THE TECH MUSEUM
OF INNOVATION

Financial Statements
June 30, 2009 and 2008

Together with
Independent Auditors' Report

THE TECH MUSEUM OF INNOVATION

TABLE OF CONTENTS

June 30, 2009

IRELAND SAN FILIPPO, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Tech Museum of Innovation

We have audited the accompanying statement of financial position of The Tech Museum of Innovation (the "Organization", a California public benefit corporation) as of June 30, 2009 and 2008 and the related statements of activities and changes in net assets 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 present fairly, in all material respects, the financial position of the Organization at June 30, 2009 and 2008, and the results of its activities and changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 2, 3 and 9, the Organization has implemented Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements*, Financial Accounting Standards Board Staff Position ("FSP") SFAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, and SFAS No. 165, *Subsequent Events*. The adoption of these standards had no impact on previously reported net assets.

Ireland San Filippo LLP

San Jose, California
November 17, 2009

THE TECH MUSEUM OF INNOVATION
Statement of Financial Position

	June 30, 2009				June 30, 2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS:								
Cash and cash equivalents	$ 166,811	$ 504,511	$ 510,299	$ 1,181,621	$ 59,771	$ 721,088	$ 1,011,866	$ 1,792,725
Investments	12,067	3,093,565	9,202,437	12,308,069	24,727	2,764,879	11,637,101	14,426,707
Other receivables, net — Describe + aging	1,465,275	-	-	1,465,275	1,209,065	841,967	16,042	2,067,074
Prepaid expenses and other assets	469,315	-	-	469,315	607,006	-	-	607,006
Pledges receivable, net — describe + aging	282,520	-	9,533	292,053	296,720	-	12,484	309,204
Receivable between asset categories	(2,952,898)	-	2,952,898	-	(100,000)	100,000	-	-
Receivable for contributed use of facility, net	-	21,648,988	-	21,648,988	-	21,748,102	-	21,748,102
Property and equipment, net	5,987,581	-	-	5,987,581	7,499,824	-	-	7,499,824
Total assets	$ 5,430,671	$ 25,247,064	$ 12,675,167	$ 43,352,902	$ 9,597,113	$ 26,176,036	$ 12,677,493	$ 48,450,642
LIABILITIES AND NET ASSETS:								
Liabilities:								
Accounts payable and accrued expenses	$ 763,092	$ -	$ -	$ 763,092	$ 972,366	$ -	$ -	$ 972,366
Deferred revenue	294,820	-	-	294,820	350,122	-	-	350,122
Total liabilities	1,057,912	-	-	1,057,912	1,322,488	-	-	1,322,488
Commitments								
Net assets:								
Unrestricted:								
Undesignated	(1,614,822)	-	-	(1,614,822)	774,801	-	-	774,801
Designated for property and equipment	5,987,581	-	-	5,987,581	7,499,824	-	-	7,499,824
Temporarily restricted	-	25,247,064	-	25,247,064	-	26,176,036	-	26,176,036
Permanently restricted	-	-	12,675,167	12,675,167	-	-	12,677,493	12,677,493
Total net assets	4,372,759	25,247,064	12,675,167	42,294,990	8,274,625	26,176,036	12,677,493	47,128,154
Total liabilities and net assets	$ 5,430,671	$ 25,247,064	$ 12,675,167	$ 43,352,902	$ 9,597,113	$ 26,176,036	$ 12,677,493	$ 48,450,642

