

**THE TECH MUSEUM OF INNOVATION**

**Financial Statements and  
Report of Independent Certified Public Accountants**

**December 31, 1997 and 1996**

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**Report of Independent Certified Public Accountants**

**Grant Thornton**   
GRANT THORNTON LLP Accountants and  
Management Consultants  
The U.S. Member Firm of  
Grant Thornton International

Board of Directors  
The Tech Museum of Innovation

We have audited the accompanying statements of financial position of The Tech Museum of Innovation (the "Organization") (a California nonprofit corporation) as of December 31, 1997 and 1996, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 1997 and 1996, and the change in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

*Grant Thornton LLP*

San Jose, California  
April 28, 1998

The Tech Museum of Innovation

STATEMENTS OF FINANCIAL POSITION

December 31,

	1997			1996				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>ASSETS</b>								
Cash	\$ 2,451	\$ 502,273	\$ -	\$ 504,724	\$ 1,550	\$ 670,448	\$ -	\$ 671,998
Receivable from the sale of investments	-	65,802	-	65,802	-	93,521	-	93,521
Investments	-	11,050,190	-	11,050,190	-	8,138,435	-	8,138,435
Contributed support receivable, net	171,390	8,604,923	-	8,776,313	130,965	6,253,885	-	6,384,850
Public support receivable, net	-	485,437	-	485,437	-	1,414,306	-	1,414,306
Receivable for contributed use of facility, net	-	21,374,326	-	21,374,326	-	20,369,863	-	20,369,863
Grants receivable, net	138,656	-	-	138,656	37,582	-	-	37,582
Other receivable	31,850	12,018	-	43,868	37,875	4,417	-	42,292
Prepaid expenses and other assets	751,361	22,252	-	773,613	767,500	12,843	-	780,343
Inventory	64,358	-	-	64,358	88,007	-	-	88,007
Property and equipment, net	431,998	-	-	431,998	464,056	-	-	464,056
Construction-in-progress	4,291,271	-	-	4,291,271	1,172,723	-	-	1,172,723
Beneficial interest in trust	-	-	140,806	140,806	-	-	120,593	120,593
	<u>\$ 5,883,335</u>	<u>\$ 42,117,221</u>	<u>\$ 140,806</u>	<u>\$ 48,141,362</u>	<u>\$ 2,700,258</u>	<u>\$ 36,957,718</u>	<u>\$ 120,593</u>	<u>\$ 39,778,569</u>

LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 424,868	\$ 201,639	\$ -	\$ 626,507	\$ 232,129	\$ 132,510	\$ -	\$ 364,639
Payable (receivable) between net asset categories	(999,871)	959,065	40,806	-	(58,170)	37,577	20,593	-
Total liabilities	(575,003)	1,160,704	40,806	626,507	173,959	170,087	20,593	364,639
<b>Net assets</b>								
Unrestricted	1,735,069	-	-	1,735,069	889,520	-	-	889,520
Undesignated for property, equipment and construction in progress	4,723,269	-	-	4,723,269	1,636,779	-	-	1,636,779
Temporarily restricted	-	40,956,517	-	40,956,517	-	36,787,631	-	36,787,631
Permanently restricted	-	-	100,000	100,000	-	-	100,000	100,000
Total net assets	<u>6,458,338</u>	<u>40,956,517</u>	<u>100,000</u>	<u>47,514,855</u>	<u>2,526,299</u>	<u>36,787,631</u>	<u>100,000</u>	<u>39,413,930</u>
	<u>\$ 5,883,335</u>	<u>\$ 42,117,221</u>	<u>\$ 140,806</u>	<u>\$ 48,141,362</u>	<u>\$ 2,700,258</u>	<u>\$ 36,957,718</u>	<u>\$ 120,593</u>	<u>\$ 39,778,569</u>

The accompanying notes are an integral part of these statements.

