

**Los Angeles County  
Museum of Natural History Foundation  
Financial Statements  
and Supplementary Information  
June 30, 2005 and 2004**

# Los Angeles County Museum of Natural History Foundation

## Index to Financial Statements and Supplementary Information

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## Report of Independent Auditors

To the Board of Directors of the  
Los Angeles County Museum of Natural History Foundation:

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of the Los Angeles County Museum of Natural History Foundation (the "Foundation") at June 30, 2005 and 2004, and the 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. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2005 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, for the year ended June 30, 2005. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Supplemental Schedule of Activities Information on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

October 26, 2005

**Los Angeles County Museum of Natural History Foundation**  
**Statements of Financial Position**  
**June 30, 2005 and 2004**

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	2005	2004
<b>Assets</b>		
Cash and cash equivalents	\$ 5,046,133	\$ 822,715
Investments (Note 3)	86,944,333	95,423,867
Investments held in trust under split-interest agreements	1,126,717	1,166,166
Accounts receivable	249,880	115,978
Grants & contributions receivable, net (Notes 4 and 8)	1,317,581	4,062,412
Prepaid exhibit expenses	1,559,133	1,335,551
Property, building improvements, equipment and exhibits, net (Notes 5 and 8)	5,760,489	5,712,883
Other assets	87,723	83,669
Collections (Note 6)	<u>—</u>	<u>—</u>
Total assets	<u>\$ 102,091,989</u>	<u>\$ 108,723,241</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,929,020	\$ 1,907,480
Obligations under split-interest agreements	181,506	109,522
Deferred revenue	<u>485,771</u>	<u>450,645</u>
Total liabilities	<u>2,596,297</u>	<u>2,467,647</u>
<b>Net assets (Note 9)</b>		
<b>Unrestricted</b>		
Board-designated	82,082,623	90,304,274
Net investment in property, building improvements, equipment and exhibits	<u>5,760,489</u>	<u>5,712,883</u>
Total unrestricted	87,843,112	96,017,157
Temporarily restricted	8,223,597	6,809,454
Permanently restricted	<u>3,428,983</u>	<u>3,428,983</u>
Total net assets	<u>99,495,692</u>	<u>106,255,594</u>
Total liabilities and net assets	<u>\$ 102,091,989</u>	<u>\$ 108,723,241</u>

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

**Los Angeles County Museum of Natural History Foundation**  
**Statement of Activities**  
**For the Year Ended June 30, 2005 (with comparative totals for 2004)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2005 Totals</u>	<u>2004 Totals</u>
<b>Operating revenue and support</b>					
Special events revenue					
Receipts, net of cost of direct benefit to donors of \$460,015 in 2005	\$ 541,260	\$ —	\$ —	\$ 541,260	\$ —
Private gifts, grants and contracts	1,073,448	5,372,978	—	6,446,426	5,444,039
Endowment income used for operations	3,309,617	100,047	—	3,409,664	3,042,881
Grant income	713,487	—	—	713,487	846,580
Museum admission fees	2,089,873	—	—	2,089,873	2,421,715
Support from the County of Los Angeles (Note 8)	5,574,000	—	—	5,574,000	5,453,000
Membership dues	1,835,442	13,495	—	1,848,937	1,768,994
Program income	824,257	—	—	824,257	867,565
Museum use and services	508,557	—	—	508,557	345,164
Museum shops and cafeteria	414,405	—	—	414,405	390,385
Change in value of obligations under split-interest agreements		(112,346)	—	(112,346)	8,110
Museum catalogs and other	38,951	—	—	38,951	46,002
Total revenue and support	16,923,297	5,374,174	—	22,297,471	20,634,435
Net assets released from restrictions	3,960,031	(3,960,031)	—	—	—
Total operating revenue and support and net assets released from restrictions	20,883,328	1,414,143	—	22,297,471	20,634,435
<b>Operating expenses (Note 12)</b>					
Program services					
Education	2,329,129	—	—	2,329,129	2,757,013
Research	4,579,821	—	—	4,579,821	4,474,489
Exhibits	3,031,013	—	—	3,031,013	1,945,530
Total program services	9,939,963	—	—	9,939,963	9,177,032
Supporting services					
General and administration	7,087,786	—	—	7,087,786	6,790,668
Fund-raising	2,551,107	—	—	2,551,107	2,419,148
Total supporting services	9,638,893	—	—	9,638,893	9,209,816
Other expenses					
Ancillary service					
Museum use and services	200,924	—	—	200,924	204,304
Depreciation	804,266	—	—	804,266	966,592
Interest on indebtedness	—	—	—	—	7,729
Total other expenses	1,005,190	—	—	1,005,190	1,178,625
Total operating expenses	20,584,046	—	—	20,584,046	19,565,473
Change in net assets from operations	299,282	1,414,143	—	1,713,425	1,068,962
<b>Other non-operating revenues, gains and losses</b>					
Investment income	255,594	—	—	255,594	185,221
Realized and unrealized (losses) gains on investments, net	(5,319,257)	—	—	(5,319,257)	18,027,234
Endowment income used for operations	(3,409,664)	—	—	(3,409,664)	(3,042,881)
Total non-operating revenues and losses	(8,473,327)	—	—	(8,473,327)	15,169,574
Change in net assets	(8,174,045)	1,414,143	—	(6,759,902)	16,238,536
Net assets at the beginning of the year	96,017,157	6,809,454	3,428,983	106,255,594	90,017,058
Net assets at the end of the year	\$ 87,843,112	\$ 8,223,597	\$ 3,428,983	\$ 99,495,692	\$106,255,594

