

The Series 2014A Bonds are fixed rate bonds due serially through 2034 at 5.00%, marketed at a premium to generate a true fixed interest rate of 4.17%. The Series 2014B1 and Series 2014B2 are variable rate bonds due serially through 2044. The Series 2014B1 and 2014B2 Bonds are Floating Rate Notes, issued for 270-day terms but callable after 180 days, at which time they are subject to an interest rate reset. In the event the Museum receives notice of any optional tender on the Series 2014B1 and 2014B2 Bonds, or if the bonds become subject to mandatory tender, the purchase price will be paid from the remarketing of the bonds. The Museum has agreed to provide liquidity in the event a tender does not remarket promptly.

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Series 2015 Refinancing Bonds

On May 13, 2015, the Museum issued a total of \$95,605,000 of taxable bonds (the “Series 2015 Bonds”) for the purpose of refinancing the Series 2008A1 and Series 2008A2 Bonds.

The Series 2015 Bonds are fixed rate bonds due serially through 2045 at an average interest rate of 4.12%. The Series 2015 Bonds are subject to optional redemption by the Museum subject to a make-whole redemption provision.

Series 2021 Bonds

On May 12, 2021, the Museum issued a total of \$135,000,000 of taxable Sustainability Bonds (the “Series 2021 Bonds”) for the purpose of financing \$100,000,000 of a major capital project and \$35,000,000 used to refinance certain bond principal payments on the Series 2009A refinancing bonds and the Series 2015 refinancing bonds.

The Series 2021 Bonds are fixed rate bonds due serially through 2052 at an average interest rate of 3.12%. The Series 2021 Bonds are subject to optional redemption by the Museum subject to a make-whole redemption provision.

Loan Payable

On December 31, 2019, the Museum entered into an unsecured loan agreement with a commercial bank in the amount of \$57,000,000. The proceeds of the loan are to be used as bridge financing in advance receipt of donor pledge payments for a major construction project.

The taxable loan matures on July 1, 2027, with principal payments due annually beginning July 1, 2023. The interest rate on the loan is fixed at 2.49%.

In summary, the bonds and related activity underlying the Museum’s debt, with interest rates for each issue are as follows:

<u>Long-Term Debt</u>	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Series 2008B3 due by April 1, 2029	\$ 12,585,000	\$ 12,585,000
Series 2014A due by July 1, 2034	49,775,000	49,775,000
Series 2014B1 due by April 1, 2044	50,225,000	50,225,000
Series 2014B2 due by April 1, 2044	49,490,000	49,490,000
Series 2015 due by July 15, 2045	68,790,000	68,790,000
Series 2021 due by July 15, 2052	135,000,000	135,000,000
Loan payable due by July 1, 2027	43,335,000	57,000,000
	<u>409,200,000</u>	<u>422,865,000</u>
Series 2014A unamortized bond premium	3,776,889	4,080,316
Unamortized deferred bond issuance costs	(1,877,914)	(1,992,365)
	<u>\$ 411,098,975</u>	<u>\$ 424,952,951</u>
Total long-term debt		

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The interest rates for each issue are as follows:

	June 30,	
	2023	2022
Interest rates on long-term debt		
Series 2008B3	3.90%	0.88%
Series 2014A	5.00%	5.00%
Series 2014B1	4.06%	1.06%
Series 2014B2	4.06%	0.95%
Series 2015	4.12%	4.12%
Series 2021	3.12%	3.12%
Loan payable	2.49%	2.49%

After giving effect to the interest rate exchange agreements, the estimated future debt service payments of principal and interest are as follows:

Year Ending June 30,	Principal Amount	Interest Payments	Total Estimated Debt Service
2024	\$ -	\$ 14,260,696	\$ 14,260,696
2025	6,250,000	14,105,071	20,355,071
2026	13,810,000	13,713,378	27,523,378
2027	15,230,000	13,267,628	28,497,628
2028	30,450,000	12,596,714	43,046,714
Thereafter	343,460,000	171,663,295	515,123,295
Total	\$ 409,200,000	\$ 239,606,782	\$ 648,806,782

