

**THE DA VINCI DISCOVERY CENTER OF
SCIENCE AND TECHNOLOGY, INC**

FINANCIAL REPORT

June 30, 2023

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DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

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June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Da Vinci Discovery Center of Science and Technology, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Da Vinci Discovery Center of Science and Technology, Inc. (a nonprofit organization) and subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Da Vinci Discovery Center of Science and Technology, Inc. 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 in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Da Vinci Discovery Center of Science and Technology, Inc. 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 Da Vinci Discovery Center of Science and Technology, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 consolidated 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 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 consolidated 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 Da Vinci Discovery Center of Science and Technology, Inc.'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 Da Vinci Discovery Center of Science and Technology, Inc.'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.

Buckno Lisicky & Co PC

Allentown, Pennsylvania
October 25, 2023

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.**Consolidated Statements of Financial Position**

June 30, 2023 and 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash	\$ 12,055,986	\$ 3,417,301
Accounts receivable	152,108	52,917
Grants receivable	4,358	47,000
Promises to give	2,751,157	1,710,705
Inventory	11,699	10,206
Prepaid expenses	64,601	85,469
TOTAL CURRENT ASSETS	15,039,909	5,323,598
NONCURRENT ASSETS		
Cash, debt service reserve	434,417	-
Cash, endowment	231,075	204,939
Promises to give	4,439,477	4,117,374
Property and equipment, net	32,696,820	11,694,998
Other assets	415,096	410,000
TOTAL NONCURRENT ASSETS	38,216,885	16,427,311
TOTAL ASSETS	\$ 53,256,794	\$ 21,750,909
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 2,559,000	\$ 678,330
Accounts payable and other liabilities	2,677,306	398,497
Accrued expenses	1,484,025	255,186
Deferred revenue	250,286	264,717
TOTAL CURRENT LIABILITIES	6,970,617	1,596,730
NONCURRENT LIABILITIES		
Long-term debt, less current maturities	19,700,199	-
Refundable advances	3,530,000	2,530,000
TOTAL CURRENT LIABILITIES	23,230,199	2,530,000
TOTAL LIABILITIES	30,200,816	4,126,730
NET ASSETS		
Without donor restrictions	14,393,478	10,863,660
With donor restrictions	8,662,500	6,760,519
TOTAL NET ASSETS	23,055,978	17,624,179
TOTAL LIABILITIES AND NET ASSETS	\$ 53,256,794	\$ 21,750,909

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

Consolidated Statement of Activities

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES, GAINS, AND OTHER SUPPORT						
Program:						
Exhibit admissions	\$ 1,018,798	\$ -	\$ 1,018,798	\$ 500,406	\$ -	\$ 500,406
Education programs	676,995	-	676,995	643,340	-	643,340
Guest experience	51,084	-	51,084	6,840	-	6,840
Gift shop sales	173,275	-	173,275	130,997	-	130,997
Membership	224,868	-	224,868	159,984	-	159,984
Other	1,922	-	1,922	1,535	-	1,535
Special events	83,869	10,640	94,509	49,350	66,750	116,100
Contributions	271,373	4,575,400	4,846,773	404,679	5,736,058	6,140,737
Grants, public	-	2,774,204	2,774,204	370,597	4,549,297	4,919,894
Grants, private	24,683	187,750	212,433	66,630	1,010,839	1,077,469
Investment income	417,284	-	417,284	2,164	-	2,164
Donated property, materials and services	114,076	-	114,076	189,435	-	189,435
Net assets released from restrictions	5,646,013	(5,646,013)	-	6,416,955	(6,416,955)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	8,704,240	1,901,981	10,606,221	8,942,912	4,945,989	13,888,901
EXPENSES						
Program services	2,918,149	-	2,918,149	2,473,181	-	2,473,181
Supporting services:						
Management and general	644,493	-	644,493	543,640	-	543,640
Fund raising	318,163	-	318,163	313,888	-	313,888
Expansion activities	1,293,617	-	1,293,617	931,145	-	931,145
TOTAL EXPENSES	5,174,422	-	5,174,422	4,261,854	-	4,261,854
CHANGE IN NET ASSETS	3,529,818	1,901,981	5,431,799	4,681,058	4,945,989	9,627,047
NET ASSETS, beginning,	10,863,660	6,760,519	17,624,179	6,182,602	1,814,530	7,997,132
NET ASSETS, ending	\$ 14,393,478	\$ 8,662,500	\$ 23,055,978	\$ 10,863,660	\$ 6,760,519	\$ 17,624,179

See Notes to Financial Statements.

