

CHILDREN'S MUSEUM OF PITTSBURGH
Pittsburgh, Pennsylvania

Financial Statements
and
Supplementary Information
for the years ended June 30, 2017 and 2016

and Independent Auditors' Report Thereon



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Children's Museum of Pittsburgh
Pittsburgh, Pennsylvania

We have audited the accompanying financial statements of the Children's Museum of Pittsburgh (Museum), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of June 30, 2017 and 2016, 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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
November 20, 2017

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CHILDREN'S MUSEUM OF PITTSBURGH

STATEMENTS OF FINANCIAL POSITION

	June 30	
	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents:		
Unrestricted	\$ 2,346,881	\$ 2,446,102
Restricted	3,881,088	790,765
Receivables:		
Pledges receivable	1,573,720	1,479,067
Accounts receivable, net	35,770	59,496
Inventory	85,399	80,245
Prepaid and other expenses	161,963	138,855
Total Current Assets	8,084,821	4,994,530
PLEDGES RECEIVABLE	478,948	55,045
BOARD-DESIGNATED		
Cash and cash equivalents - unrestricted	813,673	617,743
Investments - unrestricted	299,464	265,138
ENDOWMENT ASSETS		
Cash and cash equivalents	1,436,400	1,374,913
Investments	6,709,614	5,919,675
PROPERTY, EQUIPMENT AND EXHIBITS, net	12,194,023	12,156,946
OTHER ASSETS	66,190	48,190
Total Assets	\$ 30,083,133	\$ 25,432,180
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 431,053	\$ 418,550
Accrued expenses	403,221	436,747
Deferred revenue	1,141,894	1,251,954
Total Current Liabilities	1,976,168	2,107,251
NET ASSETS		
Unrestricted	13,001,743	13,548,437
Unrestricted - board-designated for building reserves	749,564	555,792
Unrestricted - board-designated for park maintenance	363,573	327,089
Total unrestricted	14,114,880	14,431,318
Temporarily restricted	5,846,071	1,599,023
Permanently restricted	8,146,014	7,294,588
Total Net Assets	28,106,965	23,324,929
Total Liabilities And Net Assets	\$ 30,083,133	\$ 25,432,180

See notes to financial statements.

CHILDREN'S MUSEUM OF PITTSBURGH
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE				
Grants	\$ 1,011,907	\$ 365,517	-	\$ 1,377,424
Contributions	514,786	22,230	-	537,016
Sponsorships	529,288	636,312	-	1,165,600
Contributed services and equipment	306,111	-	-	306,111
Capital campaign revenue	247,578	4,184,175	-	4,431,753
Special event	354,358	-	-	354,358
Total Support	2,964,028	5,208,234	-	8,172,262
Program revenue	100,042	-	-	100,042
Admissions	1,546,482	-	-	1,546,482
Memberships	756,567	-	-	756,567
Retail sales	212,506	-	-	212,506
Other income	365,464	-	-	365,464
Café	613,357	-	-	613,357
Parking	368,741	-	-	368,741
Investment income	21,523	-	\$ 112,723	134,246
Exhibit rentals	400,311	34,537	-	434,848
Exhibit sales	645,000	-	-	645,000
Contracted Revenue: Business Development	322,050	-	-	322,050
Contracted Revenue: Learning and Research & Marketing	94,853	-	-	94,853
Total Revenue	5,446,896	34,537	112,723	5,594,156
Net realized and unrealized gain (loss) on investments	23,046	-	1,150,834	1,173,880
Net assets released from restrictions/transferred:				
For operations	827,096	(827,096)	-	-
For Making Community Places Project	33,802	(33,802)	-	-
For Museum Lab Projects	31,825	(31,825)	-	-
For Growth Capital Fund	103,000	(103,000)	-	-
Endowment draw	412,131	-	(412,131)	-
	1,430,900	(995,723)	738,703	1,173,880
Total Support And Revenue	9,841,824	4,247,048	851,426	14,940,298
EXPENSES				
Program Services:				
Direct:				
Museum Experiences	1,633,109	-	-	1,633,109
Education	909,249	-	-	909,249
Learning, Education and Research	281,402	-	-	281,402
Business Development	1,080,333	-	-	1,080,333
Indirect:				
Visitor services	2,409,679	-	-	2,409,679
Making Community Places	263,129	-	-	263,129
Special projects	1,388,132	-	-	1,388,132
Total Program Services	7,965,033	-	-	7,965,033
Support Services:				
Administration	1,171,386	-	-	1,171,386
Marketing	510,595	-	-	510,595
Development	461,522	-	-	461,522
Total Support Services	2,143,503	-	-	2,143,503
Costs of direct benefits to donors	49,726	-	-	49,726
Total Expenses	10,158,262	-	-	10,158,262
Changes In Net Assets	(316,438)	4,247,048	851,426	4,782,036
NET ASSETS				
Beginning of year	14,431,318	1,599,023	7,294,588	23,324,929
End of year	\$ 14,114,880	\$ 5,846,071	\$ 8,146,014	\$ 28,106,965

