

Consolidated Financial Statements Together with
Report of Independent Auditors

THE AMERICAN MUSEUM OF NATURAL HISTORY

For the years ended June 30, 2021 and 2020

THE AMERICAN MUSEUM OF NATURAL HISTORY

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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated financial statements of The American Museum of Natural History (the "Museum"), which includes The American Museum of Natural History Planetarium Authority, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Museum's preparation and fair presentation of the consolidated 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 Museum'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The American Museum of Natural History, which includes The American Museum of Natural History Planetarium Authority, as of June 30, 2021 and 2020, and the changes in their net assets and their 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
November 23, 2021

THE AMERICAN MUSEUM OF NATURAL HISTORY
Consolidated Statements of Financial Position
At June 30, 2021 and 2020

ASSETS	2021	2020
Cash and cash equivalents	\$ 265,912,294	\$ 204,575,880
Short-term investments designated for current operations	-	6,000,000
Accounts receivable, less allowance for doubtful accounts of \$670,463 and \$709,662 in 2021 and 2020, respectively	4,374,830	2,951,674
Inventories, less allowance of \$40,000 in 2021 and 2020	897,519	1,064,721
Prepaid expenses and other assets	11,920,409	15,545,082
Government grants receivable, net	20,552,202	13,984,155
Contributions receivable, net	56,344,935	88,234,731
Long-term investments	870,366,543	701,285,749
Plant and equipment, net	565,423,353	497,466,004
Total assets	<u>\$ 1,795,792,085</u>	<u>\$ 1,531,107,996</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 56,269,136	\$ 45,714,938
Accrued interest payable	3,298,482	2,890,171
Deferred revenue	7,503,428	11,938,715
Notes payable to banks	-	40,000,000
Bonds and loans payable	425,141,928	321,549,326
Interest rate exchange and cap agreements	27,958,430	38,252,607
Accrued postretirement and other benefits	74,570,138	70,878,832
Total liabilities	<u>594,741,542</u>	<u>531,224,589</u>
NET ASSETS		
Net assets without donor restrictions	269,204,525	186,558,119
Net assets with donor restrictions	931,846,018	813,325,288
Total net assets	<u>1,201,050,543</u>	<u>999,883,407</u>
Total liabilities and net assets	<u>\$ 1,795,792,085</u>	<u>\$ 1,531,107,996</u>

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

THE AMERICAN MUSEUM OF NATURAL HISTORY
Consolidated Statements of Activities
For the years ended June 30, 2021 and 2020

	2021					2020				
	Without Donor Restrictions	With Donor Restrictions			Total	Total	Without Donor Restrictions	With Donor Restrictions		
		Program or Time Restricted	Amounts Held in Perpetuity	Total				Program or Time Restricted	Amounts Held in Perpetuity	Total
OPERATING REVENUE AND SUPPORT										
Investment return designated for operations	\$ 20,104,588	\$ 13,518,457	\$ -	\$ 13,518,457	\$ 33,623,045	\$ 19,146,337	\$ 12,512,624	\$ -	\$ 12,512,624	\$ 31,658,961
Contributions and grants	37,110,302	17,431,016	-	17,431,016	54,541,318	33,400,362	22,216,849	-	22,216,849	55,617,211
Operating support from the City of New York	18,848,280	-	-	-	18,848,280	19,721,639	-	-	-	19,721,639
Visitors' contributions and admissions	8,804,929	-	-	-	8,804,929	35,328,419	-	-	-	35,328,419
Membership fees	4,149,338	-	-	-	4,149,338	4,942,697	-	-	-	4,942,697
Auxiliary activities	8,275,686	-	-	-	8,275,686	19,550,093	-	-	-	19,550,093
Miscellaneous fees and other revenue	7,530,609	-	-	-	7,530,609	8,139,104	-	-	-	8,139,104
Net assets released from restrictions	27,729,338	(27,729,338)	-	(27,729,338)	-	23,676,291	(23,676,291)	-	(23,676,291)	-
Total operating revenue and support	132,553,070	3,220,135	-	3,220,135	135,773,205	163,904,942	11,053,182	-	11,053,182	174,958,124
OPERATING EXPENSES										
Scientific research	30,754,249	-	-	-	30,754,249	36,396,714	-	-	-	36,396,714
Education	18,969,225	-	-	-	18,969,225	23,515,015	-	-	-	23,515,015
Exhibitions	6,182,685	-	-	-	6,182,685	6,492,136	-	-	-	6,492,136
Membership	2,083,135	-	-	-	2,083,135	2,380,430	-	-	-	2,380,430
Visitor services	5,052,045	-	-	-	5,052,045	8,215,284	-	-	-	8,215,284
Auxiliary activities	10,022,930	-	-	-	10,022,930	15,032,954	-	-	-	15,032,954
General and administrative	16,959,701	-	-	-	16,959,701	19,396,785	-	-	-	19,396,785
Fundraising	5,441,132	-	-	-	5,441,132	6,874,392	-	-	-	6,874,392
Communications and digital media	6,710,114	-	-	-	6,710,114	6,543,031	-	-	-	6,543,031
Information technology	8,162,955	-	-	-	8,162,955	8,610,903	-	-	-	8,610,903
Guardianship, maintenance and operating costs	36,094,556	-	-	-	36,094,556	36,259,279	-	-	-	36,259,279
Total operating expenses	146,432,727	-	-	-	146,432,727	169,716,923	-	-	-	169,716,923
Designated contributions and transfers to plant and long-term investments	9,123,387	-	-	-	9,123,387	12,988,872	-	-	-	12,988,872
Operating revenue and support over expenses, designated contributions, and transfers	(23,003,044)	3,220,135	-	3,220,135	(19,782,909)	(18,800,853)	11,053,182	-	11,053,182	(7,747,671)
Release from quasi-endowment to support operations	23,003,044	-	-	-	23,003,044	18,800,853	-	-	-	18,800,853
Operating revenue and support in excess of operating expenses, designated contributions and transfers	-	3,220,135	-	3,220,135	3,220,135	-	11,053,182	-	11,053,182	11,053,182
NONOPERATING REVENUE, SUPPORT AND EXPENSES										
Revenue and support for plant:										
Contributions, grants and miscellaneous revenue	6,904,211	16,557,699	-	16,557,699	23,461,910	7,085,430	2,574,981	-	2,574,981	9,660,411
Capital support from the City of New York	26,756,488	-	-	-	26,756,488	3,274,373	-	-	-	3,274,373
Net assets released from restrictions	16,239,247	(16,239,247)	-	(16,239,247)	-	204,859	(204,859)	-	(204,859)	-
Transfer from long-term investments and operations to plant	12,227,083	-	-	-	12,227,083	21,914,632	-	-	-	21,914,632
Plant expenses:										
Interest and related expenses	11,152,511	-	-	-	11,152,511	11,148,641	-	-	-	11,148,641
Write-off of deferred bond issuance costs	1,220,069	-	-	-	1,220,069	-	-	-	-	-
Change in value of interest rate exchange and cap agreements	(10,294,177)	-	-	-	(10,294,177)	13,464,589	-	-	-	13,464,589
Depreciation and amortization	30,969,103	-	-	-	30,969,103	30,891,904	-	-	-	30,891,904
Plant expenses not capitalized	20,156	-	-	-	20,156	16,277	-	-	-	16,277
Long-term investments:										
Contributions and bequests	273,782	(6,347)	1,789,269	1,782,922	2,056,704	(256,629)	(130,837)	7,389,766	7,258,929	7,002,300
Investment return, in excess of amounts designated for operations and plant	40,306,115	132,844,785	20,216,640	153,061,425	193,367,540	(12,300,497)	6,551,544	(405,313)	6,146,231	(6,154,266)
Net assets released from restrictions and other	39,862,204	(22,770,431)	(17,091,773)	(39,862,204)	-	7,578,731	(16,328,731)	8,750,000	(7,578,731)	-
Transfers from plant and operations (to) from long-term investments, net	(26,106,740)	-	-	-	(26,106,740)	(27,726,611)	-	-	-	(27,726,611)
Pension related activities and other transfers	(748,322)	-	-	-	(748,322)	(10,111,632)	-	-	-	(10,111,632)
Changes in net assets	82,646,406	113,606,594	4,914,136	118,520,730	201,167,136	(65,858,755)	3,515,280	15,734,453	19,249,733	(46,609,022)
Net assets, beginning of year	186,558,119	553,508,488	259,816,800	813,325,288	999,883,407	252,416,874	549,993,208	244,082,347	794,075,555	1,046,492,429
Net assets, end of year	\$ 269,204,525	\$ 667,115,082	\$ 264,730,936	\$ 931,846,018	\$ 1,201,050,543	\$ 186,558,119	\$ 553,508,488	\$ 259,816,800	\$ 813,325,288	\$ 999,883,407

