



SCIENCE MUSEUM OKLAHOMA, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2022 and 2021

WITH

INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Science Museum Oklahoma, Inc.

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Science Museum Oklahoma, Inc. (the Museum) which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). We also conducted our audit as of June 30, 2022, in accordance with the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Museum and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2022, on our consideration of the Museum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Museum's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
November 1, 2022

SCIENCE MUSEUM OKLAHOMA, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	2021
Assets		
Cash	\$ 17,336,701	\$ 13,730,043
Receivables:		
Land lease contributions	201,924	244,366
Other, net	45,031	58,339
Prepaid expenses and other	40,839	114,285
Inventory	72,374	83,095
Restricted cash	155,284	87,410
Property and equipment, net	16,082,995	18,219,942
Beneficial interest in assets held by OCCF	43,153,629	51,437,854
Collections	3,906,938	3,906,938
Total assets	\$ 80,995,715	\$ 87,882,272
 Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 133,044	\$ 111,298
Accrued liabilities	612,564	401,718
Deferred revenues	889,417	708,338
Notes payable	1,722,314	1,915,228
Total liabilities	3,357,339	3,136,582
 Net assets:		
Without donor restrictions:		
Undesignated	9,446,578	6,441,343
Board designated	4,691,019	4,407,828
Invested in collections	3,906,938	3,906,938
Invested in property and equipment, net	16,082,995	18,219,942
Total net assets without donor restrictions	34,127,530	32,976,051
 With donor restrictions	43,510,846	51,769,639
Total net assets	77,638,376	84,745,690
 Total liabilities and net assets	\$ 80,995,715	\$ 87,882,272

SCIENCE MUSEUM OKLAHOMA, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Admissions, net of cost of sales of \$33,737	\$ 3,994,836	\$ -	\$ 3,994,836
Contributions	2,904,319	67,874	2,972,193
Memberships	1,262,625	-	1,262,625
Education programs	319,922	-	319,922
Rentals	18,592	-	18,592
Museum shop sales, net of cost of sales of \$424,838	473,415	-	473,415
Café commissions	133,697	-	133,697
Other income	148,070	-	148,070
Net decrease in value of beneficial interest in assets held by OCCF	-	(6,163,292)	(6,163,292)
Net assets released from restrictions	2,163,375	(2,163,375)	-
Total revenues, gains and other support	11,418,851	(8,258,793)	3,160,058
Expenses			
Programming:			
Exhibit services and collections	5,297,019	-	5,297,019
Science department	1,656,837	-	1,656,837
Planetarium	206,250	-	206,250
Facility rentals	5,760	-	5,760
Admissions	745,855	-	745,855
Museum shop and café	419,566	-	419,566
Total programming	8,331,287	-	8,331,287
Supporting services:			
Development	181,461	-	181,461
Facilities	666,344	-	666,344
Management and general	1,088,280	-	1,088,280
Total supporting services	1,936,085	-	1,936,085
Total expenses	10,267,372	-	10,267,372
Change in net assets	1,151,479	(8,258,793)	(7,107,314)
Net assets, beginning of year	32,976,051	51,769,639	84,745,690
Net assets, end of year	\$ 34,127,530	\$ 43,510,846	\$ 77,638,376

SCIENCE MUSEUM OKLAHOMA, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Admissions, net of cost of sales of \$28,677	\$ 2,496,625	\$ -	\$ 2,496,625
Contributions	2,306,056	1,726	2,307,782
Memberships	839,450	-	839,450
Education programs	151,641	-	151,641
Rentals	16,692	-	16,692
Museum shop sales, net of cost of sales of \$279,558	300,173	-	300,173
Café commissions	41,365	-	41,365
Other income	125,081	-	125,081
Net increase in value of beneficial interest in assets held by OCCF	-	11,302,795	11,302,795
Net assets released from restrictions	2,233,367	(2,233,367)	-
Total revenues, gains and other support	8,510,450	9,071,154	17,581,604
Expenses			
Programming:			
Exhibit services and collections	5,092,128	-	5,092,128
Science department	1,592,071	-	1,592,071
Planetarium	184,285	-	184,285
Facility rentals	10,537	-	10,537
Admissions	608,817	-	608,817
Museum shop and café	342,032	-	342,032
Total programming	7,829,870	-	7,829,870
Supporting services:			
Development	236,360	-	236,360
Facilities	575,555	-	575,555
Management and general	1,064,726	-	1,064,726
Total supporting services	1,876,641	-	1,876,641
Total expenses	9,706,511	-	9,706,511
Change in net assets	(1,196,061)	9,071,154	7,875,093
Net assets, beginning of year	34,172,112	42,698,485	76,870,597
Net assets, end of year	<u>\$ 32,976,051</u>	<u>\$ 51,769,639</u>	<u>\$ 84,745,690</u>

