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# **Denver Museum of Nature and Science**

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**Financial Report  
with Supplemental Information  
December 31, 2020**

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## Independent Auditor's Report

To the Board of Trustees  
Denver Museum of Nature and Science

### Report on the Financial Statements

We have audited the accompanying financial statements of Denver Museum of Nature and Science (the "Museum"), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with 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. 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 Denver Museum of Nature and Science as of December 31, 2020 and the results of its changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 2 to the financial statements, the COVID-19 pandemic had an effect on the operations of the Museum. Our opinion is not modified with respect to this matter.

To the Board of Trustees  
Denver Museum of Nature and Science

**Other Matter**

*Report on Prior Year Financial Statements*

The financial statements of Denver Museum of Nature and Science as of December 31, 2019 were audited by other auditors, whose report dated March 18, 2020 expressed an unqualified opinion on those statements.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2021 on our consideration of Denver Museum of Nature and Science's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Denver Museum of Nature and Science's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

March 17, 2021

## Denver Museum of Nature and Science

## Statement of Financial Position

**December 31, 2020 and 2019**

	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 10,989,669	\$ 9,805,379
Short-term investments (Note 4)	5,016,870	7,397,608
Accounts receivable (Notes 9 and 14)	3,215,699	3,662,202
Merchandise held for resale	386,202	454,319
Prepaid expenses:		
Other	651,066	593,277
Exhibits	657,126	621,559
Contributions receivable - Net (Note 5)	9,746,677	10,770,091
Other assets	52,982	52,982
Restricted net assets held by DMNS Foundation (Note 15)	135,153,412	133,461,172
Furniture and equipment - Net	3,191,554	3,139,588
Total assets	<b>\$ 169,061,257</b>	<b>\$ 169,958,177</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,669,740	\$ 3,573,575
Accrued compensation	1,109,136	1,293,027
City bond advances (Note 9)	1,017,655	-
Contract liabilities	1,871,516	367,544
Paycheck Protection Program loan (Note 13)	5,087,357	-
Total liabilities	12,755,404	5,234,146
<b>Net Assets</b>		
Without donor restrictions (Note 8)	10,825,056	18,000,417
With donor restrictions (Note 8)	145,480,797	146,723,614
Total net assets	<b>156,305,853</b>	<b>164,724,031</b>
Total liabilities and net assets	<b>\$ 169,061,257</b>	<b>\$ 169,958,177</b>

# Denver Museum of Nature and Science

## Statement of Activities and Changes in Net Assets

Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains, and Other Support</b>						
Admissions	\$ 5,069,858	\$ -	\$ 5,069,858	\$ 12,217,592	\$ -	\$ 12,217,592
Gift shop and food service operations - Net of costs of \$1,143,564 (2020) and \$2,672,495 (2019)	1,611,817	-	1,611,817	5,407,491	-	5,407,491
Memberships	2,173,168	-	2,173,168	5,852,819	-	5,852,819
Contributions from DMNS Foundation	1,528,580	2,095,562	3,624,142	1,492,744	2,259,993	3,752,737
Gifts and grants	4,480,918	4,897,909	9,378,827	2,703,882	5,125,910	7,829,792
Special events - Net of direct costs of \$176,086 (2019)	-	-	-	403,518	-	403,518
Program revenue	308,952	-	308,952	1,432,758	-	1,432,758
Scientific and Cultural Facilities District support (Note 14)	9,488,655	-	9,488,655	9,752,325	-	9,752,325
City and County of Denver, Colorado support (Note 9)	9,366,144	-	9,366,144	9,477,749	-	9,477,749
Investment return (Note 4)	106,066	-	106,066	166,993	-	166,993
Other	265,641	-	265,641	494,879	-	494,879
Net assets released from restrictions	9,928,528	(9,928,528)	-	8,097,119	(8,097,119)	-
Total revenue, gains, and other support	44,328,327	(2,935,057)	41,393,270	57,499,869	(711,216)	56,788,653
<b>Expenses</b>						
Program services:						
Museum, IMAX, and Planetarium	2,390,318	-	2,390,318	3,102,463	-	3,102,463
Gift shop and food service operations	3,049,328	-	3,049,328	3,635,207	-	3,635,207
Physical plant maintenance and acquisitions	6,388,834	-	6,388,834	7,120,934	-	7,120,934
Visitor experience	5,210,563	-	5,210,563	6,531,711	-	6,531,711
Education	3,678,513	-	3,678,513	5,984,268	-	5,984,268
Collections and research	4,448,740	-	4,448,740	5,971,238	-	5,971,238
Strategic Initiatives	15,041,279	-	15,041,279	12,954,096	-	12,954,096
Total program services	40,207,575	-	40,207,575	45,299,917	-	45,299,917
Support services:						
General and administrative	6,057,483	-	6,057,483	5,855,619	-	5,855,619
Marketing	2,151,081	-	2,151,081	2,549,104	-	2,549,104
Fundraising	1,843,302	-	1,843,302	2,135,708	-	2,135,708
Membership	1,244,247	-	1,244,247	1,475,960	-	1,475,960
Total expenses	51,503,688	-	51,503,688	57,316,308	-	57,316,308
<b>Change in Net Assets before Change in Net Assets Held by DMNS Foundation</b>	(7,175,361)	(2,935,057)	(10,110,418)	183,561	(711,216)	(527,655)
<b>Change in Net Assets Held by DMNS Foundation</b>	-	1,692,240	1,692,240	-	17,143,472	17,143,472
<b>Change in Net Assets</b>	(7,175,361)	(1,242,817)	(8,418,178)	183,561	16,432,256	16,615,817
<b>Net Assets - Beginning of year</b>	18,000,417	146,723,614	164,724,031	17,816,856	130,291,358	148,108,214
<b>Net Assets - End of year</b>	<b>\$ 10,825,056</b>	<b>\$ 145,480,797</b>	<b>\$ 156,305,853</b>	<b>\$ 18,000,417</b>	<b>\$ 146,723,614</b>	<b>\$ 164,724,031</b>

