

THE STATEN ISLAND MUSEUM
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009



THE STATEN ISLAND MUSEUM
INDEX TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

	<u>Page(s)</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-17



Independent Auditors' 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, 2010 and 2009 and the related statements of cash flows for the years then ended and the statements of activities and functional expenses for the year ended June 30, 2010. 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 audits. The statement of activities and functional expenses includes prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Staten Island Museum as of June 30, 2010 and 2009, its cash flows for the years then ended, and the changes in net assets for the year ended June 30, 2010 in conformity with accounting principles generally accepted in the United States of America.



Staten Island, NY
November 15, 2010

THE STATEN ISLAND MUSEUM
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 979,270	\$ 299,523
Investments	1,161,470	1,830,068
Accounts receivable	18,247	99,392
Inventory	22,159	27,690
Prepaid expenses	6,112	8,866
Property and Equipment (net)	<u>685,128</u>	<u>645,865</u>
TOTAL ASSETS	<u>\$ 2,872,386</u>	<u>\$ 2,911,404</u>

COLLECTIONS

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 103,809	\$ 185,723
Deferred revenue	9,475	9,555
Margin loan payable	<u>0</u>	<u>184,227</u>
Total Liabilities	<u>113,284</u>	<u>379,505</u>
Net Assets		
Unrestricted	824,141	734,502
Board designated	31,327	50,000
Temporarily restricted	1,504,667	1,348,430
Permanently restricted	<u>398,967</u>	<u>398,967</u>
Total Net Assets	<u>2,759,102</u>	<u>2,531,899</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,872,386</u>	<u>\$ 2,911,404</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, 2010 AND 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
Support					
Government grants	\$ 852,957	\$ 189,402	-	\$1,042,359	\$1,012,986
Individual contributions	60,247	-	-	60,247	30,695
Corporations and Foundations	-	318,743	-	318,743	399,650
Donated materials and services	<u>33,276</u>	<u>-</u>	<u>-</u>	<u>33,276</u>	<u>24,460</u>
Total Support	<u>946,480</u>	<u>508,145</u>	<u>-</u>	<u>1,454,625</u>	<u>1,467,791</u>
Revenue					
Program income	89,029	-	-	89,029	108,513
Fundraising events	104,278	-	-	104,278	93,122
Museum gift shop	11,530	-	-	11,530	15,344
Membership dues	20,495	-	-	20,495	20,480
Admissions	13,273	-	-	13,273	9,517
Investment income realized	(6,978)	(114,914)	-	(121,892)	121,912
Investment income unrealized	36,957	393,782	-	430,739	(368,274)
Other income	8,842	-	-	8,842	6,024
Net assets released from restrictions	<u>670,757</u>	<u>(670,757)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>948,183</u>	<u>(391,889)</u>	<u>-</u>	<u>556,294</u>	<u>6,638</u>
Total Support and Revenue	<u>1,894,663</u>	<u>116,256</u>	<u>-</u>	<u>2,010,919</u>	<u>1,474,429</u>
Expenses					
Programs					
Collections and exhibitions	595,632	-	-	595,632	584,094
Visitor services and membership	248,643	-	-	248,643	413,877
Public programs and education	<u>423,734</u>	<u>-</u>	<u>-</u>	<u>423,734</u>	<u>398,177</u>
Total Programs	1,268,009	-	-	1,268,009	1,396,148
Management and support services	278,689	-	-	278,689	251,503
Fundraising and development	<u>237,018</u>	<u>-</u>	<u>-</u>	<u>237,018</u>	<u>204,159</u>
Total Expenses	<u>1,783,716</u>	<u>-</u>	<u>-</u>	<u>1,783,716</u>	<u>1,851,810</u>
Increase (Decrease) in Net Assets	110,947	116,256	-	227,203	(377,381)
Repayment of Interfund Loan	(39,981)	39,981	-	-	-
Net Assets-Beginning of Year	<u>784,502</u>	<u>1,348,430</u>	<u>\$ 398,967</u>	<u>2,531,899</u>	<u>2,909,280</u>
Net Assets-End of Year	<u>\$ 855,468</u>	<u>\$1,504,667</u>	<u>\$ 398,967</u>	<u>\$2,759,102</u>	<u>\$2,531,899</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, 2010 WITH COMPARATIVE TOTALS FOR JUNE 30, 2009