Interest Rate Exchange and Cap Agreements

In 2005, the Museum entered into a 39-year interest rate exchange agreement with Morgan Stanley (“MS”) for the purpose of limiting the Museum’s interest rate exposure on the Series 2008B3 and 2014B2 Bonds. The notional amount of the exchange was set at \$68,975,000 and amortizes according to a schedule that is similar to the mandatory redemption schedule of the Series 2008B3 and 2014B2 Bonds. Under the terms of the exchange, MS pays to the Museum a variable rate consistent with the rate on the Series 2008B3 and 2014B2 Bonds, and the Museum pays to MS the fixed rate of 3.395% per annum.

In 2007, the Museum entered into a 37-year interest rate exchange agreement with Bank of New York (“BONY”) for the purpose of limiting the Museum’s interest rate exposure on a portion of the Series 2014B1 Bonds. The notional amount of the exchange was set at \$25,225,000 and amortizes according to a schedule that is similar to the mandatory redemption schedule of a portion of the Series 2014B1 Bonds. Under the terms of the exchange, BONY pays to the Museum a variable rate consistent with the rate on a portion of the Series 2014B1 Bonds, and the Museum pays to BONY the fixed rate of 3.62% per annum.

In 2014, the Museum entered into a 10-year interest rate cap agreement with SMBC Capital Markets, Inc. (“SMBC”). The purpose of the agreement is to limit the Museum’s interest rate exposure on \$25,000,000 of variable rate bonds. Under the terms of the agreement, SMBC will pay the Museum floating rates (as measured by 70% of three-month U.S. dollar LIBOR) to the extent the variable rate on the bonds exceed 5.00%.

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The Museum's interest rate exchange and cap agreements are considered Level 2 financial instruments with an estimated fair value as follows:

<u>Interest Rate Exchange and Cap Agreement Valuations</u>	<u>2023</u>	<u>2022</u>
Fair value interest rate exchange agreement on Series 2008B3 and 2014B2	\$ (3,161,876)	\$ (7,770,491)
Fair value interest rate exchange agreement for \$25,225,000 of Series 2014B1	(3,487,935)	(5,432,407)
Fair value interest rate cap agreement for \$25,000,000 of Series 2014B1	90	13,173
Total interest rate exchange and cap agreements	<u>\$ (6,649,721)</u>	<u>\$ (13,189,725)</u>

The change in value of the interest rate exchange and cap agreements was \$6,540,004 and \$14,768,705 for the years ended June 30, 2023 and 2022, respectively, and is included in the accompanying consolidated statements of activities.

NOTE 10 - POSTRETIREMENT HEALTH INSURANCE BENEFITS

Eligible retirees may participate in medical and dental plans offered by the Museum annually, and current expenditures are funded from operations. These plans are not funded and the benefits are not vested; however, potential future costs are actuarially estimated and reported as a liability during the service lives of eligible employees pursuant to ASC 715-60.

The medical and dental plans are contributory with participants' contributions typically adjusted annually.