SCIENCE MUSEUM OKLAHOMA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022

	Program Services							Supporting Services				Total
	Programming Exhibits	Science Department	Planetarium	Rentals	Admissions	Museum Shop	Program Services Total	Development	Facilities	Management and General	Supporting Services Total	
	Payroll	\$ 1,531,961	\$ 1,102,604	\$ 147,308	\$ 4,053	\$ 413,675	\$ 242,688	\$ 3,442,289	\$ 84,855	\$ 178,751	\$ 545,693	
Payroll benefits	335,812	191,765	26,442	353	72,441	56,550	683,363	18,285	50,808	114,965	184,058	867,421
Cost of sales - Museum Shop sales	33,737	-	-	-	-	424,838	458,575	-	-	-	-	458,575
Legal and accounting fees	2,710	5,356	465	-	6,253	6,253	21,037	2,157	1,138	29,703	32,998	54,035
Contract service and other fees	188,420	30,176	17,755	56	42,710	37,331	316,448	1,909	95,866	26,468	124,243	440,691
Advertising	79,706	44,971	5,569	-	356	531	131,133	37	424	174	635	131,768
Office supplies	30,155	9,053	142	-	20,901	11,368	71,619	4,982	951	29,640	35,573	107,192
Credit card and bank fees	2,783	1,139	-	-	138,100	23,491	165,513	1,095	-	6,025	7,120	172,633
Travel and training	14,610	12,407	672	-	3,335	3,553	34,577	1,563	620	7,553	9,736	44,313
Network and website	13,200	9,600	1,200	-	-	-	24,000	-	-	-	-	24,000
Occupancy	378,491	33,960	154	-	506	328	413,439	28,045	294,658	154,847	477,550	890,989
Conferences and meetings	1,393	1,315	-	-	-	-	2,708	52	-	287	339	3,047
Insurance	23,774	4,680	977	42	1,333	1,106	31,912	111	3,988	700	4,799	36,711
Dues and subscriptions	73,203	9,039	4,921	1,256	19,767	5,964	114,150	4,507	78	25,817	30,402	144,552
Hospitality	10,697	5,242	11	-	1,418	339	17,707	25,843	17	19,494	45,354	63,061
Supplies	147,535	72,782	451	-	18,503	23,870	263,141	469	35,570	2,835	38,874	302,015
Tools and equipment	8,768	5,075	-	-	2,737	2,364	18,944	213	3,026	2,705	5,944	24,888
Interest	17,929	7,171	-	-	-	-	25,100	7,171	-	39,443	46,614	71,714
Depreciation	2,406,662	86,094	-	-	2,849	2,849	2,498,454	-	-	80,904	80,904	2,579,358
Miscellaneous and hiring	29,210	24,408	183	-	971	981	55,753	167	449	1,027	1,643	57,396
	5,330,756	1,656,837	206,250	5,760	745,855	844,404	8,789,862	181,461	666,344	1,088,280	1,936,085	10,725,947
Less expenses included with revenues on the statement of activities:												
Museum shop cost of sales	33,737	-	-	-	-	424,838	458,575	-	-	-	-	458,575
	<u>\$ 5,297,019</u>	<u>\$ 1,656,837</u>	<u>\$ 206,250</u>	<u>\$ 5,760</u>	<u>\$ 745,855</u>	<u>\$ 419,566</u>	<u>\$ 8,331,287</u>	<u>\$ 181,461</u>	<u>\$ 666,344</u>	<u>\$ 1,088,280</u>	<u>\$ 1,936,085</u>	<u>\$ 10,267,372</u>

See notes to financial statements.