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

**Los Angeles County Museum of Natural History Foundation**  
**Statement of Activities**  
**For the Year Ended June 30, 2004**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2004 Totals</u>
<b>Operating revenue and support</b>				
Special events revenue				
Receipts, net of cost of direct benefit to donors of \$492,888 in 2003				
Private gifts, grants and contracts	\$ 1,447,583	\$ 3,989,241	\$ 7,215	\$ 5,444,039
Endowment income used for operations	3,042,881	-	-	3,042,881
Grant income	846,580	-	-	846,580
Museum admission fees	2,421,715	-	-	2,421,715
Support from the County of Los Angeles (Note 8)	5,453,000	-	-	5,453,000
Membership dues	1,756,619	12,375	-	1,768,994
Program income	867,565	-	-	867,565
Museum use and services	167,835	177,329	-	345,164
Museum shops and cafeteria	390,385	-	-	390,385
Change in value of obligations under split-interest agreements	-	8,110	-	8,110
Museum catalogs and other	46,002	-	-	46,002
	<u>16,440,165</u>	<u>4,187,055</u>	<u>7,215</u>	<u>20,634,435</u>
Net assets released from restrictions	<u>3,489,844</u>	<u>(3,489,844)</u>	<u>-</u>	<u>-</u>
	<u>19,930,009</u>	<u>697,211</u>	<u>7,215</u>	<u>20,634,435</u>
<b>Operating expenses (Note 12)</b>				
Program services				
Education	2,757,013	-	-	2,757,013
Research	4,474,489	-	-	4,474,489
Exhibits	1,945,530	-	-	1,945,530
	<u>9,177,032</u>	<u>-</u>	<u>-</u>	<u>9,177,032</u>
Supporting services				
General and administration	6,790,668	-	-	6,790,668
Fund-raising	2,419,148	-	-	2,419,148
	<u>9,209,816</u>	<u>-</u>	<u>-</u>	<u>9,209,816</u>
Other expenses				
Ancillary service				
Museum shops and cafeteria	-	-	-	-
Museum use and services	204,304	-	-	204,304
	<u>204,304</u>	<u>-</u>	<u>-</u>	<u>204,304</u>
Depreciation	966,592	-	-	966,592
Interest on indebtedness	7,729	-	-	7,729
	<u>974,321</u>	<u>-</u>	<u>-</u>	<u>974,321</u>
Total operating expenses	<u>19,565,473</u>	<u>-</u>	<u>-</u>	<u>19,565,473</u>
Change in net assets from operations	<u>364,536</u>	<u>697,211</u>	<u>7,215</u>	<u>1,068,962</u>
<b>Other non-operating revenues, gains and losses</b>				
Investment income	185,221	-	-	185,221
Realized and unrealized gains on investments, net	18,027,234	-	-	18,027,234
Endowment income used for operations	(3,042,881)	-	-	(3,042,881)
	<u>15,169,574</u>	<u>-</u>	<u>-</u>	<u>15,169,574</u>
Change in net assets	<u>15,534,110</u>	<u>697,211</u>	<u>7,215</u>	<u>16,238,536</u>
Net assets at the beginning of the year	<u>80,483,047</u>	<u>6,112,243</u>	<u>3,421,768</u>	<u>90,017,058</u>
Net assets at the end of the year	<u>\$ 96,017,157</u>	<u>\$ 6,809,454</u>	<u>\$ 3,428,983</u>	<u>\$ 106,255,594</u>