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The actuarial valuations of the potential postretirement medical and dental benefits for fiscal 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Benefit obligation, beginning of year	\$ 43,354,287	\$ 62,193,738
Service cost	1,298,473	2,012,060
Interest cost	2,110,545	1,702,894
Plan participants' contributions	640,667	661,778
Actuarial gains	(4,639,763)	(20,190,440)
Benefits paid	<u>(3,056,544)</u>	<u>(3,025,743)</u>
Funded status/accrued benefit reported in consolidated statements of financial position/benefit obligation, end of year	<u>\$ 39,707,665</u>	<u>\$ 43,354,287</u>
Change in Plan assets for fiscal 2023 and 2022 included:		
Fair value of plan assets, beginning of year	\$ -	\$ -
Museum contributions	2,415,877	2,363,965
Plan participants' contributions	640,667	661,778
Benefits paid	<u>(3,056,544)</u>	<u>(3,025,743)</u>
Fair value of Plan assets, end of year	<u>\$ -</u>	<u>\$ -</u>
Amounts recognized in net assets without donor restriction consist of:		
Net actuarial (gain) loss	\$ (1,053,898)	\$ 3,573,533
Prior unamortized service credit	<u>-</u>	<u>-</u>
Total amount recognized	<u>\$ (1,053,898)</u>	<u>\$ 3,573,533</u>
Weighted-average assumptions as of June 30 (measurement date):		
	<u>2023</u>	<u>2022</u>
Discount rate	5.50%	5.00%
Expected return on Plan assets	N/A	N/A
Initial trend for the coming fiscal year	6.50% pre-65, 6.00% post-65	6.75% pre-65, 6.25% post-65
Ultimate trend rate	4.50%	4.50%
Fiscal year in which ultimate trend is attained	2032 pre-65, 2030 post-65	2032 pre-65, 2030 post-65

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The actuarially determined components of the net periodic postretirement medical and dental benefit costs consist of the following:

	2023	2022
Service cost	\$ 1,298,473	\$ 2,012,060
Interest cost	2,110,545	1,702,894
Amortization of actuarial (gain) loss	(12,332)	1,056,595
Net periodic benefit cost	\$ 3,396,686	\$ 4,771,549

Projected cash outflows for the years ending June 30 are as follows:

2024	\$ 2,185,756
2025	2,185,681
2026	2,180,256
2027	2,281,820
2028	2,334,702
2029 through 2033	12,979,419

NOTE 11 - RETIREMENT PLANS

The Museum participates in the Cultural Institution Retirement System (“CIRS”), a trust managed by an independent Board of Trustees that provides: 1) a multiemployer defined benefit pension 2) a 401k plan and 3) life insurance (the “Plan”) to union and non-union employees of over 40 cultural institutions, over 80 day care centers and other non-profit organizations. The Plan (Plan number 11-2001170 001) is funded by contributions from the employers and the City of New York. The Plan is collectively bargained and resulting agreements are subject to approval by the CIRS Board of Trustees and the City. A collectively bargained agreement was reached on March 15, 2023, approved by the CIRS Board of Trustees and the City of New York, and subsequently ratified in June by the members of District Council 37, AFSCME and The Council for Supervisors and Administrators. The agreement covers a five-year period retroactive to July 1, 2020, and runs through June 30, 2025. The agreement maintains current benefit tiers, the current employer contributions at 11.1% of participating salaried payroll for each of the covered years and maintains the Tier II (employees hired on or after October 1, 2016) employee contributions between 2% and 3% dependent on base salary. The pension is certified by the pension plan’s actuary under the Pension Reform Act of 2006 to be in the green zone for the Plan year beginning July 1, 2022 and, therefore, there are no surcharges for the pension plan and no financial improvement plan or rehabilitation plan is required.

Total costs for the Plan paid by the Museum for eligible employees, exclusive of payments made directly by the City, amounted to \$7,491,170 and \$7,456,903 for the years ended June 30, 2023 and 2022, respectively. The Museum’s contribution exceeds 5% of the total contributions to the Plan.

The Museum established and maintains supplemental executive retirement plans for key employees. These plans are unfunded, payments are forfeitable, contingent upon such employees meeting specified service requirements, and represent actuarially determined general obligations of the Museum of \$1,209,357 and \$1,427,488 at June 30, 2023 and 2022, respectively.

