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
June 30, 2017 and 2016

The Academy of Natural Sciences of Philadelphia
Index
June 30, 2017 and 2016

Page(s)

Financial Statements

Report of Independent Auditors

To the Board of Trustees
Drexel University
The Academy of Natural Sciences of Philadelphia

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), which comprise of the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended.

Management's Responsibility 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; 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Academy of Natural Sciences of Philadelphia as of June 30, 2017 and 2016, and its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
October 26, 2017

The Academy of Natural Sciences of Philadelphia
Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents		
Operating	$ 9,484,231	$ 5,190,030
Restricted	32,100	13,755
Grants and other receivables, net	2,408,229	3,339,457
Contributions receivables, net	3,338,565	3,187,127
Investments	60,259,532	55,485,104
Beneficial interest in trusts	9,271,453	8,840,868
Buildings and equipment, net	19,324,410	19,960,534
Other assets	204,763	166,558
Total assets	$ 104,323,283	$ 96,183,433
Liabilities		
Accounts payable	$ 962,626	$ 576,869
Accrued expenses	770,460	781,968
Deferred revenue	7,382,696	5,156,868
Post-retirement and pension benefits	9,333,310	9,261,057
Other liabilities/due to Drexel University	1,713,611	4,437
Line of credit - Drexel University	-	1,442,681
Long-term debt - Drexel University	-	182,700
Total liabilities	20,162,703	17,406,580
Net assets		
Unrestricted	6,522,270	7,290,874
Temporarily restricted	13,245,928	10,566,174
Permanently restricted	64,392,382	60,919,805
Total net assets	84,160,580	78,776,853
Total liabilities and net assets	$ 104,323,283	$ 96,183,433

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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating support and revenue				
Support from Drexel University	$ 4,517,242	$ -	$ -	$ 4,517,242
Research programs				
Environmental Group	2,752,474	-	-	2,752,474
Center for Systematic Biology and Evolution	639,152	-	-	639,152
Other programs and grants	65,171	1,062	-	66,233
Endowment payout under spending formula	517,507	2,481,493	-	2,999,000
Contributions and bequests	1,206,304	3,362,056	-	4,568,360
Museum admissions	1,408,820	-	-	1,408,820
Public programs income	1,204,104	-	-	1,204,104
Membership dues	499,018	-	-	499,018
Museum shop income	72,164	-	-	72,164
Interest income	7,963	-	-	7,963
Other income	689,583	-	-	689,583
Total support and revenue	13,579,502	5,844,611	-	19,424,113
Net assets released from restriction	3,797,927	(3,797,927)	-	-
Total operating support and revenue	17,377,429	2,046,684	-	19,424,113
Operating expense				
Services provided by Drexel University	2,236,898	-	-	2,236,898
Research programs				
Environmental Group	3,215,474	-	-	3,215,474
Center for Systematic Biology and Evolution	2,133,680	-	-	2,133,680
Public programs	3,511,629	-	-	3,511,629
Library	518,032	-	-	518,032
Administration	1,521,505	-	-	1,521,505
Development and membership	963,632	-	-	963,632
Marketing and communications	995,567	-	-	995,567
Building operations	1,763,488	-	-	1,763,488
Technology services	302,753	-	-	302,753
Depreciation and amortization	1,134,944	-	-	1,134,944
Interest expense	4,956	-	-	4,956
Total operating expense	18,302,558	-	-	18,302,558
Change in net assets from operating activities	(925,129)	2,046,684	-	1,121,555
Non-operating activity				
Endowment and other gifts	-	-	715,246	715,246
Realized/unrealized net gain (losses) on investments, net of endowment payout	1,066,855	633,070	2,757,331	4,457,256
Expenses related to frozen defined benefit pension plan	(904,208)	-	-	(904,208)
Loss on disposal of assets	(6,122)	-	-	(6,122)
Change in net assets from non-operating activities	156,525	633,070	3,472,577	4,262,172
Change in net assets	(768,604)	2,679,754	3,472,577	5,383,727
Net assets				
Beginning of year	7,290,874	10,566,174	60,919,805	78,776,853
End of year	$ 6,522,270	$ 13,245,928	$ 64,392,382	$ 84,160,580

