

**THE TECH MUSEUM OF INNOVATION**

**Financial Statements and  
Report of Independent Certified Public Accountants**

**December 31, 2000 and 1999**

Report of Independent Certified Public Accountants

Board of Directors  
The Tech Museum of Innovation

We have audited the accompanying statements of financial position of The Tech Museum of Innovation (the "Organization") (a California nonprofit corporation) as of December 31, 2000 and 1999, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 Organization as of December 31, 2000 and 1999, 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.

*Grant Thornton LLP*

San Jose, California  
April 16, 2001

STATEMENTS OF FINANCIAL POSITION

December 31,

	2000			1999				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>ASSETS</b>								
Cash	\$ 800,044	\$ 2,737,352	\$ -	\$ 3,537,396	\$ 1,018,908	\$ 2,135,757	\$ -	\$ 3,154,665
Investments	495,998	110,822	6,198,813	6,805,633	2,047,764	151,773	2,466,528	4,666,065
Contributed support receivable, net	-	1,716,197	4,174,050	5,890,247	-	2,083,720	2,738,979	4,822,699
Receivable for contributed use of facility, net	-	22,333,392	-	22,333,392	-	22,159,765	-	22,159,765
Grants receivable, net	22,958	-	-	22,958	278,273	-	-	278,273
Other receivable	182,491	-	-	182,491	109,581	-	-	109,581
Prepaid expenses and other assets	2,207,572	-	-	2,207,572	1,936,839	-	-	1,936,839
Inventory	298,584	-	-	298,584	304,171	-	-	304,171
Property and equipment, net	27,816,488	-	-	27,816,488	29,578,768	-	-	29,578,768
	<u>\$ 31,824,135</u>	<u>\$ 26,897,763</u>	<u>\$ 10,372,863</u>	<u>\$ 69,094,761</u>	<u>\$ 35,274,304</u>	<u>\$ 26,531,015</u>	<u>\$ 5,205,507</u>	<u>\$ 67,010,826</u>
<b>LIABILITIES AND NET ASSETS</b>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 1,454,229	\$ -	\$ -	\$ 1,454,229	\$ 2,390,239	\$ -	\$ -	\$ 2,390,239
Deferred revenue	332,970	-	-	332,970	399,611	-	-	399,611
Note payable	420,000	-	-	420,000	560,000	-	-	560,000
Payable (receivable) between net asset categories	256,039	(108,342)	(147,697)	-	89,172	(108,333)	19,161	-
Total liabilities	2,463,238	(108,342)	(147,697)	2,207,199	3,439,022	(108,333)	19,161	3,349,850
<b>Net assets</b>								
<b>Unrestricted</b>								
Undesignated	1,544,409	-	-	1,544,409	2,256,514	-	-	2,256,514
Designated for property and equipment	27,816,488	-	-	27,816,488	29,578,768	-	-	29,578,768
Temporarily restricted	-	27,006,105	-	27,006,105	-	26,639,348	-	26,639,348
Permanently restricted	-	-	10,520,560	10,520,560	-	-	5,186,346	5,186,346
Total net assets	29,360,897	27,006,105	10,520,560	66,887,562	31,835,282	26,639,348	5,186,346	63,660,976
	<u>\$ 31,824,135</u>	<u>\$ 26,897,763</u>	<u>\$ 10,372,863</u>	<u>\$ 69,094,761</u>	<u>\$ 35,274,304</u>	<u>\$ 26,531,015</u>	<u>\$ 5,205,507</u>	<u>\$ 67,010,826</u>

See accompanying notes to financial statements.