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 12 - NET ASSETS

The Museum's net assets with donor restrictions are comprised of gift arrangements where the Museum is obligated to retain the original value of the gift in perpetuity and of perpetual trusts, planned giving agreements and endowment pledges receivable. In addition, donors have restricted the income on these net assets to the purposes shown below as of June 30, 2023 and 2022:

	2023	2022
Scientific research	\$ 84,759,581	\$ 73,265,498
Education and public programs	105,745,890	104,332,370
Exhibitions	32,257,348	31,558,046
Without donor restrictions (for general purposes of the Museum)	37,381,308	37,033,369
Other	1,500,000	1,500,000
Total net assets held in perpetuity	\$ 261,644,127	\$ 247,689,283

The Museum's net assets with donor restrictions that are subject to donor-imposed restrictions that require the Museum to use or expend the gifts as specified, based on purpose or passage of time are shown below:

	2023	2022
Restricted for:		
Scientific research	\$ 111,565,653	\$ 102,725,592
Education and public programs	30,933,519	29,633,645
Exhibitions	15,322,449	14,898,522
Capital projects	20,373,437	241,019,256
Debt service	42,158,987	41,184,894
Other operating purposes (primarily passage of time)	19,083,836	17,484,600
Awaiting appropriation by Board of Trustees - otherwise without donor restrictions	120,164,271	114,826,357
Total net assets program or time restricted	\$ 359,602,152	\$ 561,772,866

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Net assets were released from donor restrictions due to the passage of time, performance of activities satisfying the restricted purposes specified by the donors, and/or by appropriation by the Board of Trustees as follows:

	2023	2022
Operating:		
Passage of time (cash receipt of prior period pledges)	\$ 3,810,739	\$ 4,629,249
Expenditures satisfying donor-imposed purpose restrictions	20,975,927	16,945,198
	24,786,666	21,574,447
Nonoperating:		
Plant		
Expenditures satisfying donor-imposed capital purpose restrictions	224,523,250	9,088,383
Long-term investments		
Passage of time (cash receipt of prior period pledges)	10,000	-
Expenditures satisfying endowment purpose restrictions	256,647	306,992
Appropriation by the Board of Trustees and other (otherwise unrestricted)	12,254,420	12,999,752
Other reclassifications (Note 6)	(6,515,577)	-
	6,005,490	13,306,744
	230,528,740	22,395,127
Total net assets released	\$ 255,315,406	\$ 43,969,574

NOTE 13 - REVENUE RECOGNITION FROM EXCHANGE TRANSACTIONS

The Museum recognized revenue of \$5,604,434 and \$4,373,906 in fiscal years 2023 and 2022, respectively, from amounts that were included in deferred revenue at June 30, 2022 and 2021, respectively.

At June 30, 2023, deferred revenue totaled \$10,269,057. Of that amount, the performance obligations related to this deferred revenue are expected to be met in:

Year Ending June 30,	Visitors' Contributions and Admissions	Membership Fees	Auxiliary Activities	Miscellaneous Fees and Other Revenue	Total
2024	\$ 1,978,659	\$ 258,336	\$ 4,687,322	\$ 491,773	\$ 7,416,090
2025	-	-	232,000	227,852	459,852
2026	-	-	75,000	227,852	302,852
2027	-	-	-	227,852	227,852
2028	-	-	-	227,852	227,852
Thereafter	-	-	-	1,634,559	1,634,559
Total	\$ 1,978,659	\$ 258,336	\$ 4,994,322	\$ 3,037,740	\$ 10,269,057

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 14 - SUPPORT FROM THE CITY OF NEW YORK

Operating Support

The City annually appropriates funds to support the cost of certain operating salaries, primarily guardianship, maintenance and expenses (the “Department of Cultural Affairs (DCLA) Obligation Plan”) up to a maximum amount determined by the City in its annual budget process. These amounts are recognized as operating revenue in the month the expenses are incurred by the Museum. The City pays the Museum’s energy costs as well as pension costs for employees funded on the DCLA Obligation Plan. The City provides a statement of these expenditures to the Museum, which records them as operating revenue with an offsetting amount to operating expense.

