The Academy of Natural Sciences of Philadelphia

(A Pennsylvania not-for-profit corporation doing business as The Academy of Natural Sciences of Drexel University)

Financial Statements
For the Years Ended June 30, 2026 and 2025

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Report of Independent Auditors

To the Board of Trustees of Drexel University

Opinion

We have audited the accompanying financial statements of The Academy of Natural Sciences of Philadelphia (A Pennsylvania not-for-profit corporation dba The Academy of Natural Sciences of Drexel University) (the "Academy"), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Academy as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with the 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 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 Academy's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS 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

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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 US GAAS, 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 Academy'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 Academy'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.



Philadelphia, Pennsylvania
October 28, 2026

The Academy of Natural Sciences of Philadelphia
Statements of Financial Position
June 30, 2026 and 2025 (in thousands)

	2026	2025
Assets:		
Cash and cash equivalents		
Operating	$ 158	$ 203
Grants and other receivables	1,154	1,257
Contributions receivables, net	105	333
Beneficial interest in trusts	13,056	11,880
Investments, at fair value	83,861	78,653
Accrued retirement asset	-	1,817
Land, buildings and equipment, net	14,179	15,202
Operating lease right-of-use (ROU) asset	5	8
Other assets/Due from Drexel University	648	859
Total assets	$ 113,166	$ 110,212
Liabilities:		
Accounts payable	$ 411	$ 378
Accrued liabilities	690	666
Deferred revenue	999	677
Line of credit - Drexel University	602	2,408
Operating lease liability	5	4
Total liabilities	2,707	4,133
Net Assets:		
Without donor restrictions	8,495	9,826
With donor restrictions	101,964	96,253
Total net assets	110,459	106,079
Total liabilities and net assets	$ 113,166	$ 110,212

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

The Academy of Natural Sciences of Philadelphia
Statement of Activities
For the Year Ended June 30, 2026 (in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating			
Revenues and releases:			
Grants and contracts	$ 1,807	1,041	$ 2,848
Contributions	1,038	1,059	2,097
Allocation of endowment spending from financial capital	728	3,597	4,325
Investment Income, net	499	19	518
Auxiliary Enterprises	1,686	-	1,686
Other income	7,542	10	7,552
Total revenues	13,300	5,726	19,026
Net assets released from restrictions	6,505	(6,505)	-
Total revenues and releases	19,805	(779)	19,026
Expenses:			
Salaries and wages	7,525	-	7,525
Employee benefits	2,772	-	2,772
Depreciation and amortization	1,287	-	1,287
Interest	7	-	7
Other operating expenses	8,141	-	8,141
Total expenses	19,732	-	19,732
Increase/(decrease) in net assets from operating activities	73	(779)	(706)
Non-operating			
Contributions - Endowment and other gifts	-	27	27
Realized/unrealized net gain on investments, net of endowment payout and expenses	128	6,463	6,591
Change in funded status of defined benefit plan	(1,532)	-	(1,532)
(Decrease)/increase in net assets from non-operating activities	(1,404)	6,490	5,086
Total (decrease)/increase in net assets	(1,331)	5,711	4,380
Net assets, beginning of year	9,826	96,253	106,079
Net assets, end of year	$ 8,495	$ 101,964	$ 110,459

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

The Academy of Natural Sciences of Philadelphia
Statement of Activities
For the Year Ended June 30, 2025 (in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating			
Revenues and releases:			
Grants and contracts	$ 2,033	$ 1,792	$ 3,825
Contributions	1,073	1,861	2,934
Allocation of endowment spending from financial capital	720	3,501	4,221
Investment Income, net	479	26	505
Auxiliary Enterprises	2,037	-	2,037
Other income	8,879	1	8,880
Total revenues	15,221	7,181	22,402
Net assets released from restrictions	8,270	(8,270)	-
Total revenues and releases	23,491	(1,089)	22,402
Expenses:			
Salaries and wages	9,163	-	9,163
Employee benefits	2,762	-	2,762
Depreciation and amortization	1,272	-	1,272
Interest	38	-	38
Other operating expenses	9,772	-	9,772
Total expenses	23,007	-	23,007
Increase/(decrease) in net assets from operating activitie	484	(1,089)	(605)
Non-operating			
Contributions - Endowment and other gifts	-	741	741
Realized/unrealized net gain on investments, net of endowment payout and expenses	49	3,720	3,769
Change in funded status of defined benefit plan	707	-	707
Increase in net assets from non-operating activities	756	4,461	5,217
Total increase in net assets	1,240	3,372	4,612
Net assets, beginning of year	8,586	92,881	101,467
Net assets, end of year	$ 9,826	$ 96,253	$ 106,079

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

The Academy of Natural Sciences of Philadelphia
Statements of Cash Flows
For the Years Ended June 30, 2026 and 2025

	2026	2025
Operating activities:		
Increase in net assets	$ 4,380	$ 4,612
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation and amortization	1,287	1,272
Change in market value in beneficial interests in trusts	(1,176)	(339)
Contributions restricted for long-term investment	(24)	(727)
Non-cash contributions received	(43)	(43)
Proceeds from sales of donated securities	43	42
Actuarial change on annuity liabilities	2	2
Realized/unrealized gain on investments	(10,220)	(8,135)
Changes in operating assets and liabilities		
Grants and other receivables	103	153
Contributions receivable	222	522
Other assets	215	885
Accounts payable and accrued liabilities	29	(117)
Accrued retirement obligations	1,817	(1,057)
Deferred revenue	322	(278)
Net cash used in operating activities	(3,043)	(3,208)
Investing activities:		
Purchase of investments	(7,699)	(11,756)
Proceeds from sales and maturities of investments	12,712	15,537
Purchase of buildings and equipment	(239)	(221)
Net cash provided by investing activities	4,774	3,560
Financing activities:		
Contributions restricted for endowments	24	727
Proceeds from sales of donated securities	5	3
Repayments from short-term debt from Drexel University	(1,805)	(1,092)
Net cash used in financing activities	(1,776)	(362)
Net decrease in cash and cash equivalents	(45)	(10)
Cash and cash equivalents, beginning of year	203	213
Cash and cash equivalents, end of year	$ 158	$ 203
Supplemental information		
Donated securities	$ 43	$ 43
Cash paid for interest	7	38