The accompanying notes are an integral part of these financial statements

THE TECH MUSEUM OF INNOVATION
Statement of Activities and Changes in Net Assets

For the Years Ended June 30,

	2009 Unrestricted	2009 Temporarily Restricted	2009 Permanently Restricted	2009 Total	2008 Unrestricted	2008 Temporarily Restricted	2008 Permanently Restricted	2008 Total
SUPPORT AND REVENUE:								
Public support	$ 1,300,000	$ -	$ -	$ 1,300,000	$ 1,300,000	$ -	$ -	$ 1,300,000
Contributed support and special events, net of allowance and net present value adjustment	7,611,049	1,838,390	(2,326)	9,447,113	6,555,472	3,911,750	(49,378)	10,417,844
Donated property, services and rent	-	1,837,980	-	1,837,980	-	2,088,008	-	2,088,008
Admissions and fees	4,762,922	-	-	4,762,922 Leo	6,809,875	-	-	6,809,875 EW
Store revenue	390,483	-	-	390,483	234,277	-	-	234,277
Federal awards	-	-	-	-	40,188	-	-	40,188
Dividend and interest income	381,718	-	-	381,718	454,905	-	-	454,905
Realized and unrealized losses on investments, net	(3,183,078)	-	-	(3,183,078)	(1,755,423)	-	-	(1,755,423)
Net assets released from restriction	4,605,342	(4,605,342)	-	-	3,932,953	(3,792,953)	(140,000)	-
Total support and revenue	15,868,436	(928,972)	(2,326)	14,937,138	17,572,247	2,206,805	(189,378)	19,589,674
EXPENSES:								
Program services:								
Exhibits, programs, and experiences	9,360,935	-	-	9,360,935	7,531,631	-	-	7,531,631
Visitor services	3,632,539	-	-	3,632,539	5,177,650	-	-	5,177,650
Education	340,301	-	-	340,301	330,309	-	-	330,309
Supporting services:								
Fundraising and special events	3,030,335	-	-	3,030,335	2,377,448	-	-	2,377,448
Membership	251,178	-	-	251,178	249,550	-	-	249,550
Management and general:								
Marketing and public relations	1,531,277	-	-	1,531,277	997,392	-	-	997,392
Administration	1,623,737	-	-	1,623,737	1,959,689	-	-	1,959,689
Total expenses	19,770,302	-	-	19,770,302	18,623,669	-	-	18,623,669
Change in net assets	(3,901,866)	(928,972)	(2,326)	(4,833,164)	(1,051,422)	2,206,805	(189,378)	966,005
Net assets at beginning of year	8,274,625	26,176,036	12,677,493	47,128,154	9,326,047	23,969,231	12,866,871	46,162,149
Net assets at end of year	$ 4,372,759	$ 25,247,064	$ 12,675,167	$ 42,294,990	$ 8,274,625	$ 26,176,036	$ 12,677,493	$ 47,128,154

1.6.

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

THE TECH MUSEUM OF INNOVATION

Statement of Cash Flows

	For the Years Ended June 30, 2009	2008
Cash flows from operating activities:		
Change in net assets	$ (4,833,164)	$ 966,005
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,221,479	1,702,319
Provision for estimated uncollectible contributed support	3,380	3,380
Present value adjustment, net	9,513	9,513
Contributions restricted for investment in endowment	2,326	189,378
Realized and unrealized loss on investments, net	3,183,078	1,755,423
Changes in operating assets and liabilities:		
Other receivables	601,799	(1,061,975)
Prepaid expenses and other assets	137,691	(275,051)
Pledges receivable, net	4,258	7,411
Receivable for contributed use of facility, net	99,114	-
Accounts payable and accrued expenses	(209,274)	233,157
Deferred revenue	(55,302)	85,832
Net cash provided by operating activities	1,164,898	3,615,392
Cash flows from investing activities:		
Purchases of property and equipment	(709,236)	(811,087)
Purchases of investments	(13,237,219)	(14,800,393)
Proceeds from sales of investments	12,172,779	13,719,034
Net cash used in investing activities	(1,773,676)	(1,892,446)
Cash flows from financing activities:		
Net release of contributions for investment in endowment	(2,326)	(189,378)
Proceeds from line of credit	1,600,000	-
Payment on line of credit	(1,600,000)	-
Payment on notes payable	-	(27,173)
Net cash used in financing activities	(2,326)	(216,551)
Net increase (decrease) in cash and cash equivalents	(611,104)	1,506,395
Cash and cash equivalents, beginning of year	1,792,725	286,330
Cash and cash equivalents, end of year	$ 1,181,621	$ 1,792,725

Supplemental cash flow information:

Cash paid for interest	$ 6,546	$ 1,009

The accompanying notes are an integral part of these financial statements

THE TECH MUSEUM OF INNOVATION

Notes to Financial Statements

June 30, 2009

Note 1 - Organization and operations:

The Tech Museum of Innovation ("The Tech" or the "Organization") was incorporated on January 11, 1983 as a nonprofit public benefit corporation. The purpose of The Tech is to operate a world-class technology science museum. The Tech's support and revenue comes primarily through contributions, admissions and fees.

