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1-1-2005

## Financial Statements, 2003-2004

Missouri Historical Society

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# FINANCIAL STATEMENTS

*For the years ended December 31, 2004 and 2003  
(with independent auditors' report thereon)*

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Missouri Historical Society:

We have audited the accompanying statements of financial position of the Missouri Historical Society as of December 31, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Missouri Historical Society'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 Missouri Historical Society'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 Missouri Historical Society as of December 31, 2004 and 2003, 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.

KPMG LLP  
St. Louis, Missouri  
March 18, 2005

## STATEMENTS OF FINANCIAL POSITION

As of December 31, 2004 and 2003

	2004	2003
<b>CURRENT ASSETS</b>		
Cash	\$110,575	\$1,146,639
Accrued Investment Income	71,437	62,062
Grants and Accounts Receivable	233,023	298,627
Pledges Receivable, Net of Allowance for Uncollectibles	800,127	500,774
Inventories	612,449	530,751
Short-Term Investments	7,736,389	9,288,998
Prepaid Expenses	325,053	299,693
Total Current Assets	<u>\$9,889,053</u>	<u>\$12,127,544</u>
<b>NON-CURRENT ASSETS</b>		
Investments (including Unrealized Gains of \$775,159 and \$812,962 for 2004 and 2003, respectively)	\$14,883,518	\$11,852,171
Note Receivable	569,312	270,926
Pledges Receivable, Net of Allowance for Uncollectibles	307,469	431,216
Leasehold Improvements, Net of Accumulated Amortization	28,555,966	29,546,396
Furniture, Fixtures and Equipment, Net of Accumulated Depreciation	316,045	435,828
Collections Not Recognized or Capitalized		
Total Non-Current Assets	<u>\$44,632,310</u>	<u>\$42,536,537</u>
<b>TOTAL ASSETS</b>	<b><u>\$54,521,363</u></b>	<b><u>\$54,664,081</u></b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$546,444	\$1,287,532
Accrued Vacation and Pension Expense	170,426	158,560
Deferred Revenue	421,722	391,753
Total Current Liabilities	<u>\$1,138,592</u>	<u>\$1,837,845</u>
<b>NON-CURRENT LIABILITIES</b>		
Obligations Under Split-Interest Agreements	557,945	560,231
Other	92,765	47,755
Total Non-Current Liabilities	<u>\$650,710</u>	<u>\$607,986</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$1,789,302</u></b>	<b><u>\$2,445,831</u></b>
<b>NET ASSETS</b>		
Unrestricted:		
Designated for Book Publication	\$276,649	\$232,480
Designated for Endowment – Realized Gains from Sale of Endowment Investments	4,291,695	3,376,675
Undesignated-Unrealized Gains/(Losses) on Investments	624,163	655,980
Investment in Plant and Equipment from:		
Tax Revenues	8,132,334	8,456,769
MHS Funds	20,739,677	21,525,456
Undesignated	9,746,518	8,483,746
Temporarily Restricted:		
Realized Gains on Endowment Investments Restricted for Programs	229,242	173,482
Unrealized Gains/(Losses) on Endowment Investments Restricted for Programs	100,823	102,158
For Programs	1,000,116	1,672,474
Due in Future Years	40,987	42,907
Permanently Restricted	7,549,857	7,496,123
Total Net Assets	<u>\$52,732,061</u>	<u>\$52,218,250</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$54,521,363</u></b>	<b><u>\$54,664,081</u></b>

**STATEMENT OF ACTIVITIES**

**For the year ended December 31, 2004**

**INCREASES IN NET ASSETS**

Public Support:

	UNRESTRICTED OPERATING	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Services Provided for the Missouri History Museum Subdistrict	\$8,202,910			\$8,202,910
Contributions and Bequests	641,094	\$1,588,542	\$1,000	2,230,636
Memberships	923,167			923,167
Volunteer Services and In-Kind Contributions	238,520			238,520

