

***THE STATEN ISLAND MUSEUM***  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**



***THE STATEN ISLAND MUSEUM***  
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**JUNE 30, 2012 AND 2011**

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## Independent Auditor's Report

To the Board of Trustees  
The Staten Island Museum  
Staten Island, NY

We have audited the accompanying statements of financial position of The Staten Island Institute of Arts and Sciences, d/b/a The Staten Island Museum (the "Museum") as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Museum's June 30, 2011 financial statements and, in our report dated November 14, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 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 audit provides 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 Staten Island Museum as of June 30, 2012, and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Staten Island, NY  
December 20, 2012

***THE STATEN ISLAND MUSEUM***  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2012 AND 2011**

ASSETS

	<u>2012</u>	<u>2011</u>
Assets		
Cash	\$ 386,287	\$ 1,031,080
Investments	1,515,485	1,186,573
Accounts and pledges receivable	85,820	105,090
Inventory	24,750	20,503
Prepaid expenses	12,794	21,504
Property and Equipment (net)	<u>758,463</u>	<u>711,858</u>
 Total Assets	 <u>\$ 2,783,599</u>	 <u>\$ 3,076,608</u>

COLLECTIONS

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 142,964	\$ 134,489
Deferred revenue	<u>9,685</u>	<u>6,210</u>
 Total Liabilities	 <u>152,649</u>	 <u>140,699</u>
 Net Assets		
Unrestricted	667,955	860,747
Temporarily restricted	1,564,028	1,676,195
Permanently restricted	<u>398,967</u>	<u>398,967</u>
 Total Net Assets	 <u>2,630,950</u>	 <u>2,935,909</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,783,599</u>	 <u>\$ 3,076,608</u>

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



**THE STATEN ISLAND MUSEUM**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>Unrestricted</u> <u>Museum</u> <u>Operating</u>	<u>Unrestricted</u> <u>Building A</u> <u>Project</u>	<u>Total</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	2012 <u>Total</u>	2011 <u>Total</u>
<b>Operating Support and Revenue</b>							
<b>Support</b>							
Government grants	\$ 833,143	\$ -	\$ 833,143	\$ 49,628	\$ -	\$ 882,771	\$ 964,634
Individual contributions	23,530	-	23,530	39,571	-	63,101	64,208
Corporations and Foundations	-	-	-	423,198	-	423,198	647,844
Donated materials and services	25,513	-	25,513	-	-	25,513	45,432
<b>Total Support</b>	<u>882,186</u>	<u>-</u>	<u>882,186</u>	<u>512,397</u>	<u>-</u>	<u>1,394,583</u>	<u>1,722,118</u>
<b>Revenue</b>							
Program income	93,344	-	93,344	-	-	93,344	85,410
Fundraising events	82,323	-	82,323	-	-	82,323	85,378
Museum gift shop	12,611	-	12,611	-	-	12,611	11,046
Membership dues	19,427	-	19,427	-	-	19,427	25,505
Admissions	22,580	-	22,580	-	-	22,580	17,179
Other income	8,584	-	8,584	-	-	8,584	24,392
Net assets released from restrictions	454,523	129,536	584,059	(584,059)	-	-	-
<b>Total Revenue</b>	<u>693,392</u>	<u>129,536</u>	<u>822,928</u>	<u>(584,059)</u>	<u>-</u>	<u>238,869</u>	<u>248,910</u>
<b>Total Operating Support and Revenue</b>	<u>1,575,578</u>	<u>129,536</u>	<u>1,705,114</u>	<u>(71,662)</u>	<u>-</u>	<u>1,633,452</u>	<u>1,971,028</u>
<b>Operating Expenses</b>							
<b>Programs</b>							
Collections and exhibitions	568,777	55,449	624,226	-	-	624,226	657,670
Visitor services and membership	287,223	41,696	328,919	-	-	328,919	304,252
Public programs and education	324,478	41,163	365,641	-	-	365,641	332,685
<b>Total Programs</b>	1,180,478	138,308	1,318,786	-	-	1,318,786	1,294,607
Management and support services	227,620	53,959	281,579	-	-	281,579	275,807
Fundraising and development	167,398	129,206	296,604	-	-	296,604	261,311
<b>Total Operating Expenses</b>	<u>1,575,496</u>	<u>321,473</u>	<u>1,896,969</u>	<u>-</u>	<u>-</u>	<u>1,896,969</u>	<u>1,831,725</u>
<b>Net Operating Income (loss)</b>	<b>82</b>	<b>(191,937)</b>	<b>(191,855)</b>	<b>(71,662)</b>	<b>-</b>	<b>(263,517)</b>	<b>139,303</b>
<b>Net Investment (Depreciation) Appreciation</b>	<u>(937)</u>	<u>-</u>	<u>(937)</u>	<u>(40,505)</u>	<u>-</u>	<u>(41,442)</u>	<u>37,504</u>
<b>Increase (Decrease) in Net Assets</b>	<b>(855)</b>	<b>(191,937)</b>	<b>(192,792)</b>	<b>(112,167)</b>	<b>-</b>	<b>(304,959)</b>	<b>176,807</b>
<b>Net Assets-Beginning of Year</b>	<u>860,747</u>	<u>-</u>	<u>860,747</u>	<u>1,676,195</u>	<u>398,967</u>	<u>2,935,909</u>	<u>2,759,102</u>
<b>Net Assets-End of Year</b>	<u>\$ 859,892</u>	<u>\$ (191,937)</u>	<u>\$ 667,955</u>	<u>\$ 1,564,028</u>	<u>\$ 398,967</u>	<u>\$ 2,630,950</u>	<u>\$ 2,935,909</u>

