

Bay Area Discovery Museum

Financial Statements

August 31, 2023
(With Comparative Totals for 2022)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Bay Area Discovery Museum
Sausalito, California

Opinion

We have audited the accompanying financial statements of Bay Area Discovery Museum (the "Museum"), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bay Area Discovery Museum as of August 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Bay Area Discovery Museum and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bay Area Discovery Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bay Area Discovery 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.

Report on Summarized Comparative Information

We have previously audited Bay Area Discovery Museum's 2022 financial statements, and our report dated March 29, 2023 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Armanino^{LLP}
San Ramon, California

March 20, 2024

Bay Area Discovery Museum
Statement of Financial Position
August 31, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 3,691,243	\$ 2,144,702
Contributions receivable, net	208,408	305,461
Accounts receivable	427,809	148,805
Contractual tuition and fees receivable	399,850	441,444
Inventory	36,572	45,504
Prepaid and other current assets	125,357	108,903
Employee retention tax credit receivable	-	1,039,503
Cash restricted for long-term purposes	8,211	364,445
Contributions receivable restricted for long-term purposes, net	250,462	435,678
Property and equipment, net	18,319,141	20,313,425
Total assets	\$ 23,467,053	\$ 25,347,870
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 701,846	\$ 570,906
Deferred revenue	1,351,535	933,669
Contractual unearned tuition and fees	399,850	441,444
Total liabilities	2,453,231	1,946,019
Net assets		
Without donor restrictions		
Board designated - operating reserve	708,312	189,178
Undesignated	19,780,277	22,165,322
Total without donor restrictions	20,488,589	22,354,500
With donor restrictions		
Total net assets	21,013,822	23,401,851
Total liabilities and net assets	\$ 23,467,053	\$ 25,347,870

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

Bay Area Discovery Museum
Statement of Activities
For the Year Ended August 31, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues, gains, and other support				
Contributions	\$ 1,839,887	\$ 362,500	\$ 2,202,387	\$ 2,629,964
Employee Retention Tax Credit revenue	-	-	-	1,039,503
In-kind contributions	51,455	-	51,455	68,677
Special events, net of direct expenses of \$200,993	69,683	-	69,683	94,670
Membership dues	1,731,760	-	1,731,760	1,496,308
Admission fees	1,556,205	-	1,556,205	1,428,554
Program fees	1,689,507	-	1,689,507	1,417,859
Facility rental income, net	11,480	-	11,480	10,200
Investment income	135,756	-	135,756	-
Store and cafe sales, net of cost of sales of \$101,921	172,349	-	172,349	136,970
Net assets released from restriction	<u>884,618</u>	<u>(884,618)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>8,142,700</u>	<u>(522,118)</u>	<u>7,620,582</u>	<u>8,322,705</u>
Functional expenses				
Program	5,958,606	-	5,958,606	4,091,572
Management and general	1,897,452	-	1,897,452	2,015,005
Fundraising	1,103,437	-	1,103,437	800,174
Membership	<u>1,049,116</u>	<u>-</u>	<u>1,049,116</u>	<u>880,058</u>
Total functional expenses	<u>10,008,611</u>	<u>-</u>	<u>10,008,611</u>	<u>7,786,809</u>
Change in net assets	(1,865,911)	(522,118)	(2,388,029)	535,896
Net assets, beginning of year	<u>22,354,500</u>	<u>1,047,351</u>	<u>23,401,851</u>	<u>22,865,955</u>
Net assets, end of year	<u>\$ 20,488,589</u>	<u>\$ 525,233</u>	<u>\$ 21,013,822</u>	<u>\$ 23,401,851</u>

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

Bay Area Discovery Museum
Statement of Functional Expenses
For the Year Ended August 31, 2023
(With Comparative Totals for 2022)

