

**The American Museum of
Natural History Planetarium Authority**

**Financial Statements
For the years ended June 30, 2021 and 2020**

GRANT THORNTON LLP

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors

The American Museum of Natural History Planetarium Authority

Report on the financial statements

We have audited the accompanying financial statements of The American Museum of Natural History Planetarium Authority (the "Planetarium Authority"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities 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 Planetarium Authority'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 Planetarium Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Museum of Natural History Planetarium Authority 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.

Grant Thornton LLP

New York, New York
September 28, 2021

The American Museum of Natural History Planetarium Authority
Statements of Financial Position
As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Plant, net	\$ 44,773,019	\$ 47,368,186
Total assets	<u>\$ 44,773,019</u>	<u>\$ 47,368,186</u>
Liabilities and net assets without donor restriction		
Liabilities:		
Accrued interest payable	\$ 315,450	\$ 315,450
Bonds payable	<u>570,000</u>	<u>570,000</u>
Total liabilities	<u>885,450</u>	<u>885,450</u>
Net assets without donor restriction	<u>43,887,569</u>	<u>46,482,736</u>
Total liabilities and net assets without donor restriction	<u>\$ 44,773,019</u>	<u>\$ 47,368,186</u>

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

The American Museum of Natural History Planetarium Authority
Statements of Activities
For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenue:		
Donated services and goods	\$ 1,966,808	\$ 1,840,704
Total revenue	<u>1,966,808</u>	<u>1,840,704</u>
Expenses:		
Program services:		
Depreciation	2,641,310	2,635,963
Guardianship and maintenance	<u>1,627,510</u>	<u>1,458,738</u>
Total program services	<u>4,268,820</u>	<u>4,094,701</u>
Supporting services:		
Administrative	267,505	284,431
Interest	<u>25,650</u>	<u>25,650</u>
Total supporting services	<u>293,155</u>	<u>310,081</u>
Total expenses	<u>4,561,975</u>	<u>4,404,782</u>
Change in net assets without donor restriction	(2,595,167)	(2,564,078)
Net assets without donor restriction, beginning of year	<u>46,482,736</u>	<u>49,046,814</u>
Net assets without donor restriction, end of year	<u>\$ 43,887,569</u>	<u>\$ 46,482,736</u>

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

The American Museum of Natural History Planetarium Authority
Statements of Cash Flows
For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets without donor restriction	\$ (2,595,167)	\$ (2,564,078)
Adjustment to reconcile change in net assets without donor restriction to net cash provided by operating activities:		
Depreciation	2,641,310	2,635,963
Contributed building improvements	<u>(46,143)</u>	<u>(71,885)</u>
Net cash provided by operating activities	<u>-</u>	<u>-</u>
Increase in cash	-	-
Cash, beginning of year	<u>-</u>	<u>-</u>
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosures:		
Contributed building improvements	<u>\$ 46,143</u>	<u>\$ 71,885</u>

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

The American Museum of Natural History Planetarium Authority

Notes to the Financial Statements

June 30, 2021 and 2020

1. Organization

The American Museum of Natural History Planetarium Authority (the “Planetarium Authority”) was chartered in 1933 by a special act of the Legislature of the State of New York as a public benefit corporation to establish and maintain in New York City (the “City”) a planetarium upon a site adjacent to The American Museum of Natural History (the “Museum”). The charter authorized the City of New York to convey property to the Planetarium Authority for this purpose and authorized the Planetarium Authority to issue bonds to build a planetarium. The charter further established the purposes of the Planetarium Authority to encourage and develop the study of astronomical science and to advance the knowledge of kindred subjects. The charter appointed the trustees of the Museum as the board of the Planetarium Authority. The Planetarium Authority’s charter terminates when all its liabilities, including its bonds, have been paid in full or otherwise discharged. Upon termination, its personal property passes to the Museum and its real property reverts to the City but under a lease to the Museum pursuant to which it is to be maintained and operated in the same manner as other city property occupied by the Museum.

Pursuant to this authorization, the City donated the land on which the planetarium now resides in Roosevelt Park adjacent to the Museum to the Planetarium Authority in 1934 for the purposes set forth in its charter, subject to a right of reversion to the City if the Planetarium Authority ceased to exist or forfeited its charter. The Planetarium Authority then issued bonds, in the amount of \$650,000, to the federal Reconstruction Finance Corporation, and together with ancillary gifts from Charles Hayden, constructed a planetarium as an integral unit of the group of buildings occupied and operated by the Museum. The planetarium opened to the public in 1935 as the Hayden Planetarium. Contemporaneously therewith, the Planetarium Authority and the Museum entered into an operating agreement whereby the Museum would operate the planetarium as an educational institution for the encouragement and development of the study of astronomical science and for other purposes accomplishing the objectives set forth in the Planetarium Authority’s charter.