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	<u>Supporting Services</u>				<u>Total</u>	<u>Total Less</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Expansion Activities</u>		<u>Expansion Activities</u>
Personnel:						
Salaries	\$ 1,435,068	\$ 320,825	\$ 170,578	\$ 475,143	\$ 2,401,614	\$ 1,926,471
Payroll taxes	128,966	25,631	14,455	28,276	197,328	169,052
Employee benefits	125,099	46,207	22,862	24,561	218,729	194,168
	<u>1,689,133</u>	<u>392,663</u>	<u>207,895</u>	<u>527,980</u>	<u>2,817,671</u>	<u>2,289,691</u>
Advertising	109,877	1,600	2,500	8,240	122,217	113,977
Audit fees	-	26,515	-	11,975	38,490	26,515
Auto expense	5,028	185	-	-	5,213	5,213
Bad debt expense	355	1,173	3,438	-	4,966	4,966
Bank charges	-	2,688	-	14,756	17,444	2,688
Business transaction fees	12,519	1,257	1,625	5	15,406	15,401
Credit card fees	46,770	2,274	-	-	49,044	49,044
Communications	-	9,638	-	9,120	18,758	9,638
Computer costs	25,953	21,942	8,783	13,752	70,430	56,678
Cost of goods sold, gift shop	69,520	-	-	-	69,520	69,520
Depreciation	232,672	26,677	-	-	259,349	259,349
Dues and subscriptions	-	2,458	328	1,000	3,786	2,786
Equipment rental	-	11,976	-	4,639	16,615	11,976
Exhibit rental	241,589	-	-	-	241,589	241,589
Hospitality	8,931	2,906	336	2,116	14,289	12,173
Insurance	40,087	10,149	507	-	50,743	50,743
Interest expense	-	-	-	43,796	43,796	-
Legal fees	-	2,839	-	327,570	330,409	2,839
Miscellaneous	514	2,591	117	2,950	6,172	3,222
Occupancy	144,151	36,494	1,825	49,834	232,304	182,470
Payroll services	-	13,529	-	-	13,529	13,529
Phone	1,611	3,239	-	-	4,850	4,850
Postage	6,014	1,228	1,276	2,563	11,081	8,518
Printing	24,301	2,145	14,468	6,005	46,919	40,914
Professional services	89,783	33,998	46,871	241,965	412,617	170,652
Property taxes	-	-	-	12,721	12,721	-
Recruiting	-	7,301	-	-	7,301	7,301
Refreshments	14,287	-	11,693	-	25,980	25,980
Repairs and maintenance	18,588	-	-	2,529	21,117	18,588
Scholarship awards	-	-	13,000	-	13,000	13,000
Staff development & travel	6,016	19,079	687	5,718	31,500	25,782
Supplies	129,775	7,337	2,814	4,383	144,309	139,926
Temporary help	675	-	-	-	675	675
Volunteer expense	-	612	-	-	612	612
	<u>1,229,016</u>	<u>251,830</u>	<u>110,268</u>	<u>765,637</u>	<u>2,356,751</u>	<u>1,591,114</u>
	<u>\$ 2,918,149</u>	<u>\$ 644,493</u>	<u>\$ 318,163</u>	<u>\$ 1,293,617</u>	<u>\$ 5,174,422</u>	<u>\$ 3,880,805</u>

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	<u>Supporting Services</u>				<u>Total</u>	<u>Total Less Expansion Activities</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Expansion Activities</u>		
Personnel:						
Salaries	\$ 1,222,558	\$ 265,643	\$ 196,136	\$ 363,480	\$ 2,047,817	\$ 1,684,337
Payroll taxes	113,960	20,840	15,517	23,623	173,940	150,317
Employee benefits	122,436	17,469	27,243	21,945	189,093	167,148
	<u>1,458,954</u>	<u>303,952</u>	<u>238,896</u>	<u>409,048</u>	<u>2,410,850</u>	<u>2,001,802</u>
Advertising	40,619	1,000	150	5,998	47,767	41,769
Audit fees	-	23,600	-	-	23,600	23,600
Auto expense	5,606	-	2	-	5,608	5,608
Bad debt expense	1,516	833	2,223	-	4,572	4,572
Bank charges	-	1,612	334	6,116	8,062	1,946
Business transaction fees	47,101	2,558	1,732	42	51,433	51,391
Credit card fees	24,018	7,628	-	-	31,646	31,646
Communications	-	9,600	-	9,525	19,125	9,600
Computer costs	10,004	11,770	7,492	14,491	43,757	29,266
Cost of goods sold, gift shop	64,477	-	-	-	64,477	64,477
Depreciation	280,806	48,774	2,000	-	331,580	331,580
Dues and subscriptions	-	3,212	328	-	3,540	3,540
Equipment rental	-	7,630	-	6,531	14,161	7,630
Exhibit rental	116,871	-	-	-	116,871	116,871
Hospitality	1,864	1,555	379	1,121	4,919	3,798
Insurance	40,516	10,257	513	-	51,286	51,286
Interest expense	9,729	2,463	123	13,140	25,455	12,315
Legal fees	-	6,267	-	94,171	100,438	6,267
Miscellaneous	399	1,023	-	4,000	5,422	1,422
Occupancy	146,724	37,145	1,858	49,034	234,761	185,727
Payroll services	-	11,271	-	-	11,271	11,271
Phone	1,912	4,558	-	-	6,470	6,470
Postage	2,601	1,899	891	43	5,434	5,391
Printing	9,702	2,321	2,233	3,984	18,240	14,256
Professional services	86,048	29,965	35,891	303,348	455,252	151,904
Property taxes	-	-	-	4,794	4,794	-
Recruiting	-	5,828	-	-	5,828	5,828
Refreshments	2,085	-	688	-	2,773	2,773
Repairs and maintenance	23,259	-	-	-	23,259	23,259
Scholarship awards	-	-	13,000	-	13,000	13,000
Staff development & travel	6,439	1,632	674	4,556	13,301	8,745
Supplies	91,806	4,668	4,481	1,203	102,158	100,955
Volunteer expense	125	619	-	-	744	744
	<u>1,014,227</u>	<u>239,688</u>	<u>74,992</u>	<u>522,097</u>	<u>1,851,004</u>	<u>1,328,907</u>
	<u>\$ 2,473,181</u>	<u>\$ 543,640</u>	<u>\$ 313,888</u>	<u>\$ 931,145</u>	<u>\$ 4,261,854</u>	<u>\$ 3,330,709</u>

