

**CHILDREN'S MUSEUM OF LA CROSSE, INC.**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2012**

**CHILDREN'S MUSEUM OF LA CROSSE, INC.**

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## **Franke & Turnbull, CPA's**

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### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Children's Museum of La Crosse, Inc.

We have audited the accompanying financial statements of Children's Museum of La Crosse, Inc. (the "Museum"), which comprise the statement of financial position as of December 31, 2012 and 2011, the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum, as of December 31, 2012 and 2011 and the changes in its net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Franke & Turnbull, CPA's*

La Crosse, Wisconsin  
October 24, 2013

**CHILDREN'S MUSEUM OF LA CROSSE, INC.**  
STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	DECEMBER 31,	
	2012	2011
Cash and cash equivalents	\$ 59,705	\$ 55,501
Investments	635,733	536,092
Accounts receivable	3,827	5,335
Inventories	13,271	13,499
Prepaid expenses and deposits	9,045	40,913
Property and equipment – net	1,663,696	1,696,978
Assets whose use are limited:		
Certificate of deposit - UC Reserve	4,885	4,864
Cash and cash equivalents	-	38,812
Investments - quasi-endowment	79,796	70,140
Promises to give	31,553	67,422
Perpetual trust	664,536	600,967
<b>TOTAL ASSETS</b>	<b><u>\$ 3,166,047</u></b>	<b><u>\$ 3,130,523</u></b>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 7,628	\$ 5,263
Payroll taxes	5,963	7,445
Sales tax payable	524	544
Accrued compensation	12,303	11,098
Deferred revenue	4,030	3,940
<b>TOTAL LIABILITIES</b>	<b><u>30,448</u></b>	<b><u>28,290</u></b>
NET ASSETS		
Unrestricted		
Undesignated	2,359,714	2,324,892
Designated	79,796	70,140
Temporarily restricted	31,553	106,234
Permanently restricted	664,536	600,967
<b>TOTAL NET ASSETS</b>	<b><u>3,135,599</u></b>	<b><u>3,102,233</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,166,047</u></b>	<b><u>\$ 3,130,523</u></b>

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

**CHILDREN'S MUSEUM OF LA CROSSE, INC.**  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	YEAR ENDED DECEMBER 31, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE, GAINS AND OTHER SUPPORT</b>				
Public support				
Contributions and grants	\$ 58,755	\$ -	\$ -	\$ 58,755
Fundraising and special events	37,367	-	-	37,367
Operating revenue				
Admissions	138,285	-	-	138,285
Memberships	108,806	-	-	108,806
Programs, parties and field trips	79,975	-	-	79,975
Rental	-	-	-	-
Gift Shop	38,392	-	-	38,392
Investment income	108,276	-	-	108,276
Change in value of perpetual trust	-	-	63,569	63,569
Other income	40	-	-	40
Release of restrictions	74,681	(74,681)	-	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<u>644,577</u>	<u>(74,681)</u>	<u>63,569</u>	<u>633,465</u>
<b>EXPENSES</b>				
Program				
Gift shop cost of sales	20,186	-	-	20,186
Operations	471,732	-	-	471,732
Management and general	5,634	-	-	5,634
Public support	102,547	-	-	102,547
<b>TOTAL EXPENSES</b>	<u>600,099</u>	<u>-</u>	<u>-</u>	<u>600,099</u>
Change in net assets	44,478	(74,681)	63,569	33,366
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,395,032</u>	<u>106,234</u>	<u>600,967</u>	<u>3,102,233</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 2,439,510</u>	<u>\$ 31,553</u>	<u>\$ 664,536</u>	<u>\$ 3,135,599</u>