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

THE AMERICAN MUSEUM OF NATURAL HISTORY
Consolidated Statements of Cash Flows
For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 201,167,136	\$ (46,609,022)
Adjustments to reconcile changes in net assets to net cash flows used in operations:		
Depreciation	30,853,256	30,769,665
Gain in fair value of investments	(235,342,748)	(23,665,557)
Change in value of interest rate exchange and cap agreements	(10,294,177)	13,464,589
Amortization of deferred bond issuance costs	162,428	122,239
Amortization of deferred bond premium	(322,285)	(348,227)
Contributions permanently restricted	(2,715,141)	(9,045,229)
Contributions and grants restricted for plant and equipment	(68,784,852)	(27,198,478)
Changes in operating assets and liabilities:		
Accounts receivable, inventory, prepaid expenses and other assets	2,415,718	4,182,592
Contributions and grants receivable, net	25,321,749	8,224,201
Accounts payable and other liabilities	8,228,416	(2,169,970)
Accrued postretirement and other benefits	3,691,306	11,301,952
Net cash used in operating activities	<u>(45,619,194)</u>	<u>(40,971,245)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(100,550,366)	(91,623,340)
Net proceeds from disposition of investments	351,378,447	311,062,685
Purchases of investments	<u>(279,124,925)</u>	<u>(248,703,664)</u>
Net cash used in investing activities	<u>(28,296,844)</u>	<u>(29,264,319)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions permanently restricted	2,715,141	9,045,229
Contributions and grants restricted for plant and equipment	68,784,852	27,198,478
Proceeds on bonds and loans payable	135,000,000	57,000,000
Proceeds on notes payable to banks	-	40,000,000
Payments on bonds and loans payable	(30,235,000)	(3,275,000)
Payments on notes payable to banks	(40,000,000)	-
Payments of bond issuance costs	<u>(1,012,541)</u>	<u>-</u>
Net cash provided by financing activities	<u>135,252,452</u>	<u>129,968,707</u>
Net increase in cash and cash equivalents	61,336,414	59,733,143
Cash and cash equivalents, beginning of year	204,575,880	144,842,737
Cash and cash equivalents, end of year	<u>\$ 265,912,294</u>	<u>\$ 204,575,880</u>
Supplemental disclosure:		
Interest paid	<u>\$ 10,569,542</u>	<u>\$ 10,135,039</u>
Change in fixed asset purchases included in accounts payable and accrued liabilities	<u>\$ (1,739,761)</u>	<u>\$ (1,652,897)</u>

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

THE AMERICAN MUSEUM OF NATURAL HISTORY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. ORGANIZATION

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

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

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

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

On March 13, 2020, the Museum closed to the public in accordance with directives issued by New York State due to the COVID-19 global pandemic. The Museum remained closed until September 2, 2020 when it reopened for AMNH Members, and on September 9, 2020 it reopened to the general public, both with limited capacities and offerings, and significant safety and cleaning protocols for visitors and staff. During the closure, the Museum’s primary focus was to ensure the safety of essential personnel onsite, a seamless transition to remote work where possible, continued digital delivery of mission-related programs, and navigating the financial and operational uncertainty of planning for the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

THE AMERICAN MUSEUM OF NATURAL HISTORY

Notes to Consolidated Financial Statements - Continued

June 30, 2021 and 2020

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

Net Assets Without Donor Restriction:

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

Net Assets With Donor Restriction:

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

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

Measure of Operations

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

Revenue Recognition and Receivables

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

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

THE AMERICAN MUSEUM OF NATURAL HISTORY

Notes to Consolidated Financial Statements - Continued

June 30, 2021 and 2020

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

Visitors' Contributions and Admissions

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

Membership Fees

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

Auxiliary Activities

Revenue from auxiliary activities includes sales and other revenue from retail sales and parking garage fees of \$5,560,656 and \$9,807,495 for the years ended June 30, 2021 and June 30, 2020, respectively, declining in 2021 due to COVID-19 related closures. The Museum recognizes revenue from these sources upon sale. Revenue from auxiliary activities also includes special events and exhibition touring fees of \$2,715,030 and \$9,742,598 for the years ended June 30, 2021 and June 30, 2020, respectively, with the 2021 decline attributable to COVID-19 related closures. The Museum recognizes this revenue as performance obligations are satisfied.

Miscellaneous Fees and Other Revenue

Revenue from miscellaneous fees and other revenue includes educational programs, short-term investment income, and miscellaneous income of \$7,267,678 and \$6,439,441 for the years ended June 30, 2021 and June 30, 2020, respectively. The Museum recognizes revenue for educational programs and miscellaneous income upon sale. Although the Museum recognizes revenue for short-term investment income as earned, it is not subject to ASC 606.

Contributions, Grants and Contracts

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

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

THE AMERICAN MUSEUM OF NATURAL HISTORY

Notes to Consolidated Financial Statements - Continued

June 30, 2021 and 2020

Federal, State and City grants and contracts for research, education and other purposes have been deemed to be conditional contributions and are included in contributions and grants without donor restrictions in the consolidated statement of activities. Revenue from grants and contracts is recognized when earned, that is, generally as the related costs are incurred under the terms of the grant or contract agreements. Amounts expended in advance of reimbursements are reported as government grants receivable.

