



## NOTICE OF MEETING

# CITY OF PACIFIC GROVE MUSEUM BOARD

Tuesday, May 14, 2019 - 5PM

## **REGULAR MEETING AGENDA**

LOCATION: CITY MANAGER'S CONFERENCE ROOM, 2<sup>nd</sup> FLOOR, CITY HALL, 300 FOREST AVE., PACIFIC GROVE, CA

NEXT MEETING: The next regular meeting is scheduled for 5 PM, Tuesday, August 13, 2018.  
*The Mission of the Pacific Grove Museum of Natural History is:  
To inspire discovery, wonder, and stewardship of our natural world.*

### **CALL TO ORDER**

1. **APPROVAL OF AGENDA**
2. **PUBLIC COMMENTS**
3. **APPROVAL OF MUSEUM BOARD MEETING MINUTES** (Attached)
  - A. Minutes of the Feb. 12, 2019 meeting  
Reference: Broeck Oder, Secretary  
Recommended Action: Approve Minutes

### **REGULAR AGENDA**

4. **ITEMS NOT REQUIRING ACTION**
  - A. Correspondence  
Reference: Elayne Azevedo, Chair  
Recommended Action: Accept Correspondence
  - B. City Council Liaison Comments  
Reference: Councilman Huitt  
Recommended Action: Receive Comments
  - C. Museum Director's Monthly Reports for January, February, March 2019  
Report on Museum Website (<http://www.pgmuseum.org/monthly-reports/>)  
Reference: Executive Director Kihs  
Recommended Action: Receive Reports for January-March 2019.

- D. City Manager's Comments  
Reference: City Manager Harvey  
Recommended Action: Receive Comments
  
- E. Board Chair's Comments  
Reference: Board Chair Azevedo  
Recommended Action: Receive Comments

**5. REVIEW OF ITEMS OF PREVIOUS MEETING.**

- A. Approved Minutes of February 12, 2019 Museum Board meeting, the updated Calendar for 2019, and the Annual Report for 2018 all forwarded to City Council for their information. (Sent to Kerry Lindstrom and posted on consent agenda of March 6, 2019 City Council meeting.)

**6. UNFINISHED BUSINESS**

- A. Museum Board procedures update and reformatting agenda  
Reference: City Manager Harvey  
Action: Review after Board and Commission handbook is approved by Council.

**7. NEW BUSINESS**

- A. Audited Financials for 2017-18

ADJOURNMENT

DRAFT ACTION MINUTES  
CITY OF PACIFIC GROVE  
**MUSEUM BOARD**

REGULAR MEETING  
Tuesday, February 12, 2019 at 5:00 p.m.  
City Manager’s Conference Room—City Hall—300 Forest Avenue, Pacific Grove, CA

**CALL TO ORDER**

Present: Chair John Pearse, Secretary Broeck Oder, Board Members Elayne Azevedo, Matthew Crawford, and David Law; City Council Liaison Robert Huitt; and Executive Director Jeanette Kihs. Also present: Director of Exhibits and Education Juan Govea.

**1. APPROVAL OF AGENDA**

Agenda approved by consensus.

**2. PUBLIC COMMENTS**

None

**3. APPROVAL OF MUSEUM BOARD MEETING MINUTES**

The Minutes of the 13 November 2018 meeting were approved.

**REGULAR AGENDA**

**4. ITEMS NOT REQUIRING ACTION**

A. Correspondence

None

B. City Council Liaison Comments

Council Member Huitt asked the members if there was anything he could do to be helpful, and also informed the members that City Manager Ben Harvey was not present due to his attendance at an out-of-town conference. Council Member Huitt also reported that the City Council is working on goal-setting for the next two years, including budget formulation. Council Member Huitt further noted the city “is in excellent shape financially,” albeit challenges remain to be faced in the three-to-five year window. Council Member Huitt also noted that the City’s “Hotel development opportunities are still there,” that the City should see a “reasonable” improvement in the tax base, and that the “water situation is hopeful.” Further, in its next or following meeting, the Council should be getting to the review of guidelines for all City boards and commissions. Council Member Huitt also thanked all members of the Board for their service prior to departing for another meeting at 5:18 p.m.