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.**Consolidated Statements of Cash Flows****Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,431,799	\$ 9,627,047
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions of investment securities	(506,425)	(59,021)
Depreciation expense	259,349	331,580
Loan forgiveness	-	(363,097)
Amortization of debt issuance costs	43,796	3,796
Gain on sale of investment securities	(143,507)	(2,268)
(Increase) decrease in assets:		
Accounts receivable	(99,191)	9,866
Grants receivable	42,642	69,818
Unconditional promises to give	(1,362,555)	(5,131,493)
Inventory	(1,493)	2,851
Prepaid expenses	20,868	5,329
Other assets	(5,096)	(410,000)
Increase (decrease) in liabilities:		
Accounts payable and other liabilities	2,278,809	196,051
Accrued expenses	1,228,839	104,093
Deferred revenue	(14,431)	86,969
Refundable advances	1,000,000	2,530,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>8,173,404</u>	<u>7,001,521</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(21,261,171)	(5,781,484)
Proceeds from sale of investment securities	649,932	61,289
NET CASH USED IN INVESTING ACTIVITIES	<u>(20,611,239)</u>	<u>(5,720,195)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and notes payable	22,215,403	678,330
Payments on loans and notes payable	(678,330)	(410,440)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>21,537,073</u>	<u>267,890</u>
NET INCREASE IN CASH	9,099,238	1,549,216
CASH, beginning	3,622,240	2,073,024
CASH, ending	<u>\$ 12,721,478</u>	<u>\$ 3,622,240</u>

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.**Consolidated Statements of Cash Flows****Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<u>Reconciliation of Cash</u>		
Cash, Current	\$ 12,055,986	\$ 3,417,301
Cash, Non-current	665,492	204,939
	<u>\$ 12,721,478</u>	<u>\$ 3,622,240</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for:		
Interest	\$ -	\$ 22,368
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Contribution of property, materials and services	\$ 114,076	\$ 189,435

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

NOTE 1. NATURE OF ACTIVITIES

Mission: The Da Vinci Discovery Center of Science and Technology, Inc. (Da Vinci Science Center or Center) is a Pennsylvania nonprofit corporation whose mission is to bring science to life and lives to science.

Service Area: The Da Vinci Science Center is located in Pennsylvania's Lehigh Valley, approximately 65 miles north of Philadelphia, PA., and 90 miles west of New York, N.Y. Its primary service area is eastern Pennsylvania and western New Jersey—home to 3.8 million people.

Need: The Lehigh Valley has a thriving science, technology, engineering, art and math (STEM) economy in need of a skilled workforce. According to the U.S. Department of Labor, by 2025, approximately 63% of PA jobs will require some form of postsecondary education or training, and STEM jobs will account for 91%. A significant number of new jobs will require a basic understanding of math and science. In a post COVID-19 environment, this need is growing more acute as employers across all industries struggle to find reliable, qualified workers.

Schools need support preparing students for future high skill, high wage jobs. When tested in 2022, 73.7% of grade 4 students and 51.1% of grade 8 students in Pennsylvania ranked proficient or above in science as measured by the Pennsylvania System of School Assessment (PSSA) tests, while in the Science Center's service region, results from PSSA test scores were mixed with proficiency scores as low as 11.1% in urban middle schools. Testing has consistently shown science proficiency scores dropping significantly between 4th and 8th grades, with many reasons contributing to why students disengage with STEM over time.

A growing body of research underscores that science capital, defined as an individual's scientific knowledge combined with how they think about science, who they know with an interest or career in science, and what sort of everyday engagement they have with science, is key to why students stay engaged with and succeed in STEM. In order to provide students with the science capital needed to participate and succeed in STEM post high school, we must help students understand what science is and how it works, be able to recognize its value in everyday life, know the transferrable nature of scientific ways of thinking to other career pathways, engage themselves and their families in science outside of school, increase positive family attitudes about science, and allow them to know people in science roles. Many groups traditionally excluded from avenues of STEM learning such as women, people of color, and those living in low-income households, will continue to remain underrepresented in STEM professions and will not see these careers as being "for them" unless we can address all these factors.

Response to Need: Da Vinci Science Center programs are designed to help students acquire science capital and develop skills to meet regional needs for a scientifically and mathematically literate workforce. Through engaging programs and experiences in classrooms and outside of school, the Science Center stimulates interest and appreciation for science and technology in young people and the adults who influence them. The Science Center provides inquiry-based science learning experiences for individuals of all ages, connects people with the wonders of science in all aspects of their

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

lives, integrates STEM with the Arts (STEAM) to provide an environment for innovation to flourish, and highlights 21st-Century science and technology careers. The Science Center encourages active learning, curiosity, creativity, and imagination – traits inspired by Leonardo da Vinci and the transformative figures who have succeeded him into the modern age.

