



Museum of Nature and Science

**ANNUAL REPORT**  
**September 30, 2012 and 2011**

**Perot Museum of Nature and Science**

**Selected Financial Information**

*(Unaudited - Not Covered by the Auditor's Report)*

<i>Years Ended September 30,</i>	<i>2012</i>	<i>2011</i>
<b>Contributions and grants (other than Expansion Campaign)</b>	\$ 23,846,540	\$ 5,749,037
<b>Contributions to Expansion Campaign</b>	18,366,052	57,042,381
<b>Scholarships awarded</b>	267,265	226,676
<b>Earned revenues</b>	4,190,196	4,575,380
<b>Net change in cash related to operating activities</b>	7,944,558	(42,020)
<b>Change in net assets</b>	33,104,032	55,963,543
<b>Tickets sold</b>	737,905	877,296
<i>September 30,</i>	<i>2012</i>	<i>2011</i>
<b>Cash and certificates of deposit, not restricted to expansion project</b>	\$ 7,724,207	\$ 5,528,239
<b>Pledges receivable - operations</b>	181,222	666,080
<b>Pledges receivable - Campaign for Excellence</b>	8,376,397	-
<b>Cash and cash equivalents, pledges receivable, and investments restricted to expansion project</b>	41,924,851	81,515,555
<b>Net assets</b>		
Unrestricted	150,272,299	88,305,787
Temporarily restricted - operations	1,220,043	1,251,110
Temporarily restricted - expansion	23,153,084	76,764,185
Temporarily restricted - Campaign for Excellence	9,563,488	-
Permanently restricted	20,251,795	5,035,595
<b>Net assets</b>	\$ 204,460,709	171,356,677

## **Management Responsibility for Financial Statements**

We are responsible for the preparation and the integrity of the accompanying financial statements. The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and require the use of estimates and assumptions that affect the reported amounts of assets, liability, revenues and expenses. In our opinion, the financial statements present fairly Perot Museum of Nature and Science's financial position, changes in its net assets and its cash flows. All financial information in this Annual Report is consistent with the financial statements.

We maintain and rely on a system of internal controls and related policies and procedures that provide reasonable assurance of the integrity and reliability of the financial statements. The system provides, at appropriate costs and within the inherent limitations of all internal control systems, that transactions are executed in accordance with our authorization and are properly recorded and reported in the financial statements, and that assets are safeguarded. Our internal control system provides for careful selection and training of supervisory and management personnel and requires appropriate segregation of responsibilities and delegation of authority. In addition, we have a corporate code of conduct for purposes of determining possible conflicts of interest, compliance with laws and confidentiality of proprietary information.

Our independent auditors, Howard & Co., LLP, audited the financial statements as described in their report. They obtained an understanding of our internal control system to enable them to plan their audit and determine the audit procedures to be performed.

Nicole Small  
CEO

Sally Pietsch  
CFO

Loren Greaves  
Board Treasurer

Michael Marz  
Board Audit Committee Chair

## *Independent Auditor's Report*

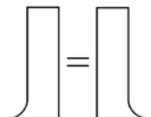
February 22, 2013

To the Board of Trustees  
Perot Museum of Nature and Science  
Dallas, Texas

We have audited the accompanying statements of financial position of the Perot Museum of Nature and Science (the "Museum") as of September 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. 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.

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 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 Museum's internal control over financial reporting. Accordingly, we express no such opinion. 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 Perot Museum of Nature and Science as of September 30, 2012 and 2011, and 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.



**PEROT MUSEUM OF NATURE AND SCIENCE  
STATEMENTS OF FINANCIAL POSITION**

<i>September 30,</i>	<i>2012</i>	<i>2011</i>
<b>Assets</b>		
Cash	\$ 7,724,207	\$ 5,528,239
Accounts receivable from City of Dallas and others	285,958	138,571
Pledges receivable - operations	181,222	666,080
Pledges receivable - Campaign for Excellence	8,376,397	-
Prepaid expenses	413,511	252,239
Cash and cash equivalents, pledges and investments restricted to expansion project	41,924,850	81,515,555
Property and equipment, net	161,317,153	95,958,190
<b>Total Assets</b>	<b>\$ 220,223,298</b>	<b>\$ 184,058,874</b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 13,645,475	\$ 11,240,468
Unearned revenue	2,117,114	1,461,729
<b>Total Liabilities</b>	<b>15,762,589</b>	<b>12,702,197</b>
Unrestricted	150,272,299	88,305,787
Temporarily restricted	33,936,615	78,015,295
Permanently restricted	20,251,795	5,035,595
<b>Total Net Assets</b>	<b>204,460,709</b>	<b>171,356,677</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 220,223,298</b>	<b>\$ 184,058,874</b>