2016

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,600,371	\$ 948,409	-	\$ 2,548,780
434,194	9,695	-	443,889
481,350	-	-	481,350
308,132	-	-	308,132
-	75,000	-	75,000
416,222	-	-	416,222
<u>3,240,269</u>	<u>1,033,104</u>	<u>-</u>	<u>4,273,373</u>
135,296	-	-	135,296
1,371,358	-	-	1,371,358
726,378	-	-	726,378
194,135	-	-	194,135
350,779	-	-	350,779
599,768	-	-	599,768
355,351	-	-	355,351
8,093	-	\$ 120,617	128,710
397,483	-	-	397,483
513,154	-	-	513,154
103,444	-	-	103,444
81,872	-	-	81,872
<u>4,837,111</u>	<u>-</u>	<u>120,617</u>	<u>4,957,728</u>
-	-	(110,546)	(110,546)
673,748	(673,748)	-	-
124,913	(124,913)	-	-
-	-	-	-
-	-	-	-
401,771	-	(401,771)	-
<u>1,200,432</u>	<u>(798,661)</u>	<u>(512,317)</u>	<u>(110,546)</u>
9,277,812	234,443	(391,700)	9,120,555
1,311,382	-	-	1,311,382
875,021	-	-	875,021
270,808	-	-	270,808
257,365	-	-	257,365
2,594,943	-	-	2,594,943
50,752	-	-	50,752
1,538,541	-	-	1,538,541
<u>6,898,812</u>	<u>-</u>	<u>-</u>	<u>6,898,812</u>
1,296,959	-	-	1,296,959
556,505	-	-	556,505
425,558	-	-	425,558
<u>2,279,022</u>	<u>-</u>	<u>-</u>	<u>2,279,022</u>
59,668	-	-	59,668
<u>9,237,502</u>	<u>-</u>	<u>-</u>	<u>9,237,502</u>
40,310	234,443	(391,700)	(116,947)
<u>14,391,008</u>	<u>1,364,580</u>	<u>7,686,288</u>	<u>23,441,876</u>
<u>\$ 14,431,318</u>	<u>\$ 1,599,023</u>	<u>\$ 7,294,588</u>	<u>\$ 23,324,929</u>

See notes to financial statements.

CHILDREN'S MUSEUM OF PITTSBURGH

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 4,782,036	\$ (116,947)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,046,521	989,048
Realized and unrealized (gain)/loss on investments	(1,173,880)	110,546
Permanently restricted investment income	(112,723)	(120,617)
Gifts restricted for long-term capital investment	(2,324,542)	-
Changes in assets and liabilities:		
Operating receivables	610,456	(778,166)
Capital campaign receivables	(472,324)	56,000
Inventory	(5,154)	(3,182)
Prepaid expenses and other assets	(41,108)	(58,182)
Accounts payable	12,503	109,152
Accrued expenses	(33,526)	85,922
Deferred revenue	(110,060)	300,849
Net Cash Provided By Operating Activities	<u>2,178,199</u>	<u>574,423</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment and exhibits	(1,083,598)	(630,485)
Purchases of investments	(1,039,106)	(3,455,763)
Proceeds from sale of investments	1,501,444	3,690,481
Increase (decrease) in restricted cash and cash equivalents	(3,151,810)	330,870
Gifts restricted for long-term capital investment	1,691,580	-
Net Cash Used In Investing Activities	<u>(2,081,490)</u>	<u>(64,897)</u>
Net Increase In Cash And Cash Equivalents	96,709	509,526
CASH AND CASH EQUIVALENTS		
Unrestricted cash beginning of year	<u>3,063,845</u>	<u>2,554,319</u>
Unrestricted cash end of year	<u>\$ 3,160,554</u>	<u>\$ 3,063,845</u>

See notes to financial statements.

CHILDREN'S MUSEUM OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE 1 - ORGANIZATION

Children's Museum of Pittsburgh (the Museum) is a nonprofit organization established in 1980 and opened in 1983 to serve children in the tri-state area. At the heart of the Museum is its mission to provide innovative museum experiences that inspire joy, creativity and curiosity. The Museum is a partner and a resource for people who work with or on behalf of children, youth and families. Interactive museum experiences are at the core of the Children's Museum's mission. Each of the Museum's ten permanent exhibits are grounded in its longstanding Play with Real Stuff philosophy, which asserts that children need a solid foundation of developmentally appropriate learning activities that are concrete, real and relevant to their lives.

The Museum has emerged as a national leader in hands-on making and learning initiatives and research with recognition from the museum and library field and local and national education leaders. The Museum has routinely participated in national conversations about its MAKESHOP and learning and research with stakeholders from across the country to advance participation in making. The Museum has also participated in White House Maker Faire and the Congressional Maker Faire, as well as numerous federal and field-wide symposia, conferences and working groups on making as a learning process. The Museum also produces the major Maker Faire Pittsburgh festival to celebrate and share making with the community. At the same time, in the past decade the Museum has become well-known in the museum and library field as a leading creator of traveling exhibits for rental and is sought after for design and consulting services nationally.

High-quality, interactive exhibits and open-ended learning experiences are at the core of the Museum's experience. The Museum features ten permanent exhibits, including the Attic, Backyard, Garden, Garage, Studio, MAKESHOP, Nursery, Outdoor Classroom, Theater and Waterplay, and hosts a rotating slate of traveling exhibitions throughout the year. The Museum develops in-house, one-of-a kind traveling exhibits to rent and share with the field, commissions new interactive art and partners with hundreds of local working artists, and engages in accessibility and inclusion programming for all families.