	PROGRAMS				Total	Management and Support Services	Fundraising and Development	Total 2010	Total 2009
	Collections and Exhibitions	Visitor Services and Membership	Public Programs and Education						
Salaries	\$ 295,486	\$ 131,022	\$ 204,046	\$ 630,554	\$ 153,367	\$ 113,408	\$ 897,329	\$ 1,068,383	
Payroll Taxes	23,089	10,238	15,944	49,271	11,984	8,862	70,117	82,572	
Employee Fringe Benefits	64,541	28,618	44,568	137,727	33,499	24,771	195,997	188,530	
Pension	30,030	13,316	20,737	64,083	15,587	11,526	91,196	82,932	
Advertising and Marketing	2,316	914	1,477	4,707	900	915	6,522	8,396	
Artists and Consultants	61,974	6,099	61,568	129,641	10,951	8,269	148,861	40,554	
Interest and Bank Charges					6,983		6,983	2,194	
Collections Acquisition and Maintenance	4,613			4,613			4,613	9,570	
Gift Shop - Cost of Sales		11,024		11,024			11,024	10,179	
Depreciation	9,702	9,702	6,962	26,366	1,988		28,354	21,031	
Dues and Subscriptions	4,675	1,845	2,583	9,103	584	428	10,115	6,283	
Equipment Lease and Repair	12,587	5,473	8,385	26,445	6,258	4,617	37,320	46,218	
Collections Acquisition In-Kind	2,921			2,921			2,921	20,839	
Cost of Direct Benefits to Donors						43,263	43,263	17,688	
Special Programs and Promotions	709		11,357	12,066	370		12,436	14,446	
Insurance	7,039	3,121	4,861	15,021	3,653	2,701	21,375	21,212	
Office Expense	2,498	986	1,381	4,865	986	723	6,574	6,081	
Postage and Shipping	4,367	1,724	2,413	8,504	1,724	1,264	11,492	12,574	
Printing and Copying	5,218	13,193	4,104	22,515	194	7,104	29,813	32,973	
Photography	1,237	543		1,780	200	42	2,022	1,615	
Professional Development			300	300	1,028		1,328	1,265	
Professional Fees	6,586	2,920	4,548	14,054	12,346	2,528	28,928	25,362	
Supplies	6,638	1,022	4,876	12,536	7,806	592	20,934	30,086	
Telephone	8,448	3,334	4,668	16,450	3,335	2,445	22,230	16,446	
Occupancy	25,245	2,067	2,067	29,379	2,067		31,446	47,227	
Travel and Entertainment	1,593	953	2,412	4,958	1,672		6,630	7,387	
Utilities	12,821		12,821	25,642			25,642	27,739	
Automobile Expense	333	148	230	711	173	128	1,012	65	
Bad Debt			892	892		3,152	4,044		
Miscellaneous Expense	966	381	534	1,881	1,034	280	3,195	1,963	
Total Expenses in 2010	\$ 595,632	\$ 248,643	\$ 423,734	\$ 1,268,009	\$ 278,689	\$ 237,018	\$ 1,783,716		
Total Expenses in 2009	\$ 584,094	\$ 413,877	\$ 398,177	\$ 1,396,148	\$ 251,503	\$ 204,159		\$ 1,851,810	

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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Increase (Decrease) in net assets	\$ 227,203	\$ (377,381)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	28,354	21,031
Unrealized (gain) loss on investments	(430,739)	368,274
Realized loss (gain) on sale of investments	211,921	(22,691)
Operating Assets:		
Decrease in accounts receivable	81,145	114,222
Decrease (increase) in inventory	5,531	(9,704)
Decrease in prepaid expenses	2,754	792
Operating Liabilities:		
Decrease in accounts payable and accrued expenses	(81,914)	(24,754)
Decrease in deferred revenue	<u>(80)</u>	<u>(5,035)</u>
Cash Flow Provided by Operating Activities	<u>44,175</u>	<u>64,754</u>
Cash Flows From Investing Activities:		
Purchases of investments	(1,434,391)	(278,421)
Proceeds from sale of marketable securities	2,321,807	142,689
Capitalization of interest	0	244
Purchases of property and equipment	<u>(67,617)</u>	<u>(342,327)</u>
Cash Flow Provided by (Used) in Investing Activities	<u>819,799</u>	<u>(477,815)</u>
Cash Flows from Financing Activities:		
Proceeds from margin loan	0	184,000
Principal payments on margin loans	<u>(184,227)</u>	<u>(17)</u>
Cash Flows (Used) in Provided by Financing Activities	<u>(184,227)</u>	<u>183,983</u>
Increase (Decrease) in Cash and Cash Equivalents	679,747	(229,078)
Cash and Cash Equivalents-Beginning of Year	<u>299,523</u>	<u>528,601</u>
Cash and Cash Equivalents-End of Year	<u>\$ 979,270</u>	<u>\$ 299,523</u>
Supplementary Disclosure		
Interest paid	\$ 4,388	\$ 243
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 Museum 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 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.