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

1. Nature of Organization and Summary of Significant Accounting Policies

The Academy of Natural Sciences of Philadelphia (the "Academy") is a not-for-profit organization that has been granted tax-exempt status under Section 501 (c)(3) of the Internal Revenue Code. The Academy was founded in 1812. Pursuant to an affiliation agreement dated September 30, 2011, the Academy became a non-profit subsidiary of Drexel University ("Drexel"). The Academy is dedicated to encouraging and cultivating the sciences and advancing learning. The Academy operates a public museum in Philadelphia and conducts systematic research and research in aquatic ecosystems, including integrating such research with education regarding biodiversity and environmental science in collaboration with Drexel and its students.

Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and with the provision of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 958, *Not-for-Profit Entities*, which requires the Academy to classify its net assets into two categories according to donor-imposed restrictions; net assets without donor imposed restrictions and net assets with donor imposed restrictions.

Net Assets without Donor Restrictions – Net assets derived from Academy activities that are not subject to explicit donor-imposed restrictions. Net assets without donor restrictions include board designated funds functioning as endowment funds.

Net Assets with Donor Restrictions - Net assets which are subject to explicit donor-imposed restrictions on the expenditure of contributions or income and gains on contributed assets, net assets from endowments not yet appropriated for spending by the Academy. In some cases, donor restrictions can be fulfilled by actions of the Academy in accordance with those stipulations or by the passage of time. In other cases, some restrictions, such as endowed funds, are permanent, and typically, the donors of these assets permit the Academy to use all or part of the income earned on these assets for operations. Restrictions include support of specific departments of the Academy, research, scholarships, and fellowships, building construction and other purposes. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Measure of Operations

The Academy's measure of operations as presented in the statements of activities includes revenue from grants and contracts, contributions for operating programs, the allocation of endowment spending for operations, museum admissions, membership dues, and other revenues. Operating expenses are reported on the statements of activities by natural classification.

Liquidity and Availability

The Academy's financial assets available within one year of the balance sheet date for general expenditure less non-financial assets and financial assets not available within one year as of June 30, 2026 and 2025 are as follows:

(in thousands)	2026	2025
Total assets at year-end	$ 113,166	$ 110,212
Less non-financial and financial assets not available within one year:		
Contributions receivable with donor restrictions	105	333
Beneficial Interests in trusts	13,056	11,880
Investments	83,861	78,653
Accrued retirement asset	-	1,817
Land, buildings and equipment, net	14,179	15,202
Operating lease right-of-use (ROU) asset	5	8
Other assets	648	859
Financial assets available at year-end for current use	$ 1,312	$ 1,460

As of June 30, 2026, the Academy has $1,312,000 of financial assets that are available within one year of the balance sheet date to meet cash needs for general expenditure. In addition to these available financial assets, a significant portion of the Academy's annual expenditures will be funded by current year operating revenues including museum admissions, membership dues, grant and contract income, and support from Drexel. The Academy structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

The Academy's investments consist of donor-restricted and board-designated endowment funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 6, for fiscal year 2026 and 2025, the Board of Trustees approved a current distribution of 7.00% of the fair market value of the pooled endowment assets for the prior seven years. Under the approved spending rules, the Academy received an allocation of $4,325,000 and $4,221,000 in fiscal years 2026 and 2025, respectively. The endowment portfolio structures cash to be available for the endowment spend and to fulfill capital calls for alternative investments.

To help manage unanticipated liquidity needs, the Academy has a line of credit with Drexel in the amount of $5,000,000, which it could draw upon. At June 30, 2026, the Academy had drawn $602,000 on the line of credit. Additionally, the Academy has a board-designated endowment of $1,807,000 as of June 30, 2026. Although the Academy does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary. The board-designated endowment funds contain certain investments with lock-up provisions that reduce the total investments that could be made available.

Cash and Cash Equivalents
Cash and cash equivalents represent demand deposits and other investments with an initial maturity date not exceeding 90 days. At June 30, 2026, and 2025, the Academy had cash balances in financial institutions, which exceed federal depository insurance limits. Management believes the credit risks related to these deposits to be minimal. Cash and cash equivalents are carried at cost, which approximates fair value. All money market funds that are held in endowment are considered investments by the Academy.

Contributions Receivable
Contributions and unconditional pledges are recorded at the present value of their expected future cash flows. Unconditional pledges that are expected to be collected within one year are recorded at their estimated net realizable value. Conditional pledges are not included as revenue until the conditions, which represent barriers that must be overcome before the Academy is entitled to the assets transferred, are fulfilled. Contributions are reported as an increase in the appropriate net asset category.

