



Bay Area
Discovery
Museum

Bay Area Discovery Museum

Financial Statements

Year ended August 31, 2015

with

Report of Independent Auditors

Report of Independent Auditors

To the Board of Trustees of the **Bay Area Discovery Museum**

We have audited the accompanying financial statements of the Bay Area Discovery Museum (Museum), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Responsibility of Management for the Financial Statements

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

Responsibility of the Auditors

Our responsibility is to express an opinion on the financial statements based on the audit. We conducted the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures we select depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the management of the Museum, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Museum as of August 31, 2015, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the financial statements of the Museum as of and for the year ended August 31, 2014, and in our report dated January 28, 2015, we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014, is consistent, in all material respects, with the audited financial statements from which the management of the Museum derived it.

Wilson Markle Stuckey Hardesty & Bott, LLP

Larkspur, CA

December 9, 2015

Bay Area Discovery Museum
 Statements of Financial Position
 August 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 2,520,090	\$ 2,268,790
Pledges receivable	374,275	186,607
Accounts receivable	135,468	54,330
Inventory	80,282	60,048
Prepaid expenses	246,931	189,335
Property and equipment, net	7,771,052	8,299,323
Total assets	\$11,128,098	\$11,058,433
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 459,747	\$ 435,511
Deferred revenue	531,715	483,644
Total liabilities	991,462	919,155
 Net assets		
Unrestricted	9,407,561	9,050,723
Temporarily restricted	729,075	1,088,555
Total net assets	10,136,636	10,139,278
Total liabilities and net assets	\$11,128,098	\$11,058,433

See accompanying notes.

Bay Area Discovery Museum

Statement of Activities and Changes in Net Assets

Year ended August 31, 2015 with comparative totals only for the year ended August 31, 2014

	Unrestricted	Temporarily restricted	2015 Totals	2014 Totals only
Support and revenue				
Contributions	\$1,374,199	\$ 816,840	\$ 2,191,039	\$ 1,716,163
In-kind	159,818	-	159,818	209,214
Special events, net	683,263	5,000	688,263	481,835
Membership dues	848,727	-	848,727	815,282
Admission fees	1,282,656	-	1,282,656	958,815
Program fees	1,238,555	-	1,238,555	874,278
Facility rentals, net	42,736	-	42,736	19,940
Store sales, net	230,057	-	230,057	208,731
Café sales, net	46,833	-	46,833	43,203
Investment income, net	1,050	775	1,825	1,385
Net assets released from restrictions				
Satisfaction of usage restrictions	1,182,095	(1,182,095)	-	-
Total revenues and support	7,089,989	(359,480)	6,730,509	5,328,846
Expenses				
Program services	4,673,841	-	4,673,841	4,401,104
Supporting services				
Management and general	1,107,244	-	1,107,244	997,310
Fundraising	759,399	-	759,399	680,041
Membership	192,667	-	192,667	140,608
Total expenses	6,733,151	-	6,733,151	6,219,063
Change in net assets	356,838	(359,480)	(2,642)	(890,217)
Net assets, beginning of year	9,050,723	1,088,555	10,139,278	11,029,495
Net assets, end of year	<u>\$9,407,561</u>	<u>\$ 729,075</u>	<u>\$10,136,636</u>	<u>\$10,139,278</u>

See accompanying notes.

Bay Area Discovery Museum
Statement of Functional Expenses
Year ended August 31, 2015 with comparative totals only for the year ended August 31, 2014