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



**THE STATEN ISLAND MUSEUM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE TOTALS FOR JUNE 30, 2011**

	PROGRAMS				Management and General	Fundraising	Total 2012	Total 2011
	Collections and Exhibitions	Visitor Services, Public Affairs Membership	Public Programs and Education	Total				
Salaries	\$ 327,615	\$ 183,614	\$ 215,969	\$ 727,198	\$ 167,199	\$ 138,735	\$ 1,033,132	\$ 997,936
Payroll Taxes	24,631	13,798	15,927	54,356	15,649	10,400	80,405	77,451
Employee Fringe Benefits	79,655	36,083	44,877	160,615	35,876	15,342	211,833	189,070
Pension	21,331	16,532	13,588	51,451	19,797	17,412	88,660	86,888
Advertising and Marketing	2,256	4,389	440	7,085	-	225	7,310	3,754
Artists and Consultants	5,650	-	6,131	11,781	-	-	11,781	55,395
Interest and Bank Charges	-	14	-	14	3,494	33	3,541	3,084
Collections Acquisition and Maintenance	7,214	-	-	7,214	-	-	7,214	5,013
Gift Shop - Cost of Sales	-	6,062	-	6,062	-	-	6,062	6,175
Depreciation	18,186	15,421	11,959	45,566	3,336	-	48,902	29,640
Dues and Subscriptions	2,929	1,523	1,080	5,532	1,007	436	6,975	8,685
Equipment Lease and Repair	16,411	6,435	5,734	28,580	5,022	2,036	35,638	37,632
Collections Acquisition In-Kind	23,235	-	-	23,235	-	-	23,235	23,844
Cost of Direct Benefits to Donors	-	-	-	-	-	25,053	25,053	15,247
Special Programs and Promotions	821	91	6,929	7,841	590	865	9,296	8,177
Insurance	10,691	3,663	3,263	17,617	2,156	1,409	21,182	19,640
Office Expense/Software/Technology	2,765	4,197	2,318	9,280	978	2,281	12,539	9,780
Postage and Shipping	4,875	2,061	2,073	9,009	614	704	10,327	7,553
Printing and Copying	9,895	11,323	2,800	24,018	101	6,963	31,082	25,377
Photography/Framing/Graphic Design	10,490	6,531	1,221	18,242	750	2,050	21,042	13,414
Professional Development	386	354	455	1,195	3,890	-	5,085	4,338
Professional Fees	8,345	4,112	3,899	16,356	12,598	66,693	95,647	68,273
Supplies	7,162	755	9,496	17,413	558	468	18,439	17,812
Telephone and Internet	3,359	2,040	2,106	7,505	4,569	923	12,997	21,364
Occupancy	26,514	706	2,632	29,852	86	16	29,954	38,159
Travel and Entertainment	-	-	-	-	335	2,220	2,555	12,067
Utilities	8,406	8,406	8,406	25,218	-	-	25,218	29,512
Automobile Expense	1,200	315	2,279	3,794	952	844	5,590	72
Bad Debt	-	-	1,828	1,828	-	893	2,721	10,390
Miscellaneous Expense	204	494	231	929	2,022	603	3,554	5,983
<b>Total Expenses in 2012</b>	<b>\$ 624,226</b>	<b>\$ 328,919</b>	<b>\$ 365,641</b>	<b>\$ 1,318,786</b>	<b>\$ 281,579</b>	<b>\$ 296,604</b>	<b>\$ 1,896,969</b>	
<b>Total Expenses in 2011</b>	<b>\$ 657,670</b>	<b>\$ 304,252</b>	<b>\$ 332,685</b>	<b>\$ 1,294,607</b>	<b>\$ 294,979</b>	<b>\$ 261,311</b>		<b>\$ 1,831,725</b>