Beneficial Interests in Trusts
The Academy is the beneficiary of the income of certain trusts but has neither possession nor control of the investments. Beneficial interests in trusts are classified as Level 3. (See Note 5 for investment level definitions). The trusts are recorded at fair value based on the interest in the trust as determined by the trustee based on the underlying securities held by the trusts and are primarily composed of equity and fixed income securities that have readily determinable values. The primary unobservable inputs used in the fair value measurement of the trusts are the present value of expected future cash flows. Significant fluctuation in the securities held in the trusts could result in a material change in fair value. The Academy is also party to certain split-interest agreements. The related liabilities to these arrangements are revalued annually based on the current interest rate tables from the Society of Actuaries and are categorized as Level 3.

Fair Value of Financial Instruments
The Academy applies fair value measurements in the year of receipt to contributions receivable, beneficial interests in trusts, endowment investments and annuities on an annual basis.

Contributions
All contributions received are available for unrestricted use unless specifically restricted by the donor. Amounts to be received in the future or that are designated for future periods or restricted by the donor for specific purposes are classified as such. Contributions having restrictions that are general purpose in nature are released in the year of the donation.

Contributions may consist of cash and other financial assets, as well as contributed non-financial assets. Contributed non-financial assets include donated property and equipment, supplies, services, and other nonfinancial assets. Contributed nonfinancial assets are recognized at fair value as of the date of donation. If the donor restricts how long a contributed nonfinancial asset must be used or how the asset is used, the contribution is recorded as with donor restrictions. In the absence of donor stipulations, such contributions are recorded without donor restrictions.

Non-operating Activities
Non-operating activities include contributions to the Academy's endowment, investment returns, gains and losses on investments, other activities related to endowment, and defined benefit pension plan adjustments.

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

Income Taxes
The Academy has been granted tax exempt status as a non-profit organization under Section 501 (c)(3) of the Internal Revenue Code, and accordingly files Federal Tax Form 990 (*Return of Organization Exempt from Income Tax*), annually.

The Academy has from time to time reported unrelated business income from investments held in the endowment fund when unrelated business income has been reported by the investment manager on Schedule K-1. The statute of limitations on the Academy's U.S. federal informational returns remains open for three years following the year they are filed.

The FASB issued ASC No. 740-10, *Accounting for Uncertainty in Income Taxes,* which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. The Academy does not believe there are any uncertain tax positions that would require recognition in the financial statements.

Recently Adopted Accounting Pronouncements
In June 2022, the FASB issued ASU No. 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The ASU clarifies that contractual restrictions on the sale of equity securities should not be considered part of the unit of account of such securities and, therefore, should not be considered in fair value measurements. ASU No. 2022-03 is effective for fiscal years beginning after Dec. 15, 2024, with early adoption permitted. The Academy has adopted the standard effective July 1, 2024. The adoption of this guidance did not have a material impact on its financial statements.

In March 2023, the FASB issued ASU No. 2023-02, *Investments – Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (a Consensus of the Emerging Issues Task Force)*. The ASU expands use of the proportional amortization method of accounting to equity investments in tax credit programs beyond those in low-income-housing tax credit (LIHTC) programs. ASU 2023-02 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Academy adopted the standard effective July 1, 2025. The adoption of this guidance did not have a material impact on its financial statements.

Recently Issued Accounting Pronouncements
In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments require enhanced disclosures about income taxes, including consistent categories and disaggregation of information in the rate reconciliation and expanded disclosures regarding income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Academy is currently evaluating the guidance to determine the potential impact on its financial statements.

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The amendments provide a practical expedient that allows entities, when estimating expected credit losses for certain current accounts receivable and current contract assets, to assume that current conditions as of the balance sheet date will remain unchanged for the remaining life of the asset. The amendments also provide an accounting policy election for entities other than public business entities that elect the practical expedient to consider subsequent collection activity when estimating expected credit losses. ASU 2025-05 is effective for interim and annual periods beginning after December 15, 2025, with early adoption permitted. The Academy is currently evaluating the guidance to determine the potential impact on its financial statements.

2. Grants and Other Receivables

Grants receivable represent invoices billed to the grantor for services provided under the terms of the grant agreements which have not yet been collected as of June 30, 2026 and 2025. Grant receivables are written off against the allowance for doubtful accounts when they are determined to be uncollectible based upon management's assessment. The allowance for doubtful accounts is estimated based on the Academy's historical losses and periodic review of the accounts.

(in thousands)	2026	2025
Grants and other receivables	1,190	$ 1,293
Allowance for doubtful accounts	(36)	(36)
Grants and other receivables	$ 1,154	$ 1,257

3. Contributions Receivable

Unconditional pledges are reported as contributions receivable and revenue in the appropriate net asset category. Contributions receivable with a payment due more than a year from the pledge date are recorded net of a discount using rates as of June 30, 2026 and June 30, 2025 that range between 4.14% to 4.44% and 3.72% to 4.24%, respectively. The Academy considers these discount rates to be a Level 3 input in the context of ASC 820-10 (Note 5).

When the conditional barriers are overcome and the donor's right of return has expired, the revenue is recorded and is generally restricted for operations, endowment and capital projects as stipulated by the donors. The Academy has conditional contributions receivable of $50,000 for each of the fiscal years ended June 30, 2026 and 2025.