See notes to financial statements.

# Denver Museum of Nature and Science

## Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services							Support Services						
	Museum, IMAX and Planetarium	Gift Shop and Food Service Operations	Physical Plant Maintenance and Acquisitions	Visitor Experience	Education	Collections and Research	Strategic Initiatives	Total Program Services	General and Administrative	Marketing	Fundraising	Membership	Total	
Salaries and benefits	\$ 1,401,027	\$ 2,653,038	\$ 3,995,779	\$ 3,213,765	\$ 3,106,263	\$ 3,434,146	\$ 1,066,592	\$ 18,870,610	\$ 3,395,317	\$ 708,106	\$ 1,419,153	\$ 622,448	\$ 25,015,634	
Cost of food and merchandise	-	1,143,564	-	-	-	-	-	1,143,564	-	-	-	-	1,143,564	
IMAX and planetarium lease	106,500	-	-	-	-	-	-	106,500	-	-	-	-	106,500	
Insurance	917	-	-	5,077	353	705	-	7,052	277,231	-	-	966	-	285,249
Professional services	13,586	14,225	86,273	108,685	85,360	268,478	180,464	757,071	413,503	108,215	129,698	132,733	1,541,220	
Rent expense	718,428	24,003	56	1,185,552	26,052	577	7,333	1,962,001	8,021	408	2,080	-	1,972,510	
Repairs and maintenance	32,401	42,078	628,438	11,809	7,113	22,902	1,096	745,837	51,368	682	87	4,824	802,798	
Telephone and data	21,789	20,012	29,256	61,249	57,679	53,810	1,209	245,004	165,399	7,830	13,822	19,718	451,773	
Advertising and promotion	-	13,860	-	27,442	25,751	89	49,105	116,247	7,490	1,218,335	44,420	14,924	1,401,416	
Printing	1,103	430	132	17,781	3,039	10,062	1,548	34,095	645	1	29,659	218,848	283,248	
Membership and dues	1,659	2,216	3,813	5,117	838	3,905	348	17,896	61,232	330	930	38	80,426	
Travel and business expenses	2,180	7,372	2,191	14,665	7,507	57,730	39,048	130,693	6,732	3,362	4,609	808	146,204	
Postage and freight	413	4,620	4,798	33,268	16,805	4,878	1,047	65,829	2,632	2,149	22,515	101,476	194,601	
Supplies and miscellaneous	35,993	144,390	315,304	135,354	121,926	379,565	246,888	1,379,420	743,573	58,065	69,999	81,075	2,332,132	
Employee development	5,089	4,633	11,430	16,796	10,690	11,026	6,166	65,830	274,632	2,849	20,785	3,248	367,344	
Utilities	-	-	845,140	-	-	17,426	5,958	868,524	8,704	-	-	-	877,228	
Parking surcharge	50,553	-	-	-	-	-	-	50,553	-	-	-	-	50,553	
Bank expense	-	-	-	-	-	-	-	-	263,317	-	720	-	264,037	
Capital improvements	55	195,965	352,750	4,155	2,399	29,212	13,426,306	14,010,842	28,604	434	55	3,075	14,043,010	
Depreciation	12,551	63,219	343,477	152,219	143,590	151,850	-	866,906	347,716	37,674	792	34,717	1,287,805	
Internal support	(13,926)	(140,733)	(230,003)	217,629	63,148	2,379	8,171	(93,335)	1,367	2,641	83,012	6,315	-	
Cost of food and merchandise	-	(1,143,564)	-	-	-	-	-	(1,143,564)	-	-	-	-	(1,143,564)	
Total functional expenses	<b>\$ 2,390,318</b>	<b>\$ 3,049,328</b>	<b>\$ 6,388,834</b>	<b>\$ 5,210,563</b>	<b>\$ 3,678,513</b>	<b>\$ 4,448,740</b>	<b>\$ 15,041,279</b>	<b>\$ 40,207,575</b>	<b>\$ 6,057,483</b>	<b>\$ 2,151,081</b>	<b>\$ 1,843,302</b>	<b>\$ 1,244,247</b>	<b>\$ 51,503,688</b>	