The Museum creates and presents educational programs that connect with and engage all types of learners in 21st century skills. Teacher education, youth programs and classes on the Museum's floor provide opportunities for learning and play. Visiting a children's museum focused on real stuff, children and adults alike have opportunities to try new things, explore creative outlets and take a fresh, new look at the world around them. Children are encouraged to find their own answers through hands-on exploration. Outreach programs provide services to the general public outside the Museum, primarily in schools. Other venues include community festivals, malls and health fairs.

The Museum is a catalyst for positive change and works to use its resources to improve the quality of its immediate neighborhood with the goal of creating a safe, family-friendly destination. The physical structure of the Museum provides inspiration in its unique architecture incorporating three centuries and the latest in "green" technologies.

The Museum is a place of light and laughter, where children and the adults who love them can explore and grow together. The Museum is committed to the families of Western Pennsylvania.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

CHILDREN'S MUSEUM OF PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures 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 may differ from those estimates.

Net Assets - The Museum classifies resources for accounting and reporting purposes into separate net asset classes based on the absence or existence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories.

A description of the Museum's net asset categories is as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions or stipulations as to purpose or use. Such net assets may be designated by the Board of Directors (Board) of the Museum for specific purposes or limited by contractual agreements with outside parties.

Temporarily Restricted Net Assets - Net assets that are subject to donor-imposed restrictions or stipulations that may or will be met either by actions of the Museum or the passage of time.

Permanently Restricted Net Assets - Net assets that are subject to donor-imposed restrictions of investing the principal contribution in perpetuity and the investment income be used only for the Museum's operations and programs.

The Museum reports gifts of cash and other assets as restricted support if they are received with donor-imposed restrictions that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a gift's restrictions are met in the same fiscal year in which the gift was received, the gift is recorded as an unrestricted gift.

Receipts of unconditional promises to give with payments due in future periods are recorded as pledges receivable and recognized as increases to net assets at the date of promise. Receipts of conditional promises to give, which depend on the occurrence of a specified future and uncertain event, will be recognized when the conditions on which they depend are substantially met. An allowance for doubtful accounts was approximately \$0 and \$13,300 for the years ended June 30, 2017 and 2016, respectively. The allowance is based on the Museum's historical collection experience and review of the current status of receivables and judgment. Decisions to charge-off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. It is reasonably possible that the Museum's estimate of the allowance for doubtful accounts will change.

Cash and Cash Equivalents - The Museum considers highly liquid debt instruments with a purchased maturity of 12 months or less to be cash equivalents. The Museum maintains, at various financial institutions, cash and cash equivalents that may exceed federally insured amounts at times.

Investments and Investment Activities - Investments consist of equity securities, fixed-income obligations and other investment securities and are measured at fair value in the statement of financial position. Accordingly, the change in net unrealized appreciation or depreciation for the year is included in the statements of activities.

CHILDREN'S MUSEUM OF PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fair value of substantially all securities is determined by quoted market prices. The estimated fair value of securities for which there are no quoted market prices is based on similar types of securities that are traded in the market. (See Note 4.)

Investment securities are exposed to various risks caused by changes in interest rates, general market volatility and credit risk, etc. Due to the level of risk associated with certain investment securities, it is possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statements of activities and the balance sheets.

The Museum has an investment policy seeking total return on the Museum's permanent endowment. The income to be utilized by operations is calculated as not less than 2% or more than 7% of the average fair market value of the endowment during the preceding three (3) years. This policy was adopted to adhere to contractual agreements, as well as state statutes. The rate of the draw approximated 5% for both 2017 and 2016.

Inventory - Inventory is stated at the lower of cost (first-in, first-out method) or market. Inventory represents items available for sale in the Museum's retail store and café.

Property, Equipment and Exhibits - Property, equipment and exhibits are recorded at the lower of cost or market. Donated equipment is recorded at its fair market value at the date of donation. Depreciation expense is recorded on the straight-line method over estimated useful lives. Repairs and maintenance costs that do not extend the lives of the applicable assets are charged to expense as incurred. Gain or loss resulting from the retirement or other disposition of assets is included in the statement of activities.

The Museum reviews the carrying value of property, equipment and exhibits for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The Museum identified no events or changes in circumstances that necessitated an evaluation for impairment of property, equipment or exhibits for the fiscal years ended June 30, 2017 and 2016.

Inexhaustible Collections - In conformity with the practice followed by many museums, inexhaustible collections are not included because their values are not readily determinable. Items held by the Museum include paintings, models, dolls and puppets.

Revenue Recognition and Deferred Revenue - Admission and performance fees collected in advance of the events are included in deferred revenue and recognized as revenue in the year such events occur. Membership revenues are recognized over the life of the membership; the portion of membership revenues that extend beyond June 30 are included in deferred revenue. Revenues for traveling exhibit rentals are recognized over the period of the rental agreement. Revenues for exhibit sales and traveling exhibit rentals that are received in advance of performance under the contract are deferred and recognized in the year revenue recognition criteria is met. Revenues for in-house programs and shows that are received in advance of the activities are deferred and recognized in the year the activities occur. Revenues for exhibit sales are recognized on a percentage-of-completion method, measured by the percentage of costs incurred to date to estimated total costs for each contract. Because of inherent uncertainties in estimating costs, it is at least reasonably possible that estimates of costs and revenues will change within the near term. Contract costs include all material and labor costs and fringe benefits. Selling, general and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are recorded in the period in which such losses are determined. Profits are included in revenues when their realization is reasonably assured.