Expenses	Program services	Supporting services			Allocated indirect	2015 Totals	2014 Totals only
		Management and general	Fundraising	Membership			
Salaries	\$1,772,139	\$ 357,588	\$429,925	\$ 80,960	\$ 624,617	\$3,265,229	\$3,023,301
Benefits and payroll taxes	311,116	60,793	62,727	11,990	116,950	563,576	538,760
Bank fees	44,697	4,841	13,443	21,468	29,246	113,695	95,609
Changing exhibits	81,848	—	—	—	—	81,848	68,526
Conferences and meetings	4,992	9,577	10,219	6,217	—	31,005	26,558
Equipment rental and maintenance	—	659	—	—	76,492	77,151	57,923
Insurance	—	11,853	—	—	32,389	44,242	44,494
Maintenance and repairs	35,276	—	—	—	102,940	138,216	134,643
Marketing and advertising	13,680	9,697	2,393	11,052	253,633	290,455	277,551
Postage and shipping	24	7,947	6,294	2,945	21,494	38,704	34,800
Printing and publications	23,495	2,835	33,516	15,071	51,494	126,411	114,630
Professional fees	121,216	171,994	16,111	—	56,584	365,905	330,114
Supplies	134,607	14,681	5,110	—	5,425	159,823	159,882
Technology and telephone	2,486	1,586	—	—	162,218	166,290	188,799
Training	6,940	3,684	1,475	—	385	12,484	9,304
Travel	118,662	21,866	4,562	—	1,915	147,005	124,312
Utilities	—	—	—	—	204,374	204,374	204,298
Youth Museum Exhibit Collaborative	34,500	—	—	—	—	34,500	34,500
Bad debts	—	114,308	—	—	—	114,308	1,500
Depreciation	626,209	19,470	4,802	722	51,628	702,831	687,215
Miscellaneous	26,637	4,820	12,988	—	10,654	55,099	62,344
Allocated indirect	1,315,317	289,045	155,834	42,242	(1,802,438)	—	—
Total expenses	\$4,673,841	\$1,107,244	\$759,399	\$192,667	\$ —	\$6,733,151	\$6,219,063

See accompanying notes.

Bay Area Discovery Museum
 Statements of Cash Flows
 Years ended August 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	(\$ 2,642)	(\$ 890,217)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Contributions of investments	(89,122)	(148,252)
Proceeds from sales of investments	89,027	147,507
Loss on sale of investments	95	745
Depreciation	702,831	687,215
Loss on sale of property and equipment	—	2,732
Changes in current assets and liabilities		
Pledges receivable	(187,668)	70,468
Accounts receivable	(81,138)	49,183
Inventory	(20,234)	(14,486)
Prepaid expenses	(57,596)	(47,946)
Accounts payable and accrued expenses	24,236	89,709
Deferred revenues	48,071	46,000
	425,860	(7,342)
Net cash (used) provided by operating activities		
Cash flows from investing activities		
Proceeds from sales of property and equipment	—	3,400
Purchases of property and equipment	(174,560)	(170,822)
	(174,560)	(167,422)
Net cash used by investing activities		
Net change in cash and cash equivalents	251,300	(174,764)
Cash and cash equivalents, beginning of year	2,268,790	2,443,554
Cash and cash equivalents, end of year	\$2,520,090	\$2,268,790

See accompanying notes.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2015

Note 1 – Nature of activities

Organization

The mission of the Bay Area Discovery Museum (Museum) is to ignite and advance creative thinking for all children. The Museum incorporated under the laws of the State of California on August 10, 1984, and operates as a non-profit “public” charity.

The Museum operates a physical campus at Fort Baker, a part of the Golden Gate National Recreation Area, in Sausalito, California. In 2011, the Museum launched the Center for Childhood Creativity as its research and advisory division, working at a national scale to advance the research that informs our understanding of childhood creativity, to advocate for its critical importance and to inspire the next generation of innovators, thought leaders and problem-solvers.

Creativity is the foundation of all other milestones in educational development. Harnessing creativity at a young age, when brain development and plasticity is at its peak, not only optimizes academic success, but also is critical for social-emotional development, critical thinking and problem solving. The Museum is transforming the outcomes for children and the implications for society by building fundamental creativity skills at an early age that will change the way they learn and the way they contribute to the world.

At its one-of-a-kind location at the foot of the Golden Gate Bridge on 7.5 acres of National Park land, the Museum facilitates child-directed, open-ended, inquiry-driven learning through hands-on exhibitions, rich activities and risk-friendly challenges designed to ignite creativity, as well as Science, Technology, Engineering and Math (STEM) skills and critical thinking.

Each curated detail of the exhibits brings creative thinking to life for all stages of childhood. Exhibits within the Museum include:

- Fab Lab, a high-tech makerspace that will open in 2016;
- Discovery Hall, which rotates up to three special exhibitions annually;
- Tot Spot, an indoor and outdoor multi-sensory experience for toddlers;
- Art Studios, with projects for younger and older children;
- Lookout Cove, a 2.5-acre outdoor space complete with outdoor learning labs;
- Bay Hall, a simulation of the San Francisco and Oakland ports; and
- Discovery Theatre, a 180-seat performance and special event space.