C. Museum Director's Monthly Reports for October, November, and December, 2018  
Museum Director Kihs noted that November, 2018 saw more out-of-town people visiting the Museum than in-town people, which is a reverse of the norm. Director of Exhibits and Education Govea theorized that the fires in northern California essentially "drove" people toward our area due a need for temporary housing. Director Kihs further reported that from July 1 to date, attendance is up, and "pretty stable" compared to comparable periods at this time of year. Director Kihs also noted that the presentation on tides was a significant success, while the talk on migration and deportation generated "not too much, but a little" pushback, but "It wasn't pro or con . . . or political." Director Kihs also noted the talk was not much different or done differently than other cultural history/ anthropology presentations, such as that on the Chinese fishing village. Chair Pearse noted he saw "lots of people" at the talk that he had not seen at previous events.

D. City Manager's Comments

As noted, City Manager Harvey was not present due to an out-of-town conference.

E. Board Chair's Comments

Chair Pearse had no additional comments.

**5. REVIEW OF ACTION ITEMS OF PREVIOUS MEETING**

Chair Pearse indicated everything looked good from his perspective, and all present concurred with this assessment.

**6. UNFINISHED BUSINESS**

Council Member Huitt's earlier comment included reference to the Council working on guidelines for city boards and commissions. Chair Pearse also noted that the Board calendar for 2019 had been approved and attached.

**7. NEW BUSINESS**

A. Director Kihs referenced the draft, which was attached, of the Museum's annual report for 2018. She also drew the attention of the Board to the Planning Calendar for 2019, noting these documents will be sent to the City Council.

B. Election of Officers for 2019: Chair Pearse is nearing the end of the maximum 12 year total term limit; the Board unanimously elected Member Elayne Azevedo to serve as Board Chair for the next year, and unanimously chose Chair Pearse to serve as Vice Chair, and Member Broeck Oder to serve again as Secretary in the coming year.

**ADJOURNMENT: 5:53 P.M.**

## Museum Board Planning Calendar for 2019

	Feb 12	May 14	Aug 13	Nov 12
Director's Reports	x	x	x	x
Officer Election	x			
Annual Report 2018	x			
Audited Financials 2017-18		x		
Business & Fund Development Plan		x		
Collections Care Report			x	
Exhibits Plan		x		
Facility Management Plan			x	
Performance Metrics				x
Planning Calendar				x

**MUSEUM FOUNDATION OF  
PACIFIC GROVE, INC.  
DBA PACIFIC GROVE MUSEUM OF  
NATURAL HISTORY**

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

**JUNE 30, 2018 and 2017**

**McGILLOWAY, RAY, BROWN & KAUFMAN  
ACCOUNTANTS & CONSULTANTS**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Museum Foundation of Pacific Grove, Inc.  
dba Pacific Grove Museum of Natural History  
Pacific Grove, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Museum Foundation of Pacific Grove, Inc. dba Pacific Grove Museum of Natural History (Foundation), which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities and change in net assets, 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.

### **Auditors' Responsibility**

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 from material misstatement.

An audit includes performing procedures to obtain audit 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 unmodified opinion.

Daniel M. McGilloway, Jr., CPA, CVA | Gerald C. Ray, CPA | Patricia M. Kaufman, CPA, CGMA | Larry W. Rollins, CPA  
Jesus Montemayor, CPA | Smriti Shrestha, CPA

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Sarita C. Shannon, CPA | Whitney Ernest, CPA | Devvyn MacBeth, CPA | Deanna Thomas, CPA | Sukhdev Singh, CPA

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 19 and 20 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