## STATEMENTS OF ACTIVITIES

Years ended December 31,

	2000		1999		Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total					
Support and revenue:									
Public support	\$ 1,202,646	\$ 108,333	\$ -	\$ 1,310,979	\$ 1,300,003	\$ 111,333	\$ -	\$ -	\$ 1,411,336
Contributed support and special events, net of allowance and net present value adjustment	5,372,115	3,455,301	5,334,214	14,161,630	3,833,533	2,118,802	4,986,346	10,938,681	
Donated property, services and rent	2,232,164	1,490,947	-	3,723,111	3,047,331	1,520,383	-	4,567,714	
Admissions and fees	7,250,204	-	-	7,250,204	7,389,330	-	-	7,389,330	
Store revenue	1,328,988	-	-	1,328,988	1,442,930	-	-	1,442,930	
Federal awards	204,678	-	-	204,678	332,931	-	-	332,931	
Interest income	94,321	128,777	-	223,098	172,068	119,482	-	291,550	
Realized/unrealized loss on investments, net	(235,402)	-	-	(235,402)	(19,703)	-	-	(19,703)	
Other income	51,789	-	-	51,789	27,985	-	-	27,985	
Net assets released from restriction	4,816,601	(4,816,601)	-	-	4,974,332	(4,974,332)	-	-	
Total support and revenue	22,318,104	366,757	5,334,214	28,019,075	22,500,740	(1,104,332)	4,986,346	26,382,754	
Expenses:									
Program services									
Exhibits, programs, and experiences	9,445,673	-	-	9,445,673	11,118,295	-	-	11,118,295	
Visitor services	6,013,833	-	-	6,013,833	5,449,173	-	-	5,449,173	
Education	935,519	-	-	935,519	786,354	-	-	786,354	
Supporting services									
Development and special events	2,614,254	-	-	2,614,254	2,866,303	-	-	2,866,303	
Management and general									
Marketing and public relations	2,856,347	-	-	2,856,347	2,085,493	-	-	2,085,493	
Administration	2,926,863	-	-	2,926,863	2,864,106	-	-	2,864,106	
Total expenses	24,792,489	-	-	24,792,489	25,169,724	-	-	25,169,724	
Change in net assets	(2,474,385)	366,757	5,334,214	3,226,586	(2,668,984)	(1,104,332)	4,986,346	1,213,030	
Net assets at beginning of year	31,835,282	26,639,348	5,186,346	63,660,976	34,504,266	27,743,680	200,000	62,447,946	
Net assets at end of year	\$ 29,360,897	\$ 27,006,105	\$ 10,520,560	\$ 66,887,562	\$ 31,835,282	\$ 26,639,348	\$ 5,186,346	\$ 63,660,976	

See accompanying notes to financial statements.

**The Tech Museum of Innovation**  
**STATEMENTS OF CASH FLOWS**

Years ended December 31,

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,226,586	\$ 1,213,030
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	5,067,184	4,585,239
Provision for estimated uncollectible contributed support	168,174	84,383
Present value adjustment, net	263,148	220,405
Donated equipment	(904,175)	(915,931)
Donated investments	(1,904,857)	(2,422,196)
Contributions restricted for long-term investment	-	(379,358)
Contributions restricted for investment in endowment	(5,334,214)	(4,986,346)
Realized & Unrealized loss on investments	235,402	19,703
Changes in operating assets and liabilities:		
Support receivables	(1,672,497)	(1,119,931)
Inventory	5,587	(155,869)
Grants receivable	255,315	(179,282)
Other receivable	(72,910)	30,237
Prepays and other assets	(270,733)	223,135
Deferred revenue	(66,641)	223,993
Accounts payable and accrued expenses	<u>(936,010)</u>	<u>(1,463,705)</u>
Net cash used in operating activities	(1,940,641)	(5,022,493)
Cash flows from investing activities:		
Purchases of property and equipment	(2,400,729)	(3,244,056)
Purchases of investments	(4,166,070)	(4,177,253)
Proceeds from sales of investments	<u>3,695,957</u>	<u>4,972,936</u>
Net cash used in investing activities	(2,870,842)	(2,448,373)
Cash flows from financing activities:		
Contributions restricted for long-term investment	-	379,358
Contributions restricted for investment in endowment	5,334,214	4,986,346
Payment on notes payable	<u>(140,000)</u>	<u>(140,000)</u>
Net cash provided by financing activities	<u>5,194,214</u>	<u>5,225,704</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 382,731	 (2,245,162)
Cash and cash equivalents, beginning of year	<u>3,154,665</u>	<u>5,399,827</u>
Cash and cash equivalents, end of year	<u>\$ 3,537,396</u>	<u>\$ 3,154,665</u>
 <u>Supplemental disclosure of cash flow information:</u>		
Interest paid	\$ 48,521	\$ 53,201

See accompanying notes to financial statements.