In addition to the exhibits, the Museum operates a licensed preschool (recently renamed The Discovery School), offers school year and summer camps, delivers numerous free, drop-in art and STEM-based programs and workshops and numerous family festivals. In addition, the Museum has a robust school visit program, including a strong preschool outreach program called Connections. Over 8,500 schoolchildren visit each year and approximately 56,700 visitors re-

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2015

Note 1 – Nature of activities (continued)

ceive discounted or free admission. The Discovery Store offers a wide variety of educational, interactive and fun products. The award-winning birthday parties and site rentals serve 13,000 visitors each year.

Contributions received from individuals, foundations and corporations comprise nearly half of the annual revenue of the Museum. Historically, the Museum hosts three major fundraising events annually including:

- Goblin Jamboree, a two-day Halloween festival;
- Creativity Forum, a lecture and luncheon featuring thought-leaders speaking on the topic of creativity;
- Annual gala event

Note 2 – Summary of significant accounting policies

Basis of accounting

The Museum prepares its financial statements using accounting principles generally accepted in the United States of America (US-GAAP). The Museum records support when pledged, revenue when earned and expenses when incurring the related obligation.

Fair value

The Museum uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs consist of unobservable inputs that reflect internal judgments and have the lowest priority. The Museum uses appropriate valuation techniques based on the available inputs to measure fair values. When available, the Museum measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The Museum only uses Level 3 inputs when Level 1 or Level 2 inputs are not available.

The Museum records all contributions at fair value when promised. For contributions recorded initially at fair value but not revalued, the Museum treats the initial fair value as cost in subsequent financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of amounts on hand and on deposit with a commercial bank available within 90 days of demand.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2015

Note 2 – Summary of significant accounting policies (continued)

Pledges receivable and discounts

Pledges receivable (Note 3), all due within one year, consist of uncollected unconditional promises to give. The Museum initially records pledges at fair value. The Museum bases the initial fair value of pledges on the present value of anticipated cash flows, using a discount rate that takes into account the timing (Level 2 – Income) and risk (Level 3 – Cost) of ultimate collection. The Museum records a discount for the difference between the anticipated cash flows and the present value of the anticipated cash flows. The Museum accretes the discount as contribution support as it collects the pledges. As of August 31, 2015 and 2014, the management of the Museum concluded that any discount of pledges receivable was not material.

Accounts receivable

Accounts receivable (Note 4), all due within one year, consist principally of amounts due for various CCC programs, Café sales (Note 12) and credit card sales charged near the end of the year.

Allowance for uncollectible receivables

The Museum uses the allowance method to account for uncollectible receivables. Under this method, the Museum reviews all receivables for any problems with collectability. If the Museum feels that there may be a problem with collection, it provides for an allowance. When attempts to collect a specific receivable are unsuccessful, the Museum considers the receivable uncollectible and writes it off against the allowance. As of August 31, 2015 and 2014, the management of the Museum concluded that any allowance for doubtful accounts was not material.

Inventory

Inventory consists of items held for sale by the Discovery Store. The Museum records inventory at the lower of cost, using the first in, first out method or market.

Property and equipment

Property and equipment (Note 5) consist of leasehold improvements; exhibits; computer, office and display equipment; furniture; and fixtures. The Museum records property and equipment at cost or initially at fair value if received as a contribution. The Museum bases the initial fair value of contributed property and equipment on comparable sales of identical or similar items in markets available to the Museum (Level 2 – Market). The Museum capitalizes only property and equipment purchased or received as a contribution that it intends to use in its operations when the cost or fair value exceeds \$5,000. The Museum calculates estimated depreciation using the straight-line basis over estimated useful lives (or the lesser remaining lease life for leasehold improvements).

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2015

Note 2 – Summary of significant accounting policies (continued)

Deferred revenue

Deferred revenue consists principally of advance collection of Discovery School tuition for the next school year and the unamortized portion of annual memberships sold. The Museum amortizes deferred revenue from memberships sold into revenue using the straight-line basis.