Programs and Services: To strengthen interest and achievement in science, the Da Vinci Science Center's current facility on the campus of Cedar Crest College offers the following:

- Two floors of exhibits offering dynamic, inquiry-based learning through hands-on displays, models and programs.
- Inquiry-based science outreach programs delivered in schools and at community sites with a priority on serving underrepresented youth in disadvantaged communities.
- Professional development programs that engage teachers in inquiry, engineering design, STEAM literacy, and the integration of arts and technology.
- Workforce initiatives that link students with practicing STEAM professionals, including the Women in Science and Engineering (WISE) Initiative which connects practicing female STEAM professionals with one another and aspiring future scientists to help build and sustain a female STEAM workforce.
- Need and interest-based scholarships funded by the Center's Linny Fowler STEAM Scholarship Fund. This philanthropic fund provides 1) scholarships to students for Traveling Science Programs, Science Clubs, School's Out Science Camps, and other experiences, and 2) free school field trips to the Science Center and outreach programs at their schools. 4,500 participants took advantage of this program in FY2023. These scholarships provided opportunities for students to explore science, technology, engineering, art, and mathematics (STEAM) subjects and careers.
- Discounted admission and memberships for the Science Center with discounts of 75% to 85% on day admission passes and family memberships for recipients eligible for SNAP, TANF, WIC, EBT, and Access program benefits. Over 1,500 participants took advantage of this program in its first year in existence.

Honors and Awards: The Da Vinci Science Center has achieved national and regional recognition, including the following:

- The American Chemical Society 2019 Lehigh Section's Partners for Progress and Prosperity Award in recognition of the Da Vinci Science Center's successful and exemplary partnerships.
- Community Services for Children's 2016 Inez and Edward Donley Award for Children's Advocacy in recognition of public service that improves quality of life significantly for children.
- The United Way of the Lehigh Valley's 2014 Innovator's Award for collaborating with schools in the community to inspire students to explore science, technology, engineering, and mathematics (STEM).

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

Participation: The Science Center's attendance fully rebounded from prior COVID-19 constrained years, serving over 117,000 visitors at the Center in FY2023 period and over 44,000 additional participants in school and community programs.

Impact: Post-program surveys demonstrate that students and teachers enjoy their interactions with the Science Center, learn new things, and increase their science capital. For example, of students who participated in the STEAM Summer Learning program, 100% responded that they had fun; activities were interesting, they learned something, they got to use materials and experiment with things they had never used before; and Da Vinci Science Center programs helped them build confidence that they are good at science.

New Facility Capital Project: The Da Vinci Science Center is constructing a major, new state-of-the-art facility in downtown Allentown, PA. The new 67,292 square foot science center includes 30,000 square feet of STEAM-based interactive exhibits, a 9,579 net square foot STEAM Learning Center, a 150-seat demonstration theater, a grand courtyard assembly and exhibit space, and visitor amenities including a café and retail store. The new facility will be more than twice the size of Da Vinci's current facility, with more than three times the exhibit space. The facility will enable the science center to offer programs and services on par with other major science centers in the northeast United States. Construction is underway. The final steel beam was laid in May 2023. Public opening is expected in the second quarter of 2024.

The greatest benefit of the new facility will be an increase in access to STEAM education for 55,248 residents that live within one-mile's walking distance of the project. For these families, the new science center will be a gamechanger. The site for the new facility was chosen for its location adjacent to many of the City's most impoverished neighborhoods. According to the U.S. Census, 44% of Allentown residents live within one mile of the construction site and 73% of these households qualify as low-to-moderate income. Educational programs will be specially designed for Allentown youth and families who will be able to walk to the Science Center on a regular basis. It is estimated that the new Science Center will serve 4 to 5 times as many individuals from low income households than the current facility serves today.

Allentown School District Partnership: In June 2023, the Science Center entered into a unique partnership with the Allentown School District in which the new science center will become a second campus for Central Elementary School students. Central Elementary School students will participate in hands-on STEAM learning experiences on the exhibit floor and in the Da Vinci classrooms every day of the school year. Additional programs will be available to students and families across the district, and all families of students enrolled in Allentown district schools will receive free memberships to the Science Center.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

Basis of Consolidation

To support its expansion efforts, The Da Vinci Discovery Center of Science and Technology, Inc. ("Parent") maintains two subsidiaries. Each subsidiary is a Pennsylvania non-profit limited liability company with the Parent being the sole member of each. The governance of each subsidiary is set forth in an operating agreement between the Parent and the subsidiary. The operating agreements provide that the day-to-day operation of each subsidiary is under the control of its member (the Parent).

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Center's financial statement presentation follows the reporting provisions applicable to not-for-profit entities. Under these provisions, the Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets are classified as follows:

Net assets without donor restrictions – not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by the actions of the Board of Directors.