	Supporting Services				2023 Total	2022 Total
	Program	Management and General	Fundraising	Membership		
Salaries	\$ 2,607,205	\$ 1,054,357	\$ 714,840	\$ 412,223	\$ 4,788,625	\$ 3,657,761
Depreciation	1,574,613	192,120	110,902	307,542	2,185,177	1,164,542
Professional fees	159,696	225,067	7,188	17,284	409,235	695,642
Benefits and payroll taxes	402,075	124,101	110,711	63,877	700,764	591,076
Utilities and rent	229,614	50,153	16,172	44,847	340,786	321,883
Repairs and maintenance	231,072	27,740	16,080	44,593	319,485	294,788
Technology and telephone	183,882	29,287	22,294	26,816	262,279	273,432
Supplies	185,270	18,861	18,152	21,362	243,645	244,438
Advertising	171,898	18,035	10,234	33,434	233,601	170,174
Bank fees	79,685	-	63,747	15,937	159,369	126,289
Insurance	-	91,570	-	-	91,570	71,273
Equipment rental	26,290	32,199	1,668	5,226	65,383	44,165
Printing and publication	9,835	1,471	278	37,717	49,301	39,904
Miscellaneous	12,421	11,311	834	4,357	28,923	34,708
Travel	43,167	2,053	211	18	45,449	23,477
Conferences and meetings	16,635	15,336	8,754	444	41,169	21,459
Postage	1,867	1,950	557	13,435	17,809	8,149
Training	2,728	1,841	815	4	5,388	3,649
Bad debts	20,653	-	-	-	20,653	-
	<u>\$ 5,958,606</u>	<u>\$ 1,897,452</u>	<u>\$ 1,103,437</u>	<u>\$ 1,049,116</u>	<u>\$ 10,008,611</u>	<u>\$ 7,786,809</u>

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

Bay Area Discovery Museum
Statement of Cash Flows
For the Year Ended August 31, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (2,388,029)	\$ 535,896
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,185,177	1,164,542
Contributions restricted for long-term purposes	(22,500)	(128,500)
Changes in operating assets and liabilities		
Contributions receivable, net	173,853	(84,453)
Accounts receivable	(279,004)	98,286
Contractual tuition and fees receivable	41,594	34,111
Inventory	8,932	(18,823)
Prepaid and other current assets	(16,454)	36,076
Employee retention tax credit receivable	1,039,503	(1,039,503)
Accounts payable and accrued expenses	130,940	(184,909)
Deferred revenue	417,866	170,190
Contractual unearned tuition and fees	(41,594)	(34,111)
Net cash provided by operating activities	1,250,284	548,802
Cash flows from investing activities		
Purchase of property and equipment	(47,835)	(21,698)
Payments on construction in progress	(143,058)	(293,705)
Net cash used in investing activities	(190,893)	(315,403)
Cash flows from financing activities		
Payments on loan payable	-	(1,299,491)
Cash received for contributions restricted for long-term purpose	130,916	358,878
Net cash provided by (used in) financing activities	130,916	(940,613)
Net increase (decrease) in cash, cash equivalents and restricted cash	1,190,307	(707,214)
Cash, cash equivalents and restricted cash, beginning of year	2,509,147	3,216,361
Cash, cash equivalents and restricted cash, end of year	\$ 3,699,454	\$ 2,509,147
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 3,691,243	\$ 2,144,702
Cash restricted for long-term purposes	8,211	364,445
	\$ 3,699,454	\$ 2,509,147

Supplemental schedule of noncash investing and financing activities

Property and equipment included in accounts payable	\$ 22,810	\$ 11,439
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The accompanying notes are an integral part of these financial statements.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2023

1. NATURE OF OPERATIONS

At the Bay Area Discovery Museum (the "Museum"), we envision a world where every child grows and thrives through joyful play. So every day, we create playful learning experiences that inspire a passion for discovery in every child. Because when children thrive, families and our communities thrive.

To ensure children are provided with high-quality learning experiences, the Museum:

- specializes in creating playful learning environments and experiences for children from 6 months to 8 years old and the adults who care for them.
- serves as a resource to the community of parents, educators, and adults who raise, teach, and nurture children.
- partners with community organizations to ensure play-based learning opportunities are accessible to all young children and their families.
- develops research-backed educational assets that inform initiatives, exhibits, and programming.

The Museum provides high-quality, research-backed playful learning experiences to children through:

- A children's museum with unique indoor and outdoor play-based learning environments and activities for children 6 months to 8 years old and the adults who care for them.
- Innovative play-based STEAM-rich learning programs onsite and offsite, including a mobile engineering lab that travels to schools, libraries and community events across the region, and seasonal camps and classes that take full advantage of the Museum's unique location by the ocean and in a national park.
- School and community partnerships designed to ensure play-based learning opportunities are accessible to the families and children who need them most.
- A museum-based preschool that develops children's creative problem-solving skills through a Reggio Emilia-inspired STEAM-based program that responds to students' unique curiosities, questions and interests.
- A Research and Evaluation department that synthesizes and transforms research to inform the creation of our programming.