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

**PEROT MUSEUM OF NATURE AND SCIENCE  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2012**

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
<b>Revenues and Other Support</b>				
Contributions:				
Gifts and grants	\$ 6,851,658	\$ 11,789,979	\$ 1,592,750	\$ 20,234,387
City of Dallas grant	585,288	-	-	585,288
Contributed services	1,715,818	-	-	1,715,818
Special events	1,311,047	-	-	1,311,047
Expansion project gifts	1,873,460	2,869,142	13,623,450	18,366,052
Earned revenues:				
General admission fees	1,651,027	-	-	1,651,027
Theater and Planetarium admissions	750,761	-	-	750,761
Education programs	1,107,164	-	-	1,107,164
Memberships	536,202	-	-	536,202
Other	145,042	-	-	145,042
Investment income, net	90,743	-	-	90,743
	16,618,210	14,659,121	15,216,200	46,493,531
Net assets released from restrictions	58,737,801	(58,737,801)	-	-
<b>Total Revenues and Other Support</b>	<b>75,356,011</b>	<b>(44,078,680)</b>	<b>15,216,200</b>	<b>46,493,531</b>
<b>Expenses</b>				
Program:				
Exhibitions	4,250,159	-	-	4,250,159
Education	2,150,620	-	-	2,150,620
Scientific activities	366,135	-	-	366,135
Theater and planetarium operations	1,068,984	-	-	1,068,984
General operations	857,882	-	-	857,882
Development	1,367,227	-	-	1,367,227
Ancillary services	165,238	-	-	165,238
Expansion	3,163,254	-	-	3,163,254
<b>Total Expenses</b>	<b>13,389,499</b>	<b>-</b>	<b>-</b>	<b>13,389,499</b>
<b>Change in Net Assets</b>	<b>61,966,512</b>	<b>(44,078,680)</b>	<b>15,216,200</b>	<b>33,104,032</b>
<b>Net Assets, beginning of year</b>	<b>88,305,787</b>	<b>78,015,295</b>	<b>5,035,595</b>	<b>171,356,677</b>
<b>Net Assets, end of year</b>	<b>\$ 150,272,299</b>	<b>\$ 33,936,615</b>	<b>\$ 20,251,795</b>	<b>\$ 204,460,709</b>

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

**PEROT MUSEUM OF NATURE AND SCIENCE  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2011**

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
<b>Revenues and Other Support</b>				
Contributions:				
Gifts and grants	\$ 1,032,390	\$ 1,106,110	\$ -	\$ 2,138,500
City of Dallas grant	571,013	-	-	571,013
Contributed services	2,187,918	-	-	2,187,918
Special events	851,606	-	-	851,606
Expansion project gifts	-	53,042,381	4,000,000	57,042,381
Earned revenues:				
General admission fees	1,873,437	-	-	1,873,437
Theatre and Planetarium admissions	849,391	-	-	849,391
Education programs	1,060,813	-	-	1,060,813
Memberships	584,252	-	-	584,252
Other	207,487	-	-	207,487
Investment income, net	52,539	-	-	52,539
	9,270,846	54,148,491	4,000,000	67,419,337
Net assets released from restrictions	52,374,441	(52,374,441)	-	-
<b>Total Revenues and Other Support</b>	<b>61,645,287</b>	<b>1,774,050</b>	<b>4,000,000</b>	<b>67,419,337</b>
<b>Expenses</b>				
Program:				
Exhibitions	3,724,429	-	-	3,724,429
Education	1,830,284	-	-	1,830,284
Scientific activities	344,197	-	-	344,197
Theater and planetarium operations	674,432	-	-	674,432
General operations	719,402	-	-	719,402
Development	960,779	-	-	960,779
In-kind strategic consulting services	1,220,000	-	-	1,220,000
Expansion	1,982,271	-	-	1,982,271
<b>Total Expenses</b>	<b>11,455,794</b>	<b>-</b>	<b>-</b>	<b>11,455,794</b>
<b>Change in Net Assets</b>	<b>50,189,493</b>	<b>1,774,050</b>	<b>4,000,000</b>	<b>55,963,543</b>
<b>Net Assets, beginning of year</b>	<b>38,116,294</b>	<b>76,241,245</b>	<b>1,035,595</b>	<b>115,393,134</b>
<b>Net Assets, end of year</b>	<b>\$ 88,305,787</b>	<b>\$ 78,015,295</b>	<b>\$ 5,035,595</b>	<b>\$ 171,356,677</b>