Net contributions receivable at June 30 were as follows:

(in thousands)	2026	2025
Amounts due in		
Less than one year	$ 191	$ 342
Gross contributions receivable	191	342
Less:		
Allowance for uncollectibles	(86)	(9)
Total contributions receivable, net	$ 105	$ 333

4. Investments and Investment Return

At June 30, 2026 and 2025, the fair value of investments included the following:

	Fair value	
(in thousands)	2026	2025
Money market funds	$ 6,684	$ 4,085
U.S. equity	14,358	13,604
Global equity	11,862	13,522
Fixed income securities and bond funds	13,439	10,245
Real estate and real assets funds	11,424	9,169
Hedge funds	4,383	4,178
Private equity	21,711	23,850
Total investments	$ 83,861	$ 78,653

The following summarizes the Academy's total investment return and its classification in the financial statements for the year ended June 30, 2026 and 2025:

(in thousands)	2026 Without Donor Restrictions	2026 With Donor Restrictions	2026 Total
Investment income, net of expenses	$ 25	$ 1,035	$ 1,060
Realized/unrealized gain	831	9,025	9,856
Endowment payout under spending formula	(728)	(3,597)	(4,325)
Realized/unrealized gain on investments, net of endowment payout	128	6,463	6,591
Operating investment income	499	19	518
Total return on investments	$ 627	$ 6,482	$ 7,109

(in thousands)	2025 Without Donor Restrictions	2025 With Donor Restrictions	2025 Total
Investment income, net of expenses	$ 22	$ 1,475	$ 1,497
Realized/unrealized gain	747	5,746	6,493
Endowment payout under spending formula	(720)	(3,501)	(4,221)
Realized/unrealized gain on investments, net of endowment payout	49	3,720	3,769
Operating investment income	479	26	505
Total return on investments	$ 528	$ 3,746	$ 4,274

5. Fair Value of Financial Instruments

The three-level hierarchy for fair value measurements is based on observable and unobservable inputs to the valuation of an asset or liability at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants ("exit price") at the measurement date.

The Academy maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. When available, fair value is based on actively quoted market prices. In the absence of actively quoted market prices, price information from external sources, including broker quotes and industry publications, is used. If pricing information from external sources is not available, or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value. In those cases,

prices are estimated based on available historical financial data or comparable investment vehicles that reflect widely accepted market valuation practices.

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. In those cases, the lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the asset. Fair value measurements are categorized as Level 3 when a significant number of price or other inputs, considered to be unobservable, are used in their valuations. The fair value hierarchy and inputs to valuation techniques are as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets and liabilities at the measurement date. Instruments categorized in Level 1 primarily consist of a broadly traded range of equity and debt securities.
Level 2	Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived from observable market data by correlation or other means.
Level 3	Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability. Instruments categorized in Level 3 primarily consist of trusts and annuities.

As a practical expedient, the Academy estimates the fair value of an investment in an investment company fund at the measurement date using the reported net asset value (NAV). The fair values of alternative investments represent the Academy's ownership interest in the net asset value (NAV) of the respective fund. Investments held by the funds consist of marketable securities as well as securities that do not have readily determinable fair values. The fair values of the securities held by these funds that do not have readily determinable fair values are based on historical cost, appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issue, and subsequent developments concerning the companies to which the securities relate.

The significant unobservable inputs used in the fair value measurements of the Academy's investments in real estate are the selection of certain investment rates (discount rate, terminal capitalization rate, and overall capitalization rate). Significant increases or decreases in any of those inputs in isolation would result in a significantly lower or higher fair value measurement, respectively.

As of June 30, 2026, and 2025, assets and liabilities at fair value were as follows:

	2026				
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Investments at NAV**	**Total**
Assets					
Beneficial interest in trusts	$ -	$ -	$ 13,056	$ -	$ 13,056
Investments					
Money market funds	6,684	-	-	-	6,684
U.S. Equity	13,112	-	-	1,246	14,358
Global Equity	7,152	-	-	4,710	11,862
Fixed Income securities and bond funds	8,705	-	-	4,734	13,439
Real estate and real assets funds	-	-	-	11,424	11,424
Hedge funds	3,394	-	-	989	4,383
Private Equity	-	-	-	21,711	21,711
Total investments	39,047	-	-	44,814	83,861
Total assets at fair value	$ 39,047	$ -	$ 13,056	$ 44,814	$ 96,917
Liabilities					
Split-interest agreements	$ -	$ -	$ 184	$ -	$ 184
Annuities	-	-	37	-	37
Total liabilities at fair value	$ -	$ -	$ 221	$ -	$ 221

	2025				
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Investments at NAV**	**Total**
Assets					
Beneficial interest in trusts	$ -	$ -	$ 11,880	$ -	$ 11,880
Investments					
Money market funds	4,085	-	-	-	4,085
U.S. Equity	11,997	-	-	1,607	13,604
Global Equity	8,402	-	-	5,120	13,522
Fixed Income securities and bond funds	8,711	-	-	1,534	10,245
Real estate and real assets funds	-	-	-	9,169	9,169
Hedge funds	3,168	-	-	1,010	4,178
Private Equity	-	-	-	23,850	23,850
Total investments	36,363	-		42,290	78,653
Total assets at fair value	$ 36,363		$ 11,880	$ 42,290	$ 90,533
Liabilities					
Split-interest agreements	$ -	$ -	$ 174	$ -	$ 174
Annuities	-	-	44	-	44
Total liabilities at fair value	$ -	$ -	$ 218	$ -	$ 218

Details related to the fair value of investments that have been estimated using a net asset value practical equivalent (e.g., ownership interest in partners' capital to which a proportionate share of net assets is attributable) were as follows:

			2026	
(in thousands)	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (If Applicable)
Hedge Funds:				
Multi-Strategy Hedge Funds (a)	$ 1	$ -		
Real Estate Hedge Funds (b)	988	-	Quarterly	60 days
Subtotal Hedge Funds	989	-		
Private Equity:				
Private Capital Funds-Secondaries (c)	114	229		
Private Capital Funds-Buy-out (d)	11,367	2,647		
Private Capital Funds-Debt (e)	1,539	963		
Private Capital Funds-Real Asset Funds (f)	6,935	3,834		
Private Capital Funds-Real Estate Funds (g)	1,756	724		
Subtotal Private Equity	21,711	8,397	Close-ended funds not available for redemption	
US Equity (h)	1,246	-		
Global Equity (h)	4,710	-		
Fixed Income Securities and Bond Funds (h)	4,734	-		
Real Estate and Real Assets Funds (h)	11,424	-		
	$ 44,814	$ 8,397		

a. This category invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. As of June 30, 2026, the composite portfolio includes 100% in private equity investments which cannot be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets in the portfolio. If these investments were held, it is estimated that the underlying assets would be liquidated over the next 1 to 4 years. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.

b. This category includes investment in hedge funds that invest in diversified U.S. real estate properties. As of June 30, 2026, the composite portfolio includes 100% in private equity investments which cannot be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets in the portfolio. If these investments were held, it is estimated that the underlying assets would be liquidated over the next 1 to 4 years. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.

c. This category includes investments in private equity funds that invest in the private equity secondary market. The private equity secondary market refers to the buying and selling of pre-existing investor commitments to private equity and other alternative investment funds. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. It is estimated that 100% of the underlying assets will be liquidated over 1 to 4 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.

d. This category includes investments in private equity funds that invest in buyouts. A buy-out is a purchase of a company or a controlling interest in a corporation's shares or product line of some business. These investments are primarily diversified across asset classes, and are primarily in the U.S. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. It is estimated that 86% of the underlying assets of the fund will be liquidated over 1 to 4 years, and 14% over 5 to 7 years. The fair value has been estimated using the net asset value per share of the private capital fund.

e. This category includes investments in private equity funds that provide debt financing to middle market firms. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. It is estimated that 50% of the underlying assets of the fund will be liquidated over 1 to 4 years, and 50% in 5 to 7 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.

f. This category includes investments in private equity funds that invest primarily in real assets (e.g. investments with intrinsic value, such as real estate or commodities). These investments can never be redeemed. Instead, distributions are received through the liquidation of the underlying assets of the fund. It is estimated that 41% of the underlying assets of the fund will be liquidated over approximately 1 to 4 years, 35% over 5 to 7 years, and 24% over 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.

g. This category includes investments in private equity funds that invest in U.S. commercial real estate, and a broad range of mortgage-related investments. These investments can never be redeemed. Instead, distributions are received through the liquidation of the underlying assets of the fund. It is estimated that 57% of the underlying assets of the fund will be liquidated over approximately 1 to 4 years, and 43% over 5 to 7 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.

h. This category includes investments in U.S. equity, global equity, fixed income securities and bond funds, and real estate and real assets funds. Investments in this category reflect the fair value of the specific assets or the underlying ventures' net assets. The valuations of these investments are the net asset values prepared by fund managers. The majority of these investments are commingled funds.

6. Endowment Funds

The Academy has an investment policy for endowment assets designed to maximize the total return within an acceptable level of risk consistent with long-term preservation of the real value of the funds. The goal is to manage the portfolio for risk as well as total return, consistent with fiduciary standards of the prudent investor rule.

To satisfy its rate-of-return objectives, the Academy relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Endowment assets are invested in several asset classes and subclasses thereof to moderate the volatility of the returns for the entire portfolio.

For the years ended June 30, 2026, and 2025, the Academy had an endowment spending rule that limited the spending of endowment resources to 7.00% of the average fair value of the pooled endowment portfolio for the prior seven fiscal years. This rule was applied except in cases where the spending rate had been stipulated by the donor (typically 5.00%).

The Academy's endowment funds include both donor-restricted funds and funds designated by the Board of Trustees to function as endowments (quasi endowments). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The earnings on these funds are utilized by the Academy in a manner consistent with specific donor restrictions on the original contributions.

Interpretation of Relevant Law

The Board of Trustees has interpreted Pennsylvania Act 141 ("PA Act 141") as requiring the preservation of the fair value of the original gift as specified in the individual trust instruments. Because of this interpretation, the Academy internally classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) earnings of the endowment made in accordance with the direction of the applicable donor designation. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by PA Act 141. Both permanently restricted and temporarily restricted net assets are considered net assets with donor restrictions as per the applicable accounting standards.

Endowment Funds with Deficiencies

From time to time, the fair value of some assets associated with individual donor-restricted endowment funds may fall below the level that donors require to be retained as a perpetual fund. The aggregate amount of funds with deficiencies is reported in net assets with donor restrictions in the Statement of Activities. Subsequent investment gains will be used to restore the balance to the fair market value of the original amount of the gift. Aggregate deficiencies were $31,000 and $99,000 as of June 30, 2026 and 2025, respectively. The original gift amount and the fair value of the underwater endowment funds in the aggregate

were $1,334,000 and $1,303,000 as of June 30, 2026 and $1,344,000 and $1,245,000 as of June 30, 2025, respectively.