The Tech Museum of Innovation

STATEMENTS OF ACTIVITIES

Years ended December 31,

	1997			1996				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and revenue:</b>								
Contributed support, net	\$ 1,863,065	\$ 7,947,066	\$ -	\$ 9,810,131	\$ 1,220,995	\$ 6,101,448	\$ -	\$ 7,322,443
Donated property, services and rent	213,389	2,692,232	-	2,905,621	412,427	2,943,880	-	3,356,307
Admissions and fees	693,882	-	-	693,882	558,220	-	-	558,220
Special events, net of expenses of \$543,284 and \$346,177 in 1997 and 1996	186,452	-	-	186,452	274,985	-	-	274,985
Store revenue	224,012	-	-	224,012	200,667	-	-	200,667
Federal awards	359,374	-	-	359,374	237,986	-	-	237,986
Interest income	515,838	20,213	-	536,051	341,891	23,231	-	365,122
Net investment realized/unrealized gain (loss)	1,577	-	-	1,577	(7,450)	-	-	(7,450)
Other income	424	-	-	424	10,454	-	-	10,454
Net assets released from restriction:	6,490,625	(6,490,625)	-	-	4,250,687	(4,250,687)	-	-
<b>Total support and revenue</b>	<b>10,548,638</b>	<b>4,168,886</b>	<b>-</b>	<b>14,717,524</b>	<b>7,500,862</b>	<b>4,817,872</b>	<b>-</b>	<b>12,318,734</b>
<b>Expenses:</b>								
<b>Program services</b>								
Museum project	351,823	-	-	351,823	437,483	-	-	437,483
Exhibits, programs, and experiences	2,854,591	-	-	2,854,591	2,398,223	-	-	2,398,223
Visitor services	314,895	-	-	314,895	384,197	-	-	384,197
Education	449,197	-	-	449,197	292,408	-	-	292,408
<b>Supporting services</b>								
Development and public relations	1,726,702	-	-	1,726,702	1,341,053	-	-	1,341,053
Management and general	919,391	-	-	919,391	799,396	-	-	799,396
<b>Total expenses</b>	<b>6,616,599</b>	<b>-</b>	<b>-</b>	<b>6,616,599</b>	<b>5,652,760</b>	<b>-</b>	<b>-</b>	<b>5,652,760</b>
<b>Change in net assets before cumulative effect of change in accounting principle</b>	<b>3,932,039</b>	<b>4,168,886</b>	<b>-</b>	<b>8,100,925</b>	<b>1,848,102</b>	<b>4,817,872</b>	<b>-</b>	<b>6,665,974</b>
<b>Cumulative effect of change in accounting principle</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,433,259</b>	<b>-</b>	<b>19,433,259</b>
<b>Change in net assets</b>	<b>3,932,039</b>	<b>4,168,886</b>	<b>-</b>	<b>8,100,925</b>	<b>1,848,102</b>	<b>24,251,131</b>	<b>-</b>	<b>26,099,233</b>
<b>Net assets at beginning of year</b>	<b>2,526,299</b>	<b>36,787,631</b>	<b>100,000</b>	<b>39,413,930</b>	<b>678,197</b>	<b>12,536,500</b>	<b>100,000</b>	<b>13,314,697</b>
<b>Net assets at end of year</b>	<b>\$ 6,458,338</b>	<b>\$ 40,956,517</b>	<b>\$ 100,000</b>	<b>\$ 47,514,855</b>	<b>\$ 2,526,299</b>	<b>\$ 36,787,631</b>	<b>\$ 100,000</b>	<b>\$ 39,413,930</b>

The accompanying notes are an integral part of these statements.

**The Tech Museum of Innovation**

**STATEMENTS OF CASH FLOWS**

**Years ended December 31,**

	1997	1996
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 8,100,925	\$ 26,099,233
Cumulative effect of change in accounting principle	-	(19,433,259)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	150,876	198,430
Provision for estimated uncollectible contributed support	89,092	120,733
Present value adjustment, net	(1,040,269)	(1,212,694)
Contributions restricted for long-term investment	(7,947,066)	(6,101,448)
Unrealized gains	(1,577)	7,450
Changes in operating assets and liabilities:		
Support receivables	(1,515,880)	(645,371)
Grants receivable and inventory	(79,001)	(48,086)
Prepays and other	6,730	(562,089)
Accounts payable and accrued expenses	261,867	123,240
Net cash used in operating activities	(1,974,303)	(1,453,861)
<b>Cash flows from investing activities:</b>		
Additions to property and equipment and construction-in-progress	(3,237,366)	(1,150,889)
Acquisitions of investments	(11,715,057)	(10,328,323)
Proceeds from sales of investments	8,812,386	6,966,354
Net cash used in investing activities	(6,140,037)	(4,512,858)
<b>Cash flows from financing activities:</b>		
Contributions restricted for long-term investment	7,947,066	6,101,448
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 (167,274)	 134,729
Cash and cash equivalents, beginning of year	671,998	537,269
Cash and cash equivalents, end of year	\$ 504,724	\$ 671,998

**Supplemental schedule of noncash investing activities:**

In 1997 and 1996, respectively, the Organization received donations of equipment of approximately \$1,588,000 and \$1,000,000, and investments of approximately \$512,400 and \$338,000.