Contributions and net assets

The Museum records contributions when a donor makes an unconditional promise to provide support. Net assets include cumulative unrestricted and temporarily restricted (Note 6) net assets, net of cumulative expenses. Unrestricted net assets consist of revenue and contributions not restricted to a particular purpose or period by the donor. Temporarily restricted net assets consist of contributions restricted by the donor to a particular purpose or period. Temporarily restricted net assets become unrestricted net assets when the Museum meets the donor purpose or period restrictions.

Contributions in-kind

Contributions in-kind (Note 9) consist principally of professional legal services and on-line advertising. The Museum estimates the fair value of contributed professional legal services and on-line advertising based on the billing rates of the donors (Level 2 – Cost). The Museum only records contributions of in-kind services when the services are of a professional or technical nature requiring expertise or education not available to the Museum and the Museum would have paid for the services if donors had not contributed them.

Revenue

The management of the Museum estimates that the cost of memberships equals the fair value of goods and services received by members. Accordingly, the Museum recognizes membership sales as revenue over the membership period, using the straight-line basis. Virtually all memberships sold cover a period of one year.

The Museum recognizes admissions and discounted admission coupons when sold.

The Museum earns revenue from its various programs, including camps, birthday parties, Discovery School, special performances and the CCC. The Museum recognizes program revenue when the related program occurs.

The Museum recognizes Store (Note 11) revenue upon sale of the merchandise. Estimated returns are not material.

The Museum recognizes Café (Note 12) revenue over the period that the Café operates and related sales by the Café during each period.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2015

Note 2 – Summary of significant accounting policies (continued)

Net investment income

Net investment income consists of interest and dividends earned on cash, cash equivalents and investments and realized gains and losses on the sale of investments.

Functional expenses

The Museum summarizes the costs of providing its program and supporting activities on a functional basis. The Museum charges direct costs to the activity benefitted and allocates indirect costs among activities. During the years ended August 31, 2015 and 2014, the Museum allocated indirect costs based on estimated space or personnel usage.

Income taxes

The Internal Revenue Service (IRS) and State of California Franchise Tax Board approved the Museum as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and from California bank and corporation taxes under Section 23701(d) of the California Revenue and Taxation Code. In addition, the IRS approved the Museum to receive contributions that qualify for the charitable contribution deduction under IRC Section 170(b)(1)(A) and as a publicly supported organization as described in IRC Section 509(a)(1). Accordingly, donors are entitled to the maximum charitable contribution deduction allowed by law. The management of the Museum concluded that no activities of the Museum jeopardized its exemption from income taxes, its classification as a “public charity” or subjected the Museum to taxes on unrelated business income. Consequently, the Museum did not provide for any income taxes.

The management of the Museum considers certain tax positions taken by the Museum. A tax position is a position taken in a previously filed tax return or a position the management of the Museum expects to take in a future tax return that figures in measuring current or deferred income tax assets and liabilities for interim or annual periods. A tax position encompasses, but is not limited to, the status of an entity, including its status as a pass-through or tax-exempt entity. Accordingly, it is possible that tax positions taken on tax returns and related amounts recognized herein could vary.

The Museum files tax returns with the IRS and California. As of August 31, 2015, open tax periods subject to future examination by taxing authorities cover periods from September 1, 2011 through August 31, 2015.

Use of estimates

The preparation of financial statements in conformity with US-GAAP requires the management of the Museum to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimated.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2015

Note 2 – Summary of significant accounting policies (continued)

Risks and contingencies

Cash and cash equivalents held by the commercial bank exceeded federal deposit insurance limits at various times during the years ended August 31, 2015 and 2014.

During the year ended August 31, 2015, contributions received from various affiliates of one corporation totaled approximately 26% of total contributions and CCC program fees totaled approximately 25% of total program fees.

The Museum receives certain support and revenue that may be subject to audit or review by the donors and contractors. The management of the Museum concluded that the Museum complied with all aspects of related grant and contract provisions and that disallowed costs, if any, would be immaterial.

Comparative totals

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 US-GAAP. Accordingly, read such information in conjunction with the financial statements of the Museum as of and for the year ended August 31, 2014, from which the Museum derived the prior year summarized comparative information. The Museum reclassified certain prior year amounts to conform to the current year presentation.

Subsequent events

The Museum evaluated subsequent events for recognition and disclosure through December 9, 2015, the date the financial statements were available for issuance.