The Tech Museum of Innovation

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Operations

The Tech Museum of Innovation (the "Tech") was incorporated on January 11, 1983 as a nonprofit public benefit corporation. The purpose of the Tech is to administer the financing, construction and operation of a world-class technology science museum. Aiming to inspire the innovator in everyone, The Tech Museum of Innovation is an educational resource established to engage people of all ages and backgrounds. The Tech's support and revenue comes primarily through contributions, federal awards, admissions and fees, and store revenue.

2. Categories of Net Assets

The net assets of the Tech are reported in the following categories:

- *Unrestricted net assets* generally have no donor-imposed restrictions. This category includes those revenues and expenses associated with program and supporting services.
- *Temporarily restricted net assets* include gifts for which donor-imposed restrictions have not been met and funds for which the ultimate purpose of the proceeds is not permanently restricted.
- *Permanently restricted net assets* includes a gift which requires, by donor-imposed restriction, that the corpus be invested in perpetuity and only the income be made available for the Tech's use as directed by the donor.

3. Revenue Recognition

Membership dues are generally for the one-year period effective as of the month a member joins the Tech. Membership dues are deferred upon receipt and recognized as revenue ratably over the membership period.

4. Contributed Support

The Tech recognizes all unconditional gifts and promises to give in the period notified. Contributed support is reported as unrestricted, temporarily restricted or permanently restricted depending on the existence of donor stipulations that limit the use of the support.

5. Functional Classification of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated, principally on a direct cost basis, among the classifications.

**The Tech Museum of Innovation**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2000 and 1999**

**NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**6. Investments**

Investments consist primarily of U.S. Treasury Bills, corporate stocks and an interest in the Community Foundation Silicon Valley pooled investment fund. Investments are carried at fair value as determined by quoted market prices.

**7. Inventory**

Inventory consists principally of merchandise (technology related items) sold in the Tech Store and is stated at the lower of cost or market, cost being determined on the first-in, first-out ("FIFO") method.

**8. Property and Equipment**

Property and equipment are stated at cost for purchased assets and at estimated fair value for contributed assets. Depreciation on exhibits, furniture, fixtures and improvements is computed by the straight-line method over the estimated useful lives of the assets, which range 3 - 7 years. Leasehold improvements are amortized by the straight-line method over the shorter of the estimated useful lives of the assets or the term of the related lease.

**9. Donated Property, Services and Use of Facility**

The Tech records various types of in kind support including professional services and tangible assets. Contributed professional 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. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in kind support are offset by like amounts included in expenses. Additionally, the Tech receives a significant amount of contributed time, which 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.

**10. Tax Exempt Status**

The Tech has been granted exempt status by the Internal Revenue Service and Franchise Tax Board under Sections 501(c)(3) and 23701(d), respectively.

**11. Use of Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Tech Museum of Innovation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2000 and 1999

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Use of Estimates (continued)

The Tech's allowance for estimated uncollectible contributed support receivables of \$658,976 and \$490,802, at December 31, 2000 and 1999, respectively are particularly significant estimates. The determination of the balance in this account is based on an analysis of the receivables and reflects an amount which, in management's judgment, is adequate to provide for potential losses after giving consideration to the character of the receivables, current economic conditions, past collection experience and such other factors that deserve current recognition in estimating losses.

The Tech's estimate of the useful life of exhibits is also a particularly sensitive estimate. Exhibits are depreciated over seven years, which corresponds with the Organization's plan to replace all exhibits within that timeframe.