The accompanying notes are an integral part of these statements.

**The Tech Museum of Innovation**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 1997 and 1996**

**NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

1. Nature of Operations

The Tech Museum of Innovation ("The Tech") was incorporated on January 11, 1983 as a nonprofit public benefit corporation. The specific purpose of The Tech is to administer the financing, construction and operation of a high technology science museum.

The Tech has entered into an agreement with the City of San Jose (the "City") for the lease of certain building space for a nominal fee. The building space will house The Tech's temporary science museum until the permanent facility is completed. The Tech will lease the permanent facility from the City under similar terms. The Tech's support and revenue comes primarily through contributions, federal awards, admissions and fees, and store revenue.

2. Categories of Net Assets

The net assets of The Tech are reported in the following categories:

- *Unrestricted net assets* generally have no donor-imposed restrictions. This category includes those revenues and expenses associated with program and supporting services.
- *Temporarily restricted net assets* include gifts for which donor-imposed restrictions have not been met and funds for which the ultimate purpose of the proceeds is not permanently restricted.
- *Permanently restricted net assets* includes a gift which requires, by donor-imposed restriction, that the corpus be invested in perpetuity and only the income be made available for The Tech's education program.

3. Contributed Support

The Tech recognizes all unconditional gifts and promises to give in the period notified. Contributed support is reported as unrestricted, temporarily restricted or permanently restricted depending on the existence of donor stipulations that limit the use of the support.

4. Functional Classification of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated, principally on a direct cost basis, among the classifications.

5. Investments

Investments consist primarily of U.S. Treasury Bills and corporate stocks. Investments are carried at fair value as determined by quoted market prices.

**The Tech Museum of Innovation**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 1997 and 1996**

**NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**6. Inventory**

Inventory consists principally of merchandise (technology related items) sold in The Tech Store and is stated at the lower of cost or market, cost being determined on the first-in, first-out ("FIFO") method.

**7. Property and Equipment**

Property and equipment are stated at cost for purchased assets and at estimated fair value for contributed assets. Depreciation is computed by the straight-line method over the estimated useful lives of the assets which range 3 - 5 years. Leasehold improvements are amortized by the straight-line method over the shorter of the estimated useful lives of the assets or the term of the related lease.

**8. Construction-In-Progress**

Construction-in-progress is stated at cost and represents exhibit projects and leasehold improvements currently under construction.

**9. Donated Property, Services and Use of Facility**

The Tech records various types of in kind support including professional services and tangible assets. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in kind support are offset by like amounts included in expenses. Additionally, The Tech receives a significant amount of contributed time which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

**10. Tax Exempt Status**

The Tech has been granted exempt status by the Internal Revenue Service and Franchise Tax Board under Sections 501(c)(3) and 23701(d), respectively.

**11. Use of Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates.

**The Tech Museum of Innovation**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**December 31, 1997 and 1996**

**NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Tech's allowance for estimated uncollectible contributed support receivables of \$546,865 and \$457,772, at December 31, 1997 and 1996, respectively are particularly significant estimates. The determination of the balance in this account is based on an analysis of the receivables and reflects an amount which, in management's judgment, is adequate to provide for potential losses after giving consideration to the character of the receivables, current economic conditions, past collection experience and such other factors that deserve current recognition in estimating losses.

**12. Expiration of Donor-Imposed Restrictions**

Donor-restricted contributions are booked in the temporarily or permanently restricted categories of net assets. The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Long-lived assets acquired with gifts of cash restricted for those acquisitions are reported as unrestricted based on The Tech's policy of lifting restrictions on contributions of cash used for the acquisition of long-lived assets when the long-lived assets begin construction or are acquired.

**13. Federal Awards**

Federal awards consist of funds received from the federal government for specific research projects. Substantially all of The Tech's federal award revenue is derived from cost reimbursement grants, which are billed to the grantor after costs have been incurred. Federal award revenue and unbilled federal awards are recognized to the extent the related costs are incurred.

Federal awards are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

**14. Reclassifications**

Certain reclassifications have been made to the 1996 balances to conform to the 1997 presentation.