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

**PEROT MUSEUM OF NATURE AND SCIENCE  
STATEMENTS OF CASH FLOWS**

<i>Years Ended September 31,</i>	<i>2012</i>	<i>2011</i>
<b>Cash flows from operating activities</b>		
Cash received from contributors and other	\$ 14,046,324	\$ 3,493,299
Cash from earned revenues	4,275,717	4,660,899
Cash received from City of Dallas	585,288	571,013
Cash received from investment earnings	90,743	7,227
Cash paid for compensation and benefits	(6,415,214)	(5,342,501)
Cash paid to suppliers	(4,638,260)	(3,431,765)
Cash paid for interest	(40)	(192)
<b>Net cash provided by (used in) operating activities</b>	<b>7,944,558</b>	<b>(42,020)</b>
<b>Cash flows from investing activities</b>		
Maturities of investments	-	26,671
Property and equipment additions (1)	(61,995,346)	(50,740,307)
<b>Net cash used in investing activities</b>	<b>(61,995,346)</b>	<b>(50,713,636)</b>
<b>Cash flows from financing activities</b>		
Release of expansion funds previously restricted	56,246,756	51,851,337
<b>Net cash provided by financing activities</b>	<b>56,246,756</b>	<b>51,851,337</b>
<b>Net change in cash</b>	<b>2,195,968</b>	<b>1,095,681</b>
<b>Cash, beginning of year</b>	<b>5,528,239</b>	<b>4,432,558</b>
<b>Cash, end of year</b>	<b>\$ 7,724,207</b>	<b>\$ 5,528,239</b>
<b>Reconciliation of change in net assets to net cash provided by operating activities</b>		
Change in net assets	\$ 33,104,032	\$ 55,963,543
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Loss on disposal of property and equipment	65,728	-
Depreciation and amortization	462,201	395,240
Gifts restricted to expansion project	(18,366,053)	(56,883,753)
Change in accounts receivable	(147,387)	(39,071)
Change in pledges receivable	(7,891,538)	(542,230)
Change in prepaid expenses and other	(161,272)	(96,677)
Change in accounts payable and accrued expenses (1)	223,462	162,605
Change in unearned revenue	655,385	998,323
<b>Net cash used in operating activities</b>	<b>\$ 7,944,558</b>	<b>\$ (42,020)</b>
(1) Supplemental disclosure of non cash items:		
Excludes construction and exhibit costs related to Expansion which are outstanding in accounts payable	\$ 2,181,545	\$ 5,857,797

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

**PEROT MUSEUM OF NATURE AND SCIENCE  
NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Purpose of Organization and Summary of Significant Accounting Policies**

*Purpose* – The Perot Museum of Nature and Science (the “Museum”), formerly known as the Museum of Nature and Science, is a Texas not-for-profit corporation organized to inspire minds through nature and science. The Museum was founded in 1936 as part of the Texas Centennial and was one of the first natural history museums in the region. It is the only public collections-based, research driven, natural history museum in the region. In June 2006, the Museum acquired the net assets of the Southwest Museum of Science and Technology (“The Science Place” or “TSP”). The Science Place was founded in 1946 as the Dallas Health Museum and is one of the oldest science museums in the nation. In October 2006, the Museum acquired the net assets of the Dallas Children’s Museum. In 2012, a new facility was completed near downtown Dallas which now houses the majority of the Museum’s collections and the administrative offices.

In 1993, operation of the Museum was transferred from the City of Dallas (which owns the buildings in Dallas at Fair Park and most of the collections). The City continues to support the Museum with direct support of \$585,288 in 2012 and \$571,013 in 2011, plus indirect support in the form of contributed utilities and maintenance totaling \$334,535 in 2012 and \$366,815 in 2011. Moreover, the Museum occupies the City’s buildings at Fair Park free of charge. No amount has been assigned to the value of this benefit.

In preparation of these financial statements and related footnotes, the Museum has considered events through February 22, 2013, the date these financial statements were available to be issued.

*Use of Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates.

*Revenue Recognition* – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Museum reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The Museum has not experienced significant amounts of unpaid pledges. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed property and equipment is recorded at fair value at the date of donation. 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. Support arising from donated services or materials provided is recorded as both revenues and support and as expense based on the fair market value of the services rendered or materials donated.