Note 3 – Pledges receivable

As of August 31, 2015 and 2014, pledges receivable totaled as follows:

	<u>2015</u>	<u>2014</u>
Association of Children’s Museums	\$ 15,000	\$ 70,500
Disney Worldwide Services, Inc.	165,000	–
The Horace W. Goldsmith Foundation	50,000	–
Institute of Museum and Library Services	30,764	–
JP Morgan Chase Foundation	–	25,000
Other donors less than 10% each	<u>113,961</u>	<u>91,107</u>
Total pledges receivable	<u>\$374,725</u>	<u>\$186,607</u>

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2015

Note 4 – Accounts receivable

As of August 31, 2015 and 2014, accounts receivable totaled as follows:

	<u>2015</u>	<u>2014</u>
Children's Council of San Francisco	\$ 22,400	\$ –
Disney Worldwide Services, Inc. and affiliates	32,007	–
Other CCC clients	17,275	13,680
Café sales (Note 12)	6,795	6,800
Credit card and other	<u>56,991</u>	<u>33,850</u>
Total accounts receivable	<u>\$135,468</u>	<u>\$54,330</u>

Note 5 – Property and equipment

As of August 31, 2015 and 2014, property and equipment totaled as follows:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$17,453,953	\$17,328,940
Exhibits	252,928	220,170
Equipment, furniture and fixtures	<u>152,104</u>	<u>135,317</u>
Property and equipment, at cost	17,858,985	17,684,427
Accumulated depreciation	<u>10,087,933</u>	<u>9,385,104</u>
Property and equipment, net	<u>\$ 7,771,052</u>	<u>\$ 8,299,323</u>

Note 6 – Credit line

A commercial bank provides a \$200,000 credit line to the Museum. Interest (variable at the higher of 5.00% or the Prime Rate plus 2.00%, with a 3.25% Prime Rate as of August 31, 2015) is due monthly and principal is due at maturity on October 15, 2016. Receivables, inventory and equipment of the Museum secure the credit line. As of August 31, 2015 and 2014, the Museum had no outstanding borrowings under the credit line. The management of the Museum believes that the Museum complied with all terms of the credit line during the period September 1, 2012 through December 9, 2015.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2015

Note 7 – Temporarily restricted net assets

As of and during the year ended August 31, 2015, temporarily restricted net assets reconciled as follows:

<u>Activity</u>	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Artist-in-Residence	\$ 74,723	\$ 47	\$ 27,362	\$ 47,408
Center for Childhood Creativity	555,182	397,427	774,233	178,376
Connections program	76,314	294,921	323,828	47,407
Development	285,371	5,220	11,450	279,141
Exhibits	56,753	125,000	15,000	166,753
Operations	<u>40,212</u>	<u>—</u>	<u>30,222</u>	<u>9,990</u>
Totals	<u>\$1,088,555</u>	<u>\$822,615</u>	<u>\$1,182,095</u>	<u>\$729,075</u>

As of and during the year ended August 31, 2014, temporarily restricted net assets reconciled as follows:

<u>Activity</u>	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Artist-in-Residence	\$ 94,019	\$ 4,581	\$ 23,877	\$ 74,723
Center for Childhood Creativity	596,034	584,422	625,274	555,182
Connections program	200,828	170,799	295,313	76,314
Development	304,622	11,746	30,997	285,371
Exhibits	47,480	45,000	35,727	56,753
Operations	90,000	—	49,788	40,212
Other	<u>—</u>	<u>29,040</u>	<u>29,040</u>	<u>—</u>
Totals	<u>\$1,332,983</u>	<u>\$845,588</u>	<u>\$1,090,016</u>	<u>\$1,088,555</u>

Note 8 – Retirement plans

The Museum allows its employees to defer a portion of their salary into a defined contribution plan under section 403(b) of the IRC. In addition, the Museum has the option to match employee contributions. However, during the years ended August 31, 2015 and 2014, the Museum did not match any deferrals.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2015

Note 9 – In-kind contributions

During the years ended August 31, 2015 and 2014, the estimated fair value of goods and services contributed to the Museum, total as follows:

	<u>2015</u>	<u>2014</u>
IT	\$ –	\$62,006
Legal	37,894	35,661
On-line advertising	<u>121,924</u>	<u>111,547</u>
In-kind services	159,818	209,214
Auction items (Note 10)	–	126,075
Other special event	<u>5,775</u>	<u>4,301</u>
In-kind goods	<u>5,775</u>	<u>130,376</u>
Total in-kind	<u>\$165,593</u>	<u>\$339,590</u>