SCIENCE MUSEUM OKLAHOMA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2021

	Program Services							Supporting Services				Total
	Programming Exhibits	Science Department	Planetarium	Rentals	Admissions	Museum Shop	Program Services Total	Development	Facilities	Management and General	Supporting Services Total	
	Payroll	\$ 1,412,452	\$ 1,059,951	\$ 125,246	\$ 6,547	\$ 333,827	\$ 202,433	\$ 3,140,456	\$ 139,420	\$ 187,620	\$ 517,171	
Payroll benefits	314,551	169,521	28,166	2,221	62,036	49,112	625,607	30,238	47,812	111,599	189,649	815,256
Cost of sales - Museum Shop sales	28,677	-	-	-	-	279,558	308,235	-	-	-	-	308,235
Legal and accounting fees	2,817	5,568	483	-	7,021	7,021	22,910	2,502	1,184	34,774	38,460	61,370
Contract service and other fees	159,860	17,143	17,846	-	40,239	34,669	269,757	1,686	97,738	26,907	126,331	396,088
Advertising	58,507	38,211	4,896	33	44	103	101,794	4,191	21	22	4,234	106,028
Office supplies	27,547	9,162	377	385	20,584	9,672	67,727	6,900	1,748	27,067	35,715	103,442
Credit card and bank fees	2,802	1,121	-	-	95,941	15,126	114,990	1,121	-	6,163	7,284	122,274
Travel and training	2,765	1,706	115	29	124	43	4,782	147	128	794	1,069	5,851
Network and website	14,451	10,510	1,313	-	-	-	26,274	-	-	-	-	26,274
Occupancy	317,121	44,264	-	-	341	372	362,098	34,892	212,951	192,083	439,926	802,024
Conferences and meetings	948	889	-	-	-	-	1,837	39	-	216	255	2,092
Insurance	25,419	5,546	774	35	1,243	996	34,013	259	4,968	965	6,192	40,205
Dues and subscriptions	45,124	6,195	4,538	1,260	19,793	5,713	82,623	3,972	597	10,476	15,045	97,668
Hospitality	3,879	1,516	10	27	693	206	6,331	1,262	-	6,944	8,206	14,537
Supplies	145,282	69,634	148	-	21,865	12,059	248,988	1,515	19,261	5,843	26,619	275,607
Tools and equipment	11,091	4,077	19	-	2,313	1,699	19,199	165	1,311	1,570	3,046	22,245
Interest	19,781	7,912	-	-	-	-	27,693	7,912	-	43,518	51,430	79,123
Depreciation	2,475,762	129,533	266	-	2,338	2,338	2,610,237	-	-	77,908	77,908	2,688,145
Miscellaneous and hiring	51,969	9,612	88	-	415	470	62,554	139	216	706	1,061	63,615
	5,120,805	1,592,071	184,285	10,537	608,817	621,590	8,138,105	236,360	575,555	1,064,726	1,876,641	10,014,746
Less expenses included with revenues on the statement of activities:												
Museum shop cost of sales	28,677	-	-	-	-	279,558	308,235	-	-	-	-	308,235
	<u>\$ 5,092,128</u>	<u>\$ 1,592,071</u>	<u>\$ 184,285</u>	<u>\$ 10,537</u>	<u>\$ 608,817</u>	<u>\$ 342,032</u>	<u>\$ 7,829,870</u>	<u>\$ 236,360</u>	<u>\$ 575,555</u>	<u>\$ 1,064,726</u>	<u>\$ 1,876,641</u>	<u>\$ 9,706,511</u>

See notes to financial statements.

SCIENCE MUSEUM OKLAHOMA, INC.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ (7,107,314)	\$ 7,875,093
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net increase (decrease) in value of beneficial interest in assets held by OCCF	6,163,292	(11,302,795)
Depreciation	2,579,358	2,688,145
Nonmonetary lease expense	42,442	42,441
Changes in operating assets and liabilities:		
Pledges receivable	-	78,013
Other receivables	13,308	48,941
Prepaid expenses and other	73,446	(69,223)
Inventory	10,721	92,734
Accounts payable	21,746	27,223
Accrued liabilities	210,846	(2,089)
Deferred revenues	181,079	32,166
	2,188,924	(489,351)
Net cash provided by (used in) operating activities		
Cash Flows from Investing Activities		
Purchases of property and equipment	(442,411)	(1,067,658)
Distributions of beneficial interest in assets held by OCCF	2,120,933	2,057,512
	1,678,522	989,854
Net cash provided by investing activities		
Cash Flows from Financing Activities		
Principal payments on long-term debt	(192,914)	(185,506)
	3,674,532	314,997
Net change in cash and restricted cash		
Cash and restricted cash, beginning of year	13,817,453	13,502,456
	\$ 17,491,985	\$ 13,817,453
Cash and restricted cash, end of year		
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 71,714	\$ 79,123
Reconciliation of Cash and Restricted Cash to the Statements of Financial Position		
Cash	\$ 17,336,701	\$ 13,730,043
Restricted cash	155,284	87,410
	\$ 17,491,985	\$ 13,817,453
Total cash and restricted cash		

See notes to financial statements.