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, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating support and revenue				
Support from Drexel University	$ 4,380,696	$ -	$ -	$ 4,380,696
Research programs				
Environmental Group	2,302,118	-	-	2,302,118
Center for Systematic Biology and Evolution	491,401	-	-	491,401
Other programs and grants	70,473	77	-	70,550
Endowment payout under spending formula	2,042,734	973,906	-	3,016,640
Contributions and bequests	1,600,219	4,048,288	-	5,648,507
Museum admissions	1,168,483	-	-	1,168,483
Public programs income	1,018,043	-	-	1,018,043
Membership dues	500,210	-	-	500,210
Museum shop income	63,378	-	-	63,378
Interest income	5,125	-	-	5,125
Other income	987,614	-	-	987,614
Total support and revenue	14,630,494	5,022,271	-	19,652,765
Net assets released from restriction	2,401,100	(2,401,100)	-	-
Total operating support and revenue	17,031,594	2,621,171	-	19,652,765
Operating expense				
Services provided by Drexel University	2,334,200	-	-	2,334,200
Research programs				
Environmental Group	2,950,868	-	-	2,950,868
Center for Systematic Biology and Evolution	1,733,879	-	-	1,733,879
Public programs	3,228,801	-	-	3,228,801
Library	512,230	-	-	512,230
Administration	1,147,550	-	-	1,147,550
Development and membership	1,339,074	-	-	1,339,074
Marketing and communications	914,960	-	-	914,960
Building operations	1,653,185	-	-	1,653,185
Technology services	265,083	-	-	265,083
Depreciation and amortization	1,109,490	-	-	1,109,490
Interest expense	17,180	-	-	17,180
Total operating expense	17,206,500	-	-	17,206,500
Change in net assets from operating activities	(174,906)	2,621,171	-	2,446,265
Non-operating activity				
Endowment and other gifts	-	-	3,064,647	3,064,647
Realized/unrealized net gain (losses) on investments, net of endowment payout	(1,229,318)	(678,849)	(2,962,050)	(4,870,217)
Expenses related to frozen defined benefit pension plan	(2,852,687)	-	-	(2,852,687)
Loss on disposal of equipment	(33,597)	-	-	(33,597)
Change in net assets from non-operating activities	(4,115,602)	(678,849)	102,597	(4,691,854)
Change in net assets	(4,290,508)	1,942,322	102,597	(2,245,589)
Net assets				
Beginning of year	11,581,382	8,623,852	60,817,208	81,022,442
End of year	$ 7,290,874	$ 10,566,174	$ 60,919,805	$ 78,776,853

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, 2017 and 2016

	2017	2016
Cash flow from operating activities		
Increase in net assets	$ 5,383,727	$ (2,245,589)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,134,944	1,109,490
Loss on disposal of equipment	6,122	33,597
Change in market value in beneficial interests in trusts	(430,585)	451,153
Contributions restricted for long-term investment	(1,015,246)	(6,660,601)
Non-cash contributions received	(329,443)	(251,962)
Proceeds from sales of donated securities	327,669	215,362
Actuarial change on annuity liabilities	10,213	(20,701)
Realized/unrealized loss on investments	(6,992,375)	1,402,424
Changes in operating assets and liabilities		
Grants and other receivable	931,228	(422,991)
Contributions receivable	(151,438)	1,421,588
Other assets	(38,205)	81,082
Accounts payable and accrued expenses	399,151	(568,323)
Post-retirement and pension benefits	72,253	2,097,869
Deferred revenue	2,225,828	4,268,629
Other liabilities	1,709,174	-
Net Cash provided by operating activities	3,243,017	911,027
Cash flow from investing activities		
Purchase of investments	(20,938,598)	(13,950,538)
Proceeds from sales and maturities of investments	23,158,319	9,330,334
Change in restricted cash	(18,345)	1,041,840
Purchase of buildings and equipment	(504,942)	(510,571)
Net Cash provided (used) by investing activities	1,696,434	(4,088,935)
Cash flow from financing activities		
Contributions restricted for endowments	1,015,246	6,660,601
Payments on annuity obligations	(35,115)	(36,887)
Repayment of short-term debt to Drexel University	(1,442,681)	(730,871)
Repayment of long-term debt to Drexel University	(182,700)	(181,340)
Net Cash provided (used) by financing activities	(645,250)	5,711,503
Net increase in cash and cash equivalents	4,294,201	2,533,595
Cash and cash equivalents		
Beginning of year	5,190,030	2,656,435
End of year	$ 9,484,231	$ 5,190,030
Supplemental information		
Donated securities	$ 329,443	$ 251,962
Cash paid for interest	4,956	17,180

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 corporation 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 for not-for-profit organizations. All revenues received and expenditures paid prior to the end of the fiscal year which relate to the following fiscal year are recorded and reflected as deferred revenues and other assets, respectively.

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into the categories as shown below.