McGilloway, Ray, Brown & Kaufman  
Salinas, California  
March 14, 2019

MUSEUM FOUNDATION OF PACIFIC GROVE, INC.  
 dba PACIFIC GROVE MUSEUM OF NATURAL HISTORY  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2018 AND 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 461,543	\$ 367,982
Accounts receivable, less allowance for doubtful accounts of \$0 and \$11,982	38,665	179,339
Grants receivable	21,865	23,000
Prepaid expenses	528	528
Inventory	6,569	2,837
Fixed assets, net	245,921	262,675
Other assets		
Long-term investments	944,501	905,715
Beneficial interest in assets held by others	322,002	315,395
Total assets	\$2,041,594	\$2,057,471
Liabilities and net assets		
Liabilities		
Accounts payable	\$ 32,257	\$ 3,722
Credit card payable	2,260	1,800
Accrued expenses	52,214	61,671
Total liabilities	86,731	67,193
Net assets		
Unrestricted	471,163	677,254
Temporarily restricted	643,431	472,755
Permanently restricted	840,269	840,269
Total net assets	1,954,863	1,990,278
Total liabilities and net assets	\$2,041,594	\$2,057,471

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

MUSEUM FOUNDATION OF PACIFIC GROVE, INC.  
dba PACIFIC GROVE MUSEUM OF NATURAL HISTORY  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUES</b>								
Contributions	\$ 147,030	\$ 227,748	\$ -	\$ 374,778	\$ 175,852	\$ 19,624	\$ -	\$ 195,476
State and local funding	223,220	-	-	223,220	216,721	-	-	216,721
Grants	31,739	99,977	-	131,716	126,168	64,905	-	191,073
Special events revenue	32,314	-	-	32,314	24,420	-	-	24,420
Museum admissions	49,851	-	-	49,851	47,287	-	-	47,287
Store sales	21,497	-	-	21,497	22,972	-	-	22,972
Tuition revenue	40,020	-	-	40,020	134,133	-	-	134,133
Facility rental	19,887	-	-	19,887	13,919	-	-	13,919
Miscellaneous income	368	-	-	368	849	-	-	849
Investment income, net	1,805	38,786	-	40,591	465	56,903	-	57,368
Change in value of Beneficial Interest in assets held by others	6,607	-	-	6,607	32,837	-	-	32,837
Net assets released from restrictions	195,835	(195,835)	-	-	217,286	(217,286)	-	-
<b>Total support and revenues</b>	<b>770,173</b>	<b>170,676</b>	<b>-</b>	<b>940,849</b>	<b>1,012,909</b>	<b>(75,854)</b>	<b>-</b>	<b>937,055</b>
<b>EXPENSES</b>								
Program services	562,150	-	-	562,150	565,248	-	-	565,248
Supporting services								
Management and general	357,313	-	-	357,313	369,305	-	-	369,305
Development	31,804	-	-	31,804	37,413	-	-	37,413
Special events	24,997	-	-	24,997	34,384	-	-	34,384
<b>Total expenses</b>	<b>976,264</b>	<b>-</b>	<b>-</b>	<b>976,264</b>	<b>1,006,350</b>	<b>-</b>	<b>-</b>	<b>1,006,350</b>
Change in net assets	(206,091)	170,676	-	(35,415)	6,559	(75,854)	-	(69,295)
Net assets, beginning of year	677,254	472,755	840,269	1,990,278	670,695	548,609	840,269	2,059,573
Net assets, end of year	<u>\$ 471,163</u>	<u>\$ 643,431</u>	<u>\$ 840,269</u>	<u>\$ 1,954,863</u>	<u>\$ 677,254</u>	<u>\$ 472,755</u>	<u>\$ 840,269</u>	<u>\$ 1,990,278</u>