SCIENCE MUSEUM OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

Note 1 – Organization and Nature of Operations

The accompanying financial statements include the accounts and activities of Science Museum Oklahoma, Inc. (the Museum). The Museum provides the public with educational services and entertaining experiences through numerous aviation and space artifacts, hands-on science exhibits, cultural galleries, a planetarium, a museum shop, and a café.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting and reporting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without donor restrictions – Net assets without donor restrictions include all resources that are expendable at the discretion of the Board of Trustees (the Board) and/or management for general operations. From time to time the Board may designate a portion of these net assets for specific purposes which make them unavailable for use at management's discretion. At June 30, 2022 and 2021, there were Board designations of \$4,691,019 and \$4,407,828, respectively for capital project expenditures, maintenance, education, research, and public service.

With donor restrictions – Net assets with donor restrictions consist of resources whose use is limited by donor-imposed time and/or purpose restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or occurrence of a future event specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that the resources be maintained in perpetuity but permit the Museum to expend income generated in accordance with the provisions of the related agreements. See Note 9 for more information on the composition of net assets with donor restrictions.

Cash and restricted cash

The Museum maintains its cash in accounts which typically exceed federal insured amounts. However, it has not experienced any losses in such amounts and believes it is not exposed to any significant credit risk on cash accounts.

Property and equipment

Property and equipment is recorded at historical cost or estimated fair value at the date of contribution. Property and equipment, with an initial value of \$1,000 or more is capitalized and depreciated on a straight-line basis over the estimated useful lives of the respective assets.

Collections

The Museum's collections include aviation and space artifacts, historical treasures and similar assets that are held for public exhibition and education, protected, cared for, and preserved.

Except for collections held by the Oklahoma City Community Foundation, Inc. (OCCF) relating to The Kirkpatrick Center Affiliated Fund of the Oklahoma City Community Foundation, Inc. group (the KCAF fund group) described in Note 4, the Museum has capitalized its collection since its inception. Purchased items accessioned into the collection are capitalized at cost and are to be categorized as unencumbered based upon the guidelines of the Alliance Code of Ethics for Museums. Our Collection items are maintained for their cultural, historical, aesthetic, or mission-related value that is worth preserving perpetually and are not depreciated over their estimated useful lives. The Museum protects and preserves the service potential of the collection items. The collections held by the KCAF fund group are not recognized in the Museum's statements of financial position. Donated items, if significant, are capitalized at their fair value on the accession date. Collections cannot be used as collateral or leveraged as a financial asset for purposes of loans or lien.

When collection items are deaccessioned, the proceeds may be used for purchasing new collection items and direct care of existing collection items. The Museum adheres to the American Alliance of Museum's definition of direct care of collections as an investment that enhances the life, usefulness, or quality of a museum's collection. These actions involve the conservation and preservation of all collection items held by the Museum. Gains or losses on the deaccession of collection items are classified in the statement of activities as with or without donor restrictions depending on donor stipulations, if any, placed on the item at the time of accession.

Revenue recognition from exchange transactions

The Museum recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. ASC 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition, whereby revenue is recognized when each performance obligation is satisfied. The Museum reports the following revenue from exchange transaction in its statements of activities:

Admissions – Admissions revenue is associated with tickets sold for entry to the Museum. Admissions revenue ticket price is based upon established levels for individuals and groups. The Museum recognizes revenue for admission at the point of sale.

Memberships – The Museum offers individual and corporate memberships to the Museum at various levels. These are for a single-year period and are incorporated as part of operating support. Payments for memberships are due at the point of sale. The revenue is recognized ratably throughout the year as the performance obligation is satisfied.

Education programs – The Museum conducts program-related experiences where the performance obligation is delivery of the program. Fees for activities and workshops are set by the Museum. Education program fees are typically collected by the Museum in the period the program occurs. If the Museum collects any fees in advance of the program, they are held in a liability account and recognized in the fiscal year in which the program occurs.

Rentals – The Museum contracts with customers for rental of its facilities and the performance obligation occurs when the customer holds their event onsite. Rental fees are set by the Museum and any deposit collected prior to the event is held in a liability account. The rental fee is recognized at the time of the event, where any deposit is then applied to the client's receivable balance.

Museum shop sales – The Museum operates a gift store onsite, which sells mission related items on a retail basis to customers. The performance obligation is the delivery of the good to the customer. The transaction price is established by the Museum based on retail prices suggested by the suppliers. As each item is individually priced, no allocation of the transaction price is necessary. The Museum recognizes revenue as the customer pays and takes possession of the merchandise. Merchandise is sold with a right of return which are not significant and are therefore recognized in the period they occur.