The Tech is an educational resource established to engage people of all ages and backgrounds in exploring and experiencing the technologies affecting their lives, and to inspire young people to become innovators in the technologies of tomorrow.

The Tech has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

Note 2 - Summary of significant accounting policies:

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") in its Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations.* Under SFAS No. 117, The Tech is required to report information regarding its financial position and activities according to three classes of net assets:

- *Unrestricted net assets* are available to support all activities of The Tech without restrictions and include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Under this category, The Tech maintains a fund designated for property and equipment, equivalent to the net book value of purchased property and equipment, plus significant donated property and equipment, net of depreciation and amortization.

- *Temporarily restricted net assets* represent contributions whose use is limited to donor-imposed stipulations that expire by the passage of time or other restrictions and for which the applicable restriction was not met as of the end of the current reporting period.

Note 2 - Summary of significant accounting policies (continued):

Basis of presentation (continued) -

- *Permanently restricted net assets* are restricted by the donor for investment in perpetuity, such as endowments. As determined by The Tech, the income from such invested assets, including realized and unrealized capital gains, is available to support the activities of The Tech at a rate of 5% of the total invested assets in the endowment, applied on a quarterly basis, as long as the market value of the invested assets is the same as, or greater than, the original investment value.

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

Cash and cash equivalents - For purposes of reporting cash flows, The Tech considers all highly liquid investments purchased with a maturity of three months or less at the date of purchase to be cash equivalents.

Investments - All investments are valued in accordance with generally accepted accounting principles ("GAAP") in the United States, including SFAS No. 157, *Fair Value Measurements*, which was adopted on July 1, 2008.

Equity funds - The Tech invests in marketable securities and money market funds. All securities are carried at quoted market prices as of the last trading date of The Tech's fiscal year. The Tech's Board of Directors has established an investment policy and has engaged the services of an outside investment advisor to assist in such matters. Contributions of investments are recorded at estimated fair value at the date of donation and are sold as soon as reasonably possible. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from the sales or maturities are calculated on an adjusted cost basis. The adjusted cost, as a result of reinvested dividends, is the estimated fair value of the security at the beginning of the year or the cost if purchased during the year. Dividend and interest income are accrued when earned.

Private equity funds - To the extent that these funds invest in publicly traded investments, they are included at quoted market prices as described above. The remaining investments are carried at estimated fair values as determined by the investment manager of these securities after giving consideration to operating results, financial condition, recent sales prices of issuers' securities and other pertinent information. These investments are valued at The Tech's percentage interest owned in these investment companies. Because of the inherent uncertainty of valuations, however, these estimated fair values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Note 2 - Summary of significant accounting policies (continued):

Other receivables, net - Other receivable amounts are those receivables deemed to be collectible within the next twelve month period. Other receivables are predominately associated with amounts for The Tech Awards program. An allowance reserve for uncollectible other receivables has been established utilizing a 2% factor.

Prepaid expenses and other assets - Prepaid expenses and other assets include payments on a 10-year lease commitment for the IMAX theatre, prepaid in 1998 expiring October 2008. This lease was extended in March 2008 expiring October 2011, with remaining prepaid balances of approximately $217,000 and $326,000 at June 30, 2009 and 2008, respectively (see Note 14).

Pledges receivable, net - Pledges are accounted for in accordance with the recommendations of SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Under SFAS No. 116, promises to give are either unconditional or conditional. Unconditional promises to give are promises that depend only on the passage of time or the demand by the promisor for performance. A conditional promise to give is a promise that depends on the occurrence of a specified future and uncertain event to bind the promisor.

Contributions that are promised in one year but are expected to be received after the end of that year (or over a number of years) are considered pledges. Pledges are predominantly associated with amounts receivable for The Tech's endowment. Pledges are discounted at a reasonable rate of interest based on the Applicable Federal Rate (3.8% at June 30, 2009). An allowance reserve for uncollectible pledges has been established utilizing a 2% factor. The financial statements reflect these pledges net of the discount and allowance reserve.

Receivable between asset categories - Receivable between asset categories reflects the amounts owed from unrestricted assets to permanently restricted assets due predominantly to the unrealized market losses associated with The Tech's endowment investments as of June 30, 2009 and 2008.