Net assets with donor restrictions – some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

Accounts Receivable

Accounts receivable is stated at unpaid balances, less allowance for doubtful accounts. The Center provides for losses on accounts receivable using the allowance method. The allowance is based on prior collection experience, analysis of customer's ability to pay, economic conditions and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Center's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of June 30, 2023 and 2022, management has determined that no allowance is required.

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

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Revenue Recognition

The Organization accounts for its revenue from contracts with customers in accordance with the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*. The Center's program revenues related to admissions, guest experiences, sale of merchandise and education programs contain a single delivery element and revenue is recognized at a single point in time when ownership risks and rewards transfer. Program revenues for memberships are recognized over time based on the length of the membership. All program revenue received in advance is deferred to the applicable period in which the related services are performed.

Revenues from contracts with customers disaggregated based upon the timing of the transfer of services is as follows:

	<u>2023</u>	<u>2022</u>
Services at a single point in time	\$1,922,074	\$1,283,118
Services transferred over time	<u>224,868</u>	<u>159,984</u>
	<u>\$2,146,942</u>	<u>\$1,443,102</u>

The beginning and ending contract asset and (liability) balances were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 152,108	\$ 52,917	\$ 62,783
Fees received in advance	(250,286)	(264,717)	(177,748)

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discount is reported in the statement of activities as contribution revenue.

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

Notes to the Consolidated Financial Statements

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Conditional promises to give are not included as revenue in the financial statements until the conditions are substantially met.

Inventory

Inventory consists of educational products and souvenir items held for resale. These items are stated at the lower of cost or market valued on a first-in, first-out basis.

Property and Equipment

Property and equipment of \$1,000 or more are recorded at cost, if purchased, or at fair market value at date of donation if received by gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. All expenditures for maintenance and repairs are expensed in the period incurred.

Collections

The Leonardo da Vinci Horse, Inc. collections of the Center are not recognized as assets on the statements of financial position. The Center's collections, acquired with the Leonardo da Vinci Horse, Inc. merger in July 2003, are made up of art objects held for educational and curatorial purposes. Collections include a three foot bronze Horse and molds of all sizes to cast additional bronzes of 3 ft., 8 ft., and 12 ft. and molds from the original 24 ft. Horse cast in bronze and now on display in Milan, Italy. Contributed collection items are not reflected in the financial statements. Proceeds from the sale of additional bronze sculptures are reflected as increases in the appropriate net assets classes.

Copyrights

The Center owns copyrights for Da Vinci horse sculptures. Royalties from related items are reflected as increases in the appropriate net assets classes.

Debt Issuance Costs

Debt issuance costs are reported as a reduction of the carrying amount of long-term debt and are amortized to interest expense over the life of the related debt.

Income taxes

The Internal Revenue Service recognizes the Center as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Center's tax-exempt purpose is subject to taxation as unrelated business income.

The Center continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings in determining any uncertain tax positions.

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

The Center files a Return of Organization Exempt from Income Tax annually. The Center's returns for 2020, 2021 and 2022 are subject to examination by the IRS, generally for three years after they were filed.

Advertising

The Center expenses advertising costs as they are incurred. Total advertising costs for the years ended June 30, 2023 and 2022 were \$122,217 and \$47,767.

Use of Estimates

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

Functional Expense Allocations

The costs of providing the various programs, fund raising and other activities have been summarized on a functional basis in statement of functional expenses. Accordingly, certain costs have been allocated among the programs and activities benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

Date of Management's Review

The Center has evaluated subsequent events through October 25, 2023, the date which the financial statements were available to be issued.

NOTE 3. LIQUIDITY AND AVAILABILITY

The following reflects the Center's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual, donor-imposed restrictions or other restrictions, within one year of the statement of financial position date:

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash	\$ 12,055,986	\$ 3,417,301
Accounts receivable	152,108	52,917
Grants receivable	4,358	47,000
Unconditional promises to give	<u>2,751,157</u>	<u>1,710,705</u>
Total financial assets at fiscal year end	14,963,609	5,227,923
Less those unavailable for general expenditures within one year, due to:		
Financial assets subject to donor restrictions for specified purpose	(3,991,948)	(2,441,895)
Financial assets held for specified purpose designated by Board	(50,000)	(50,000)
Loan proceeds restricted for expansion project	<u>(7,486,429)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,435,232</u>	<u>\$ 2,736,028</u>

The Center manages its liquidity following three spending principles: operating with a product range of financial soundness and stability, maintaining adequate liquid assets to meet near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

To help manage unanticipated liquidity needs, the Center has a demand facility line of credit available which can provide borrowings up to \$500,000. Interest on the line of credit is payable monthly using the Wall Street Journal prime rate but at no time shall be less than 3.25%. The Center had no outstanding balance on the line of credit as of June 30, 2023.

NOTE 4. PROMISES TO GIVEUnconditional Promises to Give

Unconditional promises to give consist of the following:

	<u>2023</u>	<u>2022</u>
Unconditional promises to give	\$ 7,949,338	\$ 6,363,427
Less: Unamortized discount	<u>(758,704)</u>	<u>(535,348)</u>
	<u>\$ 7,190,634</u>	<u>\$ 5,828,079</u>
Amounts due in:		
Less than one year	\$ 2,751,157	\$ 5,755,771
One to five years	4,028,806	380,469
More than five years	<u>1,169,375</u>	<u>227,187</u>
	<u>\$ 7,949,338</u>	<u>\$ 6,363,427</u>

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022**

Long-term pledges are discounted as of the date the pledge was made. The discount rate used is the average of the US 10-year treasury rate and the Organization's borrowing rate.