The accompanying notes are an integral part of these financial statements



**THE STATEN ISLAND MUSEUM**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
(Decrease) Increase in net assets	\$ (304,959)	\$ 176,807
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by		
Gain on disposition of Assets	-	102,598
Operating Activities:		
Depreciation	48,902	29,640
Unrealized loss(gain) on investments	3,023	(85,560)
Realized loss on sale of investments	81,426	90,070
(Increase) Decrease in Operating Assets:		
Accounts receivable	19,270	(86,843)
Inventory	(4,247)	1,656
Prepaid expenses	8,710	(15,392)
Increase (Decrease) in Operating Liabilities:		
Accounts payable and accrued expenses	8,475	30,680
Deferred revenue	3,475	(3,265)
Cash Flow (Used in) Provided by Operating Activities	<u>(135,925)</u>	<u>240,391</u>
Cash Flows from Investing Activities:		
Purchases of investments	(4,136,779)	(4,137,606)
Proceeds from sale of marketable securities	3,723,418	4,107,993
Purchases of property and equipment	(95,507)	(158,968)
Cash Flow Used in Investing Activities	<u>(508,868)</u>	<u>(188,581)</u>
Cash Flows from Financing Activities:		
Borrowings on margin loans	(57,217)	-
Principal payments on margin loans	57,217	-
Cash Flows Provided by Financing Activities	<u>-</u>	<u>-</u>
(Decrease) Increase in Cash and Cash Equivalents	(644,793)	51,810
Cash and Cash Equivalents-Beginning of Year	<u>1,031,080</u>	<u>979,270</u>
Cash and Cash Equivalents-End of Year	<u>\$ 386,287</u>	<u>\$ 1,031,080</u>
Supplementary Disclosure		
Interest paid	\$ 303	\$ 1,888
Income tax paid	\$ -	\$ -

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

***THE STATEN ISLAND MUSEUM***  
**NOTES TO FINANCIAL STATEMENTS**

**Note A-The Organization**

The Staten Island Institute of Arts and Sciences doing business as The Staten Island Museum (the “Museum”) is a non-profit organization. Its mission is to identify, collect, preserve, research, exhibit and interpret works of artistic, historical, and scientific value, with emphasis on the Staten Island community. The mission includes specific work in the academic areas of cultural history, natural sciences, and art.

The Museum’s buildings are located on land owned by the City of New York and assigned without cost to the Museum in perpetuity as long as the facility is utilized for museum purposes.

Major funding for the operation of the Museum is through government grants mostly from the City of New York.

**Note B-Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of the Museum have been prepared on the accrual basis.

*Financial Statement Presentation*

The Museum is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Museum is required to present a statement of cash flows.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. In addition, the Museum has received contributions with donor-imposed restrictions that result in temporarily and permanently restricted net assets.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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.

*Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Museum considers all highly liquid debt instruments with maturity of three months or less, to be cash equivalents.



**THE STATEN ISLAND MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**

Investments

The Museum reflects investments at fair value in the statement of financial position.

The Museum maintains an investment account for its permanently restricted, temporarily restricted and board designated funds that can be invested without affecting the short term cash flows of the Museum. The Museum's finance committee monitors investment performance. Investments are diversified among various asset classes. It is anticipated that earning on such investment are adequate to meet donor requirements. The investment account is maintained at a brokerage firm with the oversight of the Board.

Accounts Receivable

Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts, as needed.