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

**Los Angeles County Museum of Natural History Foundation**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2005 and 2004**

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	2005	2004
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (6,759,902)	\$ 16,238,536
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	804,266	966,592
Realized and unrealized losses/(gains) on investments, net	5,319,257	(18,027,234)
Contributions restricted for long-term investment or capital projects	(5,000,000)	(7,215)
Change in value of annuity obligations	39,448	(36,645)
Changes in operating assets and liabilities		
Accounts receivable	(133,902)	104,974
Grants and contributions receivable	2,744,831	432,059
Other assets	(4,054)	(15,371)
Prepaid exhibit expenses	(223,582)	(567,874)
Accounts payable and accrued liabilities	21,540	(465,727)
Obligations under split-interest agreements	71,984	(65,960)
Deferred revenues	<u>35,126</u>	<u>199,105</u>
Net cash used in operating activities	<u>(3,084,988)</u>	<u>(1,244,759)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	5,696,093	5,693,931
Purchases of investments	(2,535,817)	(2,828,160)
Purchases of property, building improvements, equipment and exhibits	<u>(851,872)</u>	<u>(1,059,522)</u>
Net cash provided by investing activities	<u>2,308,406</u>	<u>1,806,249</u>
<b>Cash flows from financing activities</b>		
Contributions restricted for long-term investment or capital projects	5,000,000	7,215
Borrowings under line of credit	-	286,321
Repayments on line of credit	<u>-</u>	<u>(286,321)</u>
Net cash provided by financing activities	<u>5,000,000</u>	<u>7,215</u>
Net increase in cash and cash equivalents	4,223,418	568,705
Cash and cash equivalents at the beginning of the year	<u>822,715</u>	<u>254,010</u>
Cash and cash equivalents at the end of the year	<u>\$ 5,046,133</u>	<u>\$ 822,715</u>
<b>Supplemental disclosure of investing and financing activities</b>		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 7,729</u>

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

# Los Angeles County Museum of Natural History Foundation

## Notes to Financial Statements

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### 1. Nature of Organization

The Los Angeles County Museum of Natural History Foundation (the “Foundation”), a California nonprofit corporation, was incorporated in 1965 for the purpose of providing financial and other support to the Los Angeles County Museum of Natural History (the “Museum”). The Foundation supports and assists in the maintenance and development of the Museum’s educational, scientific and cultural programs and services, and in the expansion of its collections, as well as providing personnel to augment the Museum’s staff. The Foundation is governed by a Board of Trustees.

The County of Los Angeles (the “County”), through its Department of Museum of Natural History (the “Department”), operates and maintains the Museum. A Board of Governors appointed by the Board of Supervisors is the governing body of the Department. To better coordinate and facilitate management of the Museum and its operations, members of the Board of Governors also serve on the Foundation’s Board of Trustees, and the Director of the Department also serves as the President of the Foundation.

The County reimburses the Foundation for certain services it provides for the Museum, and the amount of the reimbursement is included as part of the Foundation’s revenue and support in the accompanying statements of activities. In addition, the County provides funds directly to providers of services to the Museum, which are not included in the accompanying financial statements. For a description of the funding agreement between the County and the Foundation, see Note 8.