Conditional Promises to Give and Refundable Advances

As of June 30, 2023, the Center had conditional promises to give in the amount of \$9,070,000. The promises to give are contingent upon various phases of the development and completion of the Da Vinci Science City Expansion project in downtown Allentown. The Center has received \$3,530,000 of the \$9,070,000 in conditional pledges, which is recorded as Refundable Advances in the Consolidated Statement of Financial Position.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,674,593	\$ 1,674,593
Building and building improvements	7,998,431	7,998,431
Equipment, furniture and fixtures	304,290	308,679
Exhibits	1,466,401	1,514,095
Auto/trucks	39,936	39,936
Gift store	32,499	32,499
Construction in progress	<u>26,469,925</u>	<u>5,208,754</u>
	37,986,075	16,776,987
Less accumulated depreciation	<u>(5,289,255)</u>	<u>(5,081,989)</u>
	<u>\$ 32,696,820</u>	<u>\$ 11,694,998</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$259,349 and \$331,580, respectively.

NOTE 6. LONG-TERM DEBT

Long-term debt as of June 30, 2023 and 2022 consists of the following:

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.**Notes to the Consolidated Financial Statements**

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
City of Allentown (HUD Loan)	\$ 5,605,000	\$ -
Fulton Bank, Gaming Term Loan Note	11,950,000	-
Fulton Bank, NIZ Term Loan Note	5,500,000	-
Note payable, other	-	<u>678,330</u>
	<u>23,055,000</u>	678,330
Less unamortized debt issuance costs	<u>(795,801)</u>	<u>-</u>
	22,259,199	678,330
Less current maturities	<u>(2,559,000)</u>	<u>(678,330)</u>
	<u>\$ 19,700,199</u>	<u>\$ -</u>

Fulton Bank, Gaming Term Loan Note

On December 14, 2022, the Center received \$11,950,000 from Fulton Bank for the construction of the new downtown Allentown Science Center facility. The loan is secured by future annual installments made from the Gaming and Economic Development Tourism Fund. Principal payments on the Note are due on August 1st beginning on August 1, 2023 and matures on August 1, 2029. Interest payable on the Note is 4.920% and is payable quarterly on August 1st, November 1st, February 1st, May 1st. As collateral, the Loan is secured by all the future receipts and assets of the Center, excluding the collateral held by the City of Allentown/HUD loan agreement. The loan is subject to certain covenants. As of June 30, 2023, the Center is in compliance with those covenants.

Fulton Bank, NIZ Term Loan Note

On December 14, 2022, the Center received \$5,500,000 from Fulton Bank for the construction of the new downtown Allentown Science Center facility. The loan is secured by future tax revenues generated from the Allentown Neighborhood Improvement Zone Development Authority (ANIZDA). Principal payments on the Note are due on May 1st beginning on May 1, 2023 and matures on May 1, 2042. Interest payable on the Note is 4.860% and is payable quarterly on August 1st, November 1st, February 1st, May 1st. Beginning December 14, 2032 through maturity date, the rate adjusts to a fixed rate comprised of the Index (10 year U.S. Dollar Swap Rate published by Bloomberg) plus the Margin (2.0%). As collateral, the Loan is secured by all the future receipts and assets of the Center, excluding the collateral held by the City of Allentown/HUD loan agreement. The loan is subject to certain covenants. As of June 30, 2023, the Center is in compliance with those covenants.

As part of the NIZ Term loan agreement, the Center was required to establish a reserve fund account held by Fulton Bank in the amount of \$426,721. The Center will receive the balance of the reserve, including interest earnings, only when the loan is paid in full. As of June 30, 2023 and 2022 the balance of the reserve is \$434,417 and \$0, respectively and is recorded as a non-current other assets in the Statement of Financial Position.

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

City of Allentown, HUD Section 108 Loan

On September 1, 2022, the Center received \$5,605,000 from the City of Allentown, through the HUD Section 108 loan program, for the construction of the new downtown Allentown Science Center facility. Principal payments on the Loan are due on January 1st beginning on January 1, 2025 and matures on July 1, 2041. Interest payable on the Note is 3.00% and is payable semiannually on January 1st and July 1st. As collateral, the Loan is secured by a mortgage on the new facility and an infrastructure fee of 8.5% added to all general admission tickets to the new facility, which will be deposited into a separate bank account.

As part of the HUD Section 108 loan agreement with the City of Allentown, the Center was required to establish a reserve fund account held by the City of Allentown as a security for the Loan in the amount of \$410,000. The Center will receive the balance of the reserve, including interest earnings, only when the loan is paid in full. As of June 30, 2023 and 2022, the balance of the reserve is \$415,096 and \$410,000, respectively and is recorded as a non-current other assets in the Statement of Financial Position.

