

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

**Financial Statements
For the years ended June 30, 2015 and 2014**



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of

The American Museum of Natural History Planetarium Authority:

We have audited the accompanying financial statements of The American Museum of Natural History Planetarium Authority (the "Planetarium"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Museum of Natural History Planetarium Authority, as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
September 28, 2015

The American Museum of Natural History Planetarium Authority
Statements of Financial Position
At June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Plant, net	\$ 47,733,737	\$ 49,409,187
Total assets	<u>\$ 47,733,737</u>	<u>\$ 49,409,187</u>
Liabilities and unrestricted net assets:		
Liabilities:		
Accrued interest payable	\$ 315,450	\$ 315,450
Bonds payable	<u>570,000</u>	<u>570,000</u>
Total liabilities	<u>885,450</u>	<u>885,450</u>
Net assets - unrestricted	<u>46,848,287</u>	<u>48,523,737</u>
Total liabilities and unrestricted net assets	<u>\$ 47,733,737</u>	<u>\$ 49,409,187</u>

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

The American Museum of Natural History Planetarium Authority
Statements of Activities
For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenue:		
Donated services and goods	\$ 1,550,671	\$ 1,407,088
Total revenue	<u>1,550,671</u>	<u>1,407,088</u>
Expenses:		
Program services:		
Depreciation	1,939,207	1,913,520
Guardianship and maintenance	<u>1,016,468</u>	<u>999,167</u>
Total program services	<u>2,955,675</u>	<u>2,912,687</u>
Supporting services:		
Administrative	244,796	236,759
Interest	<u>25,650</u>	<u>25,650</u>
Total supporting services	<u>270,446</u>	<u>262,409</u>
Total expenses	<u>3,226,121</u>	<u>3,175,096</u>
Change in net assets	(1,675,450)	(1,768,008)
Unrestricted net assets, beginning of year	<u>48,523,737</u>	<u>50,291,745</u>
Unrestricted net assets, end of year	<u>\$ 46,848,287</u>	<u>\$ 48,523,737</u>

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

The American Museum of Natural History Planetarium Authority
Statements of Cash Flows
For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Changes in net assets	\$ (1,675,450)	\$ (1,768,008)
Adjustment to reconcile change in unrestricted net assets to net cash flows provided by (used in) operating activities operations:		
Depreciation	1,939,207	1,913,520
Contributed building improvements	<u>(263,757)</u>	<u>(145,512)</u>
 Net cash provided by operating activities	 <u>-</u>	 <u>-</u>
 Increase in cash	 -	 -
Cash, beginning of year	<u>-</u>	<u>-</u>
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosures:		
Contributed building improvements	<u>\$ 263,757</u>	<u>\$ 145,512</u>

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

The American Museum of Natural History Planetarium Authority

Notes to the Financial Statements

June 30, 2015 and 2014

1. Organization

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

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

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

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

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

The American Museum of Natural History Planetarium Authority
Notes to the Financial Statements (continued)
June 30, 2015 and 2014

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

Also, in 2009, the Museum formalized its relationship with the Planetarium Authority through a lease which provides the Museum, as lessee, exclusive use of the planetarium building free of rent and for an indefinite term in consideration for the Museum operating the planetarium and providing educational programs in astronomical science and kindred subjects to the public, and paying the costs of operation, maintenance, insurance and reasonable repair. In 2015 and 2014 combined, the planetarium space show was exhibited to over 1,800,000 visitors. The planetarium building also houses the Museum's astrophysics department which provides scientific guidance for the planetarium space shows, exhibits, lectures and courses.

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

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

2. Summary of Significant Accounting Policies

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

Basis of Presentation - The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

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

- **Permanently restricted net assets** - The part of the net assets resulting (a) from contributions and other inflows of assets whose use by the Planetarium Authority is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Planetarium, and (b) from other asset enhancements and diminishments subject to the same kinds of stipulations.
- **Temporarily restricted net assets** - The part of the net assets resulting (a) from contributions and other inflows of assets whose use by the Planetarium Authority is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Planetarium pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Planetarium Authority pursuant to those stipulations.