Permanently Restricted

Net assets explicitly required by a donor to be maintained permanently by the Academy. Generally, the donors of these assets permit the Academy to use all or part of the income earned on these assets. Such assets are included in the Academy's permanent endowment funds.

Temporarily Restricted

Net assets subject to donor-imposed restrictions that can be fulfilled by actions of the Academy in accordance with those stipulations or by the passage of time. Contributions with donor-imposed restrictions are reported as temporarily restricted and are reclassified to unrestricted net assets when the donor-imposed restrictions have been met.

Unrestricted

Net assets not subject to donor-imposed stipulations that may be designated for specific purposes by action of the Board of Trustees. Expenses are shown as decreases in unrestricted net assets. Expirations of donor-imposed stipulations are reported as net assets released from restrictions. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless explicit donor stipulation or law restricts their use.

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, 2017 and 2016, 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. Included in cash and cash equivalent are amounts which are considered restricted as they reflect gifts in transit to the endowment.

Nature of Organization and Summary of Significant Accounting Policies (Continued)

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 such time as the conditions are substantially met. 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). Beneficial interests in trusts are valued by 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.

Fair Value of Financial Instruments
The Academy applies fair value measurements to contributions receivable beneficial interests in trusts, endowment investments and annuities.

Functional Allocation of Services
The costs of providing the various programs and other activities of the Academy have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management estimates.

Fundraising
Fundraising costs were $714,927 and $791,867 in 2017 and 2016, respectively.

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

Contributed property and equipment are recorded at fair value as of the date of the donation. If the donor restricts how long the asset must be used or how the asset is used, the contributions are recorded as restricted. In the absence of stipulations, these contributions are recorded as unrestricted.

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.

Nature of Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes
The Academy is a not-for-profit corporation that has been granted tax exempt status 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 Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("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 as of June 30, 2017 and 2016.

Recently Adopted Accounting Pronouncements
In May 2015, the FASB issued ASU No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. ASU No. 2015-07 removes the requirement to categorize all investments measured at fair value using the net asset value per share practical expedient within the fair value hierarchy. The provisions of ASU No. 2015-07 became effective for fiscal years beginning after December 15, 2016, and requires retrospective application to all periods presented. The Academy has adopted ASU 2015-07 as of June 30, 2017. Note 5 provides details on the changes to the leveling resulting from utilizing the net asset value per share practical expedient within the fair value hierarchy at June 30, 2017 and 2016.

Recently Issued Accounting Pronouncements
In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers* (Topic 606). The core principle of ASU No. 2015-14 is that revenue be recognized in manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be compensated in exchange for those goods or services. The guidance is effective for annual fiscal periods beginning after December 15, 2017. The standard permits the use of either retrospective or cumulative effect transition method. The Academy has not yet selected a transition method and is currently evaluating the standard and is in the process of assessing the impact the standing will have on its financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU No. 2016-01 retains many current requirements, but it significantly revises an entity's accounting related to the (1) classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. ASU No. 2016-01 also amends certain disclosure requirements associated with the fair value of financial instruments, including eliminating the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. ASU No. 2016-01 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted as of the fiscal years beginning after December 15, 2017. The Academy is currently evaluating the standard to determine the impact it will have on its financial statements.

Nature of Organization and Summary of Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is meant to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance is effective for annual fiscal periods beginning after December 15, 2019. The Academy is currently evaluating the standard to determine the impact it will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities,* which revises the not-for-profit financial reporting model. ASU No. 2016-14 is meant to reduce the complexity of and add clarity to net asset reporting, add additional disclosure regarding nature of self-imposed limits on unrestricted net assets and donor restricted net assets, and add reporting requirements related to nature of expenses. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017. The Academy is currently evaluating the standard to determine the impact it will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU No. 2016-15 aims to reduce the diversity in practice that has resulted from the lack of consistent principles on this topic. ASU No. 2016-15 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Entities must apply the guidance retrospectively to all periods presented but may apply it prospectively from the earliest date practicable if the retrospective application would be impracticable. The Academy is currently evaluating the standard to determine the impact it will have on its financial statements.

2. Grants Receivable

Grants receivable represents invoices billed to grantor for services provided under the terms of the grant agreements which have not yet been collected as of June 30, 2017 and 2016. 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.