Property and equipment, net - Purchased property and equipment are stated at cost. Acquisitions of property and equipment in excess of $3,000 are capitalized. Significant donated property and equipment is recorded at estimated fair value at the date of receipt. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to twenty years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease. Expenditures for maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Note 2 - Summary of significant accounting policies (continued):

Long lived assets - The Tech reviews long lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable. No such impairments have been identified to date.

Accounts payable and accrued expenses - Accounts payable and accrued expenses represent normal operating liabilities due and payable within the following 12 months.

Deferred revenue - Deferred revenue predominantly represents membership dues that are deferred upon receipt and recognized as revenue ratably over the membership period, generally for the one-year period effective as of the month of receipt. Other deferred revenue components represent deposit payments received for facilities rental events that are scheduled to occur in future periods.

Revenue recognition - The Tech records contributions and promises to give or pledges in accordance with SFAS No. 116. SFAS No. 116 requires that contributions received, including unconditional promises to give be recognized as revenue at their fair value in the period the contribution or pledge is received. Contributed support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. The Tech reports gifts of cash and other assets as restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. When such restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restriction. All other contributed support is recognized as revenue when received or un-conditionally promised.

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

Conditional promises to give and grants are not included as support until the conditions are substantially met. There were no conditional grants or promises to give for the year ended June 30, 2009. Amounts related to conditional grants for the year ended June 30, 2008 was approximately $200,000.

Donated property, services and rent - Contributions-in-kind are recognized in accordance with SFAS No. 116. Significant donated property and equipment is recorded at estimated fair value at the date of receipt. Contributed services, which require a specialized skill and which The Tech would have paid for if not contributed, have been recorded at their estimated fair market value. In addition, a substantial number of volunteers have donated significant amounts of time in The Tech's program services and fund-raising activities. The value of donated volunteer services has not been recognized in the accompanying financial statements because such volunteer services do not require specialized skills.

Note 2 - Summary of significant accounting policies (continued):

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 in accordance with the Single Audit Act and Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* ("A-133 audit"). Although such audits could result in expenditure disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

The Tech was not subject to an A-133 audit for the years ended June 30, 2009 and 2008.

Functional expense allocations - 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 based on estimates of time and other factors among the programs and supporting services benefited.

Advertising - Advertising costs are expensed as incurred. Advertising, promotion, and marketing expense for the years ended June 30, 2009 and 2008 were approximately $1,036,000 and $964,000, respectively.

Fair value of financial instruments - Financial instruments included in the Organization's Statement of Financial Position as of June 30, 2009 and 2008 include cash and cash equivalents, investments, receivables, accounts payable and accrued expenses. For cash and cash equivalents, receivables, accounts payable and accrued expenses, the carrying amounts represent a reasonable estimate of the corresponding fair values. Investments are reflected in the accompanying Statement of Financial Position at their estimated fair values using methodologies described above.

The fair value option - In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FASB Statement No. 115*, (effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007). This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. The Tech opted not to adopt SFAS No. 159 for the current year and will evaluate what effect, if any, the adoption of SFAS No. 159 will have on The Tech's Financial Statements.

Note 2 - Summary of significant accounting policies (continued):

Concentration of credit risk - Financial instruments that potentially subject The Tech to credit risk consist primarily of cash, cash equivalents, investments, and receivables. The Tech maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments, bonds with maturities of 90 days or less, and money market funds. At times, such amounts might exceed Federal Deposit Insurance Corporation ("FDIC") limits. The Tech's investments have been placed with high quality financial institutions. The Tech closely monitors these investments and has not experienced significant credit losses. The credit risk in contributed support receivable is mitigated by the fact that generally the pledges are made by local donors and are evaluated by The Tech based on the knowledge of the donors. Additionally, any contributed support receivable that is expected to be collected after one year has been discounted and is reflected in the financial statements at its net present value. It is The Tech's opinion that it is not exposed to any significant credit risks.