The Museum uses the allowance method to account for uncollectible trade receivable balances. Under the allowance method, if needed, an estimate of uncollectible balances is made based upon specific account balances that are considered uncollectible. Factors used to establish an allowance include credit quality and whether the balance is significant. Accounts are considered past due once the unpaid balance is 90 days or more outstanding. When an account balance is past due and attempts have been made to collect the receivable through legal and other means, the amount may be deemed uncollectible and written off. For the period ended June 30, 2012 and 2011, accounts receivable consisted of grants and other miscellaneous receivables and had balances in the amounts of \$73,752 and \$88,741 respectively. Pledges receivable were \$20,799 and \$21,799, for the years ended June 30, 2012 and 2011, respectively. As of June 30, 2012 and 2011, allowance for uncollectible accounts was \$8,731 and \$5,450, respectively.

Inventory

The Museum maintains inventory in its museum gift shops. Inventory is recorded at the lower of cost or market. Cost is determined under the specific identification method.

Property and Equipment

The Museum's building is located on land owned by the City of New York and assigned without cost to the Museum in perpetuity as long as the facility is utilized for museum purposes. The Museum is also involved in a capital improvement project to renovate and restore buildings located at Snug Harbor Cultural Center in Staten Island, New York, where its administrative offices are currently located (see Note M).

The Museum's policy is to capitalize all fixed assets with a cost in excess of \$2,500. Fixed asset additions are capitalized as assets at cost if purchased, or at their fair market value if donated and depreciated under the straight-line method over their estimated useful lives as follows:

Building improvements	39 Years
Programmatic equipment	5 Years
Office equipment	5 Years
Intangible assets	5 Years

**THE STATEN ISLAND MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**

Collections

The Museum's Collection is in three broad categories. The Science Collection includes many "type specimens," which are individual specimens used as the basis for determining the characteristics of a species. The Entomology Collection includes 60,000 cicadas representing 450 species, which is North America's largest cicada collection. In addition, the science collection includes the Herbarium, Zoology, Ornithology, Conchology, Marine Invertebrate, Geology, Archeology, and Wet Collections. The History Archives and Library contains important collections of historical photographs, documents and other material relating to the people and history of Staten Island. The Art Collection includes 19th and 20th century portraits of prominent Staten Islanders as well as landscapes by Staten Islanders. European and American artwork is present, including a portion of the Kress Collection of the Italian Renaissance. In addition, the collection includes African, Asian, and Native American Art from antiquity to the present.

In conformity with accounting policies generally followed by museums, collections acquired by purchases or donations are excluded from the statement of financial position and expensed in the statement of activities. Collections acquisition and maintenance costs amounted to \$23,235 and \$23,844 for the fiscal years ended June 30, 2012 and 2011, respectively.

Federal Income Tax

The Museum is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. In addition, the Museum has been determined not to be a private foundation within the meaning of Section 509(a) of said Code.

The Museum regularly reviews and evaluates its tax positions taken on current and previously filed tax returns and as reflected in its financial statements, with regard to issues affecting its not for profit status. The Museum believes that in the event of an examination by taxing authorities the Museum's position would prevail based on technical merits. The Museum's tax returns are generally subject to examination by the Internal Revenue Service for three years including June 30, 2012, 2011, and 2010

Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Museum that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**THE STATEN ISLAND MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Donated Materials and Services

The contributions of services are recognized in the financial statements if the services received: (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In addition, contributions of materials and assets are received from various sources.

Donated materials are recorded based upon the estimated fair market value of the item contributed. The Museum recorded \$25,513 and \$45,432 of contributed services and donated materials for the years ended June 30, 2012 and 2011, respectively.

By arrangement with the Power Authority of the State of New York, the City of New York provides electricity to the Museum. This contribution, which was \$25,218 and \$29,512 for 2012 and 2011, respectively, is recorded as both government support and expense in the accompanying financial statements.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended June 30, 2011, from which the summarized information was derived. In addition, certain prior year amounts have been reclassified to conform to the current year presentation.

Note C-Investments

The fair value of investments in marketable equity and debt securities is based on quoted market prices.

Investment balances at June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Stocks	\$ 66,228	\$ 306,414
Fixed Income	771,935	578,383
Exchange Trade Funds	<u>677,322</u>	<u>301,776</u>
Total	<u>\$ 1,515,485</u>	<u>\$ 1,186,573</u>



**THE STATEN ISLAND MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**

Investment income for the years ending June 30, 2012 and 2011 is comprised of the following:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 66,275	\$ 61,187
Realized (loss)	(81,405)	(90,070)
Unrealized (loss)/gain	(2,779)	85,560
Investment expense	<u>(23,533)</u>	<u>(19,173)</u>
Total Income	<u>\$ (41,442)</u>	<u>\$ 37,504</u>

**Note D-Fair Value Measurements**

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market income or cost approach are used to measure fair value.