	2017	2016
Grants and other receivables	$ 2,455,744	$3,400,373
Allowance for doubtful accounts	(47,515)	(60,916)
Total grant and other receivables, net	$ 2,408,229	$ 3,339,457

3. Contributions Receivable

Unconditional pledges are reported as contributions receivable and revenue in the appropriate net asset category. Contributions receivable with a payment more than a year from the pledge date are recorded net of a discount using rates as of June 30, 2017 and June 30, 2016 that range between 0.07% to 1.49%. The Academy considers these discount rates to be a Level 3 input in the context of ASC No. 820-10 (Note 5).

Conditional promises to give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. The Academy had no conditional promises to give for the years ended June 30, 2017 and 2016.

Contribution Receivable (Continued)

Net contributions receivable at June 30 were as follows:

	2017	2016
Amounts due in		
Less than one year	$ 100,419	$ 151,420
One year to five years	3,390,106	3,120,896
Greater than five years	40,000	-
Gross contributions receivables	3,530,525	3,272,316
Less: Discount to present value	(191,960)	(85,189)
Total contributions receivables, net	$ 3,338,565	$ 3,187,127

The following table summarizes the change in net contributions receivable as of June 30:

	2017	2016
Net contribution receivable at beginning of year	$ 3,187,127	$ 4,608,715
New pledges	2,557,100	5,151,210
Collections and adjustments	(2,298,891)	(6,952,936)
Net increase (decrease) in present value discounts	(106,771)	380,138
Net contributions receivable at end of year	$ 3,338,565	$ 3,187,127

4. Investments and Investment Return

At June 30, 2017 and 2016, the fair value of investments included the following:

	Fair Value	
	2017	2016
U.S. equity	$ 16,868,435	$ 13,800,729
Global equity	17,664,101	16,033,138
Fixed income securities and bond funds	4,472,779	5,578,839
Hedge funds	4,620,556	6,119,294
Private equity	5,657,454	5,173,656
Real estate and real assets funds	7,168,832	6,316,115
Money market funds	3,807,375	2,463,333
Total endowment investments	60,259,532	55,485,104
Beneficial interest in trusts	9,271,453	8,840,868
Total investments	$ 69,530,985	$ 64,325,972

Investments and Investment Return (Continued)

The following summarizes the Academy's total investment return and its classification in the financial statements for the year ended June 30, 2017 and 2016:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income, net of expenses	$ 7,798	$ 75,054	$ 422,467	$ 505,319
Realized/unrealized gains and (losses)	1,576,564	3,039,509	2,334,864	6,950,937
Endowment payout under special formula	(517,507)	(2,481,493)	-	(2,999,000)
Realized/Unrealized net loss on investments, net of endowment payout	1,066,855	633,070	2,757,331	4,457,256
Operating investment income	7,963	-	-	7,963
Total return on investments	$ 1,074,818	$ 633,070	$ 2,757,331	$ 4,465,219

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income, net of expenses	$ 5,256	$ 50,603	$ 278,530	$ 334,389
Realized/unrealized gains and (losses)	808,160	244,454	(3,240,580)	(2,187,966)
Endowment payout under special formula	(2,042,734)	(973,906)	-	(3,016,640)
Realized/Unrealized net loss on investments, net of endowment payout	(1,229,318)	(678,849)	(2,962,050)	(4,870,217)
Operating investment income	5,125	-	-	5,125
Total return on investments	$ (1,224,193)	$ (678,849)	$ (2,962,050)	$ (4,865,092)

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.

Fair Value of Financial Instruments (Continued)

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. Instruments categorized in Level 2 primarily include nonexchange traded fixed income securities, certain bond investments, mutual funds, structured products, and interest rate swaps.

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 consist of partnership investments in hedge funds, alternative and private equities, contributions receivable and annuities, directly held real estate, and real estate portfolio investments.

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 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.

New FASB Guidance on Investments Using NAV as a Practical Expedient

Accounting standard ASU No. 2015-07, *Fair Value Measurement (Topic 820)*, allows reporting entities to exclude investments using Net Asset Value per share under the existing practical expedient in ASC No. 820 from the fair value hierarchy.

Investments using NAV as fair value, and not a practical expedient for fair value, will still be listed in the fair value hierarchy. For example, investments where NAV per share is determined and published and the basis for current transactions is fair value. These are shown in the hierarchy below under Investments, Level 1.

Fair Value of Financial Instruments (Continued)

The investments that fit under the new guidance are Level 2 and 3 investments previously listed in the fair value hierarchy. These include: Equity, Fixed Income, Alternative Investments, and Real Estate and Real Assets Funds. Because investments measured at NAV as a practical expedient will no longer be included in the fair value hierarchy, they will no longer appear in the associated disclosures, including the rollforward of Level 3 investments.