# Denver Museum of Nature and Science

## Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services							Support Services						
	Museum, IMAX and Planetarium	Gift Shop and Food Service Operations	Physical Plant Maintenance and Acquisitions	Visitor Experience	Education	Collections and Research	Strategic Initiatives	Total Program Services	General And Administrative	Marketing	Fundraising	Membership	Total	
Salaries and benefits	\$ 1,423,389	\$ 3,585,480	\$ 3,835,546	\$ 3,298,129	\$ 4,256,538	\$ 4,037,083	\$ 981,708	\$ 21,417,873	\$ 2,933,321	\$ 810,782	\$ 1,516,377	\$ 669,181	\$ 27,347,534	
Cost of food and merchandise	-	2,672,495	-	-	-	-	-	2,672,495	-	-	-	-	2,672,495	
IMAX and planetarium lease	561,274	-	-	-	-	-	-	561,274	-	-	-	-	561,274	
Insurance	-	-	-	-	-	-	-	-	214,999	-	966	-	215,965	
Professional services	16,140	27,082	221,949	222,861	318,933	784,090	741,504	2,332,559	517,632	46,526	201,632	146,133	3,244,482	
Rent expense	359,539	125,338	7,563	1,578,580	119,887	5,543	5,132	2,201,582	213	280	11,032	894	2,214,001	
Repairs and maintenance	53,076	60,737	969,878	141,953	41,253	93,077	2,447	1,362,421	355,463	65,328	84,117	55,794	1,923,123	
Telephone and data	4,340	9,687	5,871	59,363	42,306	13,256	1,808	136,631	76,928	7,001	4,810	11,657	237,027	
Advertising and promotion	116	11,782	778	47,202	133,319	7,063	5,808	206,068	14,783	1,457,985	42,388	65,851	1,787,075	
Printing	9,644	275	608	6,996	13,851	13,586	4,364	49,324	4,548	4	32,952	257,351	344,179	
Membership and dues	852	2,915	2,041	7,528	2,980	7,833	-	24,149	87,498	27	3,483	69	115,226	
Travel and business expenses	8,216	15,602	234	90,562	108,545	348,688	64,275	636,122	62,837	23,198	39,345	10,284	771,786	
Postage and freight	1,123	1,748	11,493	159,951	31,790	25,199	1,152	232,456	2,915	3,409	12,881	164,969	416,630	
Supplies and miscellaneous	60,410	399,477	316,910	478,658	391,524	356,511	101,836	2,105,326	342,143	26,729	50,490	45,418	2,570,106	
Employee development	11,848	23,107	18,537	45,381	51,692	69,242	19,908	239,715	405,157	11,478	25,371	8,122	689,843	
Utilities	-	-	970,687	-	-	20,014	-	990,701	10,007	-	-	-	1,000,708	
Parking surcharge	606,375	-	-	-	-	-	-	606,375	-	-	-	-	606,375	
Bank expense	-	6,535	-	-	-	-	-	6,535	541,345	-	13,183	-	561,063	
Capita improvements	-	-	744,836	-	-	41,852	10,997,818	11,784,506	194	-	-	-	11,784,700	
Depreciation	13,883	74,095	344,290	140,873	89,884	92,675	-	755,700	263,214	44,316	9,435	28,632	1,101,297	
Internal support	(27,762)	(708,653)	(330,287)	253,674	381,766	55,526	26,336	(349,400)	22,422	52,041	263,332	11,605	-	
Cost of food and merchandise	-	(2,672,495)	-	-	-	-	-	(2,672,495)	-	-	-	-	(2,672,495)	
Direct expenses of special events	-	-	-	-	-	-	-	-	-	-	(176,086)	-	(176,086)	
<b>Total functional expenses</b>	<b>\$ 3,102,463</b>	<b>\$ 3,635,207</b>	<b>\$ 7,120,934</b>	<b>\$ 6,531,711</b>	<b>\$ 5,984,268</b>	<b>\$ 5,971,238</b>	<b>\$ 12,954,096</b>	<b>\$ 45,299,917</b>	<b>\$ 5,855,619</b>	<b>\$ 2,549,104</b>	<b>\$ 2,135,708</b>	<b>\$ 1,475,960</b>	<b>\$ 57,316,308</b>	

## Denver Museum of Nature and Science

## Statement of Cash Flows

**Years Ended December 31, 2020 and 2019**

	2020	2019
<b>Cash Flows from Operating Activities</b>		
(Decrease) increase in net assets	\$ (8,418,178)	\$ 16,615,817
Adjustments to reconcile (decrease) increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	1,287,805	1,101,297
Amortization of discount on contributions receivable	(107,562)	(379,754)
Change in net assets held by DMNS Foundation	(1,692,240)	(17,143,472)
Net realized and unrealized losses (gains) on investments	8,603	(36,532)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	446,503	(36,542)
Merchandise held for resale	68,117	36,299
Prepaid expenses	(93,356)	35,547
Contributions receivable	1,130,976	334,368
Accounts payable	96,165	2,374,519
Accrued compensation	(183,891)	19,257
Contract liabilities	1,503,972	(16,164)
City bond advances	1,017,655	(892,658)
Net cash and cash equivalents (used in) provided by operating activities	(4,935,431)	2,011,982
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(1,339,771)	(1,481,487)
Purchases of short-term investments	-	(93,864)
Proceeds from sales of short-term investments	2,372,135	-
Net cash and cash equivalents provided by (used in) investing activities	1,032,364	(1,575,351)
<b>Cash Flows Provided by Financing Activities - Proceeds from Paycheck Protection Program loan</b>	5,087,357	-
<b>Net Increase in Cash and Cash Equivalents</b>	1,184,290	436,631
<b>Cash and Cash Equivalents - Beginning of year</b>	9,805,379	9,368,748
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 10,989,669</b>	<b>\$ 9,805,379</b>