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

YEAR ENDED DECEMBER 31, 2011

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 56,253	\$ 38,812	\$ -	\$ 95,065
34,673	-	-	34,673
148,960	-	-	148,960
113,177	-	-	113,177
71,916	-	-	71,916
4,172	-	-	4,172
40,346	-	-	40,346
13,420	-	-	13,420
-	-	(43,075)	(43,075)
934	-	-	934
<u>119,787</u>	<u>(119,787)</u>	<u>-</u>	<u>-</u>
<u>603,638</u>	<u>(80,975)</u>	<u>(43,075)</u>	<u>479,588</u>
21,213	-	-	21,213
440,157	-	-	440,157
6,799	-	-	6,799
<u>95,547</u>	<u>-</u>	<u>-</u>	<u>95,547</u>
<u>563,716</u>	<u>-</u>	<u>-</u>	<u>563,716</u>
39,922	(80,975)	(43,075)	(84,128)
<u>2,355,110</u>	<u>187,209</u>	<u>644,042</u>	<u>3,186,361</u>
<b><u>\$ 2,395,032</u></b>	<b><u>\$ 106,234</u></b>	<b><u>\$ 600,967</u></b>	<b><u>\$ 3,102,233</u></b>

**CHILDREN'S MUSEUM OF LA CROSSE, INC.**  
STATEMENT OF FUNCTIONAL EXPENSES

	YEAR ENDED DECEMBER 31, 2012			
	Program Services	Management and General	Public Support	Total
Employee Compensation				
Salaries and wages	\$ 87,522	\$ 94,022	\$ 54,137	\$ 235,681
Employee benefits	5,514	20,103	7,234	32,851
Total Employee Compensation	<u>93,036</u>	<u>114,125</u>	<u>61,371</u>	<u>268,532</u>
Other Expenses				
Gift shop cost of sales	20,186	-	-	20,186
Program expenses	7,317	-	8,160	15,477
Repairs and maintenance	16,435	211	70	16,716
Exhibit rental and expense	72,767	-	-	72,767
Advertising and promotion	-	10,998	-	10,998
Utilities	24,773	317	106	25,196
Seminars and training	-	2,929	-	2,929
Office expense	-	4,460	7	4,467
Dues and subscriptions	-	3,214	-	3,214
Insurance	8,807	113	38	8,958
Telephone	4,974	64	21	5,059
Permits and licenses	-	180	-	180
Postage and shipping	-	2,429	-	2,429
Printing and copies	-	4,359	-	4,359
Bad debts	-	-	950	950
Depreciation	91,932	1,178	393	93,503
Professional fees	-	28,355	-	28,355
Bank and credit card fees	-	8,482	-	8,482
Other	-	2,608	4,734	7,342
Total Other Expenses	<u>247,191</u>	<u>69,897</u>	<u>14,479</u>	<u>331,567</u>
Allocation of Indirect Costs	<u>151,691</u>	<u>(178,388)</u>	<u>26,697</u>	<u>-</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 491,918</u></b>	<b><u>\$ 5,634</u></b>	<b><u>\$ 102,547</u></b>	<b><u>\$ 600,099</u></b>

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

YEAR ENDED DECEMBER 31, 2011

Program Services	Management and General	Public Support	Total
\$ 72,452	\$ 86,832	\$ 51,977	\$ 211,261
4,548	18,644	6,940	30,132
<u>77,000</u>	<u>105,476</u>	<u>58,917</u>	<u>241,393</u>
21,213	-	-	21,213
8,169	-	6,675	14,844
19,179	246	82	19,507
49,984	-	-	49,984
-	9,249	-	9,249
24,146	309	103	24,558
-	5,430	-	5,430
-	4,228	-	4,228
-	3,374	-	3,374
7,602	97	33	7,732
5,260	67	23	5,350
-	95	-	95
-	2,340	350	2,690
-	3,403	-	3,403
-	-	-	-
103,620	1,278	426	105,324
-	34,835	-	34,835
-	7,551	-	7,551
<u>-</u>	<u>2,514</u>	<u>442</u>	<u>2,956</u>
239,173	75,016	8,134	322,323
<u>145,197</u>	<u>(173,693)</u>	<u>28,496</u>	<u>-</u>
<b><u>\$ 461,370</u></b>	<b><u>\$ 6,799</u></b>	<b><u>\$ 95,547</u></b>	<b><u>\$ 563,716</u></b>