Contributions received from individuals, foundations, corporations and government grants comprise approximately 40% of the annual revenue of the Museum. The Museum hosts two major fundraising events including Goblin Jamboree, a Halloween festival for families, and a Spring event for adults.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2023

1. NATURE OF OPERATIONS (continued)

The Museum completed a capital campaign during the year ended August 30, 2020 for the purpose of renovating the Museum's facilities and exhibits. The Museum continued to receive contributions and pledge payments during the year ended August 31, 2023 related to the project.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements and accompanying notes of the Museum 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 assets without donor restrictions* - represent the portion of net assets that are not subject to donor-imposed stipulations. These net assets are intended for use by management and the Board of Trustees for general operations.
- *Net assets with donor restrictions* - represents the portion of net assets for which use is limited by donor-imposed stipulations that either expire by the passage of time and/or can be fulfilled and removed by actions of the Museum. Contributions to be held in perpetuity as directed by the donors are also included if applicable. The income from these contributions and support is available to support activities of the Museum as imposed by the donor. The Museum had no net assets restricted by donors to be held in perpetuity at August 31, 2023.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Investment income and gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law.

Change in accounting principle

In February 2016, the FASB issued Accounting Standards Codification ("ASC") 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Museum adopted the standard effective September 1, 2022 and recognized and measured leases existing at, or entered into after, September 1, 2022 with certain practical expedients available. The adoption of ASC 842 on September 1, 2022 did not have an effect on net assets. The Museum concluded the adoption of ASC 842 to be immaterial to the Museum's financial statements.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The management of the Museum estimates that the cost of memberships equals the fair value of goods and services received by members. Accordingly, the Museum recognizes membership sales as revenue over the membership period, using the straight-line basis. Approximately 95% of memberships sold cover a period of one year.

The Museum recognizes revenue from admissions and discounted admissions coupons upon the visit to the Museum.

The Museum earns revenue from its various programs, including school and community partnerships, a variety of museum experience enrichment classes and camps. The Museum recognizes program revenue when the related activity occurs.

The Museum recognizes tuition and fees from The Discovery School during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Payment for tuition may be required before the start of the academic year. All amounts received prior to the commencement of the academic year are deferred and fully recognized as revenue within the next fiscal year.

Contractual tuition and fees receivable include tuition and fee amounts due under fully executed and non-cancelable student enrollment agreements, net of applicable discounts and financial aid, for the upcoming 2023-2024 school year. Contractual unearned tuition and fees include unearned tuition and fee amounts that will be collected in the next nine months and will be satisfied through the performance obligations of delivering educational services to students during the upcoming 2023-2024 school year.

The Museum recognizes store revenue upon sale of the merchandise. Estimated returns are not material.

The Museum recognizes cafe revenue over the period the cafe operates and related sales by the cafe during each period.

Cash, cash equivalents and restricted cash

The Museum maintains cash and cash equivalents with major financial institutions. The Museum considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash restricted for long-term purposes consists of cash held for a capital campaign.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and promises to give

Contributions received are reported as without donor restrictions or with donor restrictions, depending upon donor restrictions, if any.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give, which contain donor-imposed conditions that represent a barrier that must be overcome as well as a right of release from obligation, shall be recognized when the condition or conditions on which they depend are substantially met; that is, when the conditional promise becomes unconditional. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Management of the Museum has determined that the discount on long-term contributions receivable was not material and no discount has been recorded as of August 31, 2023.

An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable. At August 31, 2023, the allowance for uncollectible contributions receivable was \$25,466.

Accounts receivable

Accounts receivable, all due within one year, consist principally of amounts due for various school and community partnerships, The Discovery School tuition, cafe sales and credit card sales charged near the end of the year. An allowance for doubtful accounts receivable is provided based upon management's judgment including such factors as prior collection history, type of receivable and current aging of receivable. As of August 31, 2023, management determined no allowance was necessary.

Contributed services and in-kind donations

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended August 31, 2023, the Museum received contributed services and in-kind donations of \$51,455.

The Museum receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No donated services from unpaid volunteers have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory consists of products such as educational books, toys, crafts, and museum branded merchandise. Inventory is valued at the lower of cost or net realizable value. The Museum utilizes the first in, first out method of inventory valuation.