# **Denver Museum of Nature and Science**

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## **Notes to Financial Statements**

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**December 31, 2020 and 2019**

### **Note 1 - Nature of Business**

The Denver Museum of Nature and Science (the "Museum"), the operating name of The Colorado Museum of Natural History, is a not-for profit corporation formed in 1900 for the purpose of supporting and maintaining, in agreement with the City and County of Denver, Colorado (the "City"), a museum of natural history. The museum entered into an agreement with the City on March 22, 1933 whereby:

1. The Museum would donate to the City for the benefit of the people of the City all its rights, title, and interest in all exhibits, collections, and properties constituting the Museum located in City Park, Denver, Colorado.
2. The Museum would accept the employment from the City as the Natural History Agency of the City to manage, control, and be in charge of the buildings now owned by the City constituting the Museum in City Park, Denver, Colorado. The Museum has the full responsibility and discretion to accept or reject, in whole or in part, any gifts for the purposes of the Museum.
3. The City would compensate the Museum for the proper care, control, maintenance, management, and development of the Museum.
4. In return, the Museum agreed to endeavor to open the Museum to the public within reasonable hours not less than four days per week.

### **Note 2 - Significant Accounting Policies**

#### ***Basis of Accounting***

The financial statements of the Museum have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

#### ***Financial Statement Presentation***

Information regarding the financial position and activities of the Museum is reported according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Museum. These net assets may be used at the discretion of the Museum's management and the board of trustees and the appropriate provisions of the Museum's charter and bylaws.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Museum or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

#### ***Cash and Cash Equivalents***

The Museum considers all highly liquid investments with an original maturity of three months or less and not held as part of the short-term investment portfolio to be cash equivalents.

#### ***Concentrations of Credit Risk***

Financial instruments that potentially subject the Museum to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments, accounts receivable, and contributions receivable. The Museum places its cash accounts and short-term investments with creditworthy, high-quality financial institutions. At times, a portion of these cash balances may not be insured by the Federal Deposit Insurance Corporation or related entity,

**December 31, 2020 and 2019****Note 2 - Significant Accounting Policies (Continued)**

Accounts receivable consists of program service fees due primarily from government agencies of the Museum's share of undistributed Scientific and Cultural Facilities District (SCFD) tax (see Note 14). The Museum is subject to risk of loss from certain government contract receivables if the government determines that certain amounts are unallowable reimbursements. To date, no substantial claims for reimbursement have been adjusted or disallowed, and management does not anticipate this happening in the future.

Concentration of credit risk with respect to contributions receivable are limited due to creditworthiness of the foundations, corporations, and individuals that comprise the contributor base. At December 31, 2020 and 2019, approximately 76 percent and 77 percent, respectively, of the net contributions receivable balance is due from one individual donor. There was no revenue from this donor during the years ended December 31, 2020 and 2019.

***Short-term Investments***

The Museum reports investments at fair value. Fair value is determined as more fully described under the fair value measurements policy below. The Museum's management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable.

Investment return consists of the Museum's distributive share of any interest, dividends, and capital gains and losses generated from sales of investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statement of activities and changes in net assets.

***Fair Value Measurements***

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Museum has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Museum's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

***Accounts Receivable***

Accounts receivable represents claims for reimbursement and other fees earned or due under contracts and fee agreements. The allowance for doubtful accounts is based on past collection experience and on analysis of current accounts receivable collectibility. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. Receivable balances are considered to be past due based on contractual terms. There was no allowance for doubtful accounts at December 31, 2020 and 2019.

**December 31, 2020 and 2019****Note 2 - Significant Accounting Policies (Continued)*****Merchandise Held for Resale***

Merchandise held for resale consists of gift shop items and food and beverages. Inventories of merchandise held for resale have been valued at the lower of cost or net realizable value with cost determined using the first-in, first-out method.

***Contributions and Contributions Receivable***

Contributions are recognized when cash, securities, and unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend are substantially met. Should the Museum substantially meet the conditions in the same period that the contribution was received, and barring any further donor-imposed restrictions, the Museum has elected to recognize the revenue in net assets without donor restrictions. Payments received in advance of conditions being met are recorded as deferred revenue in the statement of financial position.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Contributions receivable are recorded at fair value if expected to be collected in one year and at the present value of the estimated future cash flows if expected to be collected in more than one year. The Museum uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for uncollectible contributions receivable at December 31, 2020 and 2019.