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

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

Cash and Cash Equivalents

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

Short-Term Investments, Designated for Current Operations

Short-term investments are reported at fair value based on quoted market values as of the reporting date and primarily consist of operating cash placed in certificates of deposit, short-term equity funds, treasury bills and notes, and other federal agency notes and generally have maturities greater than 90 days.

Concentrations of Credit Risk

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

Investments

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

THE AMERICAN MUSEUM OF NATURAL HISTORY

Notes to Consolidated Financial Statements - Continued

June 30, 2021 and 2020

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

Fair Value Measurements

FASB Topic 820, under the FASB ASC, defined fair value, established a framework for measuring fair value, and expanded disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

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

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

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

THE AMERICAN MUSEUM OF NATURAL HISTORY

Notes to Consolidated Financial Statements - Continued

June 30, 2021 and 2020

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

Inventory

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

Plant and Equipment

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

The buildings and land occupied by the Museum are owned by the City of New York and are occupied by the Museum pursuant to an original 1877 lease with the City. The lease grants to the Museum, free of rent, the exclusive use of the land and buildings erected and to be erected thereon for so long as the leased properties are used for purposes consistent with the Museum's charter. The Museum includes the book value of these buildings and grounds in its consolidated financial statements consistent with U.S. GAAP, which permits the recording of assets contributed to institutions pursuant to a long-term lease.

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

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

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

Bond Issuance Costs

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

Exhibitions

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

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Collections

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

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

Use of Estimates

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

Deferred Revenue

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

Income Taxes

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

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use ("ROU") asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the ROU asset. The Museum adopted ASU 2016-02 for the year ended June 30, 2021.

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In March 2019, the FASB issued ASU No. 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections* (“ASU 2019-03”), to improve the definition of collections in the FASB’s Master Glossary by realigning it with the definition in the American Alliance of Museums’ *Code of Ethics for Museums*. Under the clarified definition, proceeds from the sale of collection items can now be used for the direct care of collections, whereas previously such proceeds could only be used for the acquisition of new collection items. Furthermore, this standard requires a collection-holding entity to disclose its policy for the use of proceeds from when collection items are deaccessioned. If the policy allows proceeds from deaccessioned collection items to be used for direct care, the definition of direct care should also be disclosed. The Museum adopted ASU 2019-03 for the year ended June 30, 2021.

In March 2020, the FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (“ASU 2020-04”). ASU 2020-04 provides optional expedients and exceptions for applying US GAAP to contracts and other transactions that reference the London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued as a result of reference rate reform. The provisions of ASU No. 2020-04 are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. The Museum is currently evaluating the impact of applying ASU 2020-04.

Subsequent Events

The Museum evaluated its June 30, 2021 consolidated financial statements for subsequent events through November 23, 2021, the date the consolidated financial statements were issued. The Museum is not aware of any material subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

3. CONTRIBUTIONS RECEIVABLE

Unconditional promises to donate to the Museum (pledges) are recorded as contributions receivable at the present value of expected future cash flows. Discount factors are established in the fiscal year in which the respective contribution originates and are not subsequently adjusted. The rates used to discount contributions receivable to present value at June 30, 2021 and 2020 ranged from 0.6% to 5.3%.

Contributions receivable consist of the following at June 30, 2021 and 2020:

	2021	2020
Gross Contributions Due:		
Within one year	\$ 16,317,280	\$ 32,250,413
1 to 5 years	37,204,578	50,256,228
Over 5 years	11,738,863	15,717,161
Gross Contributions Receivable	65,260,721	98,223,802
Less:		
Discount to Present Value	(8,015,786)	(9,089,071)
Allowance for Doubtful Accounts	(900,000)	(900,000)
Contributions Receivable, net	<u>\$ 56,344,935</u>	<u>\$ 88,234,731</u>

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

4. GOVERNMENT GRANTS RECEIVABLE

Government grants receivable consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Due from the City (primarily for capital projects)	\$ 4,560,209	\$ 79,716
Due from the City for Urban Advantage	3,746,566	4,896,472
Due from the State (primarily for capital projects)	-	6,405,669
Due from Federal agencies	<u>12,524,427</u>	<u>2,881,298</u>
Gross Government Grants Receivable	20,831,202	14,263,155
Less: Allowance for Doubtful Accounts	<u>(279,000)</u>	<u>(279,000)</u>
Government Grants Receivable, net	<u>\$ 20,552,202</u>	<u>\$ 13,984,155</u>

In fiscal 2021, the Museum was the recipient of a one-time \$10 million Shuttered Venue Operators Grant (“SVOG”) from the U.S. Small Business Administration (“SBA”) for COVID-19 relief which is included in Due from Federal agencies as of June 30, 2021. The Museum believes that it has satisfied the conditions on this grant by the incurrence of qualifying expenditures and therefore has recognized this grant as part of fiscal 2021 revenues.

The Museum is also the recipient of government grants that have been awarded primarily for research, education and capital projects that will be recorded as revenue in the future as the terms of the respective agreements are satisfied. The remaining balances of these grants, which have not been reflected in the accompanying consolidated financial statements at June 30, 2021, total \$16,637,763.

5. LONG-TERM INVESTMENTS

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

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The following table presents investment returns, net, less distributions from endowment to operations and plant, pursuant to annual appropriation by the Board of Trustees, for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 2,720,807	\$ 4,182,935
Gain in fair value of investments	<u>235,342,748</u>	<u>23,665,557</u>
Total gains on investments, before investment expenses	238,063,555	27,848,492
Investment expenses	<u>(1,798,317)</u>	<u>(1,474,143)</u>
Total gains on investments, after investment expenses	236,265,238	26,374,349
Less: Distribution from endowment to operations pursuant to annual appropriation by the Board of Trustees	(33,623,045)	(31,658,961)
Distribution from endowment to plant pursuant to annual appropriation by the Board of Trustees	<u>(9,274,653)</u>	<u>(869,654)</u>
Investment gains (losses), net of amounts designated for operations and plant	<u>\$ 193,367,540</u>	<u>\$ (6,154,266)</u>

Long-term investments consist of the following at June 30, 2021 and 2020:

	<u>Fair Value</u>	
	<u>2021</u>	<u>2020</u>
Cash equivalents ¹	\$ 60,671,333	\$ 61,712,494
Accrued interest and dividends receivable	28,265	75,264
U.S. common and preferred stocks	107,273,436	108,097,643
Foreign common and preferred stocks	129,311,835	118,497,969
Fixed income	22,024,684	22,339,449
Alternative investments	<u>534,586,152</u>	<u>376,922,186</u>
Pooled endowment	853,895,705	687,645,005
Planned giving agreements and perpetual trusts	<u>16,470,838</u>	<u>13,640,744</u>
Long-term investments	<u>\$ 870,366,543</u>	<u>\$ 701,285,749</u>

¹Includes pending settlements of investment trades, net of \$121,805 and \$28,763,610 and accrued investment management fees of \$90,613 and \$129,180 at June 30, 2021 and 2020, respectively.