Capital Support

The City has contributed \$267,209,828 in total capital expenses from 1995 to 2023. The following represents City support for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating Support:		
DCLA - Obligation Plan	\$ 13,823,293	\$ 11,226,849
Energy	7,638,153	6,795,547
Pension	<u>1,469,245</u>	<u>1,309,890</u>
	22,930,691	19,332,286
Capital Support	<u>22,729,564</u>	<u>29,837,870</u>
Total City Support	<u>\$ 45,660,255</u>	<u>\$ 49,170,156</u>

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 15 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Museum's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

	2023	2022
Financial assets due within one year:		
Cash and cash equivalents	\$ 84,440,307	\$ 193,828,909
Accounts receivable, net	6,631,494	3,010,943
Government grants receivable, net	15,140,990	14,725,998
Contributions receivable due within one year	25,741,530	11,941,831
Long-term investments (excluding perpetual trusts and planned giving arrangements)	698,144,633	670,542,506
	830,098,954	894,050,187
Offset by:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with other purpose restrictions (non-endowment) (excluding planned giving arrangements):		
Total restricted by donors with other purpose restrictions (non-endowment) (excluding planned giving arrangements)	60,519,456	270,761,426
Purpose restricted by donors already expended	-	(355,355,379)
Endowment funds already appropriated	(38,707,405)	(42,403,223)
Unappropriated accumulated endowment gains	281,767,210	262,802,339
Restricted by donor in perpetuity (excluding perpetual trusts, pledges and perpetual CGAs)	241,839,966	230,789,079
Board-designated endowment funds	176,633,212	177,057,674
	722,052,439	543,651,916
Liquidity resources:		
Available bank lines of credit (Note 8)	100,000,000	120,000,000
Total financial assets and liquidity resources available to management for general expenditure within one year	\$ 208,046,515	\$ 470,398,271

The Museum structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Museum does not intend to spend from its Board-designated endowment funds, other than amounts appropriated as part of its annual appropriation process, these funds do not carry donor restrictions and at June 30, 2023, up to \$151,747,479. could be made available if necessary.

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 16 - COMMITMENTS AND CONTINGENCIES

The Museum has entered into an operating lease for a facility used for storage purposes through fiscal 2024. As of June 30, 2023 and 2022, the value of the right-of-use ("ROU") asset included in prepaid expenses and other assets in the accompanying statements of financial position is \$148,505 and \$498,806, respectively, and the value of the operating lease obligation included in accounts payable and other liabilities in the accompanying statements of financial position is \$162,075 and \$540,198, respectively.

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 358,603	\$ 358,603

Supplemental quantitative information related to the operating lease for the years ended June 30 is as follows:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities-operating cash flows	\$ 386,424	\$ 375,169
ROU assets obtained in exchange for lease obligations, subsequent to the adoption of ASC 842	\$ -	\$ -
Weighted-average remaining lease term (expressed in years)	0.4	1.4
Weighted-average discount rate	2.25%	2.25%

The maturity of the lease liability under Museum's operating lease as of June 30, 2023 is as follows:

<u>Years Ending June 30,</u>	
2024	<u>\$ 162,988</u>
Total lease obligation, gross	162,988
Less: amounts representing interest rate 2.25%	<u>(913)</u>
Total operating lease obligations liability	<u>\$ 162,075</u>

The Museum is a party to litigation matters which have arisen in the normal course of its operations. The matters are insured or expected to be insured in substantial part. To the extent not insured, in the opinion of management the resolution of such matters is not anticipated to have a material effect on its consolidated financial statements.

The Museum receives significant Federal, State and City grants and contracts which are subject to audit by the respective governmental agencies. Management is of the opinion that disallowances, if any, would not have a significant effect on the financial position or changes in net assets of the Museum.

The American Museum of Natural History

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 17 - FUNCTIONAL EXPENSES

The following presents the natural expense classifications by program and support area for fiscal years 2023 and 2022 and reflects the allocation of depreciation, amortization and interest generally on the basis of the department for which the assets were purchased or constructed; the allocation of information technology, guardianship, maintenance and operating costs on the basis of square footage; and the allocation of plant administration expenses to general and administrative expenses. The following classification of expenses excludes the change in value of interest rate exchange and cap agreements and other pension related activities.