As of June 30, 2017 and June 30, 2016, assets at fair value were as follows:

	2017				
	Level 1	**Level 2**	**Level 3**	**Investments at NAV**	**Total**
Assets at Fair Value:					
Beneficial interest in trusts	$ -	$ -	$ 9,271,453	$ -	$ 9,271,453
Investments:					
U.S. Equity	16,868,435	-	-	-	16,868,435
Global Equity	12,420,688	-	-	5,243,413	17,664,101
Fixed Income securities and bond funds	2,332,571	-	-	2,140,208	4,472,779
Hedge funds	-	-		4,620,556	4,620,556
Private Equity	-	-	-	5,657,454	5,657,454
Real estate and real assets funds	-	-	-	7,168,832	7,168,832
Money market funds	3,807,375	-	-	-	3,807,375
Total investments	35,429,069	-	-	24,830,463	60,259,532
Total assets at fair value	$ 35,429,069	$ -	$ 9,271,453	$ 24,830,463	$ 69,530,985
Liabilities					
Annuities	-	-	275,568		275,568
Total liabilities at fair value	-	-	275,568	-	275,568

	2016				
	Level 1	**Level 2**	**Level 3**	**Investments at NAV**	**Total**
Assets at Fair Value:					
Beneficial interest in trusts	$ -	$ -	$ 8,840,868	$ -	$ 8,840,868
Investments:					
U.S. Equity	13,800,729	-	-	-	13,800,729
Global Equity	12,846,867	-	-	3,186,271	16,033,138
Fixed Income securities and bond funds	1,714,579	-	-	3,864,260	5,578,839
Hedge funds	-	-	-	6,119,294	6,119,294
Private Equity	-	-	-	5,173,656	5,173,656
Real estate and real assets funds	646,960	-	-	5,669,154	6,316,115
Money market funds	2,463,333	-	-	-	2,463,333
Total investments	31,472,468	-	-	24,012,635	55,485,104
Total assets at fair value	$ 31,472,468	$ -	$ 8,840,868	$ 24,012,635	$ 64,325,972
Liabilities					
Annuities	-	-	285,781		285,781
Total liabilities at fair value	-	-	285,781	-	285,781

Fair Value of Financial Instruments (Continued)

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

	June 30, 2017			
(in thousands)	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (If Applicable)
Multi-Strategy Hedge Funds (a)	$ 2,145	$ -	Annual	45-60 days
Fixed Income and Related Hedge Funds (b)	2,282	-	Quarterly	45 days
Private Capital Funds-Secondaries (c)	649	384		
Private Capital Funds-Buy-out (d)	2,662	5,493		
Real Asset Funds (e)	1,848	1,738		
Real Estate Funds (f)	499	2,090		
Long/Short Equity Hedge Funds (g)	193	-		
Private Capital Funds-Mnezzanine Debt (h)	-	750	Annual	95 days
	$ 10,278	$ 10,455		

a. This category invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. As of June 30, 2017, the composite portfolio includes approximately 72% in distressed investments with a liquidation period of 1 to 3 years, 4% arbitrage opportunities, 22% cash, and 2% in private equity investments which can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets in the portfolio. It is estimated that the underlying assets would be liquidated over the next 1 to 3 years. The fair values of the investments have been estimated using the net asset value per share of the hedge fund.

b. This category includes investment in hedge funds that invest in: U.S. mortgage backed securities. The fair values of the investments have been estimated using the 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 15% of the underlying assets will be liquidated over 1 to 4 years and 85% over 5 to 7 years. The fair value has been estimated using the net asset value per share of the private capital fund.

d. This category includes investments in private equity funds that invest in buy-outs. A buy-out is a purchase of a company or a controlling interest of a corporation's shares or product line or some business. These investments are primarily broadly diversified across asset classes, and are primarily in the U.S. These investments can never be redeemed. Instead, distributions are received through the liquidation of the underlying assets of the fund. It is estimated that 54% of the underlying assets will be liquidated over 1 to 4 years and 46% over 8 to 10 years. The fair value has been estimated using the net asset value per share of the private capital fund.

Fair Value of Financial Instruments (Continued)

e. 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 the underlying assets of the fund will be liquidated over the following time frames: 49% in 1 to 4 years; 51% in 5 to 7 years. The fair value has been estimated using the net asset value per share of the real asset fund.

f. 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 the underlying assets of the fund will be liquidated in approximately 1 to 4 years. The fair value has been estimated using the net asset value per share of the real estate fund.

g. This category includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks and from a net long position to a net short position. The fair values of the investments have been estimated using the net asset value per share of the hedge fund.

h. This category includes investments in private equity funds that provide mezzanine debt financing to middle market firms. Mezzanine debt differs from mortgage debt in that mezzanine debt is backed by equity interests in the borrowing firm, versus mortgage financing which is backed by the asset. 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 the underlying assets of the fund would be liquidated over 8 to 10 years at June 30, 2017. No capital calls had been made as of fiscal year end so the fair value is shown as zero.