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Alternative investments represent hedge funds, private equity, real assets and other investments which follow a variety of investment strategies. Terms and conditions of these investments, including liquidity provisions, differ for each fund. The Museum believes that the reported amount of its alternative investments is a reasonable estimate of the fair value of such investments at June 30, 2021 and 2020. The Museum uses the NAV per share or its equivalent to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables list investments by major category:

2021					
Alternative Investment Strategy	Fair Value Determined Using NAV in Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions
U.S. common and preferred stocks	\$ 31,155,774	NA	None	Monthly with notice required by the 22nd of the month prior	None
Foreign common and preferred stocks	129,311,835	NA	None	Ranges between daily with 5 days' notice to a rolling 3 year redemption with 90 days' notice	None
Marketable Alternative Assets:					
Funds of Funds	3,446,366	NA	None	In liquidation	None
Equity-oriented funds	270,790,811	NA	None	Ranges between quarterly redemption with 30 days' notice to 50% bi-annual redemption with a 90 days' notice and subject to a 36 month payout at firm's discretion	Ranges between none and a lockup through 12/31/22
Credit-oriented funds	32,190,653	NA	None	Ranges between quarterly redemption with 75 days' notice to 25% quarterly redemption with 65 days' notice	None
Multi-strategy funds	48,928,392	NA	None	Ranges between quarterly redemption with 65 days' notice to annual redemption with 45 days' notice	None
Real assets-oriented funds	9,484,130	NA	None	Monthly with 15 days' notice	None
Total Marketable Alternative Assets	364,840,352		-		
Nonmarketable Alternative Assets:					
Funds of Funds	4,084,565	1 to 8 years	\$ 5,116,559	As underlying investments are sold	None
Equity-oriented funds	139,005,363	1 to 11 years	42,882,138	As underlying investments are sold	None
Credit-oriented funds	20,930,911	1 to 6 years	6,004,688	As underlying investments are sold	None
Real assets-oriented funds	5,724,961	1 to 5 years	381,642	As underlying investments are sold	None
Total Nonmarketable Alternative Assets	169,745,800		54,385,027		
Total Alternative Investments	\$ 695,053,761		\$ 54,385,027		

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2020					
Alternative Investment Strategy	Fair Value Determined Using NAV in Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions
U.S. common and preferred stocks	\$ 14,087,741	NA	None	Monthly with notice required by the 22nd of the month prior	None
Foreign common and preferred stocks	118,497,969	NA	None	Ranges between daily with 5 days' notice to a rolling 3 year redemption with 90 days' notice	Ranges between none and a lockup through 12/31/2020
Marketable Alternative Assets:					
Funds of Funds	8,612,495	NA	None	In liquidation	None
Equity-oriented funds	182,789,113	NA	None	Ranges between quarterly redemption with 30 days' notice to 50% bi-annual redemption with a 90 days' notice and subject to a 36 month payout at firm's discretion	None
Credit-oriented funds	26,193,829	NA	None	Ranges between 25% quarterly redemption with 65 days' notice to a rolling 2 year redemption with 45 days' notice	None
Multi-strategy funds	43,244,332	NA	None	Ranges between quarterly redemption with 65 days' notice to annual redemption with 45 days' notice	None
Real assets-oriented funds	6,854,065	NA	None	Monthly with 15 days' notice	None
Total Marketable Alternative Assets	267,693,834		-		
Nonmarketable Alternative Assets:					
Funds of Funds	922,770	1 to 9 years	\$ 6,968,844	As underlying investments are sold	None
Equity-oriented funds	83,357,101	1 to 12 years	44,830,758	As underlying investments are sold	None
Credit-oriented funds	21,862,296	1 to 6 years	8,192,755	As underlying investments are sold	None
Real assets-oriented funds	3,086,185	1 to 6 years	1,068,968	As underlying investments are sold	None
Total Nonmarketable Alternative Assets	109,228,352		61,061,325		
Total Alternative Investments	\$ 509,507,896		\$ 61,061,325		

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

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The following tables summarize investments within the fair value hierarchy as of June 30, 2021 and 2020:

	2021				
	Level I	Level II	Level III	NAV	Total
Cash equivalents	\$ 60,640,141	\$ -	\$ -	\$ -	\$ 60,640,141
U.S. common and preferred stocks	76,117,662	-	-	31,155,774	107,273,436
Foreign common and preferred stocks	-	-	-	129,311,835	129,311,835
Fixed income	22,024,684	-	-	-	22,024,684
Marketable alternative investments	-	-	-	364,840,352	364,840,352
Nonmarketable alternative investments	-	-	-	169,745,800	169,745,800
Planned giving agreements	-	12,130,867	-	-	12,130,867
Perpetual trusts	-	-	4,339,970	-	4,339,970
	<u>\$ 158,782,487</u>	<u>\$ 12,130,867</u>	<u>\$ 4,339,970</u>	<u>\$ 695,053,761</u>	870,307,085
Pending receivables and payables, net					31,193
Accrued interest and dividends					28,265
Total long-term investments					<u>\$ 870,366,543</u>

	2020				
	Level I	Level II	Level III	NAV	Total
Cash equivalents	\$ 33,078,064	\$ -	\$ -	\$ -	\$ 33,078,064
U.S. common and preferred stocks	94,009,903	-	-	14,087,741	108,097,644
Foreign common and preferred stocks	-	-	-	118,497,969	118,497,969
Fixed income	22,339,449	-	-	-	22,339,449
Marketable alternative investments	-	-	-	267,693,834	267,693,834
Nonmarketable alternative investments	-	-	-	109,228,352	109,228,352
Planned giving agreements	-	10,228,651	-	-	10,228,651
Perpetual trusts	-	-	3,412,093	-	3,412,093
	<u>\$ 149,427,416</u>	<u>\$ 10,228,651</u>	<u>\$ 3,412,093</u>	<u>\$ 509,507,896</u>	672,576,056
Pending receivables and payables, net					28,634,429
Accrued interest and dividends					75,264
Total long-term investments					<u>\$ 701,285,749</u>

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The following table summarizes the changes in fair values associated with Level III investments for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Level III investments, beginning of year	\$ 3,412,093	\$ 3,454,055
Realized and unrealized (losses)	<u>927,877</u>	<u>(41,962)</u>
Level III investments, end of year	<u>\$ 4,339,970</u>	<u>\$ 3,412,093</u>

Under the Museum's charitable gift annuities program where the Museum is the trustee, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or other stipulated life beneficiaries. Upon termination of a life interest, the share of the corpus attributable to the life interest holder, if any, becomes available to the Museum. Changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are recognized annually by the Museum, based on actuarially determined valuations. The discount rates used to value planned giving agreements at June 30, 2021 and 2020 ranged from 0.4% to 8.0% and are set at the time the original gift is made. Contribution revenue is recognized at the date planned giving agreements are established.