The net asset balances for the endowment composition by fund as of June 30, 2026 and 2025 were as follows:

(in thousands)	2026 Without Donor Restrictions	2026 With Donor Restrictions	2026 Total
Donor-restricted endowment funds	$ -	$ 81,884	$ 81,884
Board-designated endowment funds	1,807	-	1,807
Total assets	$ 1,807	$ 81,884	$ 83,691

(in thousands)	2025 Without Donor Restrictions	2025 With Donor Restrictions	2025 Total
Donor-restricted endowment funds	$ -	$ 76,573	$ 76,573
Board-designated endowment funds	1,679	-	1,679
Total assets	$ 1,679	$ 76,573	$ 78,252

Changes in the Academy's endowment assets (excluding annuities and trusts) for the years ended June 30, 2026 and 2025 were as follows:

(in thousands)	2026 Without Donor Restrictions	2026 With Donor Restrictions	2026 Total
Endowment at beginning of year	$ 1,679	$ 76,573	$ 78,252
Endowment return:			
Investment income, net of fees	25	1,035	1,060
Net realized/unrealized gain	202	8,474	8,676
Total endowment return	227	9,509	9,736
Contributions	-	29	29
Use of endowment assets:			
Endowment payout used in operations	(101)	(4,225)	(4,326)
Other	2	(2)	-
Total uses of endowment assets	(99)	(4,227)	(4,326)
Endowment at end of year	$ 1,807	$ 81,884	$ 83,691

(in thousands)	2025 Without Donor Restrictions	2025 With Donor Restrictions	2025 Total
Endowment at beginning of year	$ 1,629	$ 72,466	$ 74,095
Endowment return:			
Investment income, net of fees	22	1,475	1,497
Net realized/unrealized gain	89	6,062	6,151
Total endowment return	111	7,537	7,648
Contributions	-	730	730
Use of endowment assets:			
Endowment payout used in operations	(61)	(4,160)	(4,221)
Total uses of endowment assets	(61)	(4,160)	(4,221)
Endowment at end of year	$ 1,679	$ 76,573	$ 78,252

7. Land, Buildings and Equipment

Land, buildings, and equipment are stated at cost or, if acquired by gift, at the appraised value on the date of acquisition. Amortization and depreciation are computed on a straight-line basis over the lesser of the estimated useful lives of the assets ranging from 3 to 30 years for equipment, 3 to 5 years for software, and 5 to 60 years for building and improvements.

The Academy determined that there were legal obligations to retire certain facilities and equipment. The total asset retirement cost and obligation was $16,239 and $33,392 at June 30, 2026 and $7,917 and $16,641 at June 30, 2025, respectively, and is included in building and improvements and accrued expenses on the Statements of Financial Position. The accretion and depreciation expense amounted to $8,428 and $5,440 at June 30, 2026 and $792 and ($372) at June 30, 2025, respectively.

Land, buildings, and equipment at June 30 included the following:

(in thousands)	2026	2025
Land and improvements	$ 34	$ 34
Buildings and improvements	26,033	25,954
Equipment, software and library books	6,216	6,411
Land, buildings, and equipment, gross	32,283	32,399
Less: Accumulated depreciation	(18,104)	(17,197)
Land, buildings, and equipment, net	$ 14,179	$ 15,202

Depreciation and amortization expenses for the years ended June 30, 2026 and 2025 were $1,287,000 and $1,272,000, respectively.

8. Leases

In February 2016, the FASB issued ASU 2016-02 (Topic 842) “Leases.” Under Topic 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. Leases can be classified as either finance or operating.

The Academy adopted and applied Topic 842 to all leases effective July 1, 2019. The Academy has elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. The Academy has also elected the policy exemption that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes.

The Academy determines if an arrangement is or contains a lease at inception of the contract. The right-of-use assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Academy uses the implicit rate noted within the contract. If not readily available, the Academy uses the

estimated incremental borrowing rate, which is derived using a collateralized borrowing rate and term as the associated lease. A right-of-use asset and lease liability is not recognized for the leases with an initial term of 12 months or less and a lease expense is recognized for these leases on a straight-line basis over the lease term within lease and rental expense.

The components of lease expense for the fiscal year ended June 30, 2026 and 2025 are as follows:

(in thousands)	**2026**	**2025**
Lease Expense		
Operating lease expense	1	2
Total	1	2
Other Information		
Cash paid for amounts included in the measurement of lease liabilities for finance leases		
Operating - Operating cash flows	(2)	5
ROU assets obtained in the exchange for lease liabilities		
Operating leases	(2)	-
Weighted-average remaining lease terms (in years)		
Operating leases	3.00	3.97
Weighted-average discount rate		
Operating leases	2.86%	2.86%

Maturities of lease liabilities as of June 30, 2026 were as follows:

Maturity Analysis	**Operating**	**Operating**
07/01/2026 - 06/30/2027	2	-
07/01/2027 - 06/30/2028	2	-
07/01/2028 - 06/30/2029	1	-
07/01/2029 - 06/30/2030	-	
07/01/2030 - 06/30/2031	-	-
Thereafter	-	-
Total	**5**	**-**
Less: present value discount	-	-
Lease liability	**5**	**-**

9. Collections

Collections acquired through purchases and contributions 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 or net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements.
The Academy's collections are made up of library holdings, scientific specimens, minerals, gems, exhibits, and art objects that are held for educational research, scientific, and

curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

Proceeds from the sale of collection materials must be returned to the department from which the material was taken, or the overall unit for the specimen collections, and used only for the acquisition for new material or upgrading the conditions of existing collections thereby ensuring that each specimen or object in the permanent collection is given proper care to protect it from loss, breakage, or deterioration. Direct care is defined as the preventive conservation procedures the Academy has in place to minimize chemical, physical, and biological degradation to ensure long-term preservation of the collections.

10. Retirement Plans

Defined Contribution Plans

The Academy participates in the Drexel University Defined Contribution Retirement Plan ("DU DC") effective January 1, 2016. Drexel University is the DU DC administrator. The Drexel University Defined Contribution Retirement Plan has been administered by TIAA-CREF as the single record keeper, trustee, and custodian. The University contribution rates, eligibility and vesting requirements remained the same.