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, 2017 and 2016, the Academy had an endowment spending rule that limited the spending of endowment resources to 6.5% 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 5.0%).

The Academy's endowment funds include both donor-restricted funds and funds designated by the Board of Trustees to function as endowments (quasi endowments).

Endowment Funds (Continued)

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. As a result of this interpretation, the Academy 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.

Endowment composition by type of fund as of June 30 was as follows:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (154,645)	$ 4,410,110	$ 54,812,939	$ 59,068,404
Board-designated endowment funds	673,031	-	-	673,031
Total assets	$ 518,386	$ 4,410,110	$ 54,812,939	$ 59,741,435

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (1,462,647)	$ 3,815,736	$ 51,764,153	$ 54,117,242
Board-designated endowment funds	914,478	-	-	914,478
Total assets	$ (548,169)	$ 3,815,736	$ 51,764,153	$ 55,031,720

Endowment Funds (Continued)

Changes in the Academy's endowment assets for the years ended June 30, 2017 and 2016 were as follows:

	2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment at beginning of year	$ (548,169)	$ 3,815,736	$ 51,764,153	$ 55,031,720
Investment income, net of fees	$ 7,798	$ 75,054	$ 422,467	505,319
Net realized gain	27,145	261,243	1,472,966	1,761,354
Net unrealized gain	73,159	704,326	3,949,311	4,726,796
Transfers for funds with deficiencies	1,004,810	-	(1,004,810)	-
Total endowment return	1,112,912	1,040,623	4,839,934	6,993,469
Contributions	-	-	715,246	715,246
Use of endowment assets:				
Endowment payout used in operations	(46,357)	(446,249)	(2,506,394)	(2,999,000)
Other	-	-	-	-
Total uses	(46,357)	(446,249)	(2,506,394)	(2,999,000)
Endowment at end of year	$ 518,386	$ 4,410,110	$ 54,812,939	$ 59,741,435

	2016			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment at beginning of year	$ 681,136	$ 4,488,137	$ 51,211,052	$ 56,380,325
Investment income, net of fees	$ 5,255	$ 50,603	$ 278,529	334,387
Net realized gain	9,135	87,997	484,359	581,491
Net unrealized gain	(36,817)	(354,491)	(1,951,183)	(2,342,491)
Transfers for funds with deficiencies	(1,159,455)	-	1,159,455	-
Total endowment return	(1,181,882)	(215,891)	(28,840)	(1,426,613)
Contributions	-	-	3,064,647	3,064,647
Use of endowment assets:				
Endowment payout used in operations	(47,423)	(456,510)	(2,512,706)	(3,016,639)
Other	-	-	30,000	30,000
Total uses	(47,423)	(456,510)	(2,482,706)	(2,986,639)
Endowment at end of year	$ (548,169)	$ 3,815,736	$ 51,764,153	$55,031,720

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 deficiencies of these funds is reported in unrestricted net assets 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. Subsequent gains above that amount will be recorded as temporarily restricted net assets. Aggregate deficiencies for the years ended June 30, 2017 and 2016 were approximately $866,405 and $1,871,215 respectively.

7. Buildings and Equipment

Buildings and equipment consisted of the following as of June 30, 2017 and 2016:

	2017	2016
Buildings and improvements	$ 21,868,428	$ 21,640,822
Equipment	5,271,917	5,125,903
Less: Accumulated depreciation and amortization	(7,815,935)	(6,806,191)
Total buildings and equipment	$ 19,324,410	$ 19,960,534

Depreciation and amortization expenses for the years ended June 30, 2017 and 2016 were $1,134,944 and $1,109,490 respectively.

8. 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 unrestricted net assets in the year in which the items are acquired or as temporarily or permanently restricted net assets 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.

9. Retirement Plans

Defined Contribution Plans

The Academy maintained a defined contribution plan ("DC Plan") that provided for discretionary employee contributions. On December 31, 2015, the DC Plan was amended, to cease participation in and all contributions to the DC Plan. Instead, employees of the Academy participate in the Drexel DC Plan ("DU DC Plan") effective January 1, 2016. The DC Plan merged into the DU DC Plan effective March 1, 2016. ANS DC's transfer into the DU DC plan included participant-directed investments at fair value of $2,564,804.