The fair value accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.



**THE STATEN ISLAND MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**

The following tables set forth by level, within the fair value hierarchy, the Museum's assets at fair value as of June 30, 2012 and 2011:

	<u>Fair Value</u>	Quoted Price in Active Markets for Identical Assets (Level 1)	Signified Other Observable Inputs Assets (Level 2)
<u>June 30, 2012</u>			
Stocks	\$ 66,228	\$ 66,228	\$ -
Fixed Income	771,935	-	771,935
Exchange Traded Funds	677,322	409,903	267,419
Total	<u>\$ 1,515,485</u>	<u>\$ 476,131</u>	<u>\$ 1,039,354</u>
<u>June 30, 2011</u>			
Stocks	\$ 306,414	\$ 306,414	\$ -
Fixed Income	578,383	-	578,383
Exchange Traded Funds	301,776	301,776	-
Total	<u>\$ 1,186,573</u>	<u>\$ 608,190</u>	<u>\$ 578,383</u>

**Note E-Public Support Appropriation from the City of New York**

For the years ended June 30, 2012 and 2011, the City of New York, Department of Cultural Affairs made the following appropriations to the Museum that are included in unrestricted public support:

	<u>2012</u>	<u>2011</u>
Operational Support	\$ 598,829	\$ 576,526
Energy Appropriations	25,218	29,512
Pension Plan Appropriations	61,704	67,673
GHI/Health Plan	147,392	117,296
Total	<u>\$ 833,143</u>	<u>\$ 791,007</u>

**Note F-Property and Equipment**

Property and equipment as of June 30, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Snug Harbor-Capital Project	\$ 681,496	\$ 589,768
Building Improvements	151,216	147,437
Office Equipment	161,507	161,507
Website and Software	38,255	38,255
Program Equipment	82,110	82,110
Vehicles	9,069	9,069
Furniture and Fixtures	61,631	61,631
Subtotal	<u>\$ 1,185,284</u>	<u>\$ 1,089,777</u>
Less: Accumulated Depreciation	<u>(426,821)</u>	<u>(377,919)</u>
Property and Equipment (Net)	<u>\$ 758,463</u>	<u>\$ 711,858</u>

Depreciation expense for the years ended June 30, 2012 and 2011 was \$48,902 and \$29,640, respectively.

**THE STATEN ISLAND MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**

**Note G-Notes Payable**

The Museum maintains a line of credit agreement with a local financial institution in order to provide funding during the periods when the Museum is awaiting funds from its grantors. The maximum credit on this line is \$100,000 maturing on February 28, 2013 with interest at 1% above the prime rate but under no circumstances will the interest rate be less than 5% per annum, and such a line is collateralized with the Museum's assets through a general security agreement. As of June 30, 2012, there were no amounts outstanding on the line of credit.

**Note H-Deferred Revenue**

Deferred revenue represents monies received in the current fiscal year for activities taking place in the subsequent fiscal year. However, deferred revenue only pertains to monies received by individuals and groups for membership fees and program activities such as education classes, workshops and summer Earth camp. Deferred revenue for the years ended June 30, 2012 and 2011, was \$9,685 and \$6,210, respectively.

**Note I-Temporarily and Permanently Restricted Net Assets**

Temporarily and permanently restricted net assets have been designated by donors to the following funds for the year ended June 30, 2012 and 2011 as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<i><u>June 30, 2012</u></i>		
Natural Sciences	\$ 1,309,225	\$ 398,967
Exhibit Development	92,850	-
Title One Education	20,000	-
Capacity Building	78,000	-
Programming	4,000	-
Capital Project Fund	<u>59,953</u>	<u>-</u>
Total 2012	<u>\$ 1,564,028</u>	<u>\$ 398,967</u>
<i><u>June 30, 2011</u></i>		
Natural Sciences	\$ 1,397,729	\$ 398,967
Exhibit Development	64,000	-
Title One Education	20,000	-
Capacity Building	85,000	-
Programming	35,575	-
Capital Project Fund	<u>73,891</u>	<u>-</u>
Total 2011	<u>\$ 1,676,195</u>	<u>\$ 398,967</u>