CHILDREN'S MUSEUM OF PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions - Contributions include pledges receivable and volunteer and donated professional services, as well as donated supplies, printing, rent and equipment. During the years ended June 30, 2017 and 2016, approximately \$306,000 and \$308,000, respectively, were recorded as in-kind contributions.

Although Board members have donated a substantial amount of time to the operation of the Museum, no amounts have been reflected in the accompanying financial statements for services of the Board members because no objective basis is available to measure the value of such services.

Advertising Costs - The Museum has a policy of expensing advertising costs in the period incurred. Such costs approximated \$296,000 and \$250,000 for the years ended June 30, 2017 and 2016, respectively.

Income Tax - The Museum is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Museum recognizes and reports income tax liabilities arising from unrelated business activities on Federal Form 990-T. The Museum follows the codification topic on income taxes. The topic prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. The Museum's statements of financial position at June 30, 2017 and 2016 do not include any liabilities associated with uncertain tax positions; further, the Museum has no unrecognized tax benefits. The Museum is no longer subject to examinations by tax authorities for fiscal years before 2014.

Subsequent Events - Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through November 20, 2017, the date on which the financial statements were available to be issued.

Recent Accounting Pronouncements - In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 (ASU 2014-09) related to the recognition of revenue from contracts with customers. ASU 2014-09 will replace all current accounting principles generally accepted in the United States of America guidance on this topic and eliminate most industry-specific guidance. ASU 2014-09 provides a unified model to determine when and how revenue is recognized. The core principle is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 was to be effective for nonpublic entities for annual reporting periods beginning after December 15, 2017. In August 2015, FASB issued ASU No. 2015-14 Revenue from Contracts with Customers (Topic 606), Deferral of the Effective Date (ASU 2015-14). The amendments in ASU 2015-14 defer the effective date of ASU 2014-09 for all entities by one year, to be effective for nonpublic entities for annual reporting periods beginning after December 15, 2018 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Museum is currently evaluating the impact of adopting ASU 2014-09 on its financial statements.

In July 2015, the FASB issued ASU No. 2015-11 Inventory: Simplifying the Measurement Date (ASU 2015-11), which applies to inventory that is measured using first-in, first-out (FIFO) or average cost. As prescribed by ASU 2015-11, an entity should measure inventory that is within scope of ASU 2015-11 at the lower of cost and net realizable value, which is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. ASU 2015-11 is effective for annual and interim periods beginning after December 15, 2016, and should be applied prospectively with early adoption permitted. The Museum is currently assessing the impact that ASU 2015-11 will have on its financial statements, if any.

CHILDREN'S MUSEUM OF PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In November 2016, issued ASU No. 2016-18 Statement of Cash Flows: Restricted Cash, requires restricted cash and restricted cash equivalents to be included within the cash and cash equivalents line on the statement of cash flows with a corresponding reconciliation prepared to the statement of financial position for cash and cash equivalents and restricted cash balances. Transfers between restricted cash and restricted cash equivalents and cash and cash equivalents will no longer be presented as cash flow activities in the statement of cash flows and material balances of restricted cash and restricted cash equivalents must disclose information regarding the nature of the restrictions. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018 and should be applied on a retrospective basis with early adoption permitted. The Museum is currently evaluating the impact that ASU 2016-18 will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02 Leases (Topic 842) (ASU 2016-02), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). ASU 2016-02 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. ASU 2016-02 requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. ASU 2016-02 is expected to impact the Museum's financial statements, as the Museum has certain operating lease arrangements for which it is the lessee. ASU 2016-02 supersedes the previous leases standard, Leases (Topic 840). The standard is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Museum is currently in the process of evaluating the impact the adoption of ASU 2016-02 will have on the Museum's financial statements.

In August 2016, the FASB completed Phase I of its Presentation of Financial Statements of Not-for-Profit Entities and issued FASB ASU 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14), which is intended to simplify and improve not-for-profit financial reporting.

Specifically, the new guidance:

- Revises the net asset classification scheme to two classes (net assets with donor restrictions and net assets without donor restrictions) instead of the previous three, while maintaining the requirement to report total net assets and changes in the classes of and total net assets.
- Continues to allow for a choice between the direct and indirect method of reporting operating cash flows; however, presentation of the indirect reconciliation is no longer required if using the direct method.
- Enhances disclosures for:
 - Self-imposed limits on the use of resources without donor-imposed restrictions
 - Composition of net assets with donor restrictions, and how the restrictions affect the use of resources

CHILDREN'S MUSEUM OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Qualitative disclosures on how a not-for-profit manages its available liquid resources, to meet cash needs for general expenditures within one year of the balance sheet date
- Quantitative disclosures that communicate the availability of financial assets to meet cash needs for general expenditures within one year of the balance sheet date
- Methods used to allocate costs among program and support functions
- Requires the presentation of expenses by nature as well as function, including an analysis of expenses showing the relationship between functional and natural classification for all expenses.
- Updates the accounting and disclosure requirements for underwater endowment funds, which include required disclosure of (1) policy concerning appropriation from underwater endowment funds, (2) the aggregate fair value of such funds, (3) the aggregate original gift amount (or level required by donor or law) to be maintained, and (4) the aggregate amount by which funds are underwater, which are to be classified as part of net assets with donor restrictions.
- Requires net presentation of investment expenses against investment return on the statement of activities and eliminates the requirement to disclose investment expenses that have been netted.
- Requires the use of, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expiration of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassification of amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restrictions over the estimated useful life of the acquired asset.)

ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 with early application permitted. The Museum is currently evaluating the impact ASU 2016-14 will have on its financial statements.

NOTE 3 - INVESTMENTS

Investments are presented in the financial statements at fair market value as follows and are primarily permanently restricted as of June 30:

	<u>2017</u>		<u>2016</u>	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Domestic equity funds	\$ 5,640,140	\$ 2,819,164	\$ 3,632,099	\$ 2,760,325
Fixed-income holdings	1,368,938	2,628,508	2,552,714	2,628,508
Cash and cash equivalents	1,436,400	1,436,400	1,374,913	1,374,913
	<u>\$ 8,445,478</u>	<u>\$ 6,884,072</u>	<u>\$ 7,559,726</u>	<u>\$ 6,763,746</u>

Net realized gains on the sale of securities were approximately \$408,000 and \$155,000 for 2017 and 2016, respectively. Unrealized gains/(losses) were approximately \$766,000 and (\$266,000) for 2017 and 2016, respectively.

CHILDREN'S MUSEUM OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE 4 - FAIR VALUE MEASUREMENT

The Fair Value Measurement and Disclosures topic defines fair value as the price that would be received to sell an asset or transfer a liability (i.e., exit price) in an orderly transaction between market participants at the measurement date. It requires disclosures that categorize assets and liabilities measured at fair value into one of three different levels depending on the assumptions (i.e., inputs) used in the valuation. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant judgment. Financial assets and liabilities are classified based on the lowest level of input significant to the fair value measurement. The fair value hierarchy is defined as follows:

Level 1 - Valuations are based on unadjusted quoted prices in an active market for identical assets or liabilities.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Level 3 - Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect the Museum's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

The Museum's financial instruments consist primarily of cash and cash equivalents, receivables, investments, accounts payable and accrued expenses. The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses approximates their fair value due to the short-term nature of such instruments.

The fair value of other financial assets comprising the Museum's investments at June 30, 2017 and 2016 is shown in the following table. The estimated fair values have been measured as of year-end and have not been re-evaluated or updated for the purposes of these financial statements subsequent to June 30, 2016. As such, the estimated fair values could be materially different, in either a positive or negative manner, at a subsequent date.

2017				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic equity funds	\$ 5,640,140	-	-	\$ 5,640,140
Fixed-income holdings	1,368,938	-	-	1,368,938
Cash and cash equivalents	1,436,400	-	-	1,436,400
	<u>\$ 8,445,478</u>	<u>-</u>	<u>-</u>	<u>\$ 8,445,478</u>
2016				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic equity funds	\$ 3,632,099	-	-	\$ 3,632,099
Fixed-income holdings	2,552,714	-	-	2,552,714
Cash and cash equivalents	1,374,913	-	-	1,374,913
	<u>\$ 7,559,726</u>	<u>-</u>	<u>-</u>	<u>\$ 7,559,726</u>

CHILDREN'S MUSEUM OF PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 4 - FAIR VALUE MEASUREMENT (Continued)

The fair value of investments categorized as Level 1 includes investments in common stock and U.S. Treasury securities, the fair values of which are based on quoted market prices for identical securities traded in active markets that are readily and regularly available to the Museum.

The Museum has no investments that require the use of Level 3 inputs.

Realized gains and unrealized depreciation are included in investment return in excess of (less than) the amount designated for current operations. Unrealized appreciation relates to investments held as of June 30, 2017.

NOTE 5 - ENDOWMENT

The Museum's endowment consists of various investment funds established or designated primarily for support of the organization's mission. Its endowment includes donor-restricted endowment funds and those designated by the Board. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Museum to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of the Museum has elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141) for the donor-restricted endowment funds. Act 141 is a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's permanently restricted investments as income each year. However, the long-term preservation of the real value of the assets must be taken into consideration when the Board elects the amount. The Museum has elected a policy to allow the corpus of the permanently restricted net assets to be sustained even if the investment is less than the corpus.

The Museum has not adopted Act 141 for the funds that are board-designated for endowment. These funds are monitored by the Finance Committee of the Board under operation of the Investment Policy. The Museum transfers funds as needed for specific capital projects. A release from the board-designated fund requires approval of the full Board.

In accordance with Act 141, the Museum has adopted a written investment policy, of which a section specifically relates to the endowment fund. The Museum considers the following factors in making a determination to set a spending rate for both the donor-restricted and board-designated endowment funds:

1. Protecting the corpus of the endowment fund.
2. Preserving the spending power of the assets.
3. Obtaining maximum investment return with reasonable risk and operational consideration.
4. Complying with applicable laws.