**CHILDREN'S MUSEUM OF LA CROSSE, INC.**  
STATEMENT OF CASH FLOWS

	<u>YEAR ENDED DECEMBER 31</u>	
	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 33,366	\$ (84,128)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	93,503	105,324
Net unrealized (gains) losses on investments	(62,429)	40,264
Change in value of perpetual trust	(63,569)	43,075
Net (gain) on disposal of assets	-	(895)
Changes in operating assets and liabilities		
Accounts receivable	1,508	151
Promises to give	35,869	43,995
Inventories	228	(6,068)
Prepaid expenses	31,868	(32,955)
Accounts payable	2,365	(3,203)
Other accrued liabilities	(297)	2,739
Deferred revenue	90	(1,421)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>72,502</u>	<u>106,878</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of fixed assets	-	3,000
Purchase of property and equipment	(60,221)	(5,200)
Net change in investments including investment income re-invested	(46,889)	(176,607)
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<u>(107,110)</u>	<u>(178,807)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Charitable remainder trust distribution	-	73,887
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>-</u>	<u>73,887</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(34,608)	1,958
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>94,313</u>	<u>92,355</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 59,705</b></u>	<u><b>\$ 94,313</b></u>

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

**CHILDREN'S MUSEUM OF LA CROSSE, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

**NOTE 1 – Nature of Organization and Summary of Significant Accounting Policies**

The Children's Museum of La Crosse, Inc. (the "Museum") was incorporated in July 1996 for the purpose of creating a hands-on, interactive environment for children; a family place where children can explore, create, experiment, learn and exercise their imaginations. The Museum opened in February 1999.

A summary of significant accounting policies follows:

**Basis of Accounting** – The Museum utilizes the accrual method of accounting, whereby revenue is recognized when earned, and expenses are recognized when incurred. The Museum's financial statements are prepared in accordance with the provisions of the Financial Accounting Standards Board FASB ASC 958-205 (formerly Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*). Under FASB ASC 958-205, the Museum is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets:

**Net Assets** – All assets have been recorded and reported as either: unrestricted, temporarily restricted, or permanently restricted net assets.

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Museum and include those expendable resources which have been designated for special use by the Museum's Board of Directors.

Temporarily restricted net assets represent those amounts, which are donor restricted for specific purposes. When a donor restriction expires, 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 in the statement of activities as net assets released from restrictions.

Permanently restricted net assets result from contributions from donors who place restrictions on the use of the funds, which mandate that the original principal be invested in perpetuity. This original principal is reported as a permanently restricted net asset, the income from which may be either temporarily restricted or unrestricted, depending on the donor's specifications.

**Promises to Give** – Contributions are recognized when the donor makes a promise to give to the Museum, that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

**Cash and Cash Equivalents** – For the purpose of the statement of cash flows, the Museum considers all deposits in financial institutions, with a maturity of three months or less, to be cash equivalents.

**Contributed Services** – During the years ended December 31, 2012 and 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

**Income Tax Status** – The Museum is recognized by the Internal Revenue Service to be an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

**CHILDREN'S MUSEUM OF LA CROSSE, INC.**  
NOTES TO THE FINANCIAL STATEMENTS - continued  
DECEMBER 31, 2012 AND 2011

**NOTE 1 – Nature of Organization and Summary of Significant Accounting Policies - continued**

**Income Tax Status (continued)** – FASB ASC 740-10 (previously Financial Interpretation No. 48, Accounting for Uncertainty in Income Taxes) prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Museum believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Museum's federal Exempt Organization Returns for 2012, 2011, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

**Inventories** – Materials held for sale are stated at the lower of cost (first-in, first-out) or market and consist of gift shop items for resale.

**Property and Equipment** – Property and equipment in excess of \$1,000 are capitalized at cost or at their estimated fair value at date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. It is the Museum's policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as support increasing temporarily restricted net assets. The Museum reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of the donated property and equipment's depreciation expense. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

**Investments** – Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Fair Value Measurements** – The Museum has determined the fair value of certain assets in accordance with the provisions of FASB ASC 820-10 (formerly FASB Statement No. 157, *Fair Value Measurements*), which provides a framework for measuring fair value.

FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset.

**Advertising** – The Museum expenses advertising costs as incurred.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events** – The Museum has evaluated subsequent events through October 24, 2013, the date which the financial statements were available to be issued.