The Academy DC Plan was a calendar year plan, with declared employer contributions made at the conclusion of the plan year. Matching contributions were based on a participant's compensation and allocated to employee accounts annually. Only participants who made 403(b) contributions, who completed 1,000 hours of service, unless their employment ended due to retirement, disability, or death and who were actively employed on the last day of the allocation period were eligible to share in the matching contribution for such allocation period. Employees received a grandfathered match of three percent (3%) of their salary through 2015 if they had either reached the age of 49 and completed at least 10 years of service, or reached the age of 45 and completed at least 15 years of service as of December 31, 2009. The Academy approved and made contributions totaling $0 and $61,934 in 2017 and 2016, respectively.

Retirement Plans (Continued)

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 DC Plan for all eligible Academy employees effective January 1, 2010.

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:

	2017	2016
Weighted average assumptions as of June 30		
Discount rate	3.90 %	3.90 %
Expected return on plan assets	6.25 %	6.25 %
Accumulated benefit obligation		
Accumulated benefit obligation at June 30	$ 20,037,370	$ 19,908,197
Change in projected benefit obligation		
Benefit obligation at beginning of year	$ 19,908,197	$ 17,562,286
Service cost	160,000	130,000
Interest cost	759,443	790,394
Actuarial (gain)/loss	494,845	2,163,035
Benefits paid	(1,285,115)	(737,518)
Benefit obligation at end of year	$ 20,037,370	$ 19,908,197

	2017	2016
Change in plan assets		
Fair value of plan assets at beginning of year	$ 10,582,090	$ 10,430,360
Actual return on plan assets	510,080	230,742
Employer contributions	831,955	658,506
Benefits paid	(1,285,115)	(737,518)
Fair value of plan assets at end of year	$ 10,639,010	$ 10,582,090
Fair value of plan assets	$ 10,639,010	$ 10,582,090
Benefit obligation	(20,037,370)	(19,908,197)
Net amount recognized at end of year*	$ (9,398,360)	$ (9,326,107)

* These amounts are recognized in the statement of financial position in the post-retirement and pension benefits classification.

Retirement Plans (Continued)

The components of net periodic benefit cost are noted below:

	2017	2016
Weighted average assumptions used to determine net periodic benefit cost		
Discount rate	3.90 %	4.60 %
Expected return on plan assets	6.25 %	6.50 %
Components of net periodic benefit cost		
Service cost	$ 160,000	$ 130,000
Interest cost	759,443	790,394
Expected return on assets	(663,804)	(678,073)
Amortization of actuarial loss	648,569	2,610,366
Net periodic benefit cost	$ 904,208	$ 2,852,687

As of June 30, 2017 and 2016 the pension plan had a projected benefit obligation and an accumulated benefit obligation in excess of plan assets. Both the projected and accumulated benefit obligation were $20,037,370 and $19,908,197 at June 30, 2017 and 2016, respectively. The fair value of plan assets was $10,639,010 and $10,582,090 as of June 30, 2017 and 2016, respectively.

Information about the expected cash flows for the pension plan is as follows:

Expected benefit payments	
2018	$ 995,654
2019	1,082,008
2020	1,119,881
2021	1,151,989
2022	1,173,809
2023-2027	6,158,103

Plan Assets

The Academy's pension plan weighted-average asset allocations at June 30, 2017 and 2016 by asset category are as follows:

	2017	2016
Asset Category		
Equity securities	49.0%	37.7%
Fixed income securities	30.8%	37.4%
Alternative investments	19.2%	20.7%
Cash	1.0%	4.2%
	100.0%	100.0%

Retirement Plans (Continued)

The Academy's investment policy and strategy is to shift investments to the target allocation to control the volatility of investment returns for the portfolio. As the investment horizon is expected to be long-term, the portfolio needs to provide long-term capital growth while also being protected from incurring major losses due to the poor performance of one sector of the market and must be invested to reduce the overall investment risk and volatility of investment returns.

The target composition of the Academy's plan assets is characterized as a 34%, 37%, 27%, 2% allocation between equity, fixed income investments, alternative investments and cash. The strategy currently utilizes indexed equity funds, fixed income funds, and a number of alternative investment vehicles. The alternative investments are allocated among various classes, including but not limited to: equities, hedge funds, fixed income, natural resources, and real estate. The strategy allows the Academy to invest in a diversified manner with a mix of assets that are set not to be highly correlated. The expected rate of return on assets was based on the current interest rate environment and historical market premiums of equity and other asset classes relative to fixed income rates.