Drexel University suspended the 403(b) employer contributions to employee retirement plans for the calendar year 2025. The suspension was part of a multi-year plan to build financial resilience. Effective January 1, 2026, the Drexel University fully restored the employer contribution to the 403(b) retirement plan.

Defined Benefit Plan

The Academy offered participation in a defined benefit pension plan ("DB Plan") which covered all full-time employees with a minimum of one year of service. The Board of Trustees approved freezing the DB Plan effective December 31, 2009, replacing it with the DU DC Plan for all eligible Academy employees effective January 1, 2016.

The Academy also maintained a defined benefit pension plan that was frozen by the ANS Board of Trustees effective December 31, 2009, prior to the affiliation with Drexel University on September 30, 2011. In September and October 2025, the ANS and Drexel University Boards of Trustees, respectively, approved the termination of the plan through a standard plan termination process, effective February 28, 2026. The plan termination was completed during fiscal year 2026.

The assumptions for the pension liabilities, the accumulated benefit obligation, change in projected benefit obligation, and change in plan assets for the defined benefit plan are noted as follows:

(in thousands)		**2026**		**2025**
Weighted average assumptions as of June 30				
Discount rate		5.60 %		5.60 %
Expected return on plan assets		5.70 %		5.70 %
Accumulated benefit obligation				
Accumulated benefit obligation at June 30	$	-	$	14,699
Change projected in benefit obligation				
Net benefit obligation at June 30	$	14,699	$	15,256
Service costs		200		200
Interest costs		786		817
Actuarial loss / (gain)		1,205		(90)
Gross benefits paid and settlement		(16,890)		(1,484)
Net benefit obligation at June 30	$	-	$	14,699

(in thousands)		**2026**		**2025**
Change in plan assets				
Fair value of plan assets at beginning of year	$	16,516	$	16,016
Actual return on plan assets		662		1,434
Employer contributions		(288)		550
Gross benefits paid and settlement		(16,890)		(1,484)
Fair value of plan assets at June 30	$	-	$	16,516

Fair value of plan assets	$	-	$	16,516
Benefit obligation		-		14,699
Net amount recognized at June 30*	$	-	$	1,817

* These amounts are recognized in the financial statements in the “Accrued retirement obligations” financial statement line item.

The components of net periodic benefit cost are noted below:

(in thousands)	2026	2025
Weighted average assumptions used to determine net periodic benefit costs		
Discount rate	5.60 %	5.60 %
Expected return on plan assets	5.70 %	6.00 %
Components of net periodic benefit costs		
Service costs	$ 200	$ 200
Interest costs	786	817
Expected return on assets	(909)	(943)
Amortization of actuarial loss / (gain)	1,452	(581)
Net periodic benefit cost	$ 1,529	$ (507)

During fiscal year 2026, the ANS defined benefit pension plan was terminated, and all remaining benefit obligations were settled. As a result, there were no projected benefit obligations, accumulated benefit obligations, or plan assets remaining as of June 30, 2026. The projected benefit obligation and accumulated benefit obligation were $0 at June 30, 2026 and $14,699,000 at June 30, 2025. The fair value of plan assets was $0 at June 30, 2026 and $16,516,000 at June 30, 2025.

As of June 30, 2026, approximately $339,000 in surplus assets remained in the pension trust and awaited reversion to the Academy. The Academy recognized a $339,000 receivable for the surplus assets and an associated excise tax liability of $169,000 related to the anticipated reversion. The net impact of approximately $170,000 was recognized within non-operating activities in the Consolidated Statement of Activities.

Plan Assets
The ANS pension plan had no plan assets as of June 30, 2026 as a result of the termination of the plan. The weighted-average allocation of plan assets as of June 30, 2025 was as follows:

	2025
Asset category	
Equity securities	12.0%
Hedge fund and alternative investments	86.6%
Cash	1.4%
	100.0%

The following tables present the plan assets at fair value as of June 30, 2025 according to the valuation hierarchy (Note 6):

	2025				
(in thousands)	Level 1	Level 2	Level 3	Investments at NAV	Total
Assets at fair value					
Cash equivalents	$ 224	$ -	$ -	$ -	$ 224
Mutual funds	1,997	-	-	-	1,997
Alternative investments	-	-	-	14,295	14,295
	$ 2,221	$ -	$ -	$ 14,295	$ 16,516

11. Due from / to Drexel University

The amount due from and due to Drexel University is $570,125 and $0, and $774,206 and $0 on June 30, 2026 and 2025, respectively. The intercompany accounts are repaid on a periodic basis excluding draws on the line of credit (Note 12).

12. Line of Credit

The Academy has an unsecured line of credit with Drexel. This agreement allows the Academy to borrow up to $5,000,000 to meet short-term cash flow needs. Under the terms of the line of credit agreement, the full principal amount is available at an annual interest of 2.00%. The initial term of the line of credit shall be from June 30, 2012 to June 30, 2014 and shall automatically renew for an additional 12 months on each June 30th thereafter, unless notice of non-renewal is provided in writing by either Drexel or the Academy, 30 days in advance of the termination date. Interest on each advance shall be payable in arrears on the first business day of each month. The outstanding principal balance of any advance under the line of credit must be reduced to and remain at zero dollars for any consecutive 30-day period during the current term of the line. If the Academy is unable to reduce outstanding advances to zero and remain at zero for a consecutive 30-day period thereafter, the line of credit will be considered in default and will terminate immediately and not renew. For the years ended June 30, 2026 and 2025, the outstanding balances on the line of credit were $602,356 and $2,408,000, respectively.