The mission of the Museum is to inspire wonder, discovery and responsibility for our natural and cultural worlds. This is accomplished through permanent and traveling exhibits, public programming and educational and research programs. The Foundation and the County, through the Department, currently share responsibility for the following Family of Museums:

#### **Natural History Museum of Los Angeles County**

In 1913, the Natural History Museum was the first cultural institution open to the public in Los Angeles. Located within Exposition Park, it has become a national leader in collections, research, exhibitions and education. It is one of the preeminent natural and cultural museums in the United States, with more than 33 million specimens and artifacts in its collections covering 4.5 billion years of Earth and human history.

#### **Page Museum at the La Brea Tar Pits**

Established in 1977, the Page Museum at the La Brea Tar Pits is recognized for having the largest and most diverse assemblage of extinct Ice Age plants and animals in the world, consisting of more than 650 species. During the summer, the public can observe paleontological fieldwork through the excavation of Pit 91. The excavated fossils are cleaned, repaired and identified in a paleontology laboratory inside the Page Museum, which can be viewed by the public.

# Los Angeles County Museum of Natural History Foundation

## Notes to Financial Statements

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### 1. Nature of Organization (Continued)

#### **William S. Hart Museum**

The William S. Hart Museum was the home of William S. Hart, the first cowboy movie star, which he bequeathed on his death to the County of Los Angeles. It contains the original furnishings, a collection of Western art, and memorabilia of early Hollywood and Native American artifacts. The Museum is situated in Hart Park in Newhall, which also contains historic buildings, and offers hiking trails, picnic areas and camping.

### 2. Summary of Significant Accounting Policies

#### **Basis of Presentation**

The Foundation's financial statements have been prepared on the accrual basis of accounting.

The Foundation classifies net assets and revenues, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the Foundation's primary objectives.
- Temporarily restricted net assets – Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions. Donor-restricted contributions received and expended in the same reporting period are recorded as unrestricted support. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support until the assets are placed in service.
- Permanently restricted net assets – Net assets for which the donor has stipulated that the principal be maintained in perpetuity. The income earned on related investments is available for general Foundation operations unless otherwise restricted by the donor.

#### **Cash and Cash Equivalents**

For the purposes of the statements of cash flows, cash equivalents consist of short-term, highly liquid invested funds with original maturities of less than three months.

#### **Investments**

Investments in marketable equity securities with readily determinable fair values and all debt securities are recorded using quoted market values.

# Los Angeles County Museum of Natural History Foundation

## Notes to Financial Statements

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### 2. Summary of Significant Accounting Policies (Continued)

#### Grants and Contributions Receivable

The Foundation receives numerous grants from federal agencies that are not considered contributions under accounting principles generally accepted in the United States of America. The Foundation recognizes income from these grants as revenue and support only to the extent that expenditures have been made for the purposes specified by the grant agreement.

Contributions receivable are recorded at the present value of expected future cash flows. The discount rate used for the year ended June 30, 2005 and June 30, 2004 for new pledges was 3.37% and 4.50%, respectively. The Foundation does not consider it necessary to provide an allowance for doubtful contributions receivable based on donor reputation and past giving history.

#### Prepaid Exhibit Expenses

Prepaid exhibit expenses include exhibit fees and fabrication and installation expenses, which will be amortized over the future period of the related exhibits.

#### Property, Building Improvements, Equipment and Exhibits

Property, building improvements, equipment and exhibits are carried at cost if purchased, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building improvements	10 to 30 years
Equipment and furnishings	5 years
Exhibits	5 to 10 years

The Foundation reviews property, building improvements, equipment and exhibits for impairment whenever events or changes in circumstances indicate that the carrying value of property, building improvements, equipment and exhibits may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During 2005 and 2004, there were no events or changes in circumstances indicating that the carrying amount of the property, building improvements, equipment and exhibits may not be recoverable.