In 1948, the Museum purchased the then remaining outstanding bonds from the federal Reconstruction Finance Corporation. In 1954, the Museum placed a moratorium on principal and interest payments when the Planetarium Authority was unable to make scheduled payments consistent with the terms of the indenture. The bonds remain outstanding at present, and along with all unpaid accrued interest through 1954, are reflected on the accompanying statements of financial position (see also Note 5).

In 2001, the planetarium building was rebuilt and renamed the Rose Center for Earth and Space, with a new planetarium continued under the name the Hayden Planetarium, new exhibition halls and educational programming provided and funded by the Museum. The planetarium with its digital projection system is acknowledged to be one of the most technologically advanced in the world. Supplementing the planetarium are exhibitions that include, among others, simulations and representations of a “black hole,” the “big bang,” and one of the world’s largest iron meteorites.

From the formation of the Planetarium Authority through June 2009, the Museum and Planetarium Authority shared the same trustees. In July 2009, the State of New York adopted a revision to the charter to the Planetarium Authority following the State’s revisions to the laws governing public benefit corporations. The revisions provided that the Planetarium Authority Board would consist of three to five members (the “Directors”) appointed by the Museum’s Board, who are independent as defined by the New York State Public Authorities Law. The revision separated the common governance of the Museum and the Planetarium Authority, but allowed for the Museum to continue to lease and operate the planetarium building

The American Museum of Natural History Planetarium Authority
Notes to the Financial Statements (continued)
June 30, 2021 and 2020

for its original intended purposes. Following this revision, the Museum continues to be a scientific and educational entity and the Planetarium Authority continues to operate as a public benefit corporation.

Also, in 2009, the Museum formalized its relationship with the Planetarium Authority through a lease which provides the Museum, as lessee, exclusive use of the planetarium building free of rent and for an indefinite term in consideration for the Museum operating the planetarium and providing educational programs in astronomical science and kindred subjects to the public, and paying the costs of operation, maintenance, insurance and reasonable repair. In 2021 and 2020 combined, the planetarium space show was exhibited to over 667,000 visitors in the Hayden Planetarium. The planetarium building also houses the Museum's astrophysics department, which provides scientific guidance for the planetarium space shows, exhibits, lectures and courses.

The Museum is a non-profit, educational corporation chartered in 1869 as a museum and library by a special act of the Legislature of the State of New York. It is under the auspices of, and accredited as a degree-granting institution by the Regents of the State of New York and is accredited by the American Association of Museums. The Museum is exempt from corporate federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC").

The Planetarium Authority is exempt from federal income taxes under Section 501(c)(3) of the IRC.

On March 13, 2020, the Hayden Planetarium closed to the public in accordance with directives issued by New York State due to the COVID-19 global pandemic. The Hayden Planetarium remained closed until March 24, 2021 when it reopened to the general public under limited capacity with significant safety and cleaning protocols.

2. Summary of Significant Accounting Policies

The accompanying financial statements present the financial position, changes in net assets, and cash flows of the Planetarium Authority.

Basis of Presentation - The 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").

Net Asset Accounting - The Planetarium Authority's resources are classified and reported on the accompanying financial statements as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

- **Net Assets Without Donor Restriction:**
Represent net assets which are not restricted by donors.
- **Net Assets With Donor Restriction:**

Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. 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 statement of activities as net assets released from restrictions.

The American Museum of Natural History Planetarium Authority
Notes to the Financial Statements (continued)
June 30, 2021 and 2020

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

The Planetarium Authority had no net assets with donor restriction at June 30, 2021 and 2020.

The Planetarium Authority reflects as program services costs associated with providing for educational activities as stated in its charter. Other costs in support of this objective are reflected as supporting services.

Revenue Recognition

The Planetarium Authority 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 Planetarium Authority 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 Planetarium Authority applies guidance under Accounting Standards Codification 606. If the transfer of assets is determined to be a contribution, the Planetarium Authority evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Planetarium Authority 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.

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. Allowances are recorded for estimated uncollectible contributions receivable based on management’s judgment, past collection experience and other relevant factors.

Contributed goods and services received from the Museum, which qualify for recognition, have been included as revenue and expense on the statements of activities. These goods and services primarily include an allocation of Museum staff time, insurance and professional fees paid by the Museum, interest expense waived by the Museum on the Planetarium Authority’s outstanding debt, and building guardianship and maintenance provided by the Museum. Additionally, in 2021 and 2020, the Museum made \$46,143 and \$71,885, respectively, of building improvements to the Planetarium Authority, which have been included in donated services and goods in the accompanying financial statements (see Note 4).