12. Expiration of Donor-Imposed Restrictions

Donor-restricted contributions are booked in the temporarily or permanently restricted categories of net assets. The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Long-lived assets acquired with gifts of cash restricted for those acquisitions are reported as unrestricted based on the Tech's policy of lifting restrictions on contributions of cash used for the acquisition of long-lived assets when the long-lived assets begin construction or are acquired.

13. Federal Awards

Federal awards consist of funds received from the federal government for specific research projects. Substantially all of the Tech's federal award revenue is derived from cost reimbursement grants, which are billed to the grantor after costs have been incurred. Federal award revenue and unbilled federal awards are recognized to the extent the related costs are incurred.

Federal awards are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

14. Reclassifications

Certain 1999 amounts have been reclassified to conform to the 2000 presentation.

15. Advertising

All costs associated with advertising and promoting the Organization's activities are expensed in the year incurred. Advertising expense in 2000 and 1999 was \$1,787,969 and 873,405, respectively.



The Tech Museum of Innovation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2000 and 1999

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Concentration of Credit Risk

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation for up to \$100,000. Uninsured balances aggregate to \$3,727,977 and \$3,487,883 at December 31, 2000 and 1999 respectively. Based upon the financial strength of its primary depository bank, it is the Organization's opinion that it is not exposed to any significant credit risk.

NOTE B - INVESTMENTS

Information relative to investments, is summarized as follows:

	<u>2000</u>		
	<u>Interest</u>	<u>Net</u>	<u>Fair</u>
	<u>Income</u>	<u>Realized/ Unrealized</u>	<u>Value</u>
		<u>Losses</u>	
U.S. Government Securities	\$ 67,532	\$ -	\$ 593,445
Equity Securities	1,458	(133,530)	980,617
Community Foundation Silicon Valley pooled investment fund	<u>(1,879)</u>	<u>(101,872)</u>	<u>5,231,571</u>
	67,111	(235,402)	6,805,633
Cash	<u>155,987</u>	<u>-</u>	<u>3,537,396</u>
	<u>\$ 223,098</u>	<u>\$ (235,402)</u>	<u>\$ 10,343,029</u>
	<u>1999</u>		
	<u>Interest</u>	<u>Net</u>	<u>Fair</u>
	<u>Income</u>	<u>Realized/ Unrealized</u>	<u>Value</u>
		<u>Losses</u>	
U.S. Government Securities	\$ 156,617	\$ -	\$ 2,742,837
Equity Securities	3,125	(19,703)	1,704,066
Community fund pool investments	<u>18,554</u>	<u>-</u>	<u>219,162</u>
	178,296	(19,703)	4,666,065
Cash	<u>113,254</u>	<u>-</u>	<u>3,154,665</u>
	<u>\$ 291,550</u>	<u>\$ (19,703)</u>	<u>\$ 7,820,730</u>

The Tech Museum of Innovation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2000 and 1999

NOTE C - CONTRIBUTED SUPPORT RECEIVABLE

Contributed support receivables are recorded after discounting the future cash flows to present value using a discount rate of 6%. Maturities of these receivables are as follows:

	<u>December 31, 2000</u>	
	<u>Contributed Support</u>	<u>Contributed Use of Facility</u>
2001	\$ 3,467,691	\$ 1,404,000
2002	1,575,044	1,404,000
2003	1,345,498	1,404,000
2004	700,000	1,404,000
2005	250,000	1,404,000
2006 and thereafter	-	61,581,600
	<u>7,338,233</u>	<u>68,601,600</u>
Less discount for present value	(789,010)	(46,268,208)
Less allowance for estimated uncollectible Contributed support	<u>(658,976)</u>	<u>-</u>
	<u>\$ 5,890,247</u>	<u>\$ 22,333,392</u>