Total Public Support

	\$10,005,691	\$1,588,542	\$1,000	\$11,595,233
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Revenue:

Investment Income	\$257,430	\$28,128		\$285,558
Gains from Endowment Securities, Net	682,826	54,425	\$52,734	789,985
Grant Income	83,923			83,923
Museum Shop Gain, from Sales of \$1,384,679	294,677			294,677
Facility Rental/Restaurant Income	188,897			188,897
Special Exhibition Ticket Revenue	682,924			682,924
Exhibition Rental Revenue	281,818			281,818
Other Income, Net	128,493			128,493

Net Revenue

	\$2,600,988	\$82,553	\$52,734	\$2,736,275
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Net Assets Released from Restrictions:

Satisfaction of Time Restrictions	\$3,842	(\$3,842)		
Satisfaction of Purpose Restrictions	2,287,106	(2,287,106)		

Total Net Assets Released from Restrictions

	\$2,290,948	(\$2,290,948)		
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**TOTAL PUBLIC SUPPORT AND REVENUE —  
INCREASES (DECREASES) IN NET ASSETS**

	<b>\$14,897,627</b>	<b>(\$619,853)</b>	<b>\$53,734</b>	<b>\$14,331,508</b>
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**DECREASES IN NET ASSETS**

Operating Expenses:

Program Services:

Community Programs	\$993,170			\$993,170
Collections and Conservation	2,008,779			2,008,779
Library and Archives	1,736,840			1,736,840
Publications	357,734			357,734
Exhibitions	2,562,724			2,562,724
Lewis and Clark Exhibition	1,521,552			1,521,552
Public Information	1,065,733			1,065,733

Total Program Services

	\$10,246,532			\$10,246,532
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Supporting Services:

Fund Raising	\$488,545			\$488,545
Membership	667,116			667,116
Human Resources	252,631			252,631
Management and General	2,102,010			2,102,010

Total Supporting Services

	\$3,510,302			\$3,510,302
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Change in Value of Split-Interest Agreements

	\$60,863			\$60,863
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**TOTAL OPERATING EXPENSES —  
DECREASES IN NET ASSETS**

	<b>\$13,817,697</b>			<b>\$13,817,697</b>
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Excess (Deficiency) of Public Support and Revenue over

Operating Expenses	\$1,079,930	(\$619,853)	\$53,734	\$513,811
Net Assets Beginning of Year	42,731,106	1,991,021	7,496,123	52,218,250

**NET ASSETS END OF YEAR**

	<b>\$43,811,036</b>	<b>\$1,371,168</b>	<b>\$7,549,857</b>	<b>\$52,732,061</b>
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## STATEMENT OF ACTIVITIES