Revenue recognition for contributions

Contributions, including unconditional promises to give, are recognized as revenue when the donor's unconditional commitment is received. Unconditional promises to give that extend for periods longer than one year are reported at the net present value of the estimated future cash flows. Conditional promises to give, which contain donor-imposed conditions that represent a barrier that must be overcome as well as a right of release from obligation, are recognized when the conditions on which they depend are substantially met. Promises with the condition that the Museum incur certain qualifying costs become unconditional in stages and are recognized as contributions to the extent that costs are incurred as each stage is met.

The Museum reports contributions of cash and other assets as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Contributions with donor restrictions that are fulfilled in the same reporting period as their receipts are recorded as increases in net assets without donor restrictions in the statements of activities.

The Museum reports gifts of property and equipment as increases in net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. The Museum reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, unless donor stipulations specify how long long-lived assets must be maintained.

The Museum records contributions made by donors on its behalf to other not-for-profit organizations or charitable trusts as an asset unless the donor has explicitly granted the recipient organization variance power. However, the Museum records contributions made to other not-for-profit organizations or charitable trusts as an asset regardless of if variance power exists if the Museum has designated itself as beneficiary. Variance power is defined as the unilateral power to redirect the use of the assets to another beneficiary.

Functional expense allocations

The costs of providing the Museum's various programs and supporting services have been summarized on a functional basis in the statements of activities. Most expenses can be directly attributed to the program or supporting functions. Certain categories of expenses are attributed to more than one functional category. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Museum allocates salaries and wages based on actual staff positions. Administrative expenses are allocated to each area based on an estimate of usage. All remaining expenses are allocated based on actual expenses for the function.

Income tax status

The Museum is a nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Museum is subject to federal income tax on any unrelated business taxable income.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Museum to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of credit risk

Financial instruments, which potentially subject the Museum to credit risk, consist of receivables and beneficial interest in assets held by OCCF.

One donor and one governmental agency accounted for 66% and 57% of total contribution revenues for the years ended June 30, 2022 and 2021, respectively.

Recently adopted accounting pronouncement

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The update increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure regarding the measurement of contributed nonfinancial assets, as well as the amount of those contributions used in the entity's programs and other activities. The Museum adopted this new standard on a retrospective basis on July 1, 2021, with no significant impact on its financial statements or disclosures.

Subsequent events

Management has evaluated subsequent events through November 1, 2022, the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability of Financial Assets

The Museum seeks to acquire all funds needed for its operations in each fiscal year. In addition to funds raised annually, the Museum maintains a reserve to cover six months of operating expenses. The Museum holds these funds in its operating accounts.

The Museum's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows as of June 30:

	2022	2021
Cash	\$ 17,336,701	\$ 13,730,043
Other receivables	45,031	58,339
Restricted cash	155,284	87,410
Total financial assets	17,537,016	13,875,792

	2022	2021
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Sales tax retained to pay bond obligation	(264,629)	(264,629)
Subject to appropriation and satisfaction of donor restrictions	(155,284)	(87,419)
Board designations:		
Capital project expenditures	(1,756,382)	(1,506,015)
Education, research and public service	(2,934,637)	(2,901,813)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,426,084</u>	<u>\$ 9,115,916</u>

Of the financial assets available, approximately \$2.3 million is not board-designated; however, it is expected that these funds will be required within the next three to five years for several major projects. These projects include refurbishing the Museum's main science floor as a result of moving the planetarium from its existing location and enhancing the Museum's current gardens to create a more interactive science park. The Museum also maintains a degree of liquidity to pursue unfunded exhibit and program options which it feels would serve the community's interest but may require significant initial investment.

Note 4 – Contributions to OCCF

Separate funds, Air Space Museum Affiliated Fund group (ASMAF fund group), The Science Museum Oklahoma Fund of the Oklahoma City Community Foundation, Inc. group (OAF fund group) and KCAF fund group (collectively, the Science Museum Oklahoma Affiliated Fund group) have been established at OCCF. The Science Museum Oklahoma Affiliated Fund group represents contributions received by OCCF, from either third parties or the Museum, which are designated to be invested to benefit the Museum. The Science Museum Oklahoma Affiliated Fund group is a restricted endowment in perpetuity, the income from which is designated to benefit the Museum's exhibits and programs, improve and maintain Museum facilities, and general operations. Earnings and market activity are recorded net in the statement of activities and are recorded as with donor restrictions.