Plant

The Planetarium Authority holds title to the land and the planetarium building situated on the property leased to the Museum for the operation of the Planetarium Authority’s related programmatic activities. Title to the land was conveyed to the Planetarium Authority by the City subject to a reversion of title in certain events, at which time, title to the real property would revert to the City but under lease to the Museum, under the same provisions as the City’s existing lease of land and buildings to the Museum.

The gross value of plant represents the cost of Museum expenditures for construction and improvements to the planetarium building built on the Planetarium Authority’s land. The fixtures and related exhibits made to the interior of the planetarium building are the property of the Museum and have not been reflected as part of the Planetarium Authority’s plant assets. Plant purchased for a value greater than \$5,000 and with depreciable lives greater than one year are carried at cost net of depreciation, which is calculated on a

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Notes to the Financial Statements (continued)
June 30, 2021 and 2020

straight-line basis over the estimated useful lives of such assets, which is estimated to range between 7 to 40 years.

Accounting for 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 Planetarium Authority does not believe its financial statements include any uncertain tax positions.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant estimates relate to the determination of operating expenses incurred by the Museum on behalf of the Planetarium Authority, the related fair value of donated goods and services and the useful life of plant. Actual results could differ from those estimates.

Subsequent Events

The Planetarium Authority evaluated its June 30, 2021 financial statements for subsequent events through September 28, 2021, the date the financial statements were available to be issued. The Planetarium Authority is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.

3. Related Party Activity

Certain Museum employees contribute services to the Planetarium Authority in furtherance of its programmatic objectives. Additionally, the Museum pays for the operations, maintenance, reasonable repair of the planetarium building and building improvements. The fair value of these donated services and goods for the years ended June 30, 2021 and 2020 totaled \$1,966,808 and \$1,840,704, respectively.

As discussed above, the Planetarium Authority leases the land and planetarium building to the Museum free of charge for an indefinite term.

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Notes to the Financial Statements (continued)
June 30, 2021 and 2020

4. Plant, Net

Plant consists of the following at June 30, 2021 and 2020:

	Estimated Useful Life	2021	2020
Building and building improvements	7-40 years	\$ 92,123,978	\$ 92,077,835
Land		-	-
Gross building, building improvements, and land		92,123,978	92,077,835
Less: Accumulated depreciation		(47,350,959)	(44,709,649)
Plant, net		\$ 44,773,019	\$ 47,368,186

Depreciation expense for the years ended June 30, 2021 and 2020 was \$2,641,310 and \$2,635,963, respectively.

The planetarium building built in 2001 and situated on the Planetarium Authority's land was contributed by the Museum to the Planetarium Authority, while ownership of the exhibits built by the Museum is retained by the Museum. Accordingly, the amount reflected as building and building improvements represents the structure and improvements thereto that house the exhibition halls and educational programming provided by the Museum. The Planetarium Authority has reflected on its statements of financial position the value of the structure and related improvements contributed by the Museum as its realty pursuant to law. The Planetarium Authority obtained a grant and conveyance of the land from the City in 1934 for educational uses set forth in its charter and subject to a reversion to the City, at which time no value was assigned to the parcel. The Planetarium Authority does not believe that the fair value of this property, valued at the date of receipt in 1934, is material to the accompanying financial statements.

5. Bonds

At June 30, 2021 and 2020, the Planetarium Authority had outstanding bonds in the amount of \$570,000, which were past due. The bonds bear interest at 4.5% per annum. The Museum is the sole holder of these bonds. The Museum has issued a confirmatory forbearance agreement to the Planetarium Authority that it would continue to forbear on the collection of interest and principal through October 1, 2017, and thereafter will renew the forbearance annually unless one year and one day notice is provided by the Museum. As of June 30, 2021, no such notice has been provided. At June 30, 2021 and 2020, the accrued interest payable recorded on the accompanying statements of financial position totals \$315,450 and represents the amount of accrued interest through the date in which the confirmatory forbearance agreement was executed, March 6, 2017. For the years ended June 30, 2021 and 2020, interest expense, for which a waiver has been received, totaled \$25,650 each year and is included in donated goods and services in the accompanying statements of activities.

The American Museum of Natural History Planetarium Authority
Notes to the Financial Statements (continued)
June 30, 2021 and 2020

6. Liquidity and Availability of Resources

The Planetarium had no financial assets available within one year of the statement of financial position date for financial expenditures. As noted above, operating expenses and building improvements of the Planetarium Authority are paid by the Museum and donated to the Planetarium Authority.