Revenue from the sale of tickets to special events, reservations for school programs, and tickets to the theater and planetarium for dates after the end of the year is deferred as unearned revenue. Membership revenues are recognized ratably over the terms of the memberships.

**PEROT MUSEUM OF NATURE AND SCIENCE**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Purpose of Organization and Summary of Significant Accounting Policies (continued)**

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Museum's programs, principally in board activities, scientific laboratories, and educational programs. The value of this contributed time is not reflected in these financial statements.

*Cash and Cash Equivalents* – For purposes of the statement of cash flows, the Museum considers all unrestricted cash, money market accounts and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

*Investments* – The Museum records investments at fair value. Under this method of accounting, fair value fluctuations are recorded in the period in which they occur by adjusting the carrying value of such investments and recognizing a net unrealized gain or loss. Realized gains and losses are recognized in the period in which they are earned or incurred. Interest income is recorded as earned. Investment income is reported in unrestricted net assets unless its use is restricted by explicit donor stipulation or by the law.

*Financial Instruments* – The Museum places its temporary cash investments with creditworthy, high quality financial institutions. At times, the Museum holds mutual funds, bonds and notes issued by the United States government and financially strong corporations. By policy, these investments are kept within limits designed to prevent risks caused by concentration. The Museum's cash is placed with high quality financial institutions that from time to time exceed federally insured limits. The Museum has not experienced any losses with respect to its balances. The Museum performs ongoing reviews of its pledges receivable balances and maintains a reserve for potential credit losses. Neither the reserve established nor the losses incurred have been material. The carrying amounts of cash, receivables, accounts payable, and accrued expenses approximate fair value because of the short-term nature of the items. Consequently, as of September 30, 2012, the Museum has no significant concentrations of credit risk.

*Property and Equipment* – Property and equipment is recorded either at cost or, if donated, at its fair market value on the date of the contribution. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets of three to fifty years.

Major additions and improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon the sale or retirement, the cost of property and equipment and the related accumulated depreciation are removed from the respective accounts and any resulting gains or losses are credited or charged to operations.

*Collections* – The physical facilities at Fair Park and a portion of the collections of the Museum are owned by the City of Dallas, except for the Mudge Library of Rare Books and certain other collections, which are owned by the Museum. The collections, which were acquired through purchases and contributions since the Museum's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected in the financial statements.

**PEROT MUSEUM OF NATURE AND SCIENCE  
NOTES TO FINANCIAL STATEMENTS**

**Note 1 – Purpose of Organization and Summary of Significant Accounting Policies (continued)**

*Income Taxes* – The Museum is a nonprofit organization that is exempt from income taxes under Sections 501(c)(3) of the Internal Revenue Code. In addition, the Organization is also classified as a public charity under sections 509(a)(1) and 170(b)(2)(a)(vii) of the Internal Revenue Code. Accounting principles in the United States of America require the Museum’s management to evaluate tax positions taken by the Museum and recognize a tax liability or asset if they have taken an uncertain position that would, more likely, not be sustained upon examination by the Internal Revenue Service. The Museum is subject to routine audits by taxing jurisdictions; however, there are no audits for any fiscal period in progress. The Museum’s management believes the Museum is no longer subject to tax examinations for fiscal years prior to 2009.

*Functional Allocation of Expenses* – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefited.

*Advertising Costs* – Advertising is expensed as incurred. Total advertising costs expensed were \$704,852 in 2012 and \$331,611 in 2011.

**Note 2 – Pledges Receivable**

Pledges receivable consist of the following:

	2012	2011
Due in fiscal 2013	\$ 7,285,948	\$ 24,143,329
Due in fiscal 2014	8,499,394	8,472,430
Due in fiscal 2015	3,218,100	6,772,794
Due in fiscal 2016	1,367,997	1,715,000
Due in fiscal 2017 and beyond	2,608,100	400,000
Unconditional promises to give before unamortized discount and allowance for uncollectible pledges	22,979,539	41,503,553
Less unamortized discount	(1,044,870)	(946,092)
Less allowance for uncollectible pledges	-	-
Total pledges receivable	21,934,669	40,557,461
Less pledges restricted to expansion	(13,377,050)	(39,891,381)
Less pledges restricted to Campaign for Excellence	(8,376,397)	-
Unrestricted pledges receivable	\$ 181,222	\$ 666,080

The discount rates on pledges receivable vary between 3.2% and 5.0%.