Endowment funds - In August 2008, the FASB issued FASB Staff Position No. SFAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds (FSP SFAS 117-1).* FSP SFAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FSP SFAS 117-1 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of California enacted UPMIFA effective September 30, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Tech has adopted the net asset classification provisions of FSP SFAS 117-1 for the year ending June 30, 2009. The Board, on the advice of legal counsel, has determined that The Tech's permanently restricted net assets meet the definition of endowment funds under UPMIFA. See Note 9 for further discussion of endowment funds

Accounting for uncertainty in income taxes - In June 2006, the FASB issued FASB Interpretation Number ("FIN") 48, *Accounting for Uncertainty in Income Taxes—an interpretation of SFAS No. 109*, which prescribes a comprehensive model for how an organization should recognize, measure, present, and disclose in its financial statements uncertain tax positions that the organization has taken or expects to take on a tax return. FIN 48 is effective for fiscal periods beginning on or after December 15, 2008. The Tech evaluates its tax provisions for any potential uncertain tax positions. If applicable, The Tech accrues for those positions identified which are not deemed more likely than not to be sustained if challenged. The Tech has elected to defer application of FIN 48 in accordance with FASB Staff Position ("FSP") FIN 48-3 until June 30, 2010.

Note 2 - Summary of significant accounting policies (continued):

Subsequent events - In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*. SFAS No. 165 requires an entity to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet. For nonrecognized subsequent events that must be disclosed, an entity is required to disclose the nature of the event as well as an estimate of its financial effect, or a statement that such an estimate cannot be made. In addition, SFAS No. 165 requires an entity to disclose the date through which subsequent events have been evaluated. SFAS No. 165 is effective for periods ending after June 15, 2009. The Organization has evaluated subsequent events through the date the financial statements were available to be issued which is the date of the auditors' report.

Recent accounting pronouncements -
Mergers and acquisitions - In April 2009, the FASB issued SFAS No. 164, *Not-for-Profit Entities: Mergers and Acquisitions*, (effective for reporting periods beginning after December 15, 2009). This new standard provides guidance on accounting for a combination of not-for-profit entities, which is a transaction or other event that results in a not-for-profit entity initially recognizing another not-for-profit entity, a business, or a nonprofit activity in its financial statements. This statement applies to a combination that meets the definition of either a merger of not-for profit entities or an acquisition by a not-for-profit entity.

GAAP hierarchy - On June 29, 2009, the FASB issued SFAS No.168, *The FASB Accounting Standards Codification TM (Codification or the ASC) and the Hierarchy of Generally Accepted Accounting Principles (GAAP), a replacement of FASB Statement No. 162*. SFAS No. 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The objective of SFAS No. 168 is to replace SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*, and to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of non-governmental entities that are presented in conformity with GAAP.

The above and other accounting standards that have been issued or proposed by FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Tech's financial statements upon adoption.

Note 3 - Investments:

The estimated fair value of the Tech's investments is as follows at June 30, 2009 and 2008:

	2009	2008
Marketable securities:		
Certificates of deposit	$ 3,093,565	$ 2,764,879
U.S. Treasury bonds and notes	-	2,452,998
Corporate bonds and notes	-	685,317
Money market funds	12,067	24,727
Total marketable securities	3,105,632	5,927,921
Alternative investments:		
Equity funds → detail	8,733,582	7,914,260 * Commonfund
Venture capital funds → detail	468,855	584,526 * UTV
Total alternative investments	9,202,437	8,498,786
Total investments	$ 12,308,069	$ 14,426,707

The following are the major categories of investments measured at fair value on a recurring basis during the year ended June 30, 2009, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 3: Significant Unobservable Inputs	Total at June 30, 2009
Equity funds	$ -	$ 8,733,582	$ 8,733,582
Certificates of deposit	3,093,565	-	3,093,565
Venture capital funds	-	468,855	468,855
Money market funds	12,067	-	12,067
Total	$ 3,105,632	$ 9,202,437	$ 12,308,069

Note 3 - Investments (continued):

The following is a reconciliation of the beginning and ending balances for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2009:

	Equity Funds	Venture Capital Funds	Total at June 30, 2009
Beginning balance	$ 7,914,260	$ 584,526	$ 8,498,786
Total gains or losses (realized or unrealized)	883,582	(140,058)	743,524
Purchases and acquisitions	(64,260)	24,387	(39,873)
Transfers in and/or out of Level 3	-	-	-
Ending balance	$ 8,733,582	$ 468,855	$ 9,202,437

The following schedule summarizes the investment returns for the years ended June 30:

	2009	2008
Realized and unrealized losses, marketable securities	$ (15,567)	$ -
Management fees, marketable securities	(391)	-
Net marketable securities returns	(15,958)	-
Realized and unrealized losses, alternative investments	(3,138,004)	(1,721,103)
Management fees, alternative investments	(29,116)	(34,320)
Net alternative investment returns	(3,167,120)	(1,755,423)
Net realized and unrealized losses on investments	$ (3,183,078)	$ (1,755,423)
Dividend and interest income	$ 381,718	$ 454,905

The Tech has a commitment under a venture partnership agreement to make capital contributions of approximately $729,000 and $31,000 at June 30, 2009 and 2008, respectively.