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	UNRESTRICTED OPERATING	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>For the year ended December 31, 2003</b>				
<b>INCREASES IN NET ASSETS</b>				
Public Support:				
Services Provided for the Missouri History Museum Subdistrict	\$7,986,432			\$7,986,432
Contributions and Bequests	932,441	\$1,555,596	\$44,415	2,532,452
Memberships	556,993			556,993
Volunteer Services and In-Kind Contributions	145,607			145,607
<b>Total Public Support</b>	<b>\$9,621,473</b>	<b>\$1,555,596</b>	<b>\$44,415</b>	<b>\$11,221,484</b>
Revenue:				
Investment Income	\$317,398	\$46,146		\$363,544
Gains from Endowment Securities, Net	1,278,808	82,980	\$106,835	1,468,623
Grant Income	2,639,236			2,639,236
Museum Shop Gain, from Sales of \$476,343	45,083			45,083
Facility Rental/Restaurant Income	109,288			109,288
Special Exhibition Ticket Revenue	32,940			32,940
Exhibition Rental Revenue	112,152			112,152
Other Income, Net	138,060			138,060
<b>Net Revenue</b>	<b>\$4,672,965</b>	<b>\$129,126</b>	<b>\$106,835</b>	<b>\$4,908,926</b>
Net Assets Released from Restrictions:				
Satisfaction of Time Restrictions	\$4,380	(\$4,380)		
Satisfaction of Purpose Restrictions	808,407	(808,407)		
<b>Total Net Assets Released from Restrictions</b>	<b>\$812,787</b>	<b>(\$812,787)</b>		
<b>TOTAL PUBLIC SUPPORT AND REVENUE — INCREASES IN NET ASSETS</b>	<b>\$15,107,225</b>	<b>\$871,935</b>	<b>\$151,250</b>	<b>\$16,130,410</b>
<b>DECREASES IN NET ASSETS</b>				
Operating Expenses:				
Program Services:				
Community Programs	\$781,404			\$781,404
Collections and Conservation	1,875,588			1,875,588
Library and Archives	1,430,145			1,430,145
Publications	432,864			432,864
Exhibitions	2,355,370			2,355,370
Lewis and Clark Exhibition	3,634,677			3,634,677
Public Information	1,037,190			1,037,190
Research	310,892			310,892
<b>Total Program Services</b>	<b>\$11,858,130</b>			<b>\$11,858,130</b>
Supporting Services:				
Fund Raising	\$500,621			\$500,621
Membership	415,870			415,870
Human Resources	256,948			256,948
Management and General	1,977,989			1,977,989
<b>Total Supporting Services</b>	<b>\$3,151,428</b>			<b>\$3,151,428</b>
Loss on Disposal of Leasehold Improvement	\$276,048			\$276,048
Change in Value of Split-Interest Agreements		\$64,561		\$64,561
<b>TOTAL OPERATING EXPENSES — DECREASES IN NET ASSETS</b>	<b>\$15,285,606</b>	<b>\$64,561</b>		<b>\$15,350,167</b>
Excess (Deficiency) of Public Support and Revenue over Operating Expenses	(\$178,381)	\$807,374	\$151,250	\$780,243
Net Assets Beginning of Year	42,909,487	1,183,647	7,344,873	51,438,007
<b>NET ASSETS END OF YEAR</b>	<b>\$42,731,106</b>	<b>\$1,991,021</b>	<b>\$7,496,123</b>	<b>\$52,218,250</b>

## STATEMENTS OF CASH FLOWS

	<u>2004</u>	<u>2003</u>
<b>For the years ended December 31, 2004 and 2003</b>		
Cash Flows from Operating Activities		
Public Support:		
Cash Received from the Missouri History Museum Subdistrict	\$8,202,910	\$7,986,432
Cash Received from Contributors	2,055,030	2,017,750
Cash Received for Memberships	923,167	556,993
Revenue:		
Interest and Dividends Received	276,183	375,142
Grant Income Received	144,089	2,619,309
Cash Received by the Museum Shop	1,391,962	476,343
Other Cash Receipts	1,477,256	429,610
Cash Paid to Employees and Suppliers	(14,231,422)	(13,688,366)
<b>Net Cash Provided by Operating Activities</b>	<b>\$239,175</b>	<b>\$773,213</b>
Cash Flows Used by Investing Activities		
Purchases of Investments	(\$39,726,613)	(\$13,454,950)
Maturing of Investments	37,507,412	13,385,310
Proceeds of Note Receivable Provided to Borrower	(298,386)	(195,572)
Additions to Construction in Progress and Leasehold Improvements and Purchase of Furniture and Equipment	(227,236)	(262,970)
<b>Net Cash Used in Investing Activities</b>	<b>(\$2,744,823)</b>	<b>(\$528,182)</b>
Cash Flows Used by Financing Activities		
Payments on Split-Interest Agreements	(83,025)	(\$82,568)
<b>Net Cash Used by Financing Activities</b>	<b>(83,025)</b>	<b>(82,568)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,588,673)	162,463
Cash and Cash Equivalents December 31, 2003 and 2002	10,435,637	10,273,174
<b>Cash and Cash Equivalents December 31, 2004 and 2003</b>	<b>\$7,846,964*</b>	<b>\$10,435,637</b>
Excess of Public Support and Revenue over Operating Expenses	\$513,811	\$780,243
Adjustments to Reconcile Net Cash Provided by Operating Activities		
Depreciation and Amortization	1,337,450	1,357,501
Net Increase in Receivables, Accruals and Prepaid Items	(226,435)	(883,283)
(Gains)/Losses on Investments, Net	(789,985)	(1,468,623)
Change in Value of Split-Interest Agreements	60,863	64,561
Loss on Disposal of Leasehold Improvement	0	276,048
Net Increase/(Decrease) in Liabilities	(656,529)	646,766
<b>Net Cash Provided by Operating Activities</b>	<b>\$239,175</b>	<b>\$773,213</b>
*Detail of Cash and Cash Equivalents December 31, 2004 and 2003		
As Presented on the Statements of Financial Position:		
Cash	\$110,575	\$1,146,639
Short-Term Investments	7,736,389	9,288,998
<b>Cash and Cash Equivalents December 31, 2004 and 2003</b>	<b>\$7,846,964</b>	<b>\$10,435,637</b>



## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

The financial statements of the Missouri Historical Society (Society) have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of financial statements to the reader.

#### Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Society, the accounts of the Society are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, for financial statement purposes, funds that have similar characteristics have been combined into fund groups, which are reported in self-balancing classes of net assets, as follows:

- Unrestricted net assets — net assets and contributions not subject to donor-imposed stipulations. Unrestricted net assets include accumulated gains and losses on permanently restricted endowments which are not stipulated by the donor or law for permanent investment.
- Temporarily restricted net assets — net assets and contributions subject to donor-imposed stipulations that will be met by actions of the Society and/or the passage of time. After the donor-imposed time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported within the Statement of Activities as net assets released from restrictions.
- Permanently restricted net assets — net assets and contributions subject to donor-imposed stipulations that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

#### Contributions

The Society reports contributions, including unconditional promises to give due in future periods, as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions received with donor-imposed stipulations that are satisfied in the same year as the contributions are used are initially reported in temporarily restricted net assets and released to unrestricted net assets as the restrictions are met.

The Society reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### Property and Equipment

The Society owns no land or building but leases such property from the Missouri History Museum Subdistrict (Subdistrict) of the Metropolitan Zoological Park and Museum District. Leasehold improvements are stated at original cost and amortized on the straight line basis over the estimated life of the assets of forty years. Furniture, fixtures and equipment are stated at original cost or fair market value at date of donation. Depreciation is computed on the straight-line basis over the estimated life of the assets of five or seven years. Construction in progress on leased properties is capitalized as leasehold improvements.



**Museum Collections**

The Society's extensive collections are made up of artifacts of historical significance, specimens and objects that are held for educational, research and curatorial purposes. The collections include materials from virtually every period of the region's history (e.g. artifacts from the Mississippian Indian mounds, materials from the French and Spanish Colonial periods) as well as materials reflecting a broad cross-section of life from the eighteenth through the twentieth centuries. The curatorial, conservation, library and research staff work to interpret and present the collections both in the museum galleries and through community and educational outreach programs. The value of the collections and library holdings cannot be determined and, therefore, is not capitalized in the accompanying financial statements. Each of the items in the collection is cataloged, preserved and cared for, and activities verifying their existence and their condition are performed continuously. Proceeds from deaccessions are used to acquire other objects for the collections.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, cash and cash equivalents consists of cash deposits, money market funds and all highly liquid investments with an original maturity of three months or less.

**Investments and Related Income**

Investments in marketable securities are carried at fair value. Fair value is established as readily determinable current market values for equity and debt securities. Gains or losses arising from sales of permanently restricted investments are accounted for in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations. Ordinary income derived from investments of permanently restricted net assets, if unrestricted, is accounted for as revenues of the unrestricted net asset class, or if restricted, as temporarily restricted net assets until the terms of the restriction have been met.