**Note 3 – Investments**

As of September 30, 2012, the Museum held \$2,021,594 in FDIC insured corporate debt securities and \$1,588,381 in asset-backed securities all of which was restricted to the expansion. As of September 30, 2011, the Museum held \$6,007,819 in investment grade government-backed securities, \$5,109,859 in FDIC insured corporate debt securities and \$2,208,399 in asset-backed securities of which, collectively \$13,326,077 was restricted to the expansion.

**PEROT MUSEUM OF NATURE AND SCIENCE  
NOTES TO FINANCIAL STATEMENTS**

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**Note 3 – Investments (continued)**

The Museum’s investments are reported at fair value in the accompanying statement of financial position. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority.

Level 2 inputs have lower priority than Level 1 inputs, and Level 3 inputs have the lowest priority. The Museum uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

All of the Museum’s investments are valued using Level 2 inputs as the debt securities are not actively traded, but other observable market inputs are available.

Investment income consists of:

	<i>2012</i>	<i>2011</i>
Dividends and interest	\$ 165,710	\$ 508,486
Realized losses	(221,905)	(223,535)
Unrealized gains (loss)	146,938	(232,412)
	<b>\$ 90,743</b>	<b>\$ 52,539</b>

**Note 4 – Property and Equipment**

Property and equipment consists of the following:

	<i>2012</i>	<i>2011</i>
Land	\$ 16,144,083	\$ 9,280,936
Leasehold improvements	1,500,000	-
Artwork	-	66,000
Building – Monitor Street	302,633	302,633
Building – Victory Park Construction Center	-	51,593
Equipment and furniture	1,032,898	1,026,414
Exhibits and renovations	886,426	2,010,356
Work in Progress- Expansion (Note 6)	142,703,868	85,461,876
Less accumulated depreciation/amortization	(1,252,755)	(2,241,618)
	<b>\$161,317,153</b>	<b>\$95,958,190</b>

**PEROT MUSEUM OF NATURE AND SCIENCE  
NOTES TO FINANCIAL STATEMENTS**

**Note 5 – Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses are summarized as follows:

	<i>2012</i>	<i>2011</i>
Construction retainage	\$ 8,239,455	\$ 4,694,675
Accounts payable	4,201,370	4,557,355
Other accrued expenses	582,739	1,372,666
Compensation and employee benefits	621,911	615,772
	\$13,645,475	\$11,240,468

Included in accounts payable and accrued expenses are \$12,635,750 and \$10,454,205 for 2012 and 2011, respectively, related to the expansion project.

**Note 6 – Capital Campaign**

*Expansion Project* – In 1996, the Museum began soliciting pledges for an expansion Project which would result in a new Museum facility. Funds pledged for the Project totaled \$190.2 million through September 30, 2012. On December 1, 2012, the new facility in Victory Park near downtown Dallas was substantially completed and opened to the public. As of September 30, 2012, costs of \$162.0 million had been incurred for the acquisition of the land, building construction and exhibit hall fabrication. The remaining budget of \$28.2 million will be used to fund outstanding building and exhibit costs of \$9.2 million which should be substantially complete by February 2013 and to fund the endowment of \$19.0 million to support general Museum operations.

	<i>2012</i>	<i>2011</i>
Cash and cash equivalents	\$24,937,826	\$28,298,097
Investments	3,609,975	13,326,077
Pledges receivable	13,377,050	39,891,381
	\$41,924,851	\$81,515,555

In addition to the restricted amounts above, the Board of Directors has designated \$250,000 in unrestricted funds to be used for the Expansion project.

*Campaign for Excellence* – The Campaign for Excellence was launched in 2012 to secure the financial resources to bring blockbuster traveling exhibitions to Dallas; to support innovation and technology; to build our endowment; to support research and collections; and to grow our scholarship programs. The Museum raised pledges of \$13.3 million through September 30, 2012 of which \$8.4 million are still to be collected. Of those funds raised, \$1.6 million are restricted to the endowment. In 2012, \$1.4 million of the Campaign for Excellence funds were used for the acquisition of additional land in Victory Park for parking.