Investment decisions for the Science Museum Oklahoma Affiliated Fund group are made by OCCF. Income earned on the donated funds is paid to the Museum on a basis determined by OCCF. That amount is calculated and agreed to by the Board of Trustees for the Science Museum Oklahoma Affiliated Fund group. When this amount is paid to the Museum, a transfer is made to net assets without donor restrictions. The principal amount of the Science Museum Oklahoma Affiliated Fund group cannot be distributed without the unanimous approval of OCCF's Board of Directors. As a result, OCCF has variance power over contributions it has received from third parties on behalf of the Museum, and the Museum has not recorded these funds as an asset in its financial statements. During the years ended June 30, 2022 and 2021, OCCF distributed \$654,949 and \$635,158, respectively, of the income generated from the portion of the Science Museum Oklahoma Affiliated Fund group comprised of third-party donations, which is included as a component of contributions without donor restrictions in the statements of activities.

The Science Museum Oklahoma Affiliated Fund group also contains funds transferred to it by the Museum, which designated itself as beneficiary. The Museum's Board of Trustees authorized OCCF to manage these funds in the same manner as the Science Museum Oklahoma Affiliated Fund group assets donated by third parties, which effectively grants variance power to OCCF. However, as the Museum designated itself as beneficiary, the Museum has recognized a beneficial interest in assets held by OCCF in its statements of financial position.

The following schedule summarizes the fair value of the Science Museum Oklahoma Affiliated Fund group at June 30:

2022	Beneficial Interest in Assets Held by OCCF	Received by OCCF from Third-Party Donors (A)	Total
KCAF fund group (A)	\$ 39,612,598	\$ -	\$ 39,612,598
OAF fund group (A)	3,485,392	5,857,583	9,342,975
ASMAF fund group (A)	55,639	7,469,406	7,525,045
	\$ 43,153,629	\$ 13,326,989	\$ 56,480,618
2021			
KCAF fund group (A)	\$ 47,217,040	\$ -	\$ 47,217,040
OAF fund group (A)	4,154,492	6,982,025	11,136,517
ASMAF fund group (A)	66,322	8,903,335	8,969,657
	\$ 51,437,854	\$ 15,885,360	\$ 67,323,214

(A) The Museum does not include, in the amounts listed above, the cost or fair value of collections held by OCCF.

Note 5 – Donor Restricted Endowments

Board interpretation

The endowment of the Museum consists of funds established for a variety of purposes. Net assets associated with these endowment funds are classified and reported based on the existence or absence of specific restrictions placed upon such funds by donors as contemplated by the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

The Board interprets UPMIFA as requiring preservation of the fair value of the original gift as of the gift date if there is specific intent expressed by the donor that prevents appropriation for expenditure of such amount. As a result of this interpretation, the Museum classifies as net assets with donor restriction in perpetuity (a) the original value of gifts properly allocated to the permanent endowment, (b) the original value of subsequent gifts properly allocated to the permanent endowment, and (c) accumulations to the existing permanent endowment if such accumulations are donor restricted from appropriation for expenditure. All remaining portions of the Museum's endowment funds are classified as net assets with donor restrictions for time and/or purpose until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA. UPMIFA does not prohibit appropriation for expenditure of all donor-restricted endowment funds.

In accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate for expenditure or to accumulate returns from endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Museum and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Museum
7. Investment policies of the Museum

Return objectives, risk parameters, strategies and spending policy

The endowment funds of the Museum are managed and invested by OCCF. OCCF is charged with managing and investing these funds in accordance with the intent of the donors as expressed in the gifting instruments and the charitable purposes of the Museum. OCCF makes distributions in accordance with OCCF's spending policies. OCCF may incur only those costs which are appropriate and reasonable in relation to these funds, the purposes of the Museum, and the skills available to OCCF. The Museum monitors OCCF's performance and compliance with the scope of OCCF's duties to the Museum; however, the Museum does not have any control over the investment or distribution policies of OCCF. As stated in Note 4, distributions from earnings on endowed funds are determined by the Board of Trustees of the Science Museum Oklahoma Affiliated Fund group.