**Pledges Receivable**

Pledges receivable less an allowance for uncollectible amounts are recorded at discounted present value as public support. If restricted by the donor for endowment, the amount is reported as public support of the permanently restricted net asset class. If restricted by the donor for particular purposes or for capital acquisition, the amount is reported as public support of temporarily restricted net assets.

**Inventories**

Inventories consist of Museum Shop items held for resale. Inventories are recorded at the lower of cost or market, determined by the retail inventory method.

**Volunteer Service and In-Kind Contributions**

The value of volunteer contributed time and in-kind contributions is recorded in the Statement of Activities as public support and included in expenses within the function for which the services were performed or the in-kind contributions were applicable.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Society 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, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Certain 2003 amounts have been reclassified to conform to the 2004 presentation.



## NOTES TO FINANCIAL STATEMENTS

### 2. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2004 and 2003 are available for the following purpose or periods:

	2004	2003
Community Programs	\$103,490	\$145,825
Collections and Conservation:		
Acquisition and Conservation of Items for Collections	100,616	89,957
Public Information	0	30
Publication of Books	0	1,323
Exhibit Production and Maintenance	577,333	1,161,599
Lighting and Building Improvements	19,387	72,694
Research Programs	199,290	201,046
Realized Gains on Endowment Investments Restricted for Programs	229,242	173,482
Unrealized Gains/Losses on Endowment Investments Restricted for Programs	100,823	102,158
Due in Future Years	40,987	42,907
	<u>\$1,371,168</u>	<u>\$1,991,021</u>

### 3. Permanently Restricted Net Assets

Permanently restricted net assets as of December 31, 2004 and 2003 are summarized below based on the types of activities the income is available to support:

	2004	2003
Collections and Conservation:		
Acquisition and Conservation of Items for Collections	\$149,612	\$145,606
Salaries	576,428	576,428
Publication of Books and Quarterly Magazine	569,315	528,567
Exhibit Production and Maintenance	44,002	34,899
Internship Program	67,327	62,842
Endowment Gains/(Losses)	48,328	52,936
General Museum Operations	6,094,845	6,094,845
	<u>\$7,549,857</u>	<u>\$7,496,123</u>

### 4. Pledges Receivable

At December 31, 2004 and 2003, pledges receivable were expected to be collected as follows:

Years ending December 31	GROSS AMOUNT	UNAMORTIZED DISCOUNT	ALLOWANCE FOR UNCOLLECTIBLES	NET AMOUNT
2005	\$803,159		\$3,032	\$800,127
2006-2010	314,126	\$25,677	2,884	285,565
2010 and beyond	38,622	16,497	221	21,904
	<u>\$352,748</u>	<u>\$42,174</u>	<u>\$3,105</u>	<u>\$307,469</u>

Years ending December 31	GROSS AMOUNT	UNAMORTIZED DISCOUNT	ALLOWANCE FOR UNCOLLECTIBLES	NET AMOUNT
2004	\$505,831		\$5,057	\$500,774
2005–2009	\$465,234	\$50,171	4152	410,911
2010 and beyond	41,454	20,944	205	20,305
	\$506,688	\$71,115	\$4,357	\$431,216

The Society had received a conditional pledge in the amount of \$1,000,000 and \$2,000,000 for the Lewis and Clark National Bicentennial Exhibition at December 31, 2004 and December 31, 2003, respectively. The Society also had a conditional pledge in the amount of \$75,000 and \$100,000 for the World's Fair Exhibition at December 31, 2004 and December 31, 2003, respectively. These pledges are not reflected within the accompanying financial statements.