Fulton Bank, Public Bridge Loan ("Grant Receivable Loan")

On February 17, 2023, the Center approved a time loan in the maximum amount of \$17,000,000 from Fulton Bank for the construction of the new downtown Allentown Science Center facility. The loan is secured by future public grants pledged and received by the Center. Principal payments are due upon receipt of the grant proceeds securing the loan. Interest payable on the Loan is SOFR plus 150 basis points (1.50%). The loan matures on March 1, 2027. As of June 30, 2023, there is no outstanding balance on the loan. As collateral, the Loan is secured by all the future receipts and assets of the Center, excluding the collateral held by the City of Allentown/HUD loan agreement. The loan is subject to certain covenants. As of June 30, 2023, the Center is in compliance with those covenants.

Fulton Bank, Private Bridge Loan ("Pledge Receivable Loan")

On February 21, 2023, the Center approved a time loan in the maximum amount of \$8,000,000 from Fulton Bank for the construction of the new downtown Allentown Science Center facility. The loan is secured by future private grants and contributions pledged and received by the Center. Principal payments are due beginning July 1, 2024 and quarterly thereafter based up the proceeds of the pledges received each quarter that secure the loan. Interest payable on the Loan is SOFR plus 175 basis points (1.75%). The loan matures on December 31, 2030. As of June 30, 2023, there is no outstanding balance on the loan. As collateral, the Loan is secured by all the future receipts and assets of the Center, excluding the collateral held by the City of Allentown/HUD loan agreement. The loan is subject to certain covenants. As of June 30, 2023, the Center is in compliance with those covenants.

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.**Notes to the Consolidated Financial Statements**

June 30, 2023 and 2022

Note Payable, Other

On January 31, 2022, the Center obtained a short term 0% interest note in the amount of \$678,330. The proceeds of the note was used to partially finance the purchase of the land for the new Science Center. The Note was paid off in full on September 29, 2022.

Future maturities of the loans and notes as of June 30, is as follows:

Year ended			
June 30	Principal	Interest	Total
2024	\$ 2,559,000	\$ 973,985	\$ 3,532,985
2025	1,916,825	852,025	2,768,850
2026	1,967,355	759,893	2,727,248
2027	2,055,895	663,849	2,719,744
2028	2,159,662	564,482	2,724,144
2029-2033	6,201,219	1,663,699	7,864,918
2034-2038	3,175,476	999,223	4,174,699
2039-2042	3,019,568	304,014	3,323,582
	<u>\$ 23,055,000</u>	<u>\$ 6,781,170</u>	<u>\$ 29,836,170</u>

The total amount of interest capitalized as part of the Center's construction project is \$622,322 and \$0, as of June 30, 2023 and 2022, respectively.

NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Center's net assets without donor restrictions is comprised of amounts for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 3,905,857	\$ (881,338)
Board-designated for specified purpose:		
Maintenance of da Vinci Horse sculpture	50,000	50,000
Investment in property and equipment	<u>10,437,621</u>	<u>11,694,998</u>
	<u>\$ 14,393,478</u>	<u>\$ 10,863,660</u>

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30:

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.**Notes to the Consolidated Financial Statements**

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Expansion project	\$ 6,906,728	\$ 5,167,768
Exhibits (capital)	80,000	82,500
Science inquiry fund	24,063	60,738
Kids expo	10,986	10,986
WISE	32,643	196,750
Outreach	16,308	127,108
Summer Camp	-	1,500
STEM summer learning	43,400	41,667
Museum education	52,170	49,297
Next Century	-	80,000
	<u>7,166,298</u>	<u>5,818,314</u>
Subject to the passage of time:		
Operations	1,265,127	737,266
Perpetual in nature:		
Endowment	<u>231,075</u>	<u>204,939</u>
	<u>\$ 8,662,500</u>	<u>\$ 6,760,519</u>

NOTE 9. ENDOWMENT

A donor has established an endowment with Da Vinci Science Center for Leadership in STEM Education. In accordance with the endowment agreement, once the endowment reaches \$200,000, the spendable amount shall be established by the Board of Directors of the Center based on the Center's investment policy, but no expenditure shall cause the value of the principal to be reduced below the total principal contributed by the donor. Any additional contributions made to the endowment will adhere to the same endowment guidelines. The following table represents the changes in the endowment net assets for the year ending June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning	\$ 204,939	\$ 192,693
Contributions	20,000	10,000
Investment income	7,876	3,834
Administrative fees	<u>(1,740)</u>	<u>(1,588)</u>
Endowment net assets, ending	<u>\$ 231,075</u>	<u>\$ 204,939</u>

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

Center's Investment Policy

The Center has adopted an investment policy for its endowment assets. The Center invests endowment assets with the objectives of preservation of principal, availability of funds, and appreciation to include income and principal growth. Under this policy, the Center will ensure that over the medium-to-long term, sufficient investment return shall be retained to preserve and grow its economic value as a first priority; and to provide funds for the annual operating budget in an amount which is not subject to large fluctuations from year-to-year to the extent possible.

Funds available for distribution will be determined by using a total return principle (i.e., return derived from dividends and interest as well as realized and unrealized capital gains). The funds available for distribution from institutional funds during any one year will be determined annually by the Board, but in no event shall the percentage be less than 2% nor more than 7% per year of the market value of the institutional funds, based on a 3-year rolling average, measured at the end of each year. The market value for this purpose will be taken net of the fees for investment management. Subject to the terms and limitations of this paragraph, the specific dollar amount and timing of any distribution(s) from institutional funds will be left to the discretion of the Chief Executive Officer and the Treasurer.