THE TECH MUSEUM OF INNOVATION
Notes to Financial Statements
June 30, 2009

Note 4 - Pledges receivable and contributed use of facility, net:

Receivables are recorded after discounting the future cash flows to present value using a discount rate of 3.8%. The maturities of these receivables are as follows:

Years Ending June 30,	Unrestricted Pledges Receivable	Permanently Restricted Pledges Receivable	Temporarily Restricted Contributed Use of Facility
2010	$ 40,000	$ 2,000	$ 1,404,000
2011	40,000	2,000	1,404,000
2012	40,000	2,000	1,404,000
2013	40,000	2,000	1,404,000
2014	40,000	2,000	1,404,000
Thereafter	135,000	1,000	55,458,000
Subtotal	335,000	11,000	62,478,000
Less discount for present value	(46,280)	(1,247)	(40,829,012)
Less allowance for estimated uncollectible contributed support	(6,200)	(220)	-
Total	$ 282,520	$ 9,533	$ 21,648,988

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). With the adoption of the *1996 AICPA Audit and Accounting Guide for Not-for-Profit Organizations*, The Tech recognized contribution revenue and a receivable for the present value of the promise for rent-free use of the facility with the annual maturity of contributed support receivable recognized as rent expense.

Larry Lokey = 25K/YR
Sunpower = 15K/YR
40K/YR

THE TECH MUSEUM OF INNOVATION

Notes to Financial Statements

June 30, 2009

Note 5 - Donated property, services and rent:

Donated property, services and rent include the following for the years ended June 30:

	2009	2008
Contributed services:		
Management and general		
Legal	$ -	$ 17,500
Catering	-	12,500
Services	533,094	394,167
Total contributed services	533,094	424,167
Contributed property and equipment	-	353,487
Contributed use of facilities	1,304,886	1,310,354
Total	$ 1,837,980	$ 2,088,008

Note 6 - Property and equipment, net:

Property and equipment consisted of the following at June 30:

	2009	2008
Exhibits	$ 23,530,586	$ 23,581,343
Leasehold improvements	10,007,454	10,007,454
Furniture, fixtures and improvements	8,191,166	8,160,749
Construction-in-progress	926,174	561,723
Total	42,655,380	42,311,269
Less: accumulated depreciation and amortization	(36,667,799)	(34,811,445)
Property and equipment, net	$ 5,987,581	$ 7,499,824

Note 7 - Temporarily restricted net assets:

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

	2009	2008
Use of facilities	$ 21,648,988	$ 21,748,102
Special projects	2,973,076	3,717,907
Operations	625,000	710,027
Total temporarily restricted net assets	$ 25,247,064	$ 26,176,036

Note 8 - Temporarily restricted net assets released from restrictions:

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes as follows during the years ended June 30:

	2009	2008
Use of facilities	$ 1,404,000	$ 1,404,000
Educational programs	-	1,667
Special projects	1,858,220	638,600
Operations	1,343,122	1,748,686
Total temporarily restricted net assets released from restriction	$ 4,605,342	$ 3,792,953

Note 9 - Permanently restricted net assets/Endowment funds:

The Tech's endowment consists of 39 individual funds established for a variety of purposes. Its endowment includes only donor-restricted funds. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of The Tech has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Tech classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. All investment income generated from these investments can be utilized for a variety of programs of The Tech and are recorded as unrestricted income when earned.