Property and equipment

The Museum capitalizes all property and equipment with a cost greater than or equal to \$5,000 with an estimated useful life in excess of one year. Property and equipment is carried at cost or, if donated, at the estimated fair value on the date of the contribution. Minor repairs and maintenance are charged against earnings as incurred. Major repairs and maintenance that extend the useful life of the respective asset are capitalized.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Building improvements	5 - 39 years
Exhibits	5 - 39 years
Land improvements	5 - 39 years
Furniture and fixtures	3 - 5 years
Equipment	3 - 5 years

Long-lived assets

The carrying amount of all property and equipment is evaluated at least annually to determine if adjustments to the carrying amount or the useful lives are warranted. No such adjustments were recorded for the year ended August 31, 2023.

Concentrations of credit risk

The Museum places its cash and cash equivalents with high-credit, quality financial institutions. At times, such cash may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. Concentration of credit risk for contributions receivable are generally limited due to the dispersion of these items over a wide donor base. The Museum continually monitors its receivables and establishes valuation reserves as considered appropriate.

Deferred revenue

Deferred revenue consists principally of advance collection of The Discovery School tuition for the next school year and the unamortized portion of annual memberships sold. The Museum amortizes deferred revenue from memberships sold into revenue using the straight-line basis.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising costs

Advertising costs are charged to operations when incurred. The Museum incurred advertising costs of \$233,601 for the year ended August 31, 2023.

Functional expenses

The direct costs of providing the Museum's programs and other activities have been presented in the statement of functional expenses. During the year such costs are accumulated into separate groupings as either direct or indirect. Direct costs are recorded as program or supporting services based on the nature of the expense. Indirect or shared costs are allocated among program and support services by a method that measures the relative degree of benefit. Expenses, such as payroll and benefits, have been allocated among program services and supporting services based upon the employees' estimated time spent by function. Facility related costs such as depreciation and maintenance have been allocated based on estimated square footage used by various departments.

Income tax status

The Museum is a qualified charitable organization exempt from federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively.

The Museum has evaluated its current tax positions and has concluded that as of August 31, 2023, the Museum does not have any significant uncertain tax positions for which a reserve would be necessary.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires Museum management to make estimates and assumptions that affect certain reported amounts and disclosures. Uses of estimates include, but are not limited to, the allocation of functional expenses, the allowance for doubtful accounts and depreciation. Actual results could differ from those estimates.

Summarized financial information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such summarized information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended August 31, 2022, from which the summarized information was derived.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2023

3. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net consist of the following:

Receivable in less than one year	\$ 463,636
Receivable in one to two years	20,700
	484,336
Less: allowance for uncollectible contributions	(25,466)
	\$ 458,870

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

Building improvements	\$ 26,626,526
Exhibits	6,562,907
Land improvements	1,040,318
Furniture and fixtures	118,423
Equipment	53,101
Construction-in-progress	21,006
	34,422,281
Accumulated depreciation	(16,103,140)
	\$ 18,319,141

Depreciation expense for the year ended August 31, 2023, was \$2,185,177.

5. LINE OF CREDIT

On December 23, 2022, the Museum entered into an agreement with a commercial bank for a revolving line of credit in the amount of \$500,000 with an interest rate equal to the Prime Rate plus 0.25% that matured on January 10, 2024. In January 2024, the line of credit was renewed with a new maturity date of January 10, 2025 (see Note 13). As of August 31, 2023, the Museum had not drawn on the line of credit.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2023

6. EMPLOYEE RETENTION TAX CREDIT

The Employee Retention Tax Credit ("ERC"), a refundable tax credit against certain employment taxes allowed to an eligible employer for qualifying wages, was established by the CARES Act and was subsequently amended through additional legislation. During the year ended August 31, 2022, the Museum determined it was eligible to apply for the ERC and calculated a total ERC of \$1,039,503 for the wages paid during the period January 1, 2021 through September 30, 2021. As the ERC refund relates to salaries and wages paid during 2021 and as collection of the refund was considered probable as they met all stipulations, the Museum recognized revenue and a corresponding receivable for the calculated ERC as of and for the year ended August 31, 2022. During the year ended August 31, 2023, the Museum received a payment of \$1,126,079 which includes \$86,576 in interest. In December 2023, the Museum applied for an additional ERC in the amount of \$287,994 for the wages paid during the period January 1, 2020 through December 31, 2020 (see Note 13).