**NOTE B - CHANGE IN ACCOUNTING PRINCIPLES AND PRESENTATION**

Effective January 1, 1996, the Tech adopted the provisions of *1996 AICPA Audit and Accounting Guide for Not-For-Profit Organizations* (the "Guide"). The Guide requires the recognition of contribution revenue and a receivable for the present value of the promise for rent-free use of the facility, as described in Note F. The cumulative effect of this change in accounting was to increase net assets at January 1, 1996 by \$19,433,259. The adoption of the Guide decreased 1996 change in net assets by \$194,400, when compared to what would have been recorded under the prior methodology.



**The Tech Museum of Innovation**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**December 31, 1997 and 1996**

**NOTE C - INVESTMENTS AND BENEFICIAL INTEREST IN TRUST**

Information relative to investments and the beneficial interest in trust, is summarized as follows:

	1997		
	Interest Income	Net Realized Gains	Fair Value
U.S. Government Securities	\$ 453,720	\$ -	\$10,960,106
Equity Securities	3,150	1,577	90,084
Beneficial Interest in Trust	20,213	-	140,806
	477,083	1,577	11,190,996
Cash	58,968	-	504,724
	<u>\$ 535,051</u>	<u>\$ 1,577</u>	<u>\$11,695,720</u>
	1996		
	Interest Income	Net Realized Loss	Fair Value
U.S. Government Securities	\$ 307,160	\$ -	\$ 8,081,353
Equity Securities	3,200	(7,450)	57,082
Beneficial Interest in Trust	14,205	-	120,593
	324,565	(7,450)	8,259,028
Cash	40,557	-	671,998
	<u>\$ 365,122</u>	<u>\$ (7,450)</u>	<u>\$ 8,931,026</u>

The beneficial interest in trust represents amounts held by The Community Foundation of Santa Clara County on behalf of The Tech.

**The Tech Museum of Innovation**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**December 31, 1997 and 1996**

**NOTE D - CONTRIBUTED SUPPORT RECEIVABLE**

Contributed support receivables are recorded after discounting the future cash flows to present value using a discount rate of 6%. Maturities of these receivables are as follows:

	December 31, 1997		
	Contributed Support	Contributed Public Support	Contributed Use of Facility
1998	\$ 7,290,067	\$ 500,000	\$ 194,400
1999	1,880,029	-	1,404,000
2000	730,833	-	1,404,000
2001	47,516	-	1,404,000
2002	10,000	-	1,404,000
2003 and thereafter	-	-	<u>71,604,000</u>
	<u>9,958,445</u>	<u>500,000</u>	<u>77,414,400</u>
Less discount for present value	(635,267)	(14,563)	(56,040,074)
Less allowance for estimated uncollectible contributed support	<u>(546,865)</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,776,313</u>	<u>\$ 485,437</u>	<u>\$ 21,374,326</u>
	December 31, 1996		
	Contributed Support	Contributed Public Support	Contributed Use of Facility
1997	\$ 5,644,605	\$ 1,000,000	\$ 194,400
1998	1,090,748	500,000	194,400
1999	386,975	-	1,404,000
2000	105,836	-	1,404,000
2001	20,000	-	1,404,000
2002 and thereafter	-	-	<u>73,008,000</u>
	<u>7,248,164</u>	<u>1,500,000</u>	<u>77,608,800</u>
Less discount for present value	(405,542)	(85,694)	(57,238,937)
Less allowance for estimated uncollectible contributed support	<u>(457,772)</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,384,850</u>	<u>\$ 1,414,306</u>	<u>\$ 20,369,863</u>

The contributed support receivables are generally restricted to the design, construction and installation of exhibits, operating and educational center, property and equipment for the permanent facility and related marketing, fund raising and other services. The receivable for the contributed use of the facility reflects the fair value of the use of the facility for 55 years using current rental rates (see Note F).

**The Tech Museum of Innovation**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**December 31, 1997 and 1996**

**NOTE E - CONDITIONAL CONTRIBUTED SUPPORT**

The Tech has received a funding commitment from the City for \$1,300,000 of annual support which is conditioned on the opening of the new museum and the City's annual ability to fund the contribution. The contribution is for operation and maintenance costs and spans the life of the related lease discussed in Note F. This contribution has not been reflected in the accompanying financial statements as the donor-imposed conditions had not been met as of December 31, 1997.