**THE STATEN ISLAND MUSEUM**  
**NOTES TO FINANCIAL STATEMENTS**

**Note J-Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

**Note K-Pension Plan**

All salaried employees who are employed a minimum of 21 hours a week are eligible to participate in the pension plan sponsored by the Cultural Institution Retirement System (CIRS) after they have completed three months of service and have reached age twenty-one. CIRS is a multi-employer plan administered by the City of New York. Pension expense for the years ended June 30, 2012 and 2011 was \$88,660 and \$86,888, respectively, which was financed mostly by an appropriation from the City of New York.

Benefits under the Museum's pension plan are normally paid upon retirement, death or termination and are calculated based upon years of creditable service and average salary.

The Museum also maintains a 401 (k) retirement plan which allows employees to defer up to 100% of their salaries on a pre-tax basis up to a maximum of \$17,000, or \$22,500 for employees age 50 and older. The Museum is required to make an annual matching contribution of 1% - 3% of employee salaries. Employees are 100% vested in their accounts which include their contributions, employer matching contribution and investment gains, if any. The Museum's contribution to the savings plan during the fiscal year ended June 30, 2012 and 2011, totaled \$26,956 and \$19,215 respectively.

**Note L-Commitments**

The Museum has entered into various lease agreements for various equipment. Such leases have been classified as operating leases and the future minimum rental payments required on these lease agreements are as follows:

June 30, 2013	\$ 31,529
2014	18,569
2015	15,413
2016	6,532
2017	<u>2,565</u>
Total	<u>\$ 74,608</u>

Rent for storage is on a month by month basis. The expense for the years ended June 30, 2012 and 2011 was \$24,704 and \$23,112 respectively.

***THE STATEN ISLAND MUSEUM***  
**NOTES TO FINANCIAL STATEMENTS**

**Note M-Capital Improvements Funded by the City of New York**

The Museum is currently involved in a capital improvement project to renovate and restore buildings at the Snug Harbor Cultural Center in Staten Island, New York in order to relocate and expand its offices, activities and exhibits. During fiscal year 2005, renovations began to restore these landmark buildings, and the Museum has obtained preliminary funding from various organizations regarding this project.

The funds received for capital improvements are from the City of New York, Department of Cultural Affairs. The improvements made are to property owned by the City of New York with City appropriated funds, and these improvements are not recognized as assets on the Museum's financial statements.

The City of New York has paid \$4,687,124 and \$423,480 for capital expenses for the renovation of Snug Harbor Cultural Center in the fiscal years 2012 and 2011, respectively. Historically the City of New York has spent \$7,409,619 on capital expenses from 2005 to 2012.

In addition to amounts expended directly by The City of New York, the Museum also expended \$91,728 and \$119,372 at June 30, 2012 and 2011, respectively, and \$785,119 since inception related to the Snug Harbor capital improvement project.

**Note N-Related Party Transactions**

A board member is the president of a bank where the Museum maintains an account.

**Note O-Government Grants**

Government grants as of June 30, 2012 and 2011, consisted of the following:

	<u>2012</u>	<u>2011</u>
Federal	\$ -	\$ 102,616
New York State	49,628	71,011
New York City	<u>833,143</u>	<u>791,007</u>
Total	<u>\$ 882,771</u>	<u>\$ 964,634</u>

For the years ended June 30, 2012 and 2011, support from the City of New York was 51.01% and 40.13%, respectively. Total governmental support was 54.04% and 48.94% of total revenue and support for the years ended June 30, 2012 and 2011, respectively.





***THE STATEN ISLAND MUSEUM***  
**NOTES TO FINANCIAL STATEMENTS**

**Note P-Significant Concentration of Funding**

The Museum is dependent upon continued funding from the City of New York. Should funding be discontinued from the City of New York, the operations of the Museum would be significantly affected.

**Note Q-Concentration of Credit Risk**

At June 30, 2012, the Museum had funds with one financial institution that exceeded the federal and private insurance level by a total of \$30,873.

**Note R-Subsequent Events**

Management has evaluated subsequent events through December 20, 2012, the date that these financial statements were available for issue and has determined that there were no additional adjustments and/or disclosures required.

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