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Capital campaign	\$ 250,462
Programs and exhibits	<u>274,771</u>
	<u>\$ 525,233</u>

Net assets with donor restrictions released from restriction during the year were as follows:

Program and exhibits	\$ 422,394
Capital campaign	<u>462,224</u>
	<u>\$ 884,618</u>

8. RETIREMENT PLANS

The Museum allows its employees to defer a portion of their salary into a defined contribution plan under section 403(b) of the Internal Revenue Code. In addition, the Museum has the option to match employee contributions. The Museum elected not to make any matching contributions during the year ended August 31, 2023.

9. COMMITMENTS

Effective April 22, 2002, the Museum entered into a Cooperative Agreement ("CA") with the United States of America, Department of the Interior, National Park Service, Golden Gate National Recreational Area ("GGNRA"), replacing a Cooperative Agreement that ran from May 14, 1990 through April 21, 2002.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2023

9. COMMITMENTS (continued)

Under the current CA, the Museum may use certain land, buildings and improvements comprising a portion of the GGNRA known as East Fort Baker through April 21, 2027, to operate its programs.

In July 2018, the Museum received notice from GGNRA that upon substantial completion of phase 1 of the capital improvement project, GGNRA will execute an agreement extension for an additional fifteen years extending the term through April 21, 2042. In May 2021, the GGNRA considered the entire project substantially completed. As of the date that the financial statements were available to be issued, GGNRA is finalizing an amendment to the CA that will extend the term for an additional ten years through April 21, 2037, with the possibility of a five-year extension through April 21, 2042, at GGNRA's option.

The CA allows the GGNRA to charge the Museum for its share of certain operating costs of the GGNRA. Such district service fees are due quarterly in advance. During the year ended August 31, 2023, district service fees totaled \$157,001 and are included with utilities and rent on the accompanying statement of functional expenses. Future payments under the CA for district service fees are not expected to significantly change over the term of the agreement.

Finally, the CA requires the Museum to submit certain reports and plans annually, obtain approval for subcontractors and program pricing and comply with various National Park laws, rules and regulations. The management of the Museum concluded it complied with all the requirements of the CA.

The Museum leases equipment under various non-cancelable operating leases that expire at various dates through 2028. The overall amount to be paid under these leases is immaterial to the financial statements.

10. RELATED PARTY

The Museum received approximately \$595,000 in contributions from board members during the year ended August 31, 2023.

11. LIQUIDITY AND FUNDS AVAILABLE

The Museum's financial assets are available to meet its general expenditures, liabilities and other obligations as they come due. Accounts receivable will be collected within one year and are available for general expenditure. Contribution receivables expected to be collected within the next year will be available for general expenditure. Monthly, management reviews the Museum's financial position and ensures that a reasonable cash position is being maintained.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2023

11. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure which describes financial assets that are available within one year of August 31, 2023 to fund general expenditures and other obligations when they become due:

Cash and cash equivalents	\$ 3,691,243
Contributions receivable due within one year, net	463,636
Accounts receivable	427,809
Contractual tuition and fees receivable	399,850
	\$ 4,982,538

The Museum has a line of credit (see Note 5), and the borrowing limit of up to \$500,000 is available for use if needed.

12. CONTRIBUTED SERVICES AND IN-KIND DONATIONS

Contributed services and in-kind donations recognized as contributions and expenses in the statement of activities for the year ended August 31, 2023 consisted of the following:

Legal services	\$ 22,847
Program related goods	17,143
Technology	7,500
In-kind board expenses	3,965
	\$ 51,455

Contributed services and in-kind donation valuation techniques

Donated legal services are valued using the estimated fair value based on current rates for similar or identical services. Donated program related goods, technology, and in-kind board expenses are valued using U.S. wholesale purchase prices.

Donor restrictions and contributed services and in-kind donation use

All in-kind donations are unrestricted. Legal services include services from attorneys advising the Museum on various strategic, administrative and legal matters. Donated program related goods, technology, and in-kind board expenses include donated goods for use in the Museum, licenses, and board held events.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 20, 2024, the date that the financial statements were available to be issued. Other than the items noted below, there were no subsequent events that would require adjustments to or disclosures in these financial statements.

Bay Area Discovery Museum
Notes to Financial Statements
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13. SUBSEQUENT EVENTS (continued)

In December 2023, the Museum applied for an additional ERC in the amount of \$287,994 for the wages paid during January 1, 2020 through December 31, 2020.

In January 2024, the revolving line of credit was renewed with a new maturity date of January 10, 2025. As of the date that the financial statements were available to be issued, the Museum has not drawn on the line of credit.