CHILDREN'S MUSEUM OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE 5 - ENDOWMENT (Continued)

Endowment fund net assets as of June 30 comprise the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2017				
Donor-restricted endowment funds	-	-	\$ 8,146,014	\$ 8,146,014
Board-designated endowment funds	\$ 1,113,137	-	-	1,113,137
Total Funds	\$ 1,113,137	-	\$ 8,146,014	\$ 9,259,151
June 30, 2016				
Donor-restricted endowment funds	-	-	\$ 7,294,588	\$ 7,294,588
Board-designated endowment funds	\$ 882,881	-	-	882,881
Total Funds	\$ 882,881	-	\$ 7,294,588	\$ 8,177,469

The change in endowment funds by net asset type for the year ended June 30 is as follows:

	<u>2017</u>	<u>2016</u>
Unrestricted:		
Board-designated net assets		
Beginning of year	\$ 882,881	\$ 732,628
Investment return:		
Investment income	9,392	9,098
Net realized gain	9,214	8,849
Net unrealized appreciation/(depreciation)	21,573	(24,364)
Additional Board allocation	281,303	261,540
Release of board-designated assets for expenditures	<u>(91,226)</u>	<u>(104,870)</u>
End of year	<u>\$ 1,113,137</u>	<u>\$ 882,881</u>
	<u>2017</u>	<u>2016</u>
Permanently restricted:		
Donor-restricted net assets		
Beginning of year	\$ 7,294,588	\$ 7,686,288
Investment return:		
Investment income	112,723	118,317
Net realized gain	406,516	120,334
Net unrealized appreciation/(depreciation)	744,318	(228,580)
Appropriation of endowment assets for expenditures	<u>(412,131)</u>	<u>(401,771)</u>
End of year	<u>\$ 8,146,014</u>	<u>\$ 7,294,588</u>

CHILDREN'S MUSEUM OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE 5 - ENDOWMENT (Continued)

Return Objectives and Risk Parameters - The Museum has adopted investment and spending policies for endowment assets that attempt to provide a reasonable level of funding to programs supported by its endowment while seeking to enhance the purchasing power of the fund's corpus by striving for long-term growth. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity or for a donor-specified period, and board-designated endowment funds. Under this policy, as approved by the Board of Directors, the donor-restricted endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a blended benchmark of equity, fixed income, private equity and alternatives. The board-designated endowment assets are invested based on the anticipated short-term and long-term needs of the Museum.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Museum 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). The Museum targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment advisors, at the discretion of the Finance Committee, are given guidelines to the percentage that can be committed to a particular investment or investment category.

Spending Policy and Investment Objectives Related to Spending Policy - The Museum annually transfers between 2% and 7% of the previous 36-month market value average of the donor-restricted endowment fund to unrestricted net assets for use in current and future operations. The draw for the years ended June 30, 2017 and 2016 was approximately \$412,000 and \$402,000, respectively. The Museum believes that this spending policy is consistent with its objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

NOTE 6 - PLEDGES RECEIVABLE

The Museum has received unconditional promises to give in 2017 and 2016. The unconditional promises to give are due to be received as follows at June 30:

	<u>2017</u>		<u>2016</u>
Due in less than 1 year	\$ 1,573,720	\$	1,479,067
Due in 1-5 years	478,948		55,045
	\$ <u>2,052,668</u>	\$	<u>1,534,112</u>

The unamortized discount relating to pledges receivable amounted to approximately \$28,000 and \$5,000 at June 30, 2017 and 2016, respectively. Discount rates approximated 3% and 1% at June 30, 2017 and 2016. Grants receivable of approximately \$373,000 and \$420,000 at June 30, 2017 and 2016, respectively, are restricted for the capital campaign or for a specific purpose.

The Museum has received a conditional promise to give of \$3,000,000 from a foundation to support the creation of the Growth Capital Fund and the endowment. The first condition was met upon creation of the Growth Capital Fund during 2017, and the corresponding revenue of \$1,500,000 was recognized during the year ended June 30, 2017. The second grant payment of \$1,500,000 is contingent upon the Museum meeting certain milestones during 2018. Because the condition for the second payment has not been met as of June 30, 2017, this amount is not included in 2017 revenues and is not included in pledges receivable as of June 30, 2017.

CHILDREN'S MUSEUM OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE 7 - PROPERTY, EQUIPMENT AND EXHIBITS

Property, equipment and exhibits at June 30 are summarized as follows:

	<u>2017</u>	<u>2016</u>
Building improvements	\$ 18,336,297	\$ 18,130,983
Exhibits	5,442,036	5,111,404
Building	520,000	520,000
Equipment	1,180,582	1,086,230
Land	130,000	130,000
	<u>25,608,915</u>	<u>24,978,617</u>
Less - Accumulated depreciation	<u>13,872,504</u>	<u>12,825,983</u>
	11,736,411	12,152,634
Construction in progress	<u>457,612</u>	<u>4,312</u>
Property, equipment and exhibits, net	\$ <u><u>12,194,023</u></u>	\$ <u><u>12,156,946</u></u>

NOTE 8 - LINE OF CREDIT

The Museum has entered into a revolving line-of-credit agreement with PNC Bank, National Association that provides for borrowings up to \$500,000. The interest rate approximated 4.00% at June 30, 2017. The line expires in December 2018. The Museum has not taken a draw on the loan during the fiscal years ended June 30, 2017 and 2016. Additionally, no interest has been expensed related to this note.