The American Museum of Natural History Planetarium Authority
Notes to the Financial Statements (continued)
June 30, 2015 and 2014

- Unrestricted net assets - The part of net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

The Planetarium Authority had no permanently restricted or temporarily restricted net assets at June 30, 2015 and 2014.

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

Plant

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

The gross value of plant represents the cost of Museum expenditures for construction and improvements to the planetarium building built on the Planetarium Authority's land. The fixtures and related exhibits made to the interior of the planetarium building are the property of the Museum and have not been reflected as part of the Planetarium Authority's plant assets. Plant purchased for a value greater than \$5,000 and with depreciable lives greater than one year are carried at cost net of depreciation, which is calculated on a straight-line basis over the estimated useful lives of such assets which is estimated to be 10 to 40 years.

Accounting for Income Taxes

U.S. GAAP requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Planetarium Authority does not believe its financial statements include any uncertain tax positions for the open tax years of 2015, 2014, 2013 and 2012.

Donated Services and Goods

Contributed goods and services received from the Museum, which qualify for recognition, have been included as revenue and expense on the statements of activities. These goods and services primarily include an allocation of Museum staff time, insurance and professional fees paid by the Museum, interest expense waived by the Museum on the Planetarium Authority's outstanding debt, and building guardianship and maintenance provided by the Museum. Additionally, in 2015 and 2014 the Museum made \$263,757 and \$145,512, respectively, of building improvements to the Planetarium Authority which have been included in the donated goods and services and plant, net in the accompanying financial statements (see note 4).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant estimates relate to the determination of operating expenses incurred by the Museum on behalf of the Planetarium Authority, the related fair value of donated goods and services and the useful life of plant. Actual results could differ from those estimates.

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Notes to the Financial Statements (continued)
June 30, 2015 and 2014

Subsequent Events

The Planetarium Authority evaluated its June 30, 2015 financial statements for subsequent events through September 28, 2015, the date the financial statements were available to be issued. The Planetarium Authority is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.

3. Related Party Activity

Certain Museum employees contribute services to the Planetarium Authority in furtherance of its programmatic objectives. Additionally, the Museum pays for the operations, maintenance, reasonable repair of the planetarium building and building improvements. The fair value of these donated services and goods for the years ended June 30, 2015 and 2014 totaled approximately \$1,551,000 and \$1,407,000, respectively.

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

4. Plant, Net

Plant consists of the following at June 30, 2015 and 2014:

	Estimated Useful Life	2015	2014
Building and building improvements	10-40 years	\$ 80,434,399	\$ 80,170,642
Land		-	-
Gross building, building improvements, and land		80,434,399	80,170,642
Less: Accumulated depreciation		<u>(32,700,662)</u>	<u>(30,761,455)</u>
Plant, net		<u>\$ 47,733,737</u>	<u>\$ 49,409,187</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$1,939,207 and \$1,913,520, respectively.

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

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Notes to the Financial Statements (continued)
June 30, 2015 and 2014

5. Bonds

At June 30, 2015 and 2014, the Planetarium Authority had outstanding bonds in the amount of \$570,000, which were past due. The bonds bear interest at 4.5% per annum. The Museum is the sole holder of these bonds. The Museum has issued a confirmatory forbearance agreement to the Planetarium Authority that it would continue to forbear on the collection of interest and principal through July 1, 2011, and thereafter will renew the forbearance annually unless one-year and one day notice is provided by the Museum. As of June 30, 2015, no such notice has been provided. At June 30, 2015 and 2014, the accrued interest payable recorded on the accompanying statements of financial position totals \$315,450, and represents the amount of accrued interest through the date in which the confirmatory forbearance agreement was executed, January 2010. For the years ended June 30, 2015 and 2014, interest expense, for which a waiver has been received, totaled \$25,650, each year and is included in donated goods and services in the accompanying statements of activities.