# Los Angeles County Museum of Natural History Foundation

## Notes to Financial Statements

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### 2. Summary of Significant Accounting Policies (Continued)

#### **Collections**

The Foundation's collections that have been acquired through purchases, contributions and other acquisitions since the Foundation's inception are not recognized as assets in the accompanying statements of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as decreases in temporarily restricted net assets if the assets used to purchase the items were restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

#### **Endowment Funds Used for Operations**

As a part of the annual budgeting process, the Board has approved a spending level from accumulated endowment gains of their unrestricted investments. This amount is calculated as 4%, based on a three year quarterly average as of April of each year (for the subsequent operating year). Such amount is reflected in the accompanying statements of activities as operating revenues. The amount is offset by a non-operating charge in the same amount, also entitled endowment funds used for operations. For the years ended June 30, 2005 and 2004, these amounts were \$3,409,664 and \$3,042,881, respectively.

#### **Contributed Materials and Services**

The value of significant donated exhibit materials and equipment is reflected as contributions in the accompanying financial statements at the fair value of such exhibit materials and equipment at the date of contribution.

Contributed 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. The Foundation receives a significant amount of contributed services that 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.

#### **Income Taxes**

The Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d).

#### **Functional Expenses**

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation from management.

#### **Non-operating (expense)/income**

Non-operating (expense)/income consists of amounts which, due to their nature, are not considered by management as part of operations. Specific items include investment results and other non-recurring items.

## Los Angeles County Museum of Natural History Foundation

### Notes to Financial Statements

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#### 2. Summary of Significant Accounting Policies (Continued)

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

#### 3. Investments

Investments consisted of the following at June 30:

	2005	2004
Investment securities:		
Common and preferred stock	\$ 86,803,672	\$ 94,367,152
Corporate bonds	378,313	488,119
Money market funds	4,572	779,600
Mutual funds	<u>884,493</u>	<u>955,162</u>
Total investments	88,071,050	96,590,033
Less investments held in trust under split- interest agreements	<u>(1,126,717)</u>	<u>(1,166,166)</u>
	<u>\$ 86,944,333</u>	<u>\$ 95,423,867</u>

At June 30, 2005 and 2004, the Foundation had an investment in 986 and 1,024 shares, respectively, of Berkshire Hathaway, Inc. – Class A common stock with a market value of \$82,231,000 and \$91,084,800, respectively.

## Los Angeles County Museum of Natural History Foundation

### Notes to Financial Statements

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#### 4. Grants and Contributions Receivable

Grants and contributions receivable at June 30 are expected to be received as follows:

	2005	2004
Within one year	\$ 1,133,504	\$ 3,521,654
Within two to five years	4,000	494,955
After five years	<u>300,000</u>	<u>300,000</u>
	1,437,504	4,316,609
Less discount to reflect contributions receivable at present value	<u>(119,923)</u>	<u>(254,197)</u>
	<u>\$ 1,317,581</u>	<u>\$ 4,062,412</u>

#### 5. Property, Building Improvements, Equipment and Exhibits

Property, building improvements, equipment and exhibits consisted of the following at June 30:

	2005	2004
Building improvements	\$ 21,992,529	\$ 21,928,044
Equipment and furnishings	8,446,143	8,372,394
Work-in-progress	<u>4,556,714</u>	<u>3,843,076</u>
Subtotal	34,995,386	34,143,514
Less accumulated depreciation and amortization	<u>(29,234,897)</u>	<u>(28,430,631)</u>
	<u>\$ 5,760,489</u>	<u>\$ 5,712,883</u>

#### 6. Collections

The Foundation's collections are comprised of artifacts of historical significance, scientific specimens and art objects that are held for educational, research, scientific and curatorial purposes. Each of the items is catalogued, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sales to be used to acquire other items for collections.

## Los Angeles County Museum of Natural History Foundation

### Notes to Financial Statements

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#### 7. Line of Credit

The Foundation has an uncollateralized \$4,500,000 revolving line of credit with Wells Fargo Bank that expires on July 1, 2006. As of June 30, 2005 and 2004, no amounts were outstanding under the line of credit. Interest is payable monthly at 0.25% above the bank's prime rate, which was 6.25% and 4.00% at June 30, 2005 and 2004, respectively.