	<u>December 31, 1999</u>	
	<u>Contributed Support</u>	<u>Contributed Use of Facility</u>
2001	\$ 3,449,104	\$ 1,404,000
2002	1,323,692	1,404,000
2003	796,567	1,404,000
2004	270,000	1,404,000
2005	-	1,404,000
2006 and thereafter	-	62,985,600
	<u>5,839,363</u>	<u>70,005,600</u>
Less discount for present value	(525,862)	(47,845,835)
Less allowance for estimated uncollectible Contributed support	<u>(490,802)</u>	<u>-</u>
	<u>\$ 4,822,699</u>	<u>\$ 22,159,765</u>

The Tech Museum of Innovation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2000 and 1999

NOTE C - CONTRIBUTED SUPPORT RECEIVABLE (continued)

The contributed support receivables are generally restricted to the design, construction and installation of exhibits, operating and educational center, property and equipment for the permanent facility and related marketing, fund raising and other services. They also include endowment pledges, which are permanently restricted. The Tech has entered into an agreement with the City of San Jose (the "City") for the lease of its primary facility for \$1 a year. The receivable for the contributed use of the facility reflects the fair value of the use of the facility for 55 years (through 2053) using current rental rates.

NOTE D - CONDITIONAL CONTRIBUTED SUPPORT

The Tech has received a funding commitment from the City for \$1,300,000 of annual support, which is conditioned on the City's annual ability to fund the contribution. The contribution is for operation and maintenance costs and spans the life of the related lease discussed in Note C. A conditional pledge of \$900,000 from a donor in a prior year was received in its entirety in 2000 and 1999.

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2000:

	<u>2000</u>	<u>1999</u>
Exhibits	\$ 24,583,911	\$ 23,908,090
Furniture, fixtures and improvements	6,971,218	4,922,000
Leasehold improvements	<u>10,206,634</u>	<u>9,626,770</u>
	41,761,763	38,456,860
Less: accumulated depreciation	<u>13,945,275</u>	<u>8,878,092</u>
	<u>\$ 27,816,488</u>	<u>\$ 29,578,768</u>

Depreciation expense for the years ended December 31, 2000 and 1999 was \$5,067,184 and \$4,585,239, respectively.

NOTE F - NOTE PAYABLE

The note payable to bank in the amount of \$420,000 is an unsecured term loan due December 2003. Principal payments of \$11,667 are due each month. The loan bears interest equal to the bank's reference rate plus .5% (10.00% at December 31, 2000). The loan agreement is subject to certain restrictive financial covenants which were met at December 31, 2000.

**The Tech Museum of Innovation**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**December 31, 2000 and 1999**

**NOTE F - NOTE PAYABLE (continued)**

Maturities of the loan for the years following 2000 are as follows:

2001		\$ 140,000
2002		140,000
2003		<u>140,000</u>
		<u>\$ 420,000</u>

**NOTE G - LINE OF CREDIT**

The Tech has available a \$1,500,000 unsecured bank line of credit. The line of credit bears interest equal to the bank's reference rate (9.5% at December 31, 2000). The credit agreement expires October 1, 2001. There was no outstanding balance on this line of credit at December 31, 2000 or 1999. This line is subject to certain restrictive covenants which were met at December 31, 2000.

**NOTE H - RELATED PARTY TRANSACTIONS**

For the years ended December 31, 2000 and 1999, the Tech received cash and stock contributions and equipment donations amounting to \$10,098,829 and \$4,871,457, respectively, from members of the Board of Directors of The Tech or companies with which the Board of Directors are affiliated. These receipts were recorded as revenue in the year pledged.

**NOTE I - COMMITMENTS**

The Tech is obligated under noncancelable operating leases for office and storage space, which expire on June 30, 2001. Future minimum noncancelable lease payments under the Tech's leases are as follows:

Year ending December 31,

2001		\$ 181,460
2002		181,950
2003		187,340
2004		85,420
2005		76,110
2006 and thereafter		<u>215,644</u>
		<u>\$ 927,924</u>

**The Tech Museum of Innovation**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2000 and 1999**

**NOTE I - COMMITMENTS (continued)**

In 2000 and 1999, total rent expense was \$1,823,372 and \$1,850,350, respectively, including \$1,404,000 and \$1,404,000 representing the contributed use of the facility for 2000 and 1999, respectively.