Federal and state contracts and grants are treated as contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2020 and 2019, conditional contributions relating to these contracts and grants, totaling \$945,045 and \$1,912,255, respectively, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

***Furniture and Equipment***

Furniture and equipment are recorded at cost, if purchased, or fair value at date of donation. The Museum capitalizes furniture and equipment with a cost or fair value at the date of donation in excess of \$10,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to seven years.

***Collections***

The Museum's collections, which were acquired through purchases, contributions, and active field collecting since the Museum's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired. Contributed collection items are not reflected in the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

***Donated Services and Goods***

Certain donated services are recognized as support in the statement of activities and changes in net assets. Donated goods and services are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation. During the years ended December 31, 2020 and 2019, donated software licenses valued at \$203,850 and \$194,145, respectively, were received and included in gifts and grants revenue in the statement of activities and changes in net assets.

**December 31, 2020 and 2019****Note 2 - Significant Accounting Policies (Continued)**

Many individuals volunteer their time and perform a variety of tasks that assist the Museum and its programs and general operations. The Museum received approximately 61,206 and 205,690 volunteer hours in 2020 and 2019, respectively, but these were not recognized in the financial statements because they did not meet the criteria for recognition under generally accepted accounting principles.

***Revenue Recognition***

Revenue from contracts with customers is composed of the following:

***Admissions***

Fees paid for admission to the Museum are paid in full upon purchase of the initial ticket and are recognized in revenue at the time the ticket is used to gain admission. Ticket prices are set annually. Fees paid in advance are deferred and recognized at the point in time when admission to the Museum is provided.

***Gift Shop and Food Service Operations***

Sales of merchandise, food, and beverages are recognized at the point of sale when the products are delivered to the customer.

***Memberships***

Memberships represent amounts paid up front by members to access the Museum over the 12-month membership period. Memberships are recognized over time using a straight-line method over the membership period. Unearned memberships are included in deferred revenue.

***Program Revenue***

The Museum provides various educational programs. Fees charged for the educational programs are deferred and recognized upon completion of the programs.

***Other Information***

Total contract liabilities related to contracts with customers as of January 1, 2020 and 2019 was \$203,290 and \$367,544, respectively. There were no accounts receivable as of January 1, 2020 and 2019.

Total revenue from contracts with customers for the years ended December 31, 2020 and 2019 was \$9,429,436 and \$25,809,057, respectively.

***Advertising Expense***

Advertising expense is charged to income during the year in which it is incurred. Advertising expense for 2020 and 2019 was \$1,401,417 and \$1,787,075, respectively.

***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. The Museum incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Museum also conducts a number of activities that benefit both its program objectives and its support services. Certain salary and benefits expenses are allocated on time and effort; occupancy expenses, including repairs and maintenance, depreciation, and utilities, are allocated using a combination of headcount and square footage; and other business expenses, including supplies, are allocated by usage. These costs, which are not specifically attributable to a specific program or support activity, are allocated by management on a consistent basis among program or support services benefited, based on either financial or nonfinancial data, such as headcount, square footage, or estimates of time and effort incurred by museum personnel.

**December 31, 2020 and 2019****Note 2 - Significant Accounting Policies (Continued)*****Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Income Taxes***

The Museum is exempt from federal income taxes on its exempt function income under the provisions of Internal Revenue Code Section 501(c)(3).

***Risks and Uncertainties***

In early March 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

In March 2020, the Museum had to close its facilities due to government stay-in-place orders. The Museum transitioned many of its employees to a remote working environment. In June 2020, the Museum was able to reopen on a limited basis. As of the date of this report, the Museum continues to remain open on the limited basis allowed by the City and County of Denver, Colorado. The closures and limited operations have resulted in decreased revenue streams during the year ended December 31, 2020. The Museum has reduced various expenditures in response to those decreased revenue streams. In order to provide additional cash flows, the Museum received a Paycheck Protection Program loan of \$5,087,357 from the Coronavirus Aid, Relief, and Economic Security (CARES) Act (see Note 13).

Due to the significant uncertainty surrounding the ongoing pandemic, the Museum's activities, cash flows, and financial condition could be negatively impacted in the future, the extent of which cannot be reasonably estimated at this time.

***Upcoming Accounting Pronouncement***

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The new guidance will be effective for the Museum's year ending December 31, 2022 and will be applied using the retrospective method.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including March 17, 2021, which is the date the financial statements were available to be issued.

# Denver Museum of Nature and Science

## Notes to Financial Statements

December 31, 2020 and 2019

### Note 3 - Liquidity and Availability of Resources

The following represents the Museum's financial assets as of December 31:

	2020	2019
Cash and cash equivalents	\$ 10,989,669	\$ 9,805,380
Short-term investments	5,016,870	7,397,608
Accounts receivable	3,215,699	3,662,202
Contributions receivable	9,746,677	10,770,091
 Financial assets - At year end	 28,968,915	 31,635,281
 Less amounts not available to be used within one year:		
Net assets with donor restrictions	10,327,385	13,262,442
Board-designated funds requiring board approval for expenditure	-	524,023
Less contributions receivable to be received within one year	(4,388,397)	(2,944,374)
Less the Foundation's endowment funds to be received within one year	(4,005,000)	(3,897,492)
 Financial assets available for general expenditures within one year	 \$ 27,034,927	 \$ 24,690,682

The Museum has a short-term investment policy authorized by the board of trustees that provides guidance and oversight for the management of cash and short-term investments. The policy provides that the Museum maintain an adequate liquidity for working capital purposes, which includes a requirement that the maximum investment maturity is one year from the date of purchase, the maximum average duration of 180 days on the investment portfolio, and a goal to have \$1,000,000 of cash or investments with one day of maturity on hand.