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

MUSEUM FOUNDATION OF PACIFIC GROVE, INC.  
dba PACIFIC GROVE MUSEUM OF NATURAL HISTORY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (35,415)	\$ (69,295)
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation	21,164	22,744
Change in beneficial interest in assets held by others	(6,607)	(18,943)
Unrealized loss on endowment	(11,831)	(44,813)
Realized loss on endowment	(13,301)	(5,033)
(Increase) decrease in assets		
Accounts receivable	140,674	(101,690)
Grants receivable	1,135	76,607
Prepaid expenses	-	3,223
Inventory	(3,732)	3,596
Increase (decrease) in liabilities		
Accounts payable	28,535	(2,037)
Accrued expenses	(8,997)	16,499
Net cash provided (used) by operating activities	111,625	(119,142)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,410)	(19,399)
Purchase of investments	(136,480)	(87,364)
Proceeds from sale of investments	122,826	79,447
Net cash used by investing activities	(18,064)	(27,316)
Net increase (decrease) in cash and cash equivalents	93,561	(146,458)
Cash and cash equivalents, beginning of year	367,982	514,440
Cash and cash equivalents, end of year	\$ 461,543	\$ 367,982

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

MUSEUM FOUNDATION OF PACIFIC GROVE, INC.  
dba PACIFIC GROVE MUSEUM OF NATURAL HISTORY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 and 2017

**1. Summary of Significant Accounting Policies**

***Nature of Activities***

The Museum Foundation of Pacific Grove, Inc. dba Pacific Grove Museum of Natural History (Foundation) was formed on October 3, 2008 as a California nonprofit public benefit corporation. The Foundation was formed to operate, manage and care for and use the collections of the Pacific Grove Museum of Natural History (Museum) owned by the City of Pacific Grove (City). The Museum is open to benefit the City, its residents, visitors, and the users of the Museum through exhibits and educational events. Revenues for the Foundation are derived mainly from the City based upon an operating agreement, and donations.

***Basis of Accounting and Presentation***

The accompanying financial statements are presented using the accrual basis of accounting in accordance with generally accepted accounting principles. The net assets, revenues, gains and losses, other support and expenses, and other changes in the accompanying financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, for reporting purposes, net assets of the Foundation and changes therein are classified as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may be met either by actions of the Foundation and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. Income from permanently restricted net assets is generally subject to donor-imposed stipulations and is considered temporarily restricted until restrictions are met.

***Use of Estimates***

The presentation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of demand deposits and highly liquid investments with original maturities of three months or less when purchased, except for those amounts held by the Foundation's investment managers as part of a long-term strategy.

***Concentration of Credit Risk***

Cash and cash equivalents consist of demand deposit accounts as of June 30, 2018. The Foundation invests cash at well capitalized financial institutions that are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2018 the Foundation did not exceed insured amounts in any cash and cash equivalent account.

Investments include accounts insured by Securities Investor Protection Corporation (SIPC). The SIPC insures securities and cash in the event of broker-dealer failure. The SIPC provides up to \$500,000 for protection for brokerage accounts held in each separate capacity, with a limit of \$250,000 for claims of un-invested cash balances. At times, such amounts may exceed SIPC limits. In the event of insolvency by the financial institution, deposits in excess of insured amounts are potentially subject to unrecoverable loss.

MUSEUM FOUNDATION OF PACIFIC GROVE, INC.  
dba PACIFIC GROVE MUSEUM OF NATURAL HISTORY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 and 2017

***Inventory***

Inventory consists of souvenirs sold at the Foundation's gift shop. Inventory is valued at the lower of cost or market, except for donated inventory which is recorded at fair value on the date received. Cost is determined by the first-in, first-out method.

***Accounts Receivable, Net***

Accounts receivable are presented on the balance sheet net of estimated uncollectible amounts. The majority of accounts receivable derive from agreements from donors to establish a permanent exhibit. Accounts receivable is stated at amounts from these donors. The Foundation records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appear doubtful. The Foundation recorded an allowance for doubtful accounts of \$0 and \$11,982 as of June 30 2018 and 2017, respectively.

***Grants Receivable***

Grants receivable consist of amounts that have been awarded to the Foundation but have not yet been paid. The majority of grants receivable derive from multi-year agreements. Grants receivable is stated at amounts due from these agreements. All balances are due within one year and are considered collectible at June 30, 2018.