The Tech has a 10-year lease commitment for the IMAX theater, which the Tech elected to prepay in 1998. The Tech will recognize lease expense of \$236,800, annually, through 2008. The Tech is subject to additional rent payments based on 7% of annual gross revenues over \$2,000,000 from the IMAX theater.

Included in the commitments above is a maintenance agreement related to the IMAX theater equipment lease for a minimum of \$64,500 each year over the term of the 10 year lease.

**NOTE J - MAJOR CONTRIBUTIONS**

In 2000, six donors accounted for 48% of contributed support. In 1999, six donors accounted for 57% of contributed support.

**NOTE K - EMPLOYEE BENEFIT PLANS**

The Tech provides a defined contribution plan for all full-time employees. The plan provides for employee contributions plus employer contributions at The Tech's discretion. The Tech contributed \$77,790 and \$119,160 for the year ended December 31, 2000 and December 31, 1999, respectively.

In 1999, The Tech initiated a Key Employee Option Plan whereby selected employees enter into pre-tax compensation reduction option agreements with The Tech concurrent with being awarded non-qualified options to purchase shares in a fund. The number of non-qualified options granted is based on actual compensation reduction amounts assuming a 25% discount from fair market value to be paid upon exercise. The fund is comprised of two mutual funds and had a fair value of \$287,629 and \$302,990 at December 31, 2000 and 1999, respectively. The fund was created with the monies contributed by The Tech and employees as specified in their respective compensation reduction option agreements. Employees may exercise their options on or after the first January 1 following the first anniversary of their compensation reduction option agreement. The exercise price per share of the shares to be purchased is 25% of the lesser of the Exercise Rate Fair Market Value or the Grant Date Fair Market Value increased by 7% per year from the grant date, compounded annually. The fair market value shall be based on prices reported on an established recognized stock exchange, unless the shares are not publicly traded, in which case it shall be determined by the Executive Committee of the Board of Directors of The Tech. At December 31, 2000 and 1999, The Tech had awarded options to six employees, all of which were exercisable. Included in accrued liabilities at December 31, 2000 and 1999 is \$270,370 and \$302,990, respectively, associated with this plan.

The Tech Museum of Innovation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2000 and 1999

NOTE L - NET ASSETS

Temporarily restricted net assets are restricted by donors for the purposes described below. Permanently restricted net assets consist of investments held in perpetuity, the income of which is expendable for the purposes described below at December 31,:

	2000		1999	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Education and programs	\$ 2,848,174	\$10,520,560	\$ 2,287,530	\$ 5,186,346
In kind equipment pledges	86,670	-	173,340	-
Capital campaign support receivable	616,365	-	1,275,763	-
City of San Jose, restricted for subsequent years operations	108,333	-	108,333	-
Annual campaign support receivable	1,013,171	-	634,617	-
Use of facilities	<u>22,333,392</u>	<u>-</u>	<u>22,159,765</u>	<u>-</u>
	<u>\$ 27,006,105</u>	<u>\$10,520,560</u>	<u>\$ 26,639,348</u>	<u>\$ 5,186,346</u>

The permanently restricted investment portfolio was reduced below the donor's principal donation due to investment losses in fiscal 2000. The unrestricted net asset category has a liability of \$147,697 due to the permanently restricted net asset category to restore the principal amount in the endowment. The permanently restricted net asset category has a corresponding receivable from the unrestricted net asset category.

NOTE M - NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors, including the passage of time. Net assets were released from restriction as follows for the years ended December 31,:

	2000	1999
Purposes restrictions accomplished:		
Education	\$ 1,414,230	\$ 1,099,349
New museum	696,571	1,684,865
Time restriction met:		
Annual campaign receivables collected	1,301,800	786,118
Rent expense (contributed)	<u>1,404,000</u>	<u>1,404,000</u>
	<u>\$ 4,816,601</u>	<u>\$ 4,974,332</u>