### Note 4 - Short-term Investments

The Museum holds its excess cash in a short-term investment portfolio, which is reflected at fair value and is invested as follows at December 31:

	2020	2019
Certificates of deposit	\$ 1,000,000	\$ 6,000,000
Money market funds	4,016,870	1,397,608
 Total short-term investments	 \$ 5,016,870	 \$ 7,397,608

Investment return for all investments, including those reflected as cash equivalents, is summarized as follows for the years ended December 31:

	2020	2019
Interest and dividend income	\$ 114,669	\$ 130,461
Net realized and unrealized (loss) gain	(8,603)	36,532
 Total investment return	 \$ 106,066	 \$ 166,993

# Denver Museum of Nature and Science

## Notes to Financial Statements

December 31, 2020 and 2019

### Note 4 - Short-term Investments (Continued)

The Museum's money market funds have been measured at fair value using Level 1 inputs. The certificate of deposits are not measured at fair value.

### Note 5 - Contributions Receivable

Contributions receivable consist of the following at December 31:

	2020	2019
Less than one year	\$ 4,388,397	\$ 2,944,374
One to five years	5,676,346	8,251,345
Less discount to net present value	318,066	425,628
 Total contributions receivable	 <u>\$ 9,746,677</u>	 <u>\$ 10,770,091</u>

Amounts due in the future have been discounted to their present values using discount rates ranging from 0.36 percent to 2.51 percent.

### Note 6 - Furniture and Equipment

Furniture and equipment are summarized as follows:

	2020	2019
Equipment	\$ 7,549,444	\$ 6,992,241
Computer hardware and software	7,645,989	7,314,078
Furniture	3,533,482	3,035,003
Vehicles	959,711	1,007,533
 Total cost	 19,688,626	18,348,855
Accumulated depreciation	16,497,072	15,209,267
 Net property and equipment	 <u>\$ 3,191,554</u>	 <u>\$ 3,139,588</u>

Depreciation expense for 2020 and 2019 was \$1,287,805 and \$1,101,297, respectively.

### Note 7 - Collections

The Museum's collections are made up of approximately 4.3 million objects of scientific and historical significance that are held for educational, research, scientific, and curatorial purposes. These items are cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to accession policies, including a policy that requires proceeds from their sales to be used to support the Museum's collections. These collections are not recognized as assets on the statement of financial position, as such purchases items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired.

# Denver Museum of Nature and Science

## Notes to Financial Statements

December 31, 2020 and 2019

### Note 8 - Net Assets

#### *Net Assets without Donor Restrictions*

The Museum's net assets without donor restrictions are composed of undesignated and board-designated amounts for the following purposes at December 31:

	2020	2019
Board-designated net assets	\$ -	\$ 524,023
Undesignated net assets	<u>10,825,056</u>	<u>17,476,394</u>
Total net assets without donor restrictions	<u><u>\$ 10,825,056</u></u>	<u><u>\$ 18,000,417</u></u>

#### *Net Assets with Donor Restrictions*

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	2020	2019
Specific purposes:		
Strategic initiatives	\$ 8,097,903	\$ 11,948,406
Educational programs	946,491	720,708
Exhibits and collections	1,002,527	444,206
Other projects and programs	280,464	149,122
Net assets held by DMNS Foundation	<u>125,983,822</u>	<u>124,411,835</u>
Total subject to purpose restrictions	136,311,207	137,674,277
Perpetual in nature held by DMNS Foundation	<u>9,169,590</u>	<u>9,049,337</u>
Total net assets with donor restrictions	<u><u>\$ 145,480,797</u></u>	<u><u>\$ 146,723,614</u></u>

### Note 9 - Transactions with the City

During the years ended December 31, 2020 and 2019, the City appropriated \$1,741,696 and \$1,267,770, respectively, for museum operations and fixed asset replacements. In addition, the City provides telephone and certain types of insurance to the Museum, which are valued at \$531,049 and \$243,158 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, the Museum had a receivable due from the City of \$443,748 for operational support, which is included in accounts receivable in the statement of financial position.

The Museum occupies and manages the museum building. This building is unique and has no clear alternative purpose, and, therefore, the fair value of the building is not determinable; accordingly, the Museum has not recorded the value of the use of the building in the accompanying financial statements. The Museum expenses the costs of any additions or improvements to the building because the City retains title to the building. For insurance purposes, the Museum, which includes all contents, has assigned a value of approximately \$172,500,000 to the building and contents.