13. Net Assets

Net assets included the following:

(in thousands)	2026	2025
Without donor restrictions:		
Operating	$ (20,851)	$ (19,144)
Physical plant	27,538	27,291
Quasi-endowment funds	1,807	1,679
Total net assets without donor restrictions	8,495	9,826
With donor restrictions:		
Funds for programs and capital expenditures	7,130	7,909
Funds for endowments	81,884	76,573
Life income annuities	63	50
Beneficial interests in trusts	12,887	11,721
Total net assets with donor restrictions	101,964	96,253
Total net assets	$ 110,459	$ 106,079

14. Related Party Transactions

Per an affiliation agreement dated September 2011, the Academy is a subsidiary of Drexel. Drexel provided services valued at $2,060,000 and $2,022,000 for the years ending June 30, 2026 and 2025, respectively. The Academy paid the full cost of the services, reported as Services provided by Drexel in the accompanying Statements of Activities.

The total administrative and non-administrative services paid by the Academy in fiscal years 2026 and 2025 are as follows:

(in thousands)	2026	2025
Drexel affiliated support expenses	$ 1,850	$ 2,214
Center for Systematic Biology and Evolution	301	369
Patrick Center for Environmental Research	106	88
Institutional Advancement	-	81
Learning and Engagement	-	16
Administration	109	40
	$ 2,366	$ 2,808

In addition, Drexel provided $7,269,000 and $8,288,000 to the Academy for operations in the fiscal years 2026 and 2025, respectively, reported within Other Income in the accompanying Statements of Activities.

15. Revenue Recognition

The Academy adopted *Revenue from Contracts with Customers (Topic 606)* effective July 1, 2018 using the retrospective transition method. The Academy assessed the various contractual arrangements for material revenue streams, the impact to internal processes, the control environment, and disclosures, and determined that the adoption would not result in a material change to the timing of revenue recognition. For all revenue streams, the impact of the adoption was immaterial and the impact of applying the standard retrospectively had no impact on total revenues or total changes in net assets.

For the Academy's revenue streams, the performance obligations are within contracts with durations of one year or less. Therefore, the optional exemption to not disclose remaining performance obligations was applied.

As the performance obligations are met, revenue is recognized based upon allocated transaction price. In assessing collectability, the Academy has elected the portfolio approach with similar characteristics as a practical expedient. The Academy expects that the effect of applying a portfolio approach to a group of contracts would not differ materially from considering each contract separately.

The portfolios, by major revenue stream, are outlined in the table below:

(in thousands)	2026	2025
Other Income		
Affiliate support	$ 7,269	$ 8,288
Miscellaneous income	87	349
Vireo rights	10	13
Royalties income	36	26
Rental Income	144	167
Sponsorship income	5	38
Total other income	$ 7,551	$ 8,881

The Academy receives grant and contract revenue from governmental and private sources, which are considered non-exchange revenue transactions. The Academy generally recognizes revenue associated with the direct and the applicable indirect costs of sponsored programs as the related costs are incurred in accordance with the related cost principles outlined in the grant agreement. The Academy negotiates its federal indirect rate with its cognizant federal agency.

The following table disaggregates grants and contracts revenue for the years ended June 30, 2026 and 2025:

	2026		
(in thousands)	**Without donor restrictions**	**With donor restrictions**	**Total**
Government grants and contracts:			
Federal	$ 1,058	$ 193	$ 1,251
State	309	1	310
Local	173	-	173
Private grants and contracts	267	847	1,114
Total grants and contracts	$ 1,807	$ 1,041	$ 2,848

	2025		
(in thousands)	**Without donor restrictions**	**With donor restrictions**	**Total**
Government grants and contracts:			
Federal	$ 1,618	$ 231	$ 1,849
State	320	60	380
Local	5	-	5
Private grants and contracts	90	1,501	1,591
Total grants and contracts	$ 2,033	$ 1,792	$ 3,825

As of June 30, 2026, and 2025, the Academy has outstanding unrecorded conditional grants receivable of $1,777,000 and $2,230,000, respectively. Revenue for these conditional grants will be recognized in future periods when the conditions are met.

16. Functional and Natural Classification of Expenses

Expenses are presented by functional classification in accordance with the overall service mission of the Academy. Each functional classification displays all expenses related to the underlying operations by natural classification. Depreciation and interest expenses are allocated based on the square footage occupancy. Plant operations and maintenance represent space related costs which are allocated to the functional categories directly and/or based on the square footage occupancy.

Expenses by functional classification for the year ended June 30, 2026 and 2025 consist of the following:

	2026			
(in thousands)	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 5,346	$ 1,866	$ 313	$ 7,525
Employee benefits	2,553	861	145	3,559
Depreciation and amortization	1,224	48	15	1,287
Interest	-	7	-	7
Other operating expenses	5,398	2,325	418	8,141
Total expenses	$ 14,521	$ 5,107	$ 891	$ 20,519

	2025			
(in thousands)	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 6,774	$ 1,970	$ 419	$ 9,163
Employee benefits	2,673	747	159	3,579
Depreciation and amortization	1,210	48	14	1,272
Interest	-	38	-	38
Other operating expenses	6,395	2,869	508	9,772
Total expenses	$ 17,052	$ 5,672	$ 1,100	$ 23,824

17. Subsequent Events

The University evaluated events subsequent from June 30, 2026 through October 28, 2026, the date at which financial statements were issued.

Academy of Natural Sciences Museum Closure

In September 2026, the Academy announced that it will close its museum effective September 30, 2026, as part of efforts to establish a sustainable long-term operating model. The Academy will continue its scientific research and stewardship of its collections.

Management has determined that no other subsequent events occurred that require recognition or disclosure in the financial statements.