Interest expense related to the line of credit totaled \$-0- and \$7,729 for the years ended June 30, 2005 and 2004, respectively.

#### 8. Affiliation with the County of Los Angeles

##### Funding Agreement

As discussed in Note 1, the Foundation provides support and assistance in the maintenance and development of the Museum's educational, scientific and cultural programs and services and expansion of collections. In connection with this assistance, the County of Los Angeles and the Foundation have entered into a funding agreement that extends to June 30, 2019. Under the terms of the funding agreement, the County provided approximately \$11.5 million and \$11.4 million to the Foundation for the years ended June 30, 2005 and 2004, respectively. These funds were used to operate and generally administer the Museum and maintain and preserve the Museum and all structures and facilities in good repair and working order. At June 30, 2005 and 2004, \$5,574,000 and \$5,453,000, respectively, were received directly by the Foundation as reimbursements for certain Foundation services and are included in the accompanying statements of activities as support from the County of Los Angeles. The remaining amounts of \$5,929,318 and \$5,972,424 were provided directly by the County to other providers of services to the Museum and are not included in the accompanying financial statements.

The amount provided under the agreement with the County will be adjusted annually by the Consumer Price Index, but no such annual adjustment shall exceed 5%. The Foundation is responsible for contributing each fiscal year towards its operations for the benefit of the Museum an amount no less than 80% of the amount provided by the County. During 2005 and 2004, the Foundation provided approximately \$15.2 million and \$12.1 million, respectively, excluding unrealized gains and losses on investments, representing 132% of the amounts required under the agreement for 2005 and 106% for 2004.

## Los Angeles County Museum of Natural History Foundation

### Notes to Financial Statements

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#### 9. Net Assets

Unrestricted net assets at June 30, 2005 and 2004 include Board-designated amounts totaling \$82,082,623 and \$90,304,274, respectively, which comprise the balance of the unrestricted portion of the Foundation's endowments. The net investment in property, building improvements, equipment and exhibits amounts totaling \$5,760,489 and \$5,712,883 at June 30, 2005 and 2004, respectively, are comprised of property, building improvements, equipment and exhibits, net.

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

	<b>2005</b>	<b>2004</b>
Research	\$ 1,460,393	\$ 1,660,671
Education	1,001,188	1,765,464
Administration	154,623	415,500
Capital projects	5,241,313	1,404,889
Exhibits	264,580	1,461,430
Passage of time	<u>101,500</u>	<u>101,500</u>
	<u>\$ 8,223,597</u>	<u>\$ 6,809,454</u>

Permanently restricted net assets totaling \$3,428,983 at June 30, 2005 and 2004 are contributions restricted by donors for investment in perpetuity, the earnings from which are available for general operating purposes.

#### 10. Retirement Plan

The Foundation contracts with certain multi-employer defined contribution retirement plans (the "Plans"), which are offered to all of its full-time employees. Contributions are made by the Foundation as well as voluntarily by employees. The Foundation matches participant contributions up to a maximum of 3% to 5% of each participant's salary (as defined in the agreements). The Foundation has the right to terminate its involvement with the Plans at any time. It is the Foundation's policy to fund the costs of the Plans as incurred. The retirement plans expense totaled approximately \$281,948 and \$289,574 for the years ended June 30, 2005 and 2004, respectively.

**Los Angeles County Museum of Natural History Foundation**  
**Schedule of Activities Information**  
**For the Year Ended June 30, 2005**  
**(Supplementary Information – See Report of Independent Accountants)**

If the County's entire contribution under the funding agreement, including the reimbursement of the Foundation for services and direct payments to other providers of services for the Museum, were to be included in the Foundation's statement of activities for the year ended June 30, 2005, its total revenue and support would total \$28,226,789 which approximates the size of the Foundation's operating budget for that year.