NOTE 9 - RESTRICTIONS ON ASSETS

Temporarily restricted net assets at June 30 are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Capital campaign	\$ 3,074,208	\$ 421,126
Exhibits/programs	1,340,329	1,177,897
Growth Capital	<u>1,431,534</u>	<u>-</u>
	\$ <u><u>5,846,071</u></u>	\$ <u><u>1,599,023</u></u>

Permanently restricted assets consist of donor-restricted funds to be invested in perpetuity, with the income available for use for the following purposes:

	<u>2017</u>	<u>2016</u>
Park Maintenance	\$ 144,932	\$ 130,387
Museum Operations	<u>8,001,082</u>	<u>7,164,201</u>
	\$ <u><u>8,146,014</u></u>	\$ <u><u>7,294,588</u></u>

CHILDREN'S MUSEUM OF PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 10 - RELEASE OF RESTRICTED ASSETS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors at June 30 as follows:

	2017	2016
Restrictions accomplished:		
Capital campaign:		
Making Community Places project	\$ 33,802	\$ 124,913
Museum Lab	31,825	-
Growth Capital Fund	103,000	-
Operations:		
Exhibits/programs	827,096	673,748
	\$ 995,723	\$ 798,661

NOTE 11 - LEASED PROPERTY

In November 2002, the Museum executed a land lease agreement with the City of Pittsburgh. The lease is for an initial term of 30 years and provides for renewal options, which both parties will negotiate at that time. Rental payments under the lease agreement are \$1 per year. The Museum has recorded \$240,000 as in-kind rent for the value of this lease for each of the fiscal years ended 2017 and 2016. The Museum is responsible for all operating costs and repairs and maintenance, including taxes, assessments, water and sewer rents and all other governmental charges or levies.

In September 2004, the Museum executed a land lease agreement with Allegheny Center Associates. The lease is for an initial term of 20 years and provides for extension options, which both parties will negotiate at that time. In addition, the lease provides a termination right for the landlord that requires payments of unamortized costs and expenses if the landlord elects to terminate the lease prior to the fifth lease year. Rental payments under the lease agreement are \$72,000 per year, which includes \$36,000 of in-kind rent. Beginning on the fifth anniversary of the rent commencement date, and annually thereafter, base rent shall be adjusted to reflect any increase in the Consumer Price Index. During fiscal 2010, the Museum entered into a supplement to the existing land lease with Allegheny Center Associates for land immediately adjacent to the land covered under the existing lease. In accordance with the lease supplement, there are no additional rental payments required; all amounts are represented by an in-kind donation to the Museum. In April 2013, Allegheny Center Associates exercised the option to terminate the supplement to the land lease. During fiscal 2014, the property covered under the land lease was sold by Allegheny Center Associates. The new owners have terminated the in-kind rental portion of the agreement. The Museum is responsible for all operating costs and repairs and maintenance, including taxes, utilities and all other government charges and levies.

CHILDREN'S MUSEUM OF PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 11 - LEASED PROPERTY (Continued)

The Museum leases certain equipment under long-term lease agreements. The following is a schedule, by year, of future minimum rental payments required under these agreements that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2017:

Fiscal Year Ending June 30	Amount
2018	\$ 169,213
2019	169,213
2020	169,213
2021	166,586
2022	165,273
Thereafter	<u>247,909</u>
	\$ <u>1,087,407</u>

In addition, the Museum leases certain exhibits and storage space under short-term or cancelable leases. The Museum's rental expense for fiscal years 2017 and 2016 approximated \$553,000 and \$513,000, respectively.

NOTE 12 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on an analysis of personnel time on the related activities.

NOTE 13 - EMPLOYEE BENEFITS

The Museum offers its employees health insurance, dental insurance, life insurance, short-term and long-term disability insurance, accidental death and dismemberment insurance and up to a 3% salary match for deposit to a 403(b) defined contribution retirement plan. Employees who waive health insurance receive one additional week of vacation. Employee benefit expense approximated \$436,000 and \$345,000 for the years ended June 30, 2017 and 2016, respectively. During the year ended 2014, the Museum added a 457(b) savings plan to offer eligible employees the opportunity to accumulate supplemental retirement savings. Amounts payable under this plan, included in accrued expenses in the accompanying statements of financial position, and the related fair value of assets held by the Museum are approximately \$66,000 and \$48,000 as of June 30, 2017 and 2016, respectively.

CHILDREN'S MUSEUM OF PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 14 - CAPITAL CAMPAIGN

In August 2011, the Museum entered into a Project, Maintenance and License Agreement with the City of Pittsburgh (City) for Allegheny Public Square, the public park where the Museum is making improvements. The Agreement extends to July 2032, and the Museum can negotiate in the final year of the contract to extend the term. The Agreement grants a temporary construction license for project work and outlines the Museum's responsibilities for maintenance following the completion of construction. All capital improvements made and paid for by the Museum will be owned by the City upon installation. As such, the Museum has expensed all capital-related items for this project in prior fiscal years. Repairs and maintenance for this project are recorded to expense as incurred in accordance with the Agreement.

In 2017, the Museum's Board approved an \$18,000,000 Museum Lab Capital Campaign. The endeavor, rooted in the Museum's mission to provide innovative museum experiences that inspire joy, creativity and curiosity, and leverages its national recognition in hands-on making and learning. Through this project, the North Side of Pittsburgh will become home to the Largest Cultural Campus for Children in the United States. To accomplish the vision the Museum will:

- Launch the Museum Lab, a site to test innovative approaches to improve education within the vacant historic Carnegie Library Allegheny;
- Create new innovative exhibits and experiences in the existing museum for rapidly expanding audience; and
- Expand and invest in financial vitality through the creation of new funds, including the new Growth Capital Fund.