6. ENDOWMENT

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

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

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

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

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

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

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

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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Museum to retain as a fund of perpetual duration. These deficiencies generally result from unfavorable market fluctuations that occur shortly after the investment of new donor-restricted contributions. In such an event, the Museum will not continue to appropriate from the donor-restricted funds, but rather appropriate from Board-designated endowment funds. There were no cumulative deficiencies at June 30, 2021 and 2020.

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

The following table summarizes endowment net asset composition by type of fund as of June 30, 2021:

	Net Assets	Net Assets With Donor Restrictions			
	Without Donor Restrictions	Program or Time Restricted	Amounts Held in Perpetuity	Total	Total
Donor-restricted endowment funds	\$ -	\$ 370,747,993	\$ 244,330,212	\$ 615,078,205	\$ 615,078,205
Board-designated endowment funds	238,822,757	-	-	-	238,822,757
Total endowment net assets	<u>\$ 238,822,757</u>	<u>\$ 370,747,993</u>	<u>\$ 244,330,212</u>	<u>\$ 615,078,205</u>	<u>\$ 853,900,962</u>

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The following table summarizes endowment net asset composition by type of fund as of June 30, 2020:

	Net Assets	Net Assets With Donor Restrictions			
	Without Donor Restrictions	Program or Time Restricted	Amounts Held in Perpetuity	Total	Total
Donor-restricted endowment funds	\$ -	\$ 260,863,180	\$ 240,772,187	\$ 501,635,367	\$ 501,635,367
Board-designated endowment funds	186,014,433	-	-	-	186,014,433
Total endowment net assets	<u>\$ 186,014,433</u>	<u>\$ 260,863,180</u>	<u>\$ 240,772,187</u>	<u>\$ 501,635,367</u>	<u>\$ 687,649,800</u>

The following tables summarize changes in endowment net assets for the fiscal years 2021 and 2020:

2021					
	Net Assets	Net Assets With Donor Restrictions			
	Without Donor Restrictions	Program or Time Restricted	Amounts Held in Perpetuity	Total	Total
Endowment net assets, beginning of year	\$ 186,014,433	\$ 260,863,180	\$ 240,772,187	\$ 501,635,367	\$ 687,649,800
Contributions and bequests	37,027	-	2,869,423	2,869,423	2,906,450
Appropriation of endowment assets for expenditure	(21,278,180)	(13,267,728)	-	(13,267,728)	(34,545,908)
Interest and dividends	762,924	1,957,883	-	1,957,883	2,720,807
Investment gains, realized and unrealized	65,249,695	147,052,593	17,780,375	164,832,968	230,082,663
Net distributions to support non-operating purposes	(5,256,477)	(3,095,313)	-	(3,095,313)	(8,351,790)
Net distributions to support operations	(23,003,044)	-	-	-	(23,003,044)
Contributions redesignated	(3,558,016)	-	-	-	(3,558,016)
Other, primarily net assets released from restrictions and other transfers	39,854,395	(22,762,622)	(17,091,773)	(39,854,395)	-
Endowment net assets, end of year	<u>\$ 238,822,757</u>	<u>\$ 370,747,993</u>	<u>\$ 244,330,212</u>	<u>\$ 615,078,205</u>	<u>\$ 853,900,962</u>

2020					
	Net Assets	Net Assets With Donor Restrictions			
	Without Donor Restrictions	Program or Time Restricted	Amounts Held in Perpetuity	Total	Total
Endowment net assets, beginning of year	\$ 215,076,258	\$ 270,589,588	\$ 222,845,733	\$ 493,435,321	\$ 708,511,579
Contributions and bequests	140,985	50,470	9,567,708	9,618,178	9,759,163
Appropriation of endowment assets for expenditure	(20,255,298)	(12,273,317)	-	(12,273,317)	(32,528,615)
Interest and dividends	1,276,237	2,906,698	-	2,906,698	4,182,935
Investment gains, realized and unrealized	6,291,373	15,918,472	(391,254)	15,527,218	21,818,591
Net distributions to support non-operating purposes	(5,293,000)	-	-	-	(5,293,000)
Net distributions to support operations	(18,800,853)	-	-	-	(18,800,853)
Other, primarily net assets released from restrictions and other transfers	7,578,731	(16,328,731)	8,750,000	(7,578,731)	-
Endowment net assets, end of year	<u>\$ 186,014,433</u>	<u>\$ 260,863,180</u>	<u>\$ 240,772,187</u>	<u>\$ 501,635,367</u>	<u>\$ 687,649,800</u>

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7. PLANT AND EQUIPMENT, NET

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

	Range of Estimated Useful Lives	2021	2020
Buildings and leasehold improvements	5 - 40 years	\$ 829,313,324	\$ 788,557,324
Equipment, furniture and fixtures	5 years	92,817,227	91,737,483
Construction-in-progress		<u>257,151,532</u>	<u>200,176,671</u>
Gross plant and equipment		1,179,282,083	1,080,471,478
Less: Accumulated depreciation and amortization		<u>(613,858,730)</u>	<u>(583,005,474)</u>
Plant and equipment, net		<u>\$ 565,423,353</u>	<u>\$ 497,466,004</u>

In accordance with U.S. GAAP, the Museum accounts for conditional asset retirement obligations to reflect the cost associated with the eventual remediation of asbestos on certain Museum collections and portions of the buildings in which they reside. At June 30, 2021 and 2020, the Museum's liability for conditional asset retirement obligations totaled approximately \$2,200,000 and is included in the accompanying consolidated statements of financial position in accounts payable and accrued liabilities.

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

8. NOTES PAYABLE TO BANKS

At June 30, 2021, the Museum had two unsecured credit facilities with two commercial banks.

One facility, a \$100 million revolving line of credit that matures in January 2023, had no amounts outstanding as of June 30, 2021 and \$40 million outstanding as of June 30, 2020. Amounts borrowed under this facility bear interest based on LIBOR or the Federal Funds Rate and are reset every 30 days.

A second facility, a \$20 million revolving line of credit that matures in October 2022, had no amounts outstanding as of June 30, 2021 and 2020, respectively. Amounts borrowed under this facility bear interest based on LIBOR and are reset every 30 days.

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9. BONDS AND LOANS PAYABLE

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

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

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

Total interest and related expense for the years ended June 30, 2021 and 2020 was \$11,152,511 and \$11,148,641, respectively. Included in this amount are payments related to interest rate exchange agreements of \$2,871,578 and \$2,047,756 for the years ended June 30, 2021 and 2020, respectively, as well as other bond related expenses of \$646,182 and \$1,067,720, for the years ended June 30, 2021 and 2020, respectively.

Series 2008 Refinancing Bonds

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

The Series 2008B3 Bonds are subject to a weekly interest rate reset. In the event the Museum receives notice of any optional tender on its variable rate demand bonds, or if the bonds become subject to mandatory tender, the purchase price will be paid from the remarketing of the bonds. To provide liquidity in the event a tender does not remarket promptly, the Museum has entered into a backup credit facility with a major U.S. bank totaling \$15.3 million, which has historically been renewed since inception. The credit facility currently expires on June 30, 2022. There has been no drawdown to date against the credit facility supporting the Series 2008B3 Bonds.