## 5. Investments

Investments shown on the accompanying statement of financial position as of December 31, 2004 are comprised of the following:

NET ASSET CLASS	CURRENT	NON-CURRENT	TOTAL
Unrestricted Funds	\$6,772,101	\$7,003,596	\$13,775,697
Temporarily Restricted Funds	964,288	330,065	1,294,353
Permanently Restricted Funds		7,549,857	7,549,857
	\$7,736,389	\$14,883,518	\$22,619,907

  

NET ASSET CLASS	MARKET	COST
Unrestricted Funds:		
Money Market Funds and Cash Equivalents	\$4,981,015	\$4,981,015
Certificates of Deposit	519,805	519,805
U.S. Government Obligations	3,000,292	2,998,806
Corporate Papers	998,650	998,650
Corporate Bonds and Debentures	519,668	511,282
Mutual Fund	342,791	340,386
Corporate Stock	3,372,307	3,085,651
Real Estate	41,169	41,169
Total Unrestricted Funds	\$13,775,697	\$13,476,764
Temporarily Restricted Funds:		
Money Market Funds and Cash Equivalents	\$15,324	\$15,324
Certificates of Deposit	964,288	964,288
U.S. Government Obligations	33,870	33,894
Corporate Bonds and Debentures	56,902	56,178
Corporate Stock	223,969	204,721
Total Temporarily Restricted Funds	\$1,294,353	\$1,274,405
Permanently Restricted Funds:		
Money Market Funds and Cash Equivalents	\$350,530	\$350,530
U.S. Government Obligations	774,743	775,291
Corporate Bonds and Debentures	775,105	762,226
Mutual Fund	526,465	522,770
Corporate Stock	5,123,014	4,682,762
Total Permanently Restricted Funds	\$7,549,857	\$7,093,579
<b>TOTAL INVESTMENTS</b>	<b>\$22,619,907</b>	<b>\$21,844,748</b>

## NOTES TO FINANCIAL STATEMENTS

Investments shown on the accompanying statement of financial position as of December 31, 2003 are comprised of the following:

NET ASSET CLASS	CURRENT	NON-CURRENT	TOTAL
Unrestricted Funds	\$7,787,305	\$4,080,408	\$11,867,713
Temporarily Restricted Funds	1,501,693	275,640	1,777,333
Permanently Restricted Funds		7,496,123	7,496,123
	<u>\$9,288,998</u>	<u>\$11,852,171</u>	<u>\$21,141,169</u>

  

NET ASSET CLASS	MARKET	COST
Unrestricted Funds:		
Money Market Funds and Cash Equivalents	\$2,255,096	\$2,255,096
U.S. Government Obligations	717,724	699,082
Corporate Papers	5,605,760	5,605,760
Corporate Bonds and Debentures	724,236	688,861
Corporate Stock	2,541,196	2,313,946
Real Estate	23,701	23,701
Total Unrestricted Funds	<u>\$11,867,713</u>	<u>\$11,586,446</u>
Temporarily Restricted Funds:		
Money Market Funds and Cash Equivalents	\$11,548	\$11,548
U.S. Government Obligations	37,810	36,838
Corporate Papers	1,467,463	1,467,463
Corporate Bonds and Debentures	126,802	123,049
Corporate Stock	133,710	121,781
Total Temporarily Restricted Funds	<u>\$1,777,333</u>	<u>\$1,760,679</u>
Permanently Restricted Funds:		
Money Market Funds and Cash Equivalents	\$243,693	\$243,693
U.S. Government Obligations	1,314,479	1,280,350
Corporate Bonds and Debentures	1,299,541	1,234,752
Corporate Stock	4,638,410	4,222,287
Total Permanently Restricted Funds	<u>\$7,496,123</u>	<u>\$6,981,082</u>
<b>TOTAL INVESTMENTS</b>	<u><b>\$21,141,169</b></u>	<u><b>\$20,328,207</b></u>

## 6. Property and Equipment

A summary of property and equipment at December 31, 2004 and 2003 is as follows:

	2004	2003
Leasehold Improvements	\$36,738,394	\$36,574,008
Furniture, Fixtures and Equipment	2,746,679	2,683,829
	<u>39,485,073</u>	<u>39,257,837</u>
Less Accumulated Depreciation and Amortization	10,613,062	9,275,613
	<u>\$28,872,011</u>	<u>\$29,982,224</u>

Depreciation expense was \$1,337,450 and \$1,357,501 for the years ended December 31, 2004 and 2003, respectively.