	<b>Los Angeles County Museum of Natural History Foundation</b>	<b>County of Los Angeles Support and Expenditures</b>	<b>Eliminations</b>	<b>Total Museum</b>
<b>Revenue and support</b>				
Special events revenue				
Receipts, net of cost of direct benefit to donors of \$460,015 in 2005	\$ 541,260	\$ -	\$ -	\$ 541,260
Private gifts, grants and contracts	6,446,426	-	-	6,446,426
Endowment income used for operations	3,409,664	-	-	3,409,664
Grant income	713,487	-	-	713,487
Museum admission fees	2,089,873	-	-	2,089,873
Appropriation from the County	-	11,503,318	-	11,503,318
Support from the County of Los Angeles (Note 8)	5,574,000	-	(5,574,000)	-
Membership dues	1,848,937	-	-	1,848,937
Program income	824,257	-	-	824,257
Museum use and services	508,557	-	-	508,557
Museum shops and cafeteria	414,405	-	-	414,405
Change in value of obligations under split-interest agreements	(112,346)	-	-	(112,346)
Museum catalogs and other	38,951	-	-	38,951
	<u>22,297,471</u>	<u>11,503,318</u>	<u>(5,574,000)</u>	<u>28,226,789</u>
Total revenue and support				
Net assets released from restrictions	-	-	-	-
	<u>22,297,471</u>	<u>11,503,318</u>	<u>(5,574,000)</u>	<u>28,226,789</u>
Total revenue and support and net assets released from restrictions				
	<u>22,297,471</u>	<u>11,503,318</u>	<u>(5,574,000)</u>	<u>28,226,789</u>
<b>Expenses (Note 12)</b>				
Program services				
Education	2,329,129	144,010	-	2,473,139
Research	4,579,821	1,369,898	-	5,949,719
Exhibits	3,031,013	27,306	-	3,058,319
	<u>9,939,963</u>	<u>1,541,214</u>	<u>-</u>	<u>11,481,177</u>
Total program services				
	<u>9,939,963</u>	<u>1,541,214</u>	<u>-</u>	<u>11,481,177</u>
Supporting services				
General and administration	7,087,786	4,388,104	-	11,475,890
Operating contract with the county	-	5,574,000	(5,574,000)	-
Fund-raising	2,551,107	-	-	2,551,107
	<u>9,638,893</u>	<u>9,962,104</u>	<u>(5,574,000)</u>	<u>14,026,997</u>
Total supporting services				
	<u>9,638,893</u>	<u>9,962,104</u>	<u>(5,574,000)</u>	<u>14,026,997</u>
Other expenses				
Ancillary services				
Museum use and services	200,924	-	-	200,924
Depreciation	804,266	-	-	804,266
Interest on indebtedness	-	-	-	-
	<u>1,005,190</u>	<u>-</u>	<u>-</u>	<u>1,005,190</u>
Total other expenses				
	<u>1,005,190</u>	<u>-</u>	<u>-</u>	<u>1,005,190</u>
Total expenses	<u>20,584,046</u>	<u>11,503,318</u>	<u>(5,574,000)</u>	<u>26,513,364</u>
Change in net assets from operations	<u>1,713,425</u>	<u>-</u>	<u>-</u>	<u>1,713,425</u>
<b>Other non-operating revenues, gains and losses</b>				
Investment income	255,594	-	-	255,594
Realized and unrealized losses on investments, net	(5,319,257)	-	-	(5,319,257)
Endowment income used for operations	(3,409,664)	-	-	(3,409,664)
	<u>(8,473,327)</u>	<u>-</u>	<u>-</u>	<u>(8,473,327)</u>
Total non-operating revenues and losses				
	<u>(8,473,327)</u>	<u>-</u>	<u>-</u>	<u>(8,473,327)</u>
Change in net assets	<u>(6,759,902)</u>	<u>-</u>	<u>-</u>	<u>(6,759,902)</u>
Net assets at the beginning of the year	<u>106,255,594</u>	<u>-</u>	<u>-</u>	<u>106,255,594</u>
Net assets at the end of the year	<u>\$ 99,495,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,495,692</u>