Series 2009 Refinancing Bonds

In 2009, the Trust issued \$17,940,000 Series 2009A Fixed Interest Rate Bonds, due serially through April 1, 2021 at an average interest rate of 4.79%, for the purpose of refinancing the Series 1993A Bonds, which are no longer outstanding.

Series 2014 Refinancing Bonds

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

The Series 2014A Bonds are fixed rate bonds due serially through 2034 at 5.00%, marketed at a premium to generate a true fixed interest rate of 4.17%. The Series 2014B1 and Series 2014B2 are variable rate bonds due serially through 2044. The Series 2014B1 and 2014B2 Bonds are Floating Rate Notes, issued for 270-day terms but callable after 180 days, at which time they are subject to an interest rate reset. In the

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event the Museum receives notice of any optional tender on the Series 2014B1 and 2014B2 Bonds, or if the bonds become subject to mandatory tender, the purchase price will be paid from the remarketing of the bonds. The Museum has agreed to provide liquidity in the event a tender does not remarket promptly.

Series 2015 Refinancing Bonds

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

The Series 2015 Bonds are fixed rate bonds due serially through 2045 at an average interest rate of 4.09%. The Series 2015 Bonds are subject to optional redemption by the Museum subject to a make-whole redemption provision.

Series 2021 Bonds

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

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

Loan Payable

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

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

In summary, the bonds and related activity underlying the Museum’s long-term debt consist of the following:

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Long-Term Debt:	June 30, 2021	June 30, 2020
Series 2008B3 due by April 1, 2029	\$ 12,585,000	\$ 12,885,000
Series 2009A due by April 1, 2021	-	3,120,000
Series 2014A due by July 1, 2034	49,775,000	49,775,000
Series 2014B1 due by April 1, 2044	50,225,000	50,225,000
Series 2014B2 due by April 1, 2044	49,490,000	49,490,000
Series 2015 due by July 15, 2045	68,790,000	95,605,000
Series 2021 due by July 15, 2052	135,000,000	-
Loan payable due by July 1, 2027	57,000,000	57,000,000
	<u>422,865,000</u>	<u>318,100,000</u>
Series 2009A unamortized bond premium	-	18,858
Series 2014A unamortized bond premium	4,383,744	4,687,171
Unamortized deferred bond issuance costs	<u>(2,106,816)</u>	<u>(1,256,703)</u>
Total long-term debt	<u>\$ 425,141,928</u>	<u>\$ 321,549,326</u>

The interest rates for each issue are as follows:

	June 30,	
	2021	2020
Interest rates on long-term debt		
Series 2008B3	0.02%	0.13%
Series 2009A	-	5.00%
Series 2014A	5.00%	5.00%
Series 2014B1	0.13%	0.12%
Series 2014B2	0.08%	0.43%
Series 2015	4.12%	3.77%
Series 2021	3.12%	-
Loan payable	2.49%	2.49%

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

	Principal Amount	Interest Payments	Total Estimated Debt Service
Year Ending June 30,			
2022	\$ -	\$ 14,600,955	\$ 14,600,955
2023	-	14,600,955	14,600,955
2024	13,665,000	14,260,696	27,925,696
2025	6,250,000	14,105,071	20,355,071
2026	13,810,000	13,713,378	27,523,378
Thereafter	<u>389,140,000</u>	<u>197,527,637</u>	<u>586,667,637</u>
Total	<u>\$ 422,865,000</u>	<u>\$ 268,808,692</u>	<u>\$ 691,673,692</u>

Interest Rate Exchange and Cap Agreements:

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

In 2007, the Museum entered into a 39-year interest rate exchange agreement with Bank of New York (“BONY”) for the purpose of limiting the Museum’s interest rate exposure on a portion of the Series 2014B1 Bonds. The notional amount of the exchange was set at \$25,225,000 and amortizes according to a schedule that is similar to the mandatory redemption schedule of a portion of the Series 2014B1 Bonds. Under the terms of the exchange, BONY pays to the Museum a variable rate consistent with the rate on a portion of the Series 2014B1 Bonds, and the Museum pays to BONY the fixed rate of 3.62% per annum.

In 2014, the Museum entered into a 10-year interest rate cap agreement with SMBC Capital Markets, Inc. (“SMBC”). The purpose of the agreement is to limit the Museum’s interest rate exposure on \$25,000,000 of variable rate bonds. Under the terms of the agreement SMBC will pay the Museum floating rates (as measured by 70% of 3-month US dollar LIBOR) to the extent the variable rate on the bonds exceed 5.00%.

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

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	<u>2021</u>	<u>2020</u>
Interest Rate Exchange and Cap Agreement Valuations:		
Fair value interest rate exchange agreement on Series 2008B3 and 2014B2	\$ (17,414,406)	\$ (24,002,406)
Fair value interest rate exchange agreement for \$25,225,000 of Series 2014B1	(10,546,545)	(14,251,062)
Fair value interest rate cap agreement for \$25,000,000 of Series 2014B1	<u>2,521</u>	<u>861</u>
Total interest rate exchange and cap agreements	<u>\$ (27,958,430)</u>	<u>\$ (38,252,607)</u>

The change in value of the interest rate exchange and cap agreements was \$10,294,177 and (\$13,464,589) for the years ended June 30, 2021 and 2020, respectively, and is included in the accompanying consolidated statements of activities.

10. POSTRETIREMENT HEALTH INSURANCE BENEFITS

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

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

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The actuarial valuations of the potential postretirement medical and dental benefits for fiscal 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Benefit obligation, beginning of year:	\$ 61,061,513	\$ 50,242,668
Service cost	2,223,635	1,572,026
Interest cost	1,799,852	1,854,129
Plan participants' contributions	661,389	549,517
Actuarial losses	(969,782)	8,708,567
Benefits paid	<u>(2,582,869)</u>	<u>(1,865,394)</u>
Funded status/accrued benefit reported in consolidated statements of financial position/benefit obligation, end of year	<u>\$ 62,193,738</u>	<u>\$ 61,061,513</u>
	<u>2021</u>	<u>2020</u>
Change in Plan assets for fiscal 2021 and 2020 included:		
Fair value of plan assets, beginning of year	\$ -	\$ -
Museum contributions	1,921,480	1,315,877
Plan participants' contributions	661,389	549,517
Benefits paid	<u>(2,582,869)</u>	<u>(1,865,394)</u>
Fair value of Plan assets, end of year	<u>\$ -</u>	<u>\$ -</u>
Amounts recognized in net assets without donor restriction consist of:		
Net actuarial loss	\$ 24,820,569	\$ 27,138,456
Prior unamortized service credit	<u>-</u>	<u>(180,929)</u>
Total amount recognized	<u>\$ 24,820,569</u>	<u>\$ 26,957,527</u>
Amounts in net assets without donor restrictions expected to be recognized in net periodic benefit cost in the following year:		
Amortization of unrecognized net loss	\$ 1,204,721	\$ 1,348,106
Amortization of prior service credit	<u>-</u>	<u>(180,929)</u>
Total amount to be recognized	<u>\$ 1,204,721</u>	<u>\$ 1,167,177</u>