Note 10 – Special events

During the year ended August 31, 2015, special event contributions, revenue and direct donor-benefit costs, totaled as follows:

<u>Event</u>	<u>Contributions and revenue</u>	<u>Direct donor- benefit costs</u>	<u>Net</u>
Creativity Forum	\$ 591,502	\$ 145,997	\$445,505
PlayDate	361,407	154,059	207,348
Goblin Jamboree and Snow Days	<u>76,758</u>	<u>41,348</u>	<u>35,410</u>
Totals	<u>\$1,029,667</u>	<u>\$341,404</u>	<u>\$688,263</u>

During the year ended August 31, 2015, contributions to Creativity Forum received from various affiliates of one corporation totaled approximately 13% of total contributions to Creativity Forum.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2015

Note 10 – Special events (continued)

During the year ended August 31, 2014, special event contributions, revenue and direct donor-benefit costs, totaled as follows:

<u>Event</u>	<u>Contributions and revenue</u>	<u>Direct donor- benefit costs</u>	<u>Net</u>
Creativity Forum	\$291,140	\$ 83,640	\$207,500
PlayDate	497,285	262,121	235,164
Goblin Jamboree	<u>56,155</u>	<u>16,984</u>	<u>39,171</u>
Totals	<u>\$844,580</u>	<u>\$362,745</u>	<u>\$481,835</u>

In-kind contributions received during the year ended August 31, 2014 include goods and services with an estimated fair value of \$126,075 and sold at the PlayDate auction for \$77,000.

Note 11 – Store sales

During the year ended August 31, 2015, net sales and cost of goods sold of the store totaled \$481,992 and \$251,935, respectively. In addition, direct operating costs of the store, included in program expenses, totaled \$215,189.

During the year ended August 31, 2014, net sales and cost of goods sold of the store totaled \$506,470 and \$297,739, respectively. In addition, direct operating costs of the store, included in program expenses, totaled \$212,372.

Note 12 – Café sales

A contractor runs Café operations under a Food Service Provider Agreement (FSPA) that runs through June 30, 2018. Under the FSPA, the contractor remits to the Museum a variable percentage of the gross sales of the Café monthly with a minimum monthly contribution of \$3,000. The contractor may extend the new FSPA for one, three-year period.

During the years ended August 31, 2015 and 2014, remittances of the variable percentage of the gross sales plus operating expense reimbursements totaled \$61,037 and \$57,265, respectively.

Bay Area Discovery Museum
Notes to Financial Statements
August 31, 2015

Note 13 – Commitments

Effective April 22, 2002, the Museum entered into a Cooperative Agreement (CA) with the United States of America, Department of the Interior, National Park Service, Golden Gate National Recreation Area (GGNRA), replacing a Cooperative Agreement that ran from May 14, 1990 through April 21, 2002.

Under the CA, the Museum may use certain land, buildings and improvements comprising a portion of the GGNRA known as East Fort Baker through April 21, 2027, to operate its programs. The Museum may apply annually, beginning five years before the expiration of the CA, for up to five five-year extensions of the CA, which the GGNRA may grant at its discretion. The GGNRA may terminate the CA after the initial term or earlier under certain circumstances. The Museum may terminate the CA before its expiration by giving at least one year of notice to the GGNRA.

In lieu of rent or lease payments, the CA allows the GGNRA to charge the Museum for its share of certain operating costs of the GGNRA. Such District Service fees are due quarterly in advance. During the years ended August 31, 2015 and 2014, such District Service fees totaled \$116,876 and \$119,820, respectively, and are included with utilities.

Finally, the CA requires the Museum to submit certain reports and plans annually, obtain approval for subcontracts and program pricing and comply with various National Park laws, rules and regulations. The management of the Museum concluded it complied with all the requirements of the CA.

The Museum contracts with various children's museum to host traveling exhibits at various times from January 16, 2016 through September 6, 2020. During the years ending August 31, the Museum has remaining amounts due under those contracts totaling:

2016	\$55,750
2017	27,000
2018	95,000
2019	32,500
2020	38,250