**7. Employee Benefit Plan**

Effective January 1, 1986, the Society adopted a defined contribution plan for all employees with at least two years of service. The plan provided for the Society to contribute 5% of the participants' salaries with no employee contributions permitted. In 1996, the Society adopted a 403(b) salary reduction plan, which provides for the Society to match employee contributions at the maximum of \$500 or 1% of annual participants' salaries. Plan expenses were \$255,869 and \$228,705 for the years ended December 31, 2004 and 2003, respectively.

**8. Employee Deferred Compensation Plan**

Effective December 1, 2002, the Society adopted a 457(b) Deferred Compensation Plan for certain employees. Participation in the plan for this employee group is voluntary and allows them to defer a portion of their salary to future years. The investments for the deferred compensation plan are presented in the financial statements as non-current assets and liabilities. The value of these plan assets was \$92,765 and \$47,755 at December 31, 2004 and 2003, respectively.

**9. Commitments**

At December 31, 2004, the Society was committed for certain equipment under noncancelable operation leases which expire at various dates through the year 2009. The following is a schedule by years of future minimum rental payments required under these leases:

Years ending December 31	AMOUNT
2005	\$82,562
2006	49,964
2007	45,110
2008	15,365
2009	20
Total Minimum Rental Payments Required	<u>\$193,021</u>

The total lease payments were \$69,166 and \$37,227 for the years ended December 31, 2004 and 2003, respectively.

**10. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**11. Federal Income Taxes**

The Society is exempt from Federal Income taxes under Section 501(c)(3) of the Internal Revenue Code.

## NOTES TO FINANCIAL STATEMENTS

### 12. Contract with the Missouri History Museum Subdistrict

The Missouri History Museum Subdistrict (Subdistrict) is a part of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County. The Subdistrict was established to receive tax revenues from the tax collectors' offices and to pay for history museum services provided to benefit the public. In 1988, the Subdistrict and the Society entered into a contract which renews automatically for one year each April 21 unless either party gives written notice regarding their desire to terminate the agreement 90 days prior to renewal. The contract provides for history museum facilities and services to be provided to the public by the Society in exchange for compensation from the Subdistrict. Amounts available to the Subdistrict are based on a maximum rate of 4.0 cents on each \$100 of assessed valuation. The annual public support under this contract is determined each year based upon an annual budget submitted by the Society to the Subdistrict. In accordance with the contract, the Society records revenue based upon the services provided. The Society is included as a discretely presented component unit within the Subdistrict's basic financial statements.

### 13. Split Interest Agreements

The Society administers gift annuities subject to obligations to pay fixed amounts periodically to the respective donor or designated beneficiary during their lifetimes. Gift annuity obligations payable were \$557,945 and \$560,231 for the years ended December 31, 2004 and 2003, respectively.

### 14. Note Receivable

The Society has entered into a promissory note agreement with the Lewis and Clark National Bicentennial Council (Council) to provide financing for the Council's activities. This note allows the Society to provide a maximum amount of funding to the Council of \$845,000; however, in no event shall the amount of funding provided to the Council under the note exceed \$307,500 in any calendar year. All principal and interest on the note is due December 15, 2005. The note bears interest at a rate per annum equal to the 10 year U.S. Treasury Note yield, which is adjusted the first day of January. The 10 year U.S. Treasury Note yield on January 1, 2004 was 4.37%. The note bore interest at a rate of 4.37% and 3.85% at December 31, 2004 and December 31, 2003, respectively. The note receivable balance was \$569,312 and \$270,296 at December 31, 2004 and 2003, respectively. The President of the Missouri Historical Society also serves as the President of the Lewis and Clark National Bicentennial Council.



#### **MISSOURI HISTORY MUSEUM**

in Forest Park  
(DeBaliviere and Lindell Blvd.)

#### **LIBRARY AND RESEARCH CENTER**

225 South Skinker Blvd.  
(across from Forest Park)

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