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 follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statement for Not-for-Profit Organizations." Under SFAS No. 117, 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.

The Museum also follows SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, 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.

THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

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.

Investments

In accordance with Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations", 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 Receivables

Accounts receivables 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, 2010, accounts receivables consisted of grants and other miscellaneous receivables and had balances in the amounts of \$18,247. All accounts were deemed collectible, and no allocation for uncollectible account was recorded.

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.

THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

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 N).

For fiscal years ending prior to July 1, 1989, the Museum did not capitalize or depreciate any property, plant and equipment used in its operation. Such items were charged to expense in the year of acquisition.

For all fiscal years beginning after June 30, 1989, the Museum changed its method of accounting for fixed asset additions. 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	30 Years
Programmatic equipment	5 Years
Office equipment	5 Years
Intangible assets	5 Years

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.

THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

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 \$7,534 and \$30,409 for the fiscal years ended June 30, 2010 and 2009, 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.

In July 2006, the Financial Accounting Standards Board issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," which prescribes how an entity should measure, recognize, present and disclose in its financial statements tax positions that an organization has taken or expects to take on its tax returns. The Museum has adopted the provisions of FIN 48 as of July 1, 2009. The Museum's tax returns are generally subject to examination by the Internal Revenue Service for three years including June 30, 2010, 2009 and 2008.

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

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.

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.



THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

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 \$33,276 and \$24,460 of contributed services and donated materials for the years ended June 30, 2010 and 2009, 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 \$25,642 and \$27,739 for 2010 and 2009, 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, 2009, 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 income is reported net of investment expense on the statement of activities for both unrestricted and temporarily restricted net assets.

Investment balances at June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Marketable Securities	\$ 392,158	\$ 260,351
Corporate Bonds	769,312	666,828
U.S. Government and Agency obligation	0	200,000
Mutual Funds	<u>0</u>	<u>702,889</u>
	<u>\$ 1,161,470</u>	<u>\$ 1,830,068</u>



THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

Investment income for the years ending June 30, 2010 and 2009 is comprised of the following:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 86,222	\$ 99,251
Realized gain (loss)	(211,921)	22,691
Unrealized gain (loss)	<u>430,739</u>	<u>(368,274)</u>
Total Income	<u>\$ 305,040</u>	<u>\$ (246,332)</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 hierarchy prioritizes the inputs to valuation techniques used to measure fair value into 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.

For applicable assets and liabilities subject to this pronouncement, the Museum will value such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, the Museum will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Museum will develop measurement criteria based on the best information available.



THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

The following tables present the Museum's fair value hierarchy for those asset and liabilities measured on a recurring basis as of June 30, 2010:

	Fair Value Measurements at Reporting Date Using:			
	June 30, 2010	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Assets:</u>				
Investments	\$1,161,470	\$1,161,470	\$ -	\$ -

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

For the years ended June 30, 2010 and 2009, the City of New York, Department of Cultural Affairs made the following appropriations to the Museum that are included in unrestricted public support:

	2010	2009
Operational Support	\$ 633,136	\$ 699,515
Energy Appropriations	25,642	27,739
Pension Plan Appropriations	74,271	82,857
GHI/Health Plan	<u>119,908</u>	<u>135,234</u>
Total	<u>\$ 852,957</u>	<u>\$ 945,345</u>

Note F-Property and Equipment

Property and equipment as of June 30, 2010 and 2009 consisted of the following:

	2010	2009
Snug Harbor-Capital Project	\$ 683,082	\$ 615,465
Building Improvements	134,128	134,128
Office Equipment	119,263	119,263
Website and Software	11,649	11,649
Program Equipment	23,170	23,170
Vehicles	9,069	9,069
Furniture and Fixtures	<u>59,512</u>	<u>59,512</u>
Subtotal	1,039,873	972,256
Less: Accumulated Depreciation	<u>354,745</u>	<u>326,391</u>
Property and Equipment (Net)	<u>\$ 685,128</u>	<u>\$ 645,865</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was \$28,354 and \$21,031, respectively.



THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

Note G-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, 2010 and 2009, was \$9,475 and \$9,555, respectively.

Note H-Margin Loan Payable

The Museum had a margin line of credit of 50% of the portfolio invested with Edward Jones. This margin line of credit is payable upon demand. Interest on this loan is 4.75%. At June 30, 2009 the balance outstanding was \$184,227. The loan was repaid during the fiscal year ending June 30, 2010.

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, 2010 and 2009, as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<i>June 30, 2010</i>		
Weingartner Fund	\$ 536,266	\$ -
Joseph F. Burke Fund	565,785	-
John A. and Eileen F. Carr Fund	5,886	35,314
Nathaniel Lord Britton and Elizabeth Gertrude Britton Fund	149,616	54,591
Joseph J. Crook Fund	24,080	2,903
Natural Science Fund	130,562	306,159
Staten Island Foundation	8,472	-
Colgate Palmolive-Summer Camp Grant	5,000	-
Deutsche Bank	6,500	-
Helmsley Charitable Trust	20,000	-
Verizon	7,500	-
Richmond County Savings Bank	30,000	-
Target	<u>15,000</u>	<u>-</u>
Total 2010	<u>\$ 1,504,667</u>	<u>\$ 398,967</u>



THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<i>June 30, 2009</i>		
Weingartner Fund	\$ 464,092	\$ -
Auxiliary Fund	53,612	-
Joseph F. Burke Fund	489,638	-
John A. and Eileen F. Carr Fund	-	35,314
Robert J. O'Connor Fund	4,080	-
Nathaniel Lord Britton and Elizabeth Gertrude Britton Fund	121,606	54,591
Joseph J. Crooke Fund	11,782	2,903
Natural Science Fund	78,620	306,159
Staten Island Foundation	30,000	-
Hearst Foundation	40,000	-
Colgate Palmolive-Summer Camp Grant	5,000	-
JP Morgan	20,000	-
New York Community Trust	<u>30,000</u>	<u>-</u>
Total 2009	<u>\$ 1,348,430</u>	<u>\$ 398,967</u>

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, 2010 and 2009 was \$87,562 and \$74,437, respectively, which was financed mostly in part 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 STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

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 \$16,500, or \$22,000 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, 2010 and 2009 totaled \$16,925 and \$8,294 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, 2011	\$ 21,347
2012	18,962
2013	11,093
2014	7,325
2015	<u>6,714</u>
 Total	 <u>\$ 65,441</u>

Rent for storage is on a month by month basis. The expense for the years ended June 30, 2010 and 2009 was \$23,184 and \$44,664, respectively.

Note M-Interfund Loan

In fiscal year 1998, the Temporarily Restricted Funds had loaned \$300,000 to the operating fund to be used for the completion of the design phase of the museum planned for the Staten Island waterfront in the St. George neighborhood. The loan was being used to cover costs not being paid by the New York City Capital Funds. This project was subsequently terminated, but interest, at the prime rate, is being charged until the loan is repaid. The balance owed to the Temporarily Restricted Fund at June 30, 2010 is calculated as follows:

Original loan balance	\$ 300,000
Interest accrued through 6/30/10	<u>178,677</u>
 Subtotal	 478,677
 Less: Payment through 6/30/10	 <u>(478,677)</u>
 Total	 <u>\$ 0</u>



THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

Note N-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 \$198,863 and \$1,056,994 for capital expenses for the renovation of Snug Harbor Cultural Center in the fiscal years 2010 and 2009, respectively. Historically the City of New York has spent \$2,299,015 on capital expenses from 2005 to 2010.

In addition to amounts expended directly by The City of New York, the Museum also expended \$67,618 and \$329,552 at June 30, 2010 and 2009, respectively, and \$683,083 since inception related to the Snug Harbor capital improvement project.

Note O-Related Party Transactions

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

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, 2010, the Museum had funds with one financial institution that exceeded the federal and private insurance level by a total of \$488,272.

THE STATEN ISLAND MUSEUM
NOTES TO FINANCIAL STATEMENTS

Note R-Subsequent Events

In May 2009, the Financial Accounting Standards Board Issued Statement of Financial Accounting Standards No. 165, *Subsequent Events*. This new standard applies to interim and annual financial periods ending after June 15, 2009. This statement establishes principles setting forth the period after the balance sheet date during which management shall evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements. For the purpose of this accounting standard, the Museum has evaluated subsequent events through November 15, 2010.