**CHILDREN'S MUSEUM OF LA CROSSE, INC.**  
NOTES TO THE FINANCIAL STATEMENTS - continued  
DECEMBER 31, 2012 AND 2011

**NOTE 2 – Investments**

	<u>2012</u>		<u>2011</u>	
	FAIR VALUE	COST	FAIR VALUE	COST
Trust Point	<u>\$ 715,529</u>	<u>\$ 630,412</u>	<u>\$ 606,232</u>	<u>\$ 583,545</u>

At December 31, aggregate carrying amounts by major types are as follows:

	<u>2012</u>	<u>2011</u>
Cash Equivalents	\$ 23,423	\$ 15,615
Bond Funds	252,331	211,923
Stock Funds	<u>439,775</u>	<u>378,694</u>
<b>TOTAL</b>	<b><u>\$ 715,529</u></b>	<b><u>\$ 606,232</u></b>

For the year ended December 31, the investment return consisted of the following:

	<u>2012</u>	<u>2011</u>
Interest, dividends and mutual fund income	\$ 45,440	\$ 40,650
Net realized gains (losses)	407	13,034
Net unrealized gains (losses)	<u>62,429</u>	<u>(40,264)</u>
<b>TOTAL</b>	<b><u>\$ 108,276</u></b>	<b><u>\$ 13,420</u></b>

**NOTE 3 – Pledges Receivable**

Unconditional promises to give at December 31, 2012, are as follows:

Receivable in less than one year	\$ 32,500
Receivable in one to five years	<u>-</u>
	32,500
Less discount to net present value at 6%	(947)
Less allowance for uncollectibles	<u>-</u>
<b>Net unconditional promises to give</b>	<b><u>\$ 31,553</u></b>

**CHILDREN'S MUSEUM OF LA CROSSE, INC.**  
NOTES TO THE FINANCIAL STATEMENTS - continued  
DECEMBER 31, 2012 AND 2011

**NOTE 4 – Property and Equipment**

	<u>2012</u>	<u>2011</u>
Land	\$ 77,000	\$ 77,000
Building and improvements	2,218,117	2,176,315
Fixtures and equipment	79,031	68,612
Exhibits	<u>494,146</u>	<u>486,146</u>
	2,868,294	2,808,073
Accumulated depreciation	<u>(1,204,598)</u>	<u>(1,111,095)</u>
<b>TOTAL</b>	<b><u>\$ 1,663,696</u></b>	<b><u>\$ 1,696,978</u></b>

**NOTE 5 – Line of Credit**

As of December 31, 2012 and 2011, the Museum has a line of credit with the Coulee Bank in the amount of \$50,000, of which \$0 was outstanding. The line of credit bears interest at the prime rate and is due and renewable, annually, in February.

**NOTE 6 – Net Assets**

Temporarily restricted net assets consist of the following at December 31:

	<u>2012</u>	<u>2011</u>
Time restriction:		
Unconditional promises to give	\$ 31,553	\$ 67,422
Capital donations	-	<u>38,812</u>
<b>TOTAL</b>	<b><u>\$ 31,553</u></b>	<b><u>\$ 106,234</u></b>

**NOTE 7 – Endowment Funds and Perpetual Trusts**

FASB ASC 958-205 (formerly FASB Staff Position No. FAS 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”) 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”), which was enacted by the State of Wisconsin in July of 2009. FASB ASC 958-205 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.

**CHILDREN'S MUSEUM OF LA CROSSE, INC.**  
NOTES TO THE FINANCIAL STATEMENTS - continued  
DECEMBER 31, 2012 AND 2011

**NOTE 7 – Endowment Funds and Perpetual Trusts – continued**

As described below, the Museum's endowments and perpetual trusts include both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Museum has interpreted the State of Wisconsin enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 Museum classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Museum, and (7) the Museum's investment policies.

Following is a description of the Museum's endowment funds and perpetual trusts for purposes of the requirements of FASB ASC 958-205:

**Board-Designated Endowment**

In 2004, the Museum established a fund that is to function as an endowment. The purpose of the fund is to receive and hold property, transferred to the Museum, in perpetuity. The net income of the fund is to be distributed, from time to time, for the benefit of the Museum. Principle payments may be made, at the discretion of the Board of Directors, for necessary or appropriate purposes. These designated assets are held and maintained under an agency agreement with Trust Point and subject to the Museum's investment policy.

**Perpetual Trusts**

Permanently restricted net assets consist of funds held in a perpetual trust and administered by the La Crosse Community Foundation (the "Foundation"). Investment decisions of funds held in perpetual trust are determined by the Foundation rather than the Museum.