***Investments***

Marketable debt and equity securities, which are listed on national securities exchanges, are stated at fair market value. Morgan Stanley investments are valued at the amounts reported to the Foundation by Morgan Stanley and the Foundations investment advisors. Increases or decreases in fair market value are recognized in the period which they occur.

***Beneficial Interest in Assets Held by Others***

The Foundation has a stewardship fund held and administered by the Community Foundation for Monterey County, (Community Foundation) with the acquisition of the Pacific Grove Natural History Museum Association on July 1, 2010. Under the terms of the agreement, the Foundation has the right to receive distributions from the fund made at the request of the Foundation's board of directors. The fair value of the beneficial interest was recognized as an asset and a contribution at the date it was acquired. The Community Foundation has full authority and discretion as to the investment and reinvestment of the assets. Gains and losses, which are not distributed, are reflected as change in value of beneficial interest in assets held at Community Foundation.

***Property and Equipment, Net***

The City owns the Museum and the related property, plant and equipment. The Foundation purchases certain tangible assets to support managing the facility. The City has reversionary rights to facility improvements and exhibitions purchased by the Foundation.

Property and equipment purchased are recorded at cost and donated property and equipment are recorded at estimated fair value on the date contributed to the Foundation. Assets donated with explicit restrictions regarding their use and contributions of cash that are restricted to property and equipment purchases are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets are to be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are in their specified service, at which time the temporarily restricted net assets are reclassified as unrestricted. Additions to property and equipment in excess of \$5,000 with an estimated useful life of greater

MUSEUM FOUNDATION OF PACIFIC GROVE, INC.  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 and 2017

than one year are capitalized. Depreciation is computed using the straight line method over the estimated useful lives of the assets ranging from three to seven years.

***Accrued Compensated Absences***

All full-time and part-time employees accrue paid time off for vacation and sick leave. The rate of accrual is based on seniority and percentage of time worked if part-time. Any unused paid time off is paid upon termination.

***Museum Collection***

The Museum Collection (Collection) is comprised of artifacts owned by the City and therefore, the Collection is not recognized as assets on the Foundation's statement of financial position. The Collection refers to all artifacts owned by the City and maintained at the Museum, as identified in the Collection survey conducted in February 2010, including those exhibited, stored and located within the City's Point Pinos Lighthouse. All collection items which are acquired by the Foundation through purchases and contributions since the Foundation's inception, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded as decreases in net assets in the year in which the items are acquired. Contributed collection items are not reflected on the financial statements. Proceeds from decisions or insurance recoveries are reflected as increases in the appropriate net asset classes. The Collection is protected and cared for in accordance with the Museum's management policy.

***Donated Services and Materials***

The Foundation may receive services, equipment and material without payment or compensation. When the value of such contributions is ascertainable and meets the criteria for recognition in the statement of activities, it is reflected in the accompanying financial statements as revenue and expense. Donated services are recorded if such services create or enhance nonfinancial assets or require specialized skills and are so essential that they would be purchased if not provided by donation. Materials and other noncash donations are recorded at estimated fair value determined at the date of donation. Donations of services and materials for special events aggregated \$7,122 and \$7,185 for the years ended June 30, 2018 and 2017, respectively. Donations of materials for programs and management and general aggregated \$1,430 and \$0 for the years ended June 30, 2018 and 2017.

Volunteers donated hours to the Foundation during the period, however, these donated services are not reflected in the financial statements since the services do not require specialized skills as specified by accounting standards for recognition.

***Financial Instruments***

Financial instruments included in the Foundation's statements of financial position include cash, beneficial interest in assets held at community foundation, accounts payable and accrued expenses. For cash, accounts payable and accrued expenses, the carrying amounts represent a reasonable estimate of the corresponding fair values. Beneficial interest in assets held at community foundation and the Helen Johnson Monarch Fund are reflected in the accompanying balance sheets at their estimated fair values using methodologies described below.

***Revenue Recognition***

Contributions received are recognized as revenue when received or unconditionally promised. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as temporarily restricted or permanently restricted net assets depending on the nature of the restriction.