The following tables present the plan assets at fair value as of June 30, 2017 and 2016 according to the valuation hierarchy reflecting the updated accounting guidance outlined in ASU 2015-07:

	2017				
	Level 1	Level 2	Level 3	Investments at NAV	Total
Assets at fair value					
Cash equivalents	$ 111,678	$ -	$ -	$ -	$ 111,678
Mutual funds	9,784,518	-	-	-	9,784,518
Alternative investments	-	-	-	742,814	742,814
Total assets at fair value	$ 9,896,196	$ -	$ -	$ 742,814	$ 10,639,010

	2016				
	Level 1	Level 2	Level 3	Investments at NAV	Total
Assets at fair value					
Cash equivalents	$ 443,124	$ -	$ -	$ -	$ 443,124
Mutual funds	8,442,150	-	-	-	8,442,150
Alternative investments	-	-	-	1,696,816	1,696,816
Total assets at fair value	$ 8,885,274	$ -	$ -	$ 1,696,816	$ 10,582,090

10. Other Liabilities/Due to Drexel University

Includes amounts due to/from Drexel University and other liabilities. The amount due to Drexel University is $1,713,608 and $4,437 at June 30, 2017 and 2016 respectively. The intercompany accounts are repaid on a periodic basis excluding draws on the line of credit and debt (Notes 11 and 12).

11. Line of Credit

The Academy has an unsecured line of credit with Drexel University. This agreement allows the Academy to borrow up to $1,500,000 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 1.00%. 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 University 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, 2017 and 2016, balances on the line of credit were $0 and $1,442,681 respectively.

12. Long-Term Debt

On February 1, 2012 the Academy entered into a $900,000 five-year unsecured term loan agreement with Drexel University. Interest on the outstanding principal of the term loan accrued at a rate per annum of 0.75%. The five-year term loan allows for prepayment in full or in part, without premium or penalty at any time, provided the Academy may not re-borrow any such amounts prepaid.

The principal has been paid in full to Drexel University in fiscal year 2017. For the years ended June 30, 2017 and 2016, balances on the long term debt were $0 and $182,700 respectively.

13. Net Assets Released From Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Operating		
Research programs	$ 1,450,790	$ 487,667
Public programs	891,930	688,355
Other programs	1,455,207	1,225,078
	$ 3,797,927	$ 2,401,100

14. Net Assets

Net assets include the following:

	2017	2016
Unrestricted:		
Undesignated	$ (15,112,517)	$ (13,055,917)
Designated	(126,090)	(67,896)
Sponsored	(195,321)	(134,462)
Physical plant	21,437,825	21,097,330
Quasi-endowment funds	1,413,210	1,323,034
Tranfer for endowment deficiencies	(894,837)	(1,871,215)
Total unrestricted net assets	6,522,270	7,290,874
Temporarily restricted:		
Unexpended funds for programs and capital expense	13,811,255	11,731,462
Life income/term endowment funds	11,074	11,189
Endowment realized and unrealized loss	(576,401)	(1,176,477)
Total temporarily restricted net assets	13,245,928	10,566,174
Permanently restricted:		
Endowment principal	54,487,759	50,434,163
Tranfer for endowment deficiencies	866,405	1,871,215
Beneficial interest in trusts	9,038,218	8,614,427
Total permanently restricted net assets	64,392,382	60,919,805
Total net assets	$ 84,160,580	$ 78,776,853

15. Related Party Transactions

Per an affiliation agreement dated September 2011, the Academy of Natural Sciences is a subsidiary of Drexel University. Drexel provided services valued at $2,236,898 and $2,334,200 for the years ending June 30, 2017 and 2016, respectively. The Academy paid the full cost of the services, reported as Services provided by Drexel University in the accompanying statements of activities. In addition, Drexel provided $4,513,242 and $4,285,371 to the Academy for operations in the fiscal years 2017 and 2016, respectively, reported as Support from Drexel University. The total administrative and non-administrative services paid by the Academy in fiscal years 2017 and 2016 are as follows:

	2017	2016
Drexel affiliated support expenses	$ 2,236,898	$ 2,334,200
Center for Systematic Biology and Evolution	231,965	349,027
Environmental Group	151,980	341,201
Development and membership	6,797	6,722
Public programs	671	9,419
Administration	56,140	70,643
	$ 2,684,451	$ 3,111,212

16. Subsequent Events

The Academy has evaluated events subsequent to and through the report issue date, October 26, 2017.