**PEROT MUSEUM OF NATURE AND SCIENCE  
NOTES TO FINANCIAL STATEMENTS**

**Note 7 – Temporarily and Permanently Restricted Balances**

Temporarily restricted net assets are available for the following programs:

	<i>2012</i>	<i>2011</i>
Expansion campaign	\$23,153,084	\$76,764,185
Campaign for Excellence	9,563,488	-
Bio-Lab – Perot Museum	500,000	500,000
Education programs	469,275	435,836
Other	141,192	165,079
Scientific research	30,733	30,733
Exhibits	29,078	58,078
Collections	20,538	14,956
Capital improvements	18,803	18,803
Fundraising development	9,604	26,204
TSP and Children’s Museum	820	1,421
	<b>\$33,936,615</b>	<b>\$78,015,295</b>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, as follows:

	<i>2012</i>	<i>2011</i>
Expansion campaign	\$56,480,243	\$51,761,336
Campaign for Excellence	1,478,700	-
Education programs	567,083	424,639
Other	155,176	25,461
Exhibits	29,081	86,360
Fundraising development	22,500	-
Collections	4,418	1,564
TSP and Children’s Museum	600	73,772
Capital improvements	-	1,309
	<b>\$58,737,801</b>	<b>\$52,374,441</b>

Permanently restricted net assets are all designated to support the general operations of the Museum.

**Note 8 – Dinner-in-the-Wild Special Event**

Included in Special Event revenues totaling \$1,311,047 in 2012 and \$851,606 in 2011 are revenues from the Museum’s primary fundraising event, Dinner-in-the-Wild, which will be renamed the Night in the Museum going forward, is held in November and which had the following results:

	<i>2012</i>	<i>2011</i>
Ticket sales, auction proceeds, and in-kind gifts	\$ 1,310,313	\$ 843,988
Direct costs of event	(651,537)	(242,239)
	<b>\$ 658,776</b>	<b>\$ 601,749</b>

**PEROT MUSEUM OF NATURE AND SCIENCE**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 9 – Commitments and Contingencies and Other**

*Operating Leases* – Total rent expense was \$1,676,567 in 2012 and \$905,710 in 2011, of which \$590,691 in 2012 and \$458,576 in 2011 was for the rental of traveling exhibits. Included in rent expense is the Museum's lease of the projection system for its IMAX<sup>®</sup> theater, under an agreement that expires in June 2016. The agreement calls for an annual rental payment of \$100,000. Additionally, the Museum rents films for the IMAX<sup>®</sup> theatre under short-term licensing agreements. Included in rent expense are licensing fees of \$190,039 and \$188,707 for the years ended September 30, 2012 and 2011, respectively. The Museum has determined that they will no longer operate the IMAX<sup>®</sup> theater after October 2012. Accordingly, the Museum has accrued the remaining payable of \$375,000 owed in lease payments as of September 30, 2012.

In January 1, 2012, the Museum began a 20 year lease of a parking lot with the City of Dallas. The lease calls for minimum annual payments of \$388,500 during the first 10 years of the lease and payments of \$518,500 during the following 10 years. The agreement also calls for additional rent based upon the collections, as defined in the agreement. The agreement also allows for two 10-year lease extensions.

*Employee Benefit Plan* – The Museum has established a 401(k) Plan for the benefit of all its employees. Employees are eligible to participate on the first day of the month subsequent to their hire. Each eligible employee may contribute to the plan. The Museum may, at the Board's discretion, match contributions based upon the employee's contribution to the plan. The Museum recognized an expense of \$158,914 in 2012 and \$118,973 in 2011, representing its matching contribution.

*Donor-Restricted Grants* – Some donor-restricted grants require the Museum to refund the amounts to the granting entity if certain conditions are not met. The Museum carefully monitors grant requirements and believes it has met all such conditions.

*Related Party Transactions* – A member of the Museum's Advisory Board is a partner with a law firm that provided legal services for the Expansion Project totaling \$6,034 in 2012 and \$15,562 in 2011.

A member of the Museum's Advisory Board is a partner with a law firm that provided legal services regarding employment issues to the Museum totaling \$3,966 in 2012 and \$1,348 in 2011.

A member of the Museum's Advisory Board is the President of a company that provided transportation and storage for temporary exhibitions for the Museum totaling \$0 in 2012 and \$6,296 in 2011.

A member of the Museum's Advisory Board is a partner with a law firm that provided legal services regarding trademark renewals totaling \$4,626 in 2012 and \$979 in 2011.

A member of the Museum's Advisory Board is the general manager of a company that provided fabrication services to the Museum totaling \$49,441 in 2012 and \$2,000 in 2011.

A member of the Museum's Advisory Board is a partner with a law firm that provided legal services regarding trademarks totaling \$825 in 2012.

A member of the Museum's Advisory Board is the CEO of an advertising agency that provided services for the branding campaign totaling \$15,983 in 2012.

# PEROT MUSEUM OF NATURE AND SCIENCE

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