Permanently restricted net assets in the endowment funds at June 30, 2009 and 2008 were $12,675,167 and $12,677,493, respectively. During 2008, one donor released their restrictions on $140,000 of prior year contributions. For the year ended June 30, 2009 and 2008, the Organization had the following endowment-related activities all of which were permanently restricted:

	2009	2008
Endowment net assets, beginning of the year	$ 12,677,493	$ 12,866,871
Less: Release from restriction with donor consent	-	(140,000)
Add: Restricted gifts received	10,000	-
Less: Pledges deemed uncollectible and present value adjustment	(12,326)	(49,378)
Endowment net assets, end of the year	$ 12,675,167	$ 12,677,493

Note 10 - Related party transactions:

The Tech's volunteer members of the Board of Directors are active in oversight of fundraising events, activities and in making private contributions. Contributions received from the Board of Directors or from companies with which the Board of Directors are affiliated were approximately $4,220,000 and $4,693,000 for the years ended June 30, 2009 and 2008, respectively.

Of the total pledges and other receivables amounts due from the Board of Directors or from companies with which the Board of Directors are affiliated were approximately $122,000 and $578,000 at June 30, 2009 and 2008, respectively.

The Tech has a less than 10% investment in a partnership in which one of the members of the Board of Directors is an owner. The fair value of this investment was $430,110 and $584,526 at June 30, 2009 and 2008, respectively.

During 2008, The Tech entered into a two year contract, for approximately $400,000, with an outside company for design consulting work on a comprehensive corporate identity program. This contract was awarded after a competitive bid process was completed and approved by The Tech's Board of Directors. The sole owner of the outside company, the spouse of The Tech's President, does not report to management of The Tech, but to a member of The Tech's Board of Directors. The Tech's President recused himself from the Board's discussion and vote on such contract. The Tech has entered into a sub-lease agreement with the company for an undefined period of time. In lieu of rent, The Tech receives $1,000 a month for common area maintenance expenses.

Note 11 - Line of credit:

The Tech has a line of credit agreement, expiring January 15, 2010, with Bank of America. Borrowings under the agreement bear interest at the bank's prime rate (3.25% and 5.00% at June 30, 2009 and 2008, respectively). During the year ended June 30, 2009, The Tech drew $1,600,000 on their line of credit and repaid all amounts as of year end. At June 30, 2009 and 2008, there were no outstanding balances.

Note 12 - Major contributions:

For the year ended June 30, 2009, nine donors accounted for 42% of contributed support. For the year ended June 30, 2008, eight donors accounted for 51% of contributed support.

Note 13 - Retirement plan:

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 did not make any contributions for the years ended June 30, 2009 and 2008.

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 $12,067 and $24,728 at June 30, 2009 and 2008, 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. In 1999, The Tech had awarded options to four employees, all of which were exercisable, and, subsequently, froze participation in the plan. During 2009, one employee exercised previously awarded options. During 2008, no employees exercised previously awarded options. Included in accrued expenses at June 30, 2009 and 2008 are $9,050 and $18,545, respectively, associated with this plan.

Note 14 - Commitments:

The Tech is obligated under non-cancelable operating leases for equipment and facility space, which expire through June 2014.

The schedule of future minimum lease payments payable under its non-cancelable leases is as follows:

Years Ending June 30,		Amount
2010	$	62,352
2011		10,352
2012		10,352
2013		10,352
2014		10,352
	$	103,760

Rental expenses under the above leases were approximately $186,000 and $253,000 for the years ended June 30, 2009 and 2008, respectively.

The Tech had an original 10-year lease commitment for the IMAX Theater, expiring in October 2008, and elected to prepay the minimum lease value in 1998. The lease was renegotiated in March of 2008 and the term extended through October 2011, and included prepayment of the minimum lease value. The Tech is amortizing the prepayments over the terms of the lease and recognizes lease expense annually, through 2011. For the years ended June 30, 2009 and 2008, the amortization was $129,917 and $203,526, respectively. The Tech is subject to additional rent payments based on 7% of annual gross revenues over $2,000,000 from the IMAX Theater for the period ending October 2008, and 4% of annual gross revenues over $3,000,000 from the IMAX Theater for the period November 2008 through October 2011. The Tech did not incur any additional rent for the years ended June 30, 2009 and 2008.

Included in the commitments above is a maintenance agreement related to the IMAX theater equipment lease, which requires a minimum of approximately $81,000 in maintenance each year, adjusted quarterly by the consumer price index, over the term of the original 10-year lease expiring October 2008. The lease was renegotiated in March of 2008 and the term extended through October 2011. The Tech prepaid the maintenance lease requirement of $221,950 and will amortize this prepayment over the extended term of the lease through October 2011.