MUSEUM FOUNDATION OF PACIFIC GROVE, INC.  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 and 2017

***Functional Expense Allocation***

The costs of providing program services and other activities have been presented on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Reclassifications***

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's financial statement presentation.

***Advertising Costs***

The Foundation expenses advertising costs as they are incurred. Advertising expenses were \$16,653 and \$10,650 for the years ended June 30, 2018 and 2017, respectively.

***Income Tax Status***

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code but is subject to taxes on unrelated business income when earned.

The Foundation has adopted the provisions related to accounting for uncertainty in income taxes, which defines a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Foundation's management has considered its tax positions and believes that all of the positions taken by the Foundation in its federal and state tax returns are more likely than not to be sustained upon examination. The Foundation's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectfully, after they are filed.

***Recently Issued Accounting Pronouncements***

**ASU 2014-09**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which amended revenue recognition guidance to clarify the principles for recognizing revenues from contracts with customers. The guidance requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, disclosures are required about customer contracts, significant judgement and changes in judgements, and assets recognized from the costs to obtain or fulfill a contract. ASU No. 2014-09 is effective for annual reporting in fiscal years beginning after December 15, 2018. The Organization currently expects the impact to be de minimis given the immaterial nature of its revenue sources outside of fees for services.

**ASU 2016-02**

In February 2016, the FASB issued ASU No. 2016-02, which amends the FASB Accounting Standards Codification and creates Topic 842, *Leases*, requiring organizations to recognize lease assets and lease liabilities on the statement of net position and requiring disclosure of key information about leasing arrangements. The guidance is effective for periods beginning after December 15, 2019. ASU No. 2016-02 mandates a modified retrospective transition method. The Organization is currently evaluating the impact of the pending adoption of this new standard on its financial statements and expects the impact to be de minimis.

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ASU 2016-14

In August 2016, the FASB issued ASU No 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The amendment applies to all not for-profit entities, and reduces the classes of net assets to net assets with donor restrictions and net assets without donor restrictions; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations or restrictions on cash or other asset donations; and requires disclosure of expenses by both their natural and functional classification on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with donor restrictions, discussion of liquidity for the year following year-end, discussion of liquidity of financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds. The amendment is effective for all fiscal years beginning after December 15, 2017, with early adoption allowed. The Organization is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

***Subsequent Events***

The Foundation has performed an evaluation of subsequent events through March 14, 2019, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclose in the accompanying financial statements.

**2. Fair Value Measurements**

The Foundation measures its assets and liabilities at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value.

The guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The guidance expands disclosures about instruments measured at fair value. The guidance applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, the guidance does not require any new fair value measurements.

The guidance establishes a three-level valuation hierarchy for disclosure of fair value measurements. The three levels are defined as follows.

*Level 1* - Valuation is based on observable inputs using quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

*Level 2* - Valuation is based on inputs from sources other than quoted prices in active markets that are either directly or indirectly observable as of the reporting date. This may include quoted prices for similar assets in an active market, quoted prices for similar assets in a market that is not active or valuation methods using models, interest rates and yield curves as observable inputs.

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*Level 3* - Valuation is based on unobservable inputs for the assets, reflecting the Foundation's consideration about the assumptions that a market participant would use in pricing the asset or liability, to the extent that observable inputs (Levels 1 and 2) are not available. Level 3 assets and liabilities include situations where there is little or no market activity for the asset or liabilities, and significant management judgment or estimates are required.

The Foundation received a bequest to establish a permanent endowment in fiscal year 2015. The Foundation established an investment account with a financial advisor at UBS Financial Services, Inc. (UBS). In the current year the Foundation transferred the bequest and related assets to Morgan Stanley. The amount classified as Level 1 represented cash on deposit with Morgan Stanley. The Level 3 investment represents shares received to close out the bequest in InvenTrust Properties Corporation. These shares are valued by the corporation and are not currently traded on a national securities exchanges.

While the Foundation believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such assets and liabilities existed, or had such assets and liabilities been liquidated, and these differences could be material to the financial statements.

