

Report to Finance Committee Members

The Tech Museum of Innovation

Year ended December 31, 2002

May 7, 2003

Finance Committee Members
The Tech Museum of Innovation

Ladies and Gentlemen:

Professional standards require that we advise you of the following matters relating to our recently concluded audit. The matters discussed herein are those that we have noted as of April 25, 2002 and we have not updated our procedures regarding these matters since that date to the current date.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated March 24, 2003, our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) does not provide absolute assurance or guarantee the accuracy of the financial statements and is subject to the inherent risk that errors or fraud, if they exist, have not been detected. Such standards also require that we obtain a sufficient understanding of The Tech Museum of Innovation's ("The Tech") internal controls to plan the audit. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal controls.

Management Judgments and Accounting Estimates

Accounting estimates, based upon management's judgments, are an integral part of an entity's financial statements. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. Significant estimates include the following:

- Depreciable lives of exhibits
- Allowance for uncollectable contributed support

We believe that The Tech's estimate of the useful life of exhibits represents a sensitive accounting estimate. Exhibits are depreciated over seven years, which corresponds with the Organization's plan to replace all exhibits within that timeframe. During the course of our audit, we evaluated the key factors and assumptions used by management to develop this estimate and determined that it was reasonable in relation to The Tech's financial statements taken as a whole. We also believe that The Tech's allowance for uncollectable contributed support represents a sensitive accounting estimate. 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 collections experience and such other factors that deserve current recognition in estimating losses. We have performed tests of the allowance to satisfy ourselves as to its reasonableness in relation to the financial statements taken as a whole.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. The definition includes adjustments that were not recorded by The Tech because they are not material to the current financial statements but might be potentially material to future financial statements. During our audit, we recommended, and The Tech recorded several audit adjustments (see attached). Adjustments which were not recorded

(Passed Adjusting Journal Entries) are also attached.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the Organization's financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation with Other Accountants

Management has informed us they have not consulted with other accountants during the year.

Difficulties Encountered in Performing the Audit

We are pleased to report that we encountered no difficulties in performing the audit.

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Should you desire further information concerning these matters, we will be happy to meet with you at your convenience.

This letter is intended solely for the information and use of the Finance Committee and management of The Tech and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Grant Thornton LLP

Tech Museum 2002 adjustments

AJE No.	Account Description	Account Number	Debits	Credits
1	DEV-EVTS: fees	8400 21 33-00	230,266.96	
1	DEV: Materials-Inkind (GIZMO)	8800 21 33-00	32,573.78	
1	8800: INKIND -materials (MIS)	8800 21 85-10	3,150.00	
1	GALL: Materials - Inkind	8800 21 93-35	1,155.00	
1	DEV: Materials-Inkind	8800 21 30-00	2,770.00	
1	DEV: Fees & Svcs.-Inkind	8400 21 30-00	75,000.00	
1	LST: Materials-Inkind	8800 21 60-00	2,466.01	
1	EXTCH: Materials - Inkind	8800 21 86-00	11,300.00	
1	MAR: Materials-Inkind	8800 21 40-00	1,540.00	
1	MAR: Fees & Svcs.-InKind	8400 21 40-00	300,000.00	
1	GALL: Materials - Inkind	8800 21 93-35	1,056.70	
1	DEV: Materials-Inkind	8800 21 30-00	5,000.00	
1	EXH: Materials-Inkind	8800 21 80-00	1,100.00	
1	MAR: Fees & Svcs.-InKind	8400 21 40-00	580,277.00	
1	DEV: Fees & Svcs.-Inkind	8400 21 30-00	500.00	
1	SUP: General - Inkind Contrib	5040 21 00-00		1,248,155.45
To book in-kind donations				
2	PAY:pre-pay rentals	2700 21 00-00	295,000.00	
2	CIP: Exhibit Cash	1170 72 00-00		295,000.00
To reclass prepaid amounts for future exhibits (traveling exhibits, which are considered operating leases) to prepaid expenses.				
3	SUP: General - Inkind Contrib	5040 21 00-00	92,318.00	
3	DEV: Fees & Svcs.-Inkind	8400 21 30-00		92,318.00
To adjust in-kind donations.				
4	pay: payroll accrual	2126 21 00-00	96,761.54	
4	SPEVSALES: gross wages	6101 21 62-00		96,761.54
To adjust accrued payroll				
5	AST: WFB CHECKING	1002 81 00-00	1,253,070.00	
5	AST: Offit Bank	1820 81 00-00		1,253,070.00
To reclass deposit in transit back to cash.				
6	6120: Benefits	6120 21 90-00	2,195.88	
6	6120: Benefits	6120 21 80-10	2,195.88	
6	6120: Benefits	6120 21 80-00	6,587.70	
6	6120: Benefits	6120 21 80-40	2,195.88	
6	6120: Benefits	6120 21 50-00	2,195.88	
6	6120: Benefits	6120 21 93-35	2,195.88	
6	6120: Benefits	6120 21 30-00	2,195.88	
6	6120: Benefits	6120 21 62-00	2,195.88	
6	6120: Benefits	6120 21 61-00	2,195.88	
6	6120: Benefits	6120 21 51-10	2,195.88	
6	6120: Benefits	6120 21 60-00	2,195.88	
6	6120: Benefits	6120 21 85-10	2,195.88	
6	6120: Benefits	6120 21 90-00	2,195.88	
6	6120: Benefits	6120 21 85-20	4,391.76	
6	6120: Benefits	6120 21 62-00	6,587.64	