THE AMERICAN MUSEUM OF NATURAL HISTORY
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Weighted-average assumptions as of June 30 (measurement date):

	<u>2021</u>	<u>2020</u>
Discount rate	3.00%	3.00%
Expected return on Plan assets	N/A	N/A
Initial trend for the coming fiscal year	7.00% pre-65, 6.50% post-65	7.25% pre-65, 6.75% post-65
Ultimate trend rate	4.50%	4.50%
Fiscal year in which ultimate trend is attained	2032 pre-65, 2030 post-65	2032 pre-65, 2030 post-65

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

	<u>2021</u>	<u>2020</u>
Service cost	\$ 2,223,635	\$ 1,572,026
Interest cost	1,799,852	1,854,129
Amortization of actuarial loss	1,348,106	1,009,447
Amortization of prior service cost	<u>(180,929)</u>	<u>(2,467,201)</u>
Net periodic benefit cost	<u>\$ 5,190,664</u>	<u>\$ 1,968,401</u>

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

Impact of a 1% increase in Medical Trend:

On obligations at year end	\$ 11,610,837
On service and interest costs	\$ 863,183

Impact of a 1% decrease in Medical Trend:

On obligations at year end	\$ (9,077,319)
On service and interest costs	\$ (662,328)

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

2022	\$ 2,139,361
2023	2,255,978
2024	2,326,770
2025	2,390,178
2026	2,391,766
2027 through 2031	13,438,641

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11. RETIREMENT PLANS

The Museum participates in the Cultural Institution Retirement System (“CIRS”), a trust managed by an independent Board of Trustees that provides a multiemployer defined benefit pension, a 401k plan and life insurance (the “Plan”) to union and non-union employees of over 40 cultural institutions, over 80 day care centers and other non-profit organizations. The Plan (Plan number 11-2001170 001) is funded by contributions from the employers and the City of New York. The Plan is collectively bargained and resulting agreements are subject to approval by the CIRS Board of Trustees and the City. A collectively bargained agreement was signed in September 2016 that covered the 5 year period from July 1, 2015 through June 30, 2020. The agreement increased the employer contribution to the pension from 9.1% of salaried payroll for the year preceding the agreement to 11.0% in the first year of the agreement and 11.1% in the following four years. The agreement established a new tier of benefits for employees hired on or after October 1, 2016 that provided a lower pension benefit and a mandatory employee contribution of 2% that increases up to 3% for higher salaries. Due to the pandemic, bargaining between the parties has been delayed and was scheduled to begin on September 28, 2021. The plan document states “In the event that a Settlement Agreement otherwise expires, then during any status quo period thereafter, the contribution rates and the benefits required under the expired agreement will remain in effect during such status quo period, subject to any changes effected pursuant to Section 432 of the code.” The pension is certified by the pension plan’s actuary under the Pension Reform Act of 2006 to be in the green zone for the Plan year beginning July 1, 2020, and therefore there are no surcharges for the pension plan and no financial improvement plan or rehabilitation plan is required.

Total costs for the Plan paid by the Museum for eligible employees, exclusive of payments made directly by the City, amounted to \$7,599,249 and \$8,941,295 for the years ended June 30, 2021 and 2020, respectively. The Museum’s contribution exceeds 5% of the total contributions to the Plan.

The Museum established and maintains supplemental executive retirement plans for key employees. These plans are unfunded and payments are forfeitable and contingent upon such employees meeting specified service requirements and represent actuarially determined general obligations of the Museum of \$12,376,400 and \$9,817,319 at June 30, 2021 and 2020, respectively. These amounts include accumulated sums of benefits that have been accrued and reported in the appropriate year on the Museum’s Form 990.

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12. NET ASSETS

The Museum's net assets with donor restrictions are comprised of gift arrangements where the Museum is obligated to retain the original value of the gift in perpetuity and of perpetual trusts, planned giving agreements and endowment pledges receivable. In addition, donors have restricted the income on these net assets to the purposes shown below as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Scientific research	\$ 73,034,025	\$ 86,290,978
Education and public programs	116,475,458	103,086,748
Exhibitions	35,482,513	30,216,817
Without donor restrictions (for general purposes of the Museum)	38,238,940	38,722,257
Other	<u>1,500,000</u>	<u>1,500,000</u>
Total net assets held in perpetuity	<u>\$ 264,730,936</u>	<u>\$ 259,816,800</u>

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

	<u>2021</u>	<u>2020</u>
Restricted for:		
Scientific research	\$ 141,572,396	\$ 100,364,397
Education and public programs	45,130,254	31,206,534
Exhibitions	18,076,254	12,892,779
Capital projects	236,435,374	236,116,921
Debt service	51,988,554	40,404,230
Other operating purposes (primarily passage of time)	24,188,905	20,351,444
Awaiting appropriation by Board of Trustees - otherwise without donor restrictions	<u>149,723,345</u>	<u>112,172,183</u>
Total net assets program or time restricted	<u>\$ 667,115,082</u>	<u>\$ 553,508,488</u>

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

	2021	2020
Operating:		
Passage of time (cash receipt of prior period pledges)	\$ 7,626,294	\$ 1,528,830
Expenditures satisfying donor-imposed purpose restrictions	<u>20,103,044</u>	<u>22,147,461</u>
	<u>27,729,338</u>	<u>23,676,291</u>
Nonoperating:		
Passage of time (cash receipt of prior period pledges)	7,809	50,470
Expenditures satisfying donor-imposed capital purpose restrictions	16,239,247	204,859
Expenditures satisfying endowment purpose restrictions	370,037	280,083
Appropriation by the Board of Trustees and other (otherwise unrestricted)	<u>39,484,358</u>	<u>7,248,178</u>
	<u>56,101,451</u>	<u>7,783,590</u>
 Total net assets released	 <u>\$ 83,830,789</u>	 <u>\$ 31,459,881</u>

13. REVENUE RECOGNITION FROM EXCHANGE TRANSACTIONS

The Museum recognized revenue of \$7,892,971 and \$5,454,089 from amounts that were included in deferred revenue at the beginning of the fiscal year at June 30, 2021 and June 30, 2020, respectively.