The Museum Lab Capital Campaign will build on the Children's Museum's work in the community and continue to restore the core of what was Allegheny City in a beautiful historic building. At the same time, it launches the Children's Museum into its next phase of growth and relevancy.

As of June 30, 2017, the Museum received total pledges toward this campaign of approximately \$7,400,000. As of June 30, 2017, the Museum has spent approximately \$1,200,000 on the project, of which approximately \$400,000 relates to construction in progress.

SUPPLEMENTARY INFORMATION



Big Thinking. Personal Focus.

INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION

Board of Directors
Children's Museum of Pittsburgh
Pittsburgh, Pennsylvania

We have audited the financial statements of the Children's Museum of Pittsburgh as of and for the years ended June 30, 2017 and 2016, and have issued our report thereon dated November 20, 2017, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
November 20, 2017

CHILDREN'S MUSEUM OF PITTSBURGH

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Totals for 2016)

Program Services

	<u>Museum Experience</u>	<u>Education</u>	<u>Learning and Research</u>	<u>Business Development</u>	<u>Visitor Services</u>	<u>Making Community Places / Museum Lab</u>
Salaries and wages	\$ 860,105	\$ 405,742	\$ 155,079	\$ 181,779	\$ 906,935	\$ 85,048
Payroll taxes	66,687	32,946	9,628	14,798	71,349	6,625
Other employee benefits	94,676	46,967	13,649	22,075	101,863	9,857
Staff training	2,915	5,591	3,304	295	4,737	1,520
Professional memberships	2,500	-	60	-	583	-
Printing and publications	904	7,745	6,187	2,580	13,215	723
Postage and shipping	5,466	322	7	29,395	6,702	84
Rent	133,528	107,778	3,522	2,758	210,893	-
Exhibit rental	44,250	-	-	-	-	-
Utilities	82,833	19,250	6,764	864	75,022	-
Telephone	1,116	54	19	3	571	-
Supplies	133,448	34,380	10,236	81,505	95,237	267
Repairs and maintenance	24,816	-	7,403	856	27,267	500
Service contracts	120,585	155,023	44,555	376,688	170,875	129,225
Royalties	3,723	2,500	-	84,726	-	-
Advertising	1,500	17,700	203	74,719	9,822	-
Insurance	24,163	15,704	4,917	5,787	52,653	-
Cost of goods sold	-	-	-	-	368,678	-
Legal and accounting fees	-	-	-	1,250	-	-
Travel	14,829	19,820	11,676	40,042	1,841	10,685
Depreciation	13,195	9,811	3,546	152,397	26,017	2,946
Miscellaneous	188	4,997	-	877	264,306	40
Meeting expense	1,185	5,862	605	2,590	294	1,659
General and administrative	497	17,057	42	4,349	819	13,950
Interest	-	-	-	-	-	-
	<u>\$ 1,633,109</u>	<u>\$ 909,249</u>	<u>\$ 281,402</u>	<u>\$ 1,080,333</u>	<u>\$ 2,409,679</u>	<u>\$ 263,129</u>

Program Services		Support Services					
Special Projects	Total	Administration	Marketing	Development	Total	Total	
						2017	2016
\$ 69,451	\$ 2,664,139	\$ 651,463	\$ 267,048	\$ 233,123	\$ 1,151,634	\$ 3,815,773	\$ 3,440,753
4,348	206,381	53,276	21,108	18,144	92,528	298,909	270,452
6,111	295,198	85,402	29,075	25,965	140,442	435,640	344,853
465	18,827	8,077	585	2,321	10,983	29,810	20,961
-	3,143	11,223	800	750	12,773	15,916	18,895
45,442	76,796	4,579	11,549	9,055	25,183	101,979	59,267
402	42,378	4,202	1,635	3,116	8,953	51,331	25,188
353	458,832	40,307	2,928	6,610	49,845	508,677	513,464
-	44,250	-	-	-	-	44,250	2,460
-	184,733	19,013	1,792	997	21,802	206,535	179,515
-	1,763	10,669	725	363	11,757	13,520	12,619
32,165	387,238	44,605	4,724	48,566	97,895	485,133	576,161
-	60,842	7,624	681	284	8,589	69,431	153,691
326,034	1,322,985	105,529	18,848	79,567	203,944	1,526,929	1,212,511
-	90,949	-	225	-	225	91,174	-
55,000	158,944	6,905	128,137	2,366	137,408	296,352	250,475
-	103,224	20,306	9,764	8,514	38,584	141,808	127,983
-	368,678	-	-	-	-	368,678	347,301
-	1,250	65,202	-	-	65,202	66,452	51,146
32,412	131,305	12,324	65	6,654	19,043	150,348	165,341
813,025	1,020,937	14,093	5,717	5,774	25,584	1,046,521	989,048
-	270,408	634	-	5,077	5,711	276,119	334,088
319	12,514	3,590	143	1,060	4,793	17,307	18,797
2,605	39,319	2,363	5,046	3,216	10,625	49,944	62,865
-	-	-	-	-	-	-	-
<u>\$ 1,388,132</u>	<u>\$ 7,965,033</u>	<u>\$ 1,171,386</u>	<u>\$ 510,595</u>	<u>\$ 461,522</u>	<u>\$ 2,143,503</u>	<u>\$ 10,108,536</u>	<u>\$ 9,177,834</u>

The independent auditors' report on supplementary information should be read with this schedule.

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