**NOTE F - CITY OF SAN JOSE AND SAN JOSE REDEVELOPMENT AGENCY**

In 1994, The Tech signed revised and updated agreements with both the City and the San Jose Redevelopment Agency ("SJRDA") with respect to the construction of a new museum facility. In accordance with the agreements, the SJRDA will construct the museum which the City will own and lease to The Tech for 55 years at a nominal fee. The Tech is responsible for raising the funds for developing and installing exhibits, leasehold improvements and equipment. Completion of this project is anticipated for 1998.

The agreement with the City provides for the conditional contribution discussed in Note E as well as a contribution to fund start-up costs for which The Tech has recorded a contributed public support receivable of \$485,437 and \$1,414,306 representing the present value of the amounts to be received at December 31, 1997 and 1996, respectively. The SJRDA agreement also provides for contributions to The Tech for certain exhibit development and project management costs.

**NOTE G - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31,:

	<u>1997</u>	<u>1996</u>
Exhibits and furnishings	\$ 6,670,341	\$ 6,643,741
Furniture, fixtures and improvements	899,539	864,582
Leasehold improvements	<u>2,093,212</u>	<u>2,035,949</u>
	9,663,092	9,544,272
Less: accumulated depreciation	<u>9,231,094</u>	<u>9,080,216</u>
	<u>\$ 431,998</u>	<u>\$ 464,056</u>

Depreciation expense for the years ended December 31, 1997 and 1996 was \$150,876 and \$198,430, respectively.

**The Tech Museum of Innovation**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 1997 and 1996**

**NOTE H - RELATED PARTY TRANSACTIONS**

For the years ended December 31, 1997 and 1996, The Tech received cash and stock contributions and equipment donations amounting to \$9,447,000 and \$4,410,000, respectively, from members of the Board of Directors of The Tech or companies with which the Board of Directors are affiliated. At December 31, 1997 and 1996, the present value of contributed support receivables from these related parties approximated \$4,709,000 and \$3,200,000, respectively.

**NOTE I - COMMITMENTS**

The Tech is obligated under noncancelable operating leases for office and storage space which expire on June 30, 2001. Future minimum noncancelable lease payments under The Tech's leases are as follows:

Year ending December 31,

1998	\$ 135,228
1999	172,614
2000	105,000
2001	105,000
2002	105,000
2003 and thereafter	<u>630,000</u>
	<u>\$ 1,252,842</u>

In 1997 and 1996, total rent expense was \$301,023 and \$305,206, respectively, including \$194,400 representing the contributed use of the facility for both 1997 and 1996.

Included in the commitments above is the obligation for lease payments for the IMAX theater which will be a feature of the new museum upon completion. Lease payments are based on 7% of the theater admissions or a minimum of \$350 per seat, per year, for a minimum of \$105,000 each year over the term of the 10 year lease.

With respect to the new museum, The Tech has entered into contracts with fabricators for exhibit construction and installation which will be completed in 1998. At December 31, 1997, outstanding commitments under these contracts approximated \$1,600,000.

**NOTE J - MAJOR CONTRIBUTIONS**

In 1997, 4 donors accounted for 67% of contributed support. In 1996, 4 donors accounted for 48% of contributed support.

The Tech Museum of Innovation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 1997 and 1996

**NOTE K - EMPLOYEE BENEFIT PLAN**

The Tech provides a defined contribution plan for all full-time employees. The plan provides for employee contributions although the employer does not contribute at this time.

**NOTE L - NET ASSETS**

Temporarily restricted net assets are restricted by donors for the purposes described below. Permanently restricted net assets consist of investments held in perpetuity, the income of which is expendable for the purposes described below at December 31,:

	<u>1997</u>		<u>1996</u>	
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Education	\$ 2,032,000	\$ 100,000	\$ 81,000	\$ 100,000
New museum	17,550,191	-	16,336,768	-
Use of facilities	<u>21,374,326</u>	<u>-</u>	<u>20,369,863</u>	<u>-</u>
	<u>\$ 40,956,517</u>	<u>\$ 100,000</u>	<u>\$ 36,787,631</u>	<u>\$ 100,000</u>

**NOTE M - NET ASSETS RELEASED FROM RESTRICTION**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors, including the passage of time. Net assets were released from restriction as follows for the years ended December 31,:

	<u>1997</u>	<u>1996</u>
Purposes restrictions accomplished:		
Education	\$ 20,213	\$ 20,593
New museum	6,276,012	4,035,694
Time restriction met:		
Use of facilities	<u>194,400</u>	<u>194,400</u>
	<u>\$ 6,490,625</u>	<u>\$ 4,250,687</u>