NOTE 10. SPECIAL EVENTS

The Center typically holds two major special events each year. The STEAM Awards Celebration honors students, educators, professionals and companies who demonstrate excellence in scientific endeavors and support the Center's mission of Bringing Science to Life and Lives to Science. Contributions and sponsorships supported operations and programs for students at-risk. The Women in Science and Engineering (WISE) Forum and networking event encourages female students to consider careers in science, technology, engineering, arts, and math (STEAM) fields. This unique event brings together female high school students, students and professors from area universities, and accomplished women from STEAM fields. Contributions and sponsorships supported the development and promotion of programs and initiatives designed to boost girl's interest and participation.

Revenue and related expenses of these events are as follows:

<u>Description</u>	<u>June 30, 2023</u>		
	<u>Event</u>		
	<u>Contributions</u>	<u>Direct Costs</u>	<u>Net Revenue</u>
STEAM Awards	\$ 61,866	\$ (53,035)	\$ 8,831
WISE Forum	32,643	(28,435)	4,208
	<u>\$ 94,509</u>	<u>\$ (81,470)</u>	<u>\$ 13,039</u>

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.**Notes to the Consolidated Financial Statements**

June 30, 2023 and 2022

Description	June 30, 2022		
	Event Contributions	Direct Costs	Net Revenue
STEAM Awards	\$ 49,350	\$ (61,232)	\$ (11,882)
WISE Forum	66,750	(8,498)	58,252
	<u>\$ 116,100</u>	<u>\$ (69,730)</u>	<u>\$ 46,370</u>

NOTE 11. DONATED PROPERTY, MATERIALS AND SERVICES

The Center received donated property, materials and services as of June 30, 2023 and 2022 as follows:

	2023	2022
Ground lease	\$ 58,000	\$ 58,000
Office space	43,450	43,450
Construction services	-	72,774
Consulting	3,333	1,500
Supplies	1,148	2,130
Interest forebearance	8,145	11,581
	<u>\$ 114,076</u>	<u>\$ 189,435</u>

The Center's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Center to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The Center has a ground lease with Cedar Crest College upon which its facility is located. The lease calls for the Center to pay \$1 per year for the use of the land. The initial term of the lease continues through September 2033. The Center has the option to extend the lease an additional twenty years from the initial lease termination date. Upon the termination of the lease, the building is required to be transferred to Cedar Crest College. Based on an estimate of the fair value of the lease, the Center recorded \$58,000 of revenue, which is included in donated property, materials and services on the statement of activities for both the years ended June 30, 2023 and 2022 related to this lease.

The Center has a rental agreement with EPC Allentown, LLC for office space in Allentown at no cost until the construction of the new facility is complete. Based on an estimate of the fair value of the office space, the Center recorded \$43,450 of revenue, which is included in donated property, materials and services on the statement of activities for the year ended June 30, 2023 and 2022 related to the use of this space.

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The Center was provided various construction services for the new Science Center facility at no cost. Based on contractor's rates for these services the Center would have paid \$72,774 for the year ended June 30, 2022.

The Center was provided consulting services related to the new Science Center. Based on current market rates for these services the Center would have paid \$3,333 and \$1,500 for the year ended June 30, 2023 and 2022, respectively.

The Center received certain donated supplies with an estimated fair market value of \$1,148 and \$2,130 as of June 30, 2023 and 2022, respectively. The supplies were used for various program and fundraising events.

The Center received a 0% interest loan for the interim financing related to the purchase of the land for the new Science Center. Based on current interest rates at the time of the loan, the Center would have paid \$8,145 and \$11,581 in interest as of June 30, 2023 and 2022, respectively.

NOTE 12. RETIREMENT PLAN

Defined Contribution Plan

The Center has established The Da Vinci Discovery Center of Science and Technology, Inc. 403(b) Plan. Full time employees and employees who work at least 1,000 hours during a 12 month consecutive period are eligible to contribute to the retirement plan. Upon reaching the age of 21 and completion of one full year of service, participating employees become eligible to receive matching contributions as defined by the plan documents.

There was no pension expense for the years ended June 30, 2023 and 2022, as the Center made no matching contributions to the plan.

NOTE 13. CONCENTRATIONS

Credit Risk

The Center maintains its cash balances in limited financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, bank balances are in excess of FDIC limits. The Center has not experienced any losses as a result of these uninsured cash balances.

NOTE 14. COMMITMENTS

During fiscal year 2021 through 2023, with the consent of the Board of Directors, Management executed various contracts, including change orders to original contracts, in the estimated amount of \$54,206,624 for the design and construction of the new science center in downtown Allentown. Remaining contract balances as of June 30, 2023 are

DA VINCI DISCOVERY CENTER OF SCIENCE AND TECHNOLOGY, INC.

Notes to the Consolidated Financial Statements

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estimated to be \$32,293,130. The Center has obtained various loans secured by the commitments from various public and private entities to fund these obligations.