#### *City Bond Financing*

In 2018, the Museum entered into a funding and assignment agreement with the City regarding voter approved general obligations bonds (Elevate Denver Bonds) issued by the City for the purpose of financing repairs and improvements to Denver cultural facilities. The Museum was approved to receive \$17,607,000 under the Elevate Denver Bond program to support critical deferred maintenance (the "Project"). Elevate Denver Bonds are the obligation of the City and, thus, are not reflected as a museum obligation. The Museum has elected to account for these funds as conditional grant funding. The Museum recognizes the funding into revenue as the eligible costs are incurred.

# Denver Museum of Nature and Science

## Notes to Financial Statements

December 31, 2020 and 2019

### Note 9 - Transactions with the City (Continued)

Under the terms of agreement, the Museum requests support through a quarterly draw process for the reimbursement of eligible costs incurred and an advance estimate for upcoming quarterly eligible project needs. Funding and execution of the deferred maintenance project began in 2018, and the Museum incurred costs totaling \$7,093,399 and \$7,966,821 during the years ended December 31, 2020 and 2019, respectively, that are eligible to be paid by the City's bond funds and have been recognized into revenue in the accompanying statement of activities and changes in net assets. As of December 31, 2020, the Museum had received advance bond proceeds of \$1,017,655. As of December 31, 2019, the Museum had a receivable due from the City totaling \$370,990, which is included in accounts receivable in the statement of financial position.

### Note 10 - Parking Structure Commitment

The Museum, the Denver Zoological Gardens (the "Zoo") and the City entered into a Memorandum of Understanding Agreement (the "Agreement") to expand the parking capacity in City Park. In connection with the Agreement, two parking structures were constructed, one adjacent to the Zoo and another adjacent to the Museum. The parking structures were completed in 2002 and 2003. The City financed the projects by issuing Certificates of Participation (COPs), under which the City is solely liable for repayment. The Museum raised \$2.5 million for the project. The Museum entered into an amended agreement with the City and agreed to provide, through October 2028, \$1.10 per ticket sold for admission to the Museum, IMAX Theater, or the Planetarium, to retire the City's obligation under the COPs. During the year ended December 31, 2020, the City refinanced the COPs and adjusted the Museum's future estimated maximum amounts. The Museum paid \$50,533 and \$606,375 to the City under the agreement in 2020 and 2019, respectively.

Total future estimated maximum amounts to the City by the Museum under the Agreement are as follows:

Years Ending	Amount
2021	\$ 156,024
2022	302,504
2023	811,700
2024	886,700
2025	786,700
Thereafter	2,245,245
Total	<u><u>\$ 5,188,873</u></u>

### Note 11 - Employee Benefit Plan

The Museum has a voluntary contributory deferred annuity plan for all employees. Employee contributions are matched by the Museum up to 5 percent compensation. Due to the COVID-19 pandemic, the match was paused from March 31, 2020 to December 31, 2020 and was resumed effective January 1, 2021. Museum contributions under the plan were \$244,580 and \$840,588 in 2020 and 2019, respectively.

### Note 12 - Letter of Credit

A bank has issued an irrevocable standby letter of credit totaling \$72,795 to the Colorado Department of Labor and Employment that expires on August 12, 2022. The letter of credit is to be used should the Museum default on any of its unemployment obligations as it is self-insured. No amounts have been drawn under this letter of credit as of December 31, 2020 and 2019.

## **Denver Museum of Nature and Science**

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## **Notes to Financial Statements**

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**December 31, 2020 and 2019**

### **Note 13 - Paycheck Protection Program Loan**

During the year ended December 31, 2020, the Museum received a Paycheck Protection Program (PPP) loan in the amount of \$5,087,357. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Museum may use the funds on qualifying expenses over a covered period of up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of two years with interest accruing at a rate of 1 percent, with monthly payments of principal and interest beginning 10 months after the conclusion of the covered period. Based on the loan amount, irrespective of any potential forgiveness that may be granted in the future, monthly principal payments would be approximately \$284,250 during the repayment period.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels. In addition, because the Museum's loan exceeds \$2 million, the SBA will review the Museum's loan file, which will include review of the Museum's eligibility for the program and the good-faith certification of the necessity of the loan.

The Museum has submitted a request for forgiveness of the entire loan balance; however, there can be no assurance given that any portion of the PPP loan will be forgiven. If the SBA determines the Museum was not initially eligible under the program or concludes that the Museum did not have an adequate basis for making the good-faith certification of the necessity of the loan at the time of application, the loan could become payable on demand. Furthermore, the SBA has the ability to review the Museum's loan file for a period subsequent to the date the loan is forgiven or repaid in full and could request additional documentation to support the Museum's initial eligibility for the loan and request for loan forgiveness. In the event the SBA subsequently determines the Museum did not meet the initial eligibility requirements for the PPP loan or did qualify for loan forgiveness, the Museum could be required to repay the PPP loan plus interest.

### **Note 14 - Scientific and Cultural Facilities District**

In November 1988, the voters of the Denver metropolitan area approved formation of a special tax district to support the scientific and cultural institutions within the district. Beginning in 1989, revenue for the district was generated through a sales tax and distributed to various institutions, including the Museum, in accordance with the provisions of the act. In 2016, the voters of the Denver metropolitan area extended the expiration date of the special tax district to June 30, 2028. As part of the SCFD renewal, the Museum has signed a memorandum of understanding with the SCFD to contribute \$150,000 annually, from 2018 to 2029, to support a fund for diversity and inclusion capacity and programming for Tier III organizations under the SCFD structure. The Museum made payments of \$150,000 during the years ended December 31, 2020 and 2019.