	2023										
	Scientific Research	Exhibitions	Education	Membership	Visitor Services	Auxiliary Activities	Subtotal Programs	General and Administrative	Fundraising	Supporting Services	Total
Payroll and fringe benefits	\$42,353,623	\$19,493,271	\$15,738,994	\$ 1,432,295	\$ 8,530,264	\$ 5,855,177	\$ 93,403,624	\$ 20,571,753	\$ 6,342,614	\$ 26,914,367	\$ 120,317,991
Supplies	1,807,445	995,757	853,377	15,772	150,996	311,462	4,134,809	471,403	62,097	533,500	4,668,309
Energy services	3,257,320	3,348,226	160,421	14,514	142,088	479,737	7,402,306	186,394	50,418	236,812	7,639,118
Outside services and insurance	3,262,667	2,138,178	2,535,958	219,021	369,636	1,869,215	10,394,675	5,168,177	682,503	5,850,680	16,245,355
Professional fees	402,917	104,673	2,741,522	88,624	4,442	3,140,944	6,483,122	3,607,174	474,775	4,081,949	10,565,071
Depreciation and amortization	15,538,461	15,972,110	765,263	69,238	677,803	2,288,496	35,311,371	889,161	240,511	1,129,672	36,441,043
Interest and related expenses	4,782,479	4,915,948	235,535	21,310	208,617	704,361	10,868,250	273,669	74,025	347,694	11,215,944
Other	5,991,275	2,308,097	2,559,735	480,812	1,617,532	6,309,299	19,266,750	2,924,438	676,728	3,601,166	22,867,916
Total	\$77,396,187	\$49,276,260	\$25,590,805	\$ 2,341,586	\$11,701,378	\$20,958,691	\$187,264,907	\$ 34,092,169	\$ 8,603,671	\$ 42,695,840	\$ 229,960,747

	2022										
	Scientific Research	Exhibitions	Education	Membership	Visitor Services	Auxiliary Activities	Subtotal Programs	General and Administrative	Fundraising	Supporting Services	Total
Payroll and fringe benefits	\$38,464,778	\$16,563,453	\$13,904,777	\$ 1,220,569	\$ 6,606,008	\$ 5,235,443	\$ 81,995,028	\$ 18,649,656	\$ 4,971,950	\$ 23,621,606	\$ 105,616,634
Supplies	1,441,157	801,696	1,208,879	14,051	101,155	180,216	3,747,154	332,615	64,321	396,936	4,144,090
Energy services	2,897,621	2,978,488	142,706	12,912	126,397	426,760	6,584,884	165,811	44,851	210,662	6,795,546
Outside services and insurance	2,617,936	2,486,625	2,376,097	131,074	275,450	1,840,554	9,727,736	4,672,143	257,461	4,929,604	14,657,340
Professional fees	283,717	22,633	2,378,473	38,593	960	2,607,018	5,331,394	3,950,877	460,734	4,411,611	9,743,005
Depreciation and amortization	14,240,046	14,637,458	701,316	63,452	621,165	2,097,268	32,360,705	814,861	220,413	1,035,274	33,395,979
Interest and related expenses	4,663,310	4,793,453	229,666	20,779	203,418	686,810	10,597,436	266,850	72,181	339,031	10,936,467
Other	5,008,138	2,573,515	2,339,019	287,581	998,082	4,646,142	15,852,477	1,208,472	276,927	1,485,399	17,337,876
Total	\$69,616,703	\$44,857,321	\$23,280,933	\$ 1,789,011	\$ 8,932,635	\$17,720,211	\$166,196,814	\$ 30,061,285	\$ 6,368,838	\$ 36,430,123	\$ 202,626,937