Changes in endowment fund net assets for the year ended June 30, 2022, consist of the following:

	<u>With Donor Restrictions</u>
Endowment fund net assets, beginning of year	\$ 51,437,854
Investment loss:	
Investment loss	(6,061,906)
Net depreciation in value	<u>(101,386)</u>
Net investment loss	(6,163,292)
Appropriation for expenditure	<u>(2,120,933)</u>
Endowment fund net assets, end of year	<u><u>\$ 43,153,629</u></u>

Changes in endowment fund net assets for the year ended June 30, 2021, consist of the following:

	<u>With Donor Restrictions</u>
Endowment fund net assets, beginning of year	\$ 42,192,571
Investment return:	
Investment income	11,400,173
Net depreciation in value	<u>(97,378)</u>
Net investment return	11,302,795
Appropriation for expenditure	<u>(2,057,512)</u>
Endowment fund net assets, end of year	<u><u>\$ 51,437,854</u></u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or state law requires the Museum to retain as a fund of perpetual duration. At June 30, 2022 and 2021, there were no deficiencies of this nature.

Note 6 – Fair Value Measurements

The FASB ASC established a consistent framework for measuring fair value and fair value hierarchy based on the observability of inputs used to measure fair value.

These inputs are summarized in the three broad levels listed below:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

There were no transfers into or out of Level 3 for the years ended June 30, 2022 and 2021.

Beneficial interest in assets held by OCCF is measured at fair value using Level 3 inputs and totaled \$43,153,629 and \$51,437,854 as of June 30, 2022 and 2021, respectively. Since OCCF maintains variance power for the beneficial interests it holds, there is no potential market for the beneficial interest or similar assets. Consequently, the valuation is determined by aggregating the valuation of the underlying investments of the beneficial interest as reported by OCCF. These are considered to be Level 3 measurements. See Note 5 for a summary of the changes in fair value of the beneficial interest in assets held by OCCF for the years ended June 30, 2022 and 2021.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Market volatility

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect net assets.

Note 7 – Property and Equipment

Property and equipment consists of the following at June 30:

	Years	2022	2021
Equipment	3 to 10	\$ 2,292,276	\$ 2,276,829
Furniture and fixtures	5 to 10	700,076	700,076
Building and improvements	5 to 40	25,762,780	25,722,188
Dome Theater	10 to 20	8,390,235	8,380,285
Computer equipment	3 to 5	437,639	420,366
Exhibits	5 to 10	15,336,536	14,196,333
Vehicles	5	101,327	66,833
Oklahoma Museum Network property and equipment	3 to 5	6,678,640	6,590,795
Exhibits in process		1,155,347	2,058,740
		60,854,856	60,412,445
Accumulated depreciation		(44,771,861)	(42,192,503)
Property and equipment, net		<u>\$ 16,082,995</u>	<u>\$ 18,219,942</u>

Note 8 – Long-Term Debt

Long-term debt consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Bonds payable, due in monthly installments of \$22,052, including interest at 3.87%, until December 10, 2029 (A)	<u>\$ 1,722,314</u>	<u>\$ 1,915,228</u>

(A) Payments on the bonds are made through retention of sales taxes on the Museum's admissions revenue as allowed by the state of Oklahoma. The bonds are collateralized by up to \$1,000,000 of annual admissions revenue. The Museum's loan agreement contains various affirmative and negative covenants which, among other things, restrict future borrowings and limit the use of loan proceeds to qualified project costs relating to the Children's Discovery Initiative. At June 30, 2022, the Museum was in compliance with all loan covenants.

Maturities of long-term debt at June 30, 2022, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 201,565
2024	209,505
2025	217,758
2026	226,337
2027	235,253
Thereafter	<u>631,896</u>
	<u>\$ 1,722,314</u>

Note 9 – Net Assets with Donor Imposed Restrictions

Net assets with donor restrictions are available for the following purposes at June 30, 2022:

<u>Program</u>	<u>For a Specific Purpose/Time</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Exhibit acquisitions and maintenance	\$ 155,293	\$ -	\$ 155,293
Land lease expenses	201,924	-	201,924
Endowments for programs and general operations	24,441,846	18,711,783	43,153,629
	<u>\$ 24,799,063</u>	<u>\$ 18,711,783</u>	<u>\$ 43,510,846</u>

Net assets with donor restrictions are available for the following purposes at June 30, 2021:

<u>Program</u>	<u>For a Specific Purpose/Time</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Exhibit acquisitions and maintenance	\$ 87,419	\$ -	\$ 87,419
Land lease expenses	244,366	-	244,366
Endowments for programs and general operations	32,726,071	18,711,783	51,437,854
	<u>\$ 33,057,856</u>	<u>\$ 18,711,783</u>	<u>\$ 51,769,639</u>