The following tables present the fair value of investments on the accompanying statements of financial position by fair value hierarchy as of June 30:

2018	Level 1	Level 2	Level 3	Total
Morgan Stanley (MS)				
Money Market	\$ 11,864	\$ -	\$ -	\$ 11,864
Equities	885,537	-	-	885,537
Fixed Income	-	-	-	-
Non-traditional	-	-	-	-
Beneficial interest in assets held by others	-	-	322,002	322,002
InvenTrust Properties - REIT	-	-	47,100	47,100
	<u>\$ 897,401</u>	<u>\$ -</u>	<u>\$ 369,102</u>	<u>\$1,266,503</u>
2017	Level 1	Level 2	Level 3	Total
UBS				
Money Market	\$ 115,791	\$ -	\$ -	\$ 115,791
Equities	422,463	-	-	422,463
Fixed Income	226,893	-	-	226,893
Non-traditional	91,218	-	-	91,218
Beneficial interest in assets held by others	-	-	315,395	315,395
InvenTrust Properties - REIT	-	-	49,350	49,350
	<u>\$ 856,365</u>	<u>\$ -</u>	<u>\$ 364,745</u>	<u>\$1,221,110</u>

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The tables below present information about recurring fair value measurements that use significant unobservable inputs (Level 3 measurements) as of June 30:

***InvenTrust Properties - REIT***

The Corporation engaged Duff & Phelps, LLC (“Duff & Phelps”), an independent third-party real estate advisory firm, to estimate the per share value of the Corporation’s common stock on a fully diluted basis as of May 1, 2018. Duff & Phelps has extensive experience estimating the fair values of commercial real estate. The report furnished to the Corporation by Duff & Phelps complies with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice and is certified by a member of the Appraisal Institute with the MAI designation. The Duff & Phelps report, dated May 2, 2018, reflects values as of May 1, 2018.

<u>InvenTrust Properties - REIT</u>	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 49,350	\$ 47,100
Unrealized gain (loss)	<u>(2,250)</u>	<u>2,250</u>
Balance, end of year	<u>\$ 47,100</u>	<u>\$ 49,350</u>

The Corporation anticipates publishing a new estimated share value within one year from May 1, 2018, the date of the last published estimated share value.

***Beneficial Interest in Assets Held by Others***

Funds are invested in the Stewardship Funds, which are valued based on the market value of the underlying assets, consisting mainly of equity, fixed income and liquid alternative securities, including U.S. Treasury securities, mutual funds, corporate bonds, asset backed securities and commodities. These assets are valued based on quoted market prices. Funds invested at Community Foundation are level 3 investments since the fund agreements provide for the transfer of variance power to the Community Foundation.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believed its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

See Note 3 – Beneficial Interest in Assets Held by Others for changes in fair value of the Foundation’s Level 3 investment.

**3. Beneficial Interest in Assets Held by Others**

The Foundation has established a stewardship fund with the Community Foundation for the benefit of the Museum. The Foundation granted variance power to the Community Foundation, thus the Community Foundation has full authority and discretion as to the investment and reinvestment of the assets.

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The following table presents the fair value of beneficial interest in assets held at Community Foundation on the accompanying statements of financial position, as of June 30:

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 315,395	\$ 296,452
Investment income (dividends and interest)	10,592	8,236
Unrealized gain (loss)	14,170	26,950
Realized gain (loss)	794	1,202
Distributions	(15,173)	(13,894)
Investment fees	<u>(3,776)</u>	<u>(3,551)</u>
Total	<u>\$ 322,002</u>	<u>\$ 315,395</u>

**4. Endowment Fund**

The Foundation's endowment includes a donor-restricted endowment fund to support the Monarch education program and to support the creation, operation and maintenance of the Butterfly Pavilion. The total of these permanently restricted contributions at June 30, 2018 and 2017 were \$840,269, respectively.