The Museum is one of the beneficiaries of the Evelyn Bach Combined Foundation Trust. This perpetual trust, administered by a third party trustee, provides the irrevocable right to receive unrestricted income distributions in perpetuity.

**CHILDREN'S MUSEUM OF LA CROSSE, INC.**  
NOTES TO THE FINANCIAL STATEMENTS - continued  
DECEMBER 31, 2012 AND 2011

**NOTE 7 – Endowment Funds and Perpetual Trusts - continued**

Endowment and perpetual trust net asset composition by type of fund as of December 31, 2012 is as follows:

	<b><u>Permanently Restricted Net Assets</u></b>	<b><u>Temporarily Restricted Net Assets</u></b>	<b><u>Unrestricted Net Assets</u></b>	<b><u>Total</u></b>
Board-designated endowment funds	\$ -	\$ -	\$ 79,796	\$ 79,796
Perpetual trusts	<u>664,536</u>	<u>-</u>	<u>-</u>	<u>664,536</u>
<b>TOTAL</b>	<b><u>\$ 664,536</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 79,796</u></b>	<b><u>\$ 744,332</u></b>

Endowment and perpetual trust net asset composition by type of fund as of December 31, 2011 is as follows:

	<b><u>Permanently Restricted Net Assets</u></b>	<b><u>Temporarily Restricted Net Assets</u></b>	<b><u>Unrestricted Net Assets</u></b>	<b><u>Total</u></b>
Board-designated endowment funds	\$ -	\$ -	\$ 70,140	\$ 70,140
Perpetual trusts	<u>600,967</u>	<u>-</u>	<u>-</u>	<u>600,967</u>
<b>TOTAL</b>	<b><u>\$ 600,967</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 70,140</u></b>	<b><u>\$ 671,107</u></b>

Changes in endowment and perpetual trust net assets for the year ended December 31, 2012 are as follows:

	<b><u>Permanently Restricted Net Assets</u></b>	<b><u>Temporarily Restricted Net Assets</u></b>	<b><u>Unrestricted Net Assets</u></b>	<b><u>Total</u></b>
Balance at beginning of year	\$ 600,967	\$ -	\$ 70,140	\$ 671,107
Donations	-	-	-	-
Investment income	-	-	2,735	2,735
Net (appreciation)	63,569	-	6,921	70,490
Distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>BALANCE AT END OF YEAR</b>	<b><u>\$ 664,536</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 79,796</u></b>	<b><u>\$ 744,332</u></b>

**CHILDREN'S MUSEUM OF LA CROSSE, INC.**  
NOTES TO THE FINANCIAL STATEMENTS - continued  
DECEMBER 31, 2012 AND 2011

**NOTE 7 – Endowment Funds and Perpetual Trusts - continued**

Changes in endowment and perpetual trust net assets for the year ended December 31, 2011 are as follows:

	<b>Permanently Restricted Net Assets</b>	<b>Temporarily Restricted Net Assets</b>	<b>Unrestricted Net Assets</b>	<b>Total</b>
Balance at beginning of year	\$ 644,042	\$ -	\$ 72,009	\$ 716,051
Donations	-	-	-	-
Investment income	-	-	1,320	1,320
Net (depreciation)	(43,075)	-	(3,189)	(46,264)
Distributions	-	-	-	-
<b>BALANCE AT END OF YEAR</b>	<b><u>\$ 600,967</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 70,140</u></b>	<b><u>\$ 671,107</u></b>

**NOTE 8 – Fair Values Measured on Recurring Basis**

Fair values of assets measured on a recurring basis at December 31 are as follows:

	<u>2012</u>		<u>2011</u>	
	<b>Fair Value</b>	<b>Quoted Market Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Fair Value</b>	<b>Quoted Market Prices in Active Markets for Identical Assets (Level 1)</b>
Investments	\$ 715,529	\$ 715,529	\$ 606,232	\$ 606,232
Perpetual trust	664,536	664,536	600,967	600,967
<b>TOTAL</b>	<b><u>\$ 1,380,065</u></b>	<b><u>\$ 1,380,065</u></b>	<b><u>\$ 1,207,199</u></b>	<b><u>\$ 1,207,199</u></b>