The Museum received \$9,488,655 and \$9,752,325 in SCFD support during the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, the Museum recorded a receivable of \$2,393,422 and \$2,432,399, respectively, representing the Museum's portion of the tax for the fourth quarter of the year that had been collected but not distributed by the district. Should a significant reduction in the level of this funding occur, it could affect the Museum's programs and activities.

### **Note 15 - DMNS Foundation**

The DMNS Foundation (the "Foundation") is a separate, tax-exempt Colorado nonprofit organization established in 1986 with the transfer to the Foundation of the Museum's endowment funds and certain other investments. The Foundation was formed for the purpose of, but not limited to, providing private financial support for the Museum and its programs so long as the Museum remains a tax-exempt entity and so long as its present contract with the City remains in effect.

**December 31, 2020 and 2019****Note 15 - DMNS Foundation (Continued)**

The Foundation is governed by its board of directors, and the Foundation owns and controls all funds within the Foundation, subject to any restrictions, imposed by donors, until such funds are distributed to the Museum by resolution of the Foundation's board.

The Museum, as a beneficiary organization of the Foundation, is required to report in its financial statements assets held for its benefit by the Foundation, and to adjust its interest in those assets for the changes in net assets held by the Foundation, notwithstanding that the Museum has no legal claim to those assets until the Foundation makes distributions to the Museum. At December 31, 2020 and 2019, Foundation total net assets were \$135,153,412 and \$133,461,172, respectively.

During the years ended December 31, 2020 and 2019, the Foundation made contributions of \$3,624,142 and \$3,752,737, respectively, to the Museum for program services, which is included in contributions from DMNS Foundation on the statement of activities and changes in net assets. Additionally, at December 31, 2020 and 2019, the Museum's financial statements reflect \$132,784 due to the Foundation and \$90,484 due from the Foundation, respectively. The due to/from between the Museum and the Foundation represents net distribution funds to be paid or refunded subsequent to year end. During the years ended December 31, 2020 and 2019, the Foundation paid the Museum \$200,000 for fundraising, financial reporting, and management services. The Foundation also has an agreement with the Museum to loan certain carvings for display at no cost through March 25, 2025.

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## Supplemental Information

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**Independent Auditor's Report on Supplemental Information**

To the Board of Trustees  
Denver Museum of Nature and Science

We have audited the financial statements of Denver Museum of Nature and Science as of and for the year ended December 31, 2020 and have issued our report thereon dated March 17, 2021, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the 2020 financial statements as a whole. The supplemental schedule of operating results is presented for the purpose 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 2020 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 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 2020 financial statements as a whole.



March 17, 2021

## Denver Museum of Nature and Science

### Supplemental Schedule of Operating Results

**Year Ended December 31, 2020**

	Museum Operations	Strategic Initiatives	Total
<b>Changes in Net Assets</b>			
Support and revenue:			
Admissions	\$ 5,069,858	\$ -	\$ 5,069,858
Gift shop and food service operations	1,611,817	-	1,611,817
Memberships	2,173,168	-	2,173,168
DMNS Foundation	3,602,203	21,939	3,624,142
Gifts and grants	6,175,494	3,203,333	9,378,827
Program revenue	308,952	-	308,952
Scientific and Cultural Facilities District support	9,488,655	-	9,488,655
City and County of Denver support	2,272,745	7,093,399	9,366,144
Investment return	106,066	-	106,066
Other	265,641	-	265,641
Total support and revenue	31,074,599	10,318,671	41,393,270
Expenditures:			
Program services:			
Museum, IMAX, and Planetarium	2,390,318	-	2,390,318
Gift shop and food service operations	3,049,328	-	3,049,328
Physical plant maintenance and acquisitions	6,388,834	-	6,388,834
Visitor experience	5,210,563	-	5,210,563
Education	3,678,513	-	3,678,513
Collections and research	4,448,740	-	4,448,740
Strategic initiatives	-	15,041,279	15,041,279
Total program services	25,166,296	15,041,279	40,207,575
Support services:			
General and administrative	6,057,483	-	6,057,483
Marketing	2,151,081	-	2,151,081
Fund raising	1,659,213	184,089	1,843,302
Membership	1,244,247	-	1,244,247
Total expenditures	36,278,320	15,225,368	51,503,688
<b>Change in Net Assets before Change in Net Assets Held by DMNS Foundation</b>			
	(5,203,721)	(4,906,697)	(10,110,418)
<b>Change in Net Assets Held by DMNS Foundation</b>	1,692,240	-	1,692,240
<b>Change in Net Assets</b>	(3,511,481)	(4,906,697)	(8,418,178)
<b>Net Assets - Beginning of year</b>	161,924,323	2,799,708	164,724,031
<b>Net Assets (Deficiency in Net Assets) - End of year</b>	<b>\$ 158,412,842</b>	<b>\$ (2,106,989)</b>	<b>\$ 156,305,853</b>