AJE No.	Account Description	Account Number	Debits	Credits
6	AST: Prepaid Insurance	1111 21 00-00		43,917.66
To adjust Prepaid Expenses - Insurance				
7	OTHER: Unrealized Gain/Loss	4921 21 00-00	25,051.00	
7	INV: UNIV TECH VENTURES	1810 81 00-00		25,051.00
7	DUE: to/from Unrestricted OpF	1990 21 00-01		25,051.00
7	DUE: To/From Unrestricted Fnd	1990 81 00-01	25,051.00	
To adjust value of UTV investment.				
8	INV: Security Sale Receivable	1062 21 00-00	4,918.95	
8	OTHER: Security Sales	4920 21 00-00	3,622.19	
8	INV: Securities	1300 21 00-00		8,541.14
To adjust balances according to confirmation.				
9	OTHER: Security Sales	4920 21 00-00	50,209.50	
9	CONT: Innov/Lead Circles	4020 21 00-00		50,209.50
To reclass a contribution to revenues				
10	CSR: Pledges	1900 81 00-00		50,000.00
10	Bad Debt Expense	4390 81 00-00	50,000.00	
To release \$50K from the Endowment Campaign (Tony Ridder).				
11	DUE: To/From Unrestricted Fnd	1990 81 00-01		43,534.00
11	CON: Foundations	4050 81 00-00	43,534.00	
11	CONT: Foundations	4050 21 00-00		43,534.00
11	DUE: To/From General Fund	1990 61 00-01		1,445,655.00
11	DUE: to/from Unrestricted OpF	1990 21 00-01	1,539,189.00	
11	EXH: Materials	6800 61 80-00	507,361.00	
11	EXH: Materials	6800 21 80-00		557,361.00
11	Created by posting	2110 61 00-00	40,461.03	
11	PAY: Accounts Payable	2110 21 00-00		40,461.03
To properly state net assets				
12	FUND BALANCE	3000 21 00-00	1,772,781.67	
12	FUND BALANCE	3000 61 00-00		1,722,781.67
12	FUND BALANCE	3000 81 00-00		49,999.73
12	DUE: to/from Unrestricted OpF	1990 21 00-01		1,772,781.67
12	DUE: To/From General Fund	1990 61 00-01	1,722,781.67	
12	Bad Debt Expense	4390 81 00-00	49,999.73	
To adjust beginning PR net assets				
13	OTHER: Security Sales	4920 21 00-00	538,615.00	
13	OTHER: Interest & Dividends	4901 21 00-00		538,615.00
to reclass gains/losses and interest income				

AJE No.	Account Description	Account Number	Debits	Credits
14	EXH: Personnel-Gross Wages	6101 21 80-00	18,000.00	
14	pay: payroll accrual	2126 21 00-00		18,000.00
To accrued settlement for former employee.				
15	CONT: Annual Event	4060 21 00-00	150,000.00	
15	CONT: Tech Awards	4060 61 00-00		150,000.00
15	DUE: To/From General Fund	1990 61 00-01	150,000.00	
15	DUE: to/from Unrestricted OpF	1990 21 00-01		150,000.00
To reclass Tech Awards from unrestricted to temp restricted				
16	CONT: Innov/Lead Circles	4020 21 00-00	500,444.00	
16	Bad Debt Expense	4390 21 00-00		500,444.00
To offset bad debt expense (releases) against revenues.				
17	FAC: utilities	7200 21 64-00	712,566.00	
17	MIS: utilities	7200 21 85-10		92,198.00
17	7200: Utilities	7200 21 80-40		620,368.00
To reclass the operating expense to correct classification.				
18	EXHSPON: Corporate Sponsorshp	4140 21 00-00	44,350.00	
18	CONT: Corp. Sponsorships	4040 61 00-00		44,350.00
18	DUE: to/from Unrestricted OpF	1990 21 00-01		44,350.00
18	DUE: To/From General Fund	1990 61 00-01	44,350.00	
To correct an erroneously posted AJE that should have been posted to temporarily restricted sponsorship.				
Totals			11,022,508.39	11,022,508.39

Tech Museum 2002 PAJEs

PAJE No.	Account Description	Asset	Liability	Equity	Revenue Expense
1	CSR: Unearned Pledges	10,395.00			
1	Pledge Revenue-Endowment				(10,395.00)

To adjust Present value discount after \$50K transfer from Tony Ridder.

3	AST: WFB Checking Account	45,295.00			
3	PAY: AP adjustments		(45,295.00)		

To record PAJE to reconcile cash balances to the bank statement.

4	CON: Foundations				5,804.00
4	CONT: Innov/Lead Circles				9,765.00
4	EDUCATION & PRGRAMS: indiv				(1,797.00)
4	CONT: Individuals				5,000.00
4	Bad Debt Expense				(18,772.00)

To properly reconcile contributions revenues at 12/31/02.

5	ADMIN: Fees				36,891.00
5	Created by posting		(36,891.00)		

To create a PAJE to reconcile the AP Detail to the GL.

6	Unrestricted net assets			241,745.00	
6	Temporarily restricted net assets			(241,745.00)	
6	Temporarily restricted revenue				241,745.00
6	Unrestricted revenue				(241,745.00)

To adjust temporarily restricted and unrestricted net assets.

7	Unrestricted net assets			25,933.00	
7	ADM: Fees and services				(1,225.00)
7	ADM: Utilities				(24,708.00)

To record current year effect of reversal of prior year PAJE's

PAJE Totals By Classification		55,690.00	(82,186.00)	25,933.00	563.00
Classification Totals Before PAJ		57,485,426.41	(1,748,598.50)	(61,278,128.76)	5,541,300.85