At June 30, 2021, deferred revenue totaled \$7,503,428. Of that amount, the performance obligations related to this deferred revenue are expected to be met in:

	Visitors' Contributions and Admissions	Membership Fees	Auxiliary Activities	Miscellaneous Fees and Other Revenue	Total
Year Ending June 30,					
2022	\$ 1,581,286	\$ 245,743	\$ 3,307,336	\$ 787,525	\$ 5,921,890
2023	-	-	629,500	66,918	696,418
2024	-	-	125,000	63,468	188,468
2025	-	-	-	63,468	63,468
2026	-	-	-	63,468	63,468
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>	<u>569,716</u>	<u>569,716</u>
Total	<u>\$ 1,581,286</u>	<u>\$ 245,743</u>	<u>\$ 4,061,836</u>	<u>\$ 1,614,563</u>	<u>\$ 7,503,428</u>

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14. SUPPORT FROM THE CITY OF NEW YORK

Operating Support

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

Capital Support

The City has contributed \$214,642,394 in total capital expenses from 1995 to 2021. The following represents City support for the years ended June 30, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Operating Support:		
DCLA - Obligation Plan	\$ 11,212,704	\$ 11,849,699
Energy	6,440,831	6,493,277
Pension	<u>1,194,745</u>	<u>1,378,663</u>
	18,848,280	19,721,639
Capital Support	<u>26,756,488</u>	<u>3,274,373</u>
Total City Support	<u>\$ 45,604,768</u>	<u>\$ 22,996,012</u>

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15. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2021</u>	<u>2020</u>
Financial assets due within one year:		
Cash and cash equivalents	\$ 265,912,294	\$ 204,575,880
Short-term investments designated for current operations	-	6,000,000
Accounts receivable, net	4,374,830	2,951,674
Government grants receivable, net	20,552,202	13,984,155
Contributions receivable due within one year	16,317,280	32,250,413
Long-term investments (excluding perpetual trusts and planned giving arrangements)	853,895,705	687,645,005
	<u>1,161,052,311</u>	<u>947,407,127</u>
Offset by:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with other purpose restrictions (non-endowment) (excluding planned giving arrangements):		
Total restricted by donors with other purpose restrictions (non-endowment) (excluding planned giving arrangements)	264,430,061	246,876,739
Purpose restricted by donors already expended	(231,906,884)	(146,536,636)
Endowment funds already appropriated	(42,569,124)	(39,997,698)
Unappropriated accumulated endowment gains	370,747,993	260,863,180
Restricted by donor in perpetuity (excluding perpetual trusts, pledges and perpetual CGAs)	244,330,212	240,772,187
Board-designated endowment funds	238,822,757	186,014,433
	<u>843,855,015</u>	<u>747,992,205</u>
Liquidity resources:		
Available bank lines of credit	<u>120,000,000</u>	<u>100,000,000</u>
Total financial assets and liquidity resources available to management for general expenditure within one year	<u>\$ 437,197,296</u>	<u>\$ 299,414,922</u>

The Museum structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Museum does not intend to spend from its Board-designated endowment funds, other than amounts appropriated as part of its annual appropriation process, these funds do not carry donor restrictions and at June 30, 2021, up to \$212,145,389 could be made available if necessary.

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16. COMMITMENTS AND CONTINGENCIES

The Museum has entered into an operating lease for a facility used for storage purposes through fiscal 2024. As of June 30, 2021, the value of the ROU asset included in prepaid expenses and other assets and the value of the operating lease obligation included in accounts payable and other liabilities in the accompanying statement of financial position is \$840,840 and \$898,797, respectively.

	<u>2021</u>	<u>2020</u>
Operating lease cost	\$ 358,603	\$ 358,603

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

	<u>2021</u>
Cash paid for amounts included in the measurement of lease liabilities-operating cash flows	\$ 364,242
ROU assets obtained in exchange for lease obligations, subsequent to the adoption of ASC 842	-
Weighted-average remaining lease term (expressed in years)	2.4
Weighted-average discount rate	2.25%

The maturity of the lease liability under Museum's operating lease as of June 30, 2021 is as follows:

Year ending June 30,

2022	\$ 375,169
2023	386,424
2024	<u>162,988</u>
Total lease obligation, gross	924,581
Less: Amounts representing interest rate 2.25%	<u>(25,784)</u>
Total operating lease obligations liability	<u>\$ 898,797</u>

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

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

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June 30, 2021 and 2020

17. FUNCTIONAL EXPENSES

The following presents the natural expense classifications by program and support area for fiscal year 2021 and in total for fiscal year 2020 and reflects the allocation of depreciation, amortization and interest generally on the basis of the department for which the assets were purchased or constructed; the allocation of information technology, guardianship, maintenance and operating costs on the basis of square footage; and the allocation of plant administration expenses to general and administrative expenses. The following classification of expenses excludes the change in value of interest rate exchange and cap agreements and other pension related activities.

	Scientific				Visitor	Auxiliary	Subtotal	General and		Supporting		
	Research	Exhibitions	Education	Membership	Services	Activities	Programs	Administrative	Fundraising	Services	Total 2021	Total 2020
Payroll and fringe benefits	\$ 38,210,644	\$ 15,637,354	\$ 13,957,201	\$ 1,699,427	\$ 5,007,521	\$ 4,427,056	\$ 78,939,203	\$ 17,160,650	\$ 4,822,109	\$ 21,982,759	\$ 100,921,962	\$ 120,765,495
Supplies	1,180,526	775,697	1,036,031	9,105	91,237	130,304	3,222,900	360,271	39,518	399,789	3,622,689	3,653,415
Energy services	2,746,370	2,823,016	135,258	12,238	119,800	404,484	6,241,166	157,156	42,510	199,666	6,440,832	6,493,277
Outside services and insurance	3,040,527	2,155,072	1,639,094	155,847	193,014	1,728,803	8,912,357	2,972,215	270,277	3,242,492	12,154,849	13,694,846
Professional fees	361,538	138,882	1,758,648	40,239	5,894	2,009,623	4,314,824	1,841,515	321,445	2,162,960	6,477,784	7,601,732
Depreciation and amortization	13,205,225	13,573,759	650,351	58,841	576,025	1,944,860	30,009,061	755,646	204,396	960,042	30,969,103	30,891,904
Interest	4,755,430	4,888,145	234,203	21,190	207,437	700,378	10,806,783	272,121	73,607	345,728	11,152,511	11,148,641
Other	<u>4,094,643</u>	<u>4,059,564</u>	<u>1,372,825</u>	<u>250,407</u>	<u>458,144</u>	<u>4,103,298</u>	<u>14,338,881</u>	<u>2,258,381</u>	<u>237,505</u>	<u>2,495,886</u>	<u>16,834,767</u>	<u>17,524,435</u>
Total 2021	<u>\$ 67,594,903</u>	<u>\$ 44,051,489</u>	<u>\$ 20,783,611</u>	<u>\$ 2,247,294</u>	<u>\$ 6,659,072</u>	<u>\$ 15,448,806</u>	<u>\$ 156,785,175</u>	<u>\$ 25,777,955</u>	<u>\$ 6,011,367</u>	<u>\$ 31,789,322</u>	<u>\$ 188,574,497</u>	
Total 2020	<u>\$ 73,462,388</u>	<u>\$ 44,592,241</u>	<u>\$ 25,340,483</u>	<u>\$ 2,545,590</u>	<u>\$ 9,832,125</u>	<u>\$ 20,491,969</u>	<u>\$ 176,264,796</u>	<u>\$ 28,060,839</u>	<u>\$ 7,448,110</u>	<u>\$ 35,508,949</u>	<u>\$ 211,773,745</u>	<u>\$ 211,773,745</u>