Note 10 – Nonmonetary Lease Transactions

The Museum's building and parking lot are located on land leased from the City of Oklahoma City (the City). The annual payment under the building land lease is \$1.00, while the lease for the parking lot land requires no payment. The lease for the building land expires on October 4, 2026, while the lease for the parking lot land expires on February 29, 2028. Because the City has explicitly and unconditionally promised the use of these parcels of land for a specified period of time, the fair value of these leases, discounted to present value, have been recognized as unconditional promises to give in the accompanying statements of financial position as receivables-land lease contributions. During the years ended June 30, 2022 and 2021, amortized lease expenses of approximately \$42,000 for each year were recognized in the accompanying statements of activities related specifically to these leases.

Note 11 – Shuttered Venue Operators Grant

The Museum was awarded a Shuttered Venue Operators Grant (SVOG), totaling \$1,626,004 on July 12, 2022. The SVOG program was established by the Economic Aid to Hard-Hit Small Business, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. The program includes over \$16 billion in grants to shuttered venues, to be administered by Small Business Administration's (SBA) Office of Disaster Assistance. The Museum was an eligible applicant and qualified for the grant equal to 45% of gross earned revenue. The Museum recognized grant revenue totaling \$1,626,004 during the year ended June 30, 2022, which is equal to allowable expenses charged to the grant. The grant revenue is presented as part of contributions on the statement of activities.

SUPPLEMENTAL INFORMATION

SCIENCE MUSEUM OKLAHOMA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

Federal Grantor / Passed Through Grantor / Program Title	Federal ALN (CFDA) Number	Agency or Pass-Through Number	Pass- Through to Subrecipients	Total Expenditures
<u>U.S. Small Business Administration</u>				
COVID-19 - Shuttered Venue Operators Grant Program	59.075		\$ -	\$ 1,626,004
<u>NOAA Mission-Related Education Awards</u>				
Passed through from Museum of Science, Boston NOAA CSCRC-Citizen Science, Civics & Resilience Education Awards	11.008		-	2,000
<u>National Leadership Grant</u>				
Community 4 Immunity Leadership Grant Program	45.312		-	13,442
Passed through from Arizona State University NISE Grant - National Informal Stem Education Leadership Grant Program	45.312		-	1,500
Total ALN (CDFA) Number 45.312			-	14,942
			\$ -	\$ 1,642,946

SCIENCE MUSEUM OKLAHOMA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Science Museum Oklahoma, Inc. (the Museum) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Museum, it is not intended and does not represent the financial position, changes in net assets or cash flows of the Museum.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The Museum has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

OTHER REPORTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Science Museum Oklahoma, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Science Museum Oklahoma, Inc. (the Museum), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Museum's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Museum's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Museum's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Hogan Taylor LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
November 1, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Science Museum Oklahoma, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Science Museum Oklahoma, Inc. (the Museum) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Museum's major federal program for the year ended June 30, 2022. The Museum's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Museum complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Museum and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Museum's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Museum's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Museum's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Museum's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Museum's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Museum's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hogan Taylor LLP

Oklahoma City, Oklahoma
November 1, 2022

SCIENCE MUSEUM OKLAHOMA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:	Unmodified		
	<u>Yes</u>	<u>No</u>	<u>None Reported</u>
Internal control over financial reporting:			
Material weakness(es) identified?		X	
Significant deficiency(ies) identified?			X
Noncompliance material to financial statements noted?		X	

Federal Awards

	<u>Yes</u>	<u>No</u>	<u>None Reported</u>
Internal control over major programs:			
Material weakness(es) identified?		X	
Significant deficiency(ies) identified?			X
Type of auditor's report issued on compliance for major programs:		Unmodified	
	<u>Yes</u>	<u>No</u>	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?		X	

Identification of major programs:

<u>ALN (CFDA) Number(s)</u>	<u>Name of Federal Program or Cluster</u>
59.075	U.S. Small Business Administration COVID -19 - Shuttered Venue Operators Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

	<u>Yes</u>	<u>No</u>
Auditee qualified as low-risk auditee?		X

SCIENCE MUSEUM OKLAHOMA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

Year ended June 30, 2022

Section II – Financial Statement Findings

None

Section III – Findings and Questioned Costs for Federal Awards

None

SCIENCE MUSEUM OKLAHOMA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2022

Section II – Financial Statement Findings

None

Section III – Findings and Questioned Costs for Federal Awards

None

Note: Expenditures of federal awards in prior year did not require a compliance audit under Uniform Grant Guidance.