***Interpretation of Relevant Law***

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment 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 fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Education Fund in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (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 Foundation
- (7) The investment policies of the Foundation

***Return Objectives and Risk Parameters***

The Foundation has adopted investment and spending policies for endowment assets with the objective of ultimately providing a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that, at a minimum, maintains the purchasing power of the original Endowment corpus and shall be consistent with: i) the risk deemed appropriate by the Investment

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Committee; ii) the mission and programs of the Foundation, and iii) the projected cash needs of the Foundation which may require a constant and reliable flow of income to the annual operating budget.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

The Board of Directors, based on the recommendation of the Finance Committee, approve the spending rate each year. In the fiscal year 2018, the target spending rate was 4%. The Board's investment policy dictates that the spending rate is calculated based on a trailing 12-quarter moving average. Over the long term, the Foundation expects the current spending policy to allow its endowment to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net assets composition by type of fund as of June 30:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds				
Investments (MS) restricted (level 1)	\$ -	\$ 79,100	\$ 818,301	\$ 897,401
InvenTrust Properties (level 3)	-	-	47,100	47,100
Reclassification - net appreciation	-	25,132	(25,132)	-
Total endowment funds at 6/30/18	<u>\$ -</u>	<u>\$ 104,232</u>	<u>\$ 840,269</u>	<u>\$ 944,501</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at June 30, 2017	\$ -	\$ 65,446	\$ 840,269	\$ 905,715
Contribution	-	-	-	-
Investment return				
Interest and dividends	-	22,066	-	22,066
Net appreciation (realized and unrealized)	-	25,132	-	25,132
Appropriation of endowment assets for expenditure	-	(8,412)	-	(8,412)
Endowment net assets at 6/30/18	<u>\$ -</u>	<u>\$ 104,232</u>	<u>\$ 840,269</u>	<u>\$ 944,501</u>

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds				
Investments (UBS) restricted (level 1)	\$ -	\$ 15,600	\$ 840,765	\$ 856,365
InvenTrust Properties (level 3)	-	-	49,350	49,350
Reclassification - net appreciation	-	49,846	(49,846)	-
Total endowment funds at 6/30/17	<u>\$ -</u>	<u>\$ 65,446</u>	<u>\$ 840,269</u>	<u>\$ 905,715</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at June 30, 2016	\$ -	\$ 7,683	\$ 840,269	\$ 847,952
Contribution	-	-	-	-
Investment return				
Interest and dividends	-	15,481	-	15,481
Net appreciation (realized and unrealized)	-	49,846	-	49,846
Appropriation of endowment assets for expenditure	-	(7,564)	-	(7,564)
Endowment net assets at 6/30/17	<u>\$ -</u>	<u>\$ 65,446</u>	<u>\$ 840,269</u>	<u>\$ 905,715</u>

Investment expenses were \$8,412 and \$7,564 for the years ended June 30, 2018 and 2017, respectively.

**5. Funds Held at Community Foundation**

The Community Foundation holds an endowment fund in which the Foundation has been designated as the income beneficiary. The Foundation does not have variance power over this fund and thus the assets in the fund are not included in the Foundation's financial statements. The balance in this account was \$132,530 and \$129,319 as of June 30, 2018 and 2017, respectively. The income distribution from the fund to the Foundation amounted to \$5,744 and \$5,850 for the years ended June 30, 2018 and 2017, respectively, and is reported in contributions in the accompanying statements of activities and changes in net assets.

**6. Accrued Expenses**

Accrued expenses consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Accrued sales tax	\$ 710	\$ 928
Accrued wages	22,577	23,804
Accrued compensated absences	28,927	36,939
	<u>\$ 52,214</u>	<u>\$ 61,671</u>

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**7. Property and Equipment**

Property and equipment consist of the following as of June 30:

	2018	2017
Permanent exhibits	\$ 143,826	\$ 139,416
Capital improvements	72,531	72,531
Furniture and equipment	26,182	26,182
Construction in process	122,394	122,394
Vehicles	19,399	19,399
Website	4,250	4,250
	388,582	384,172
Accumulated depreciation	(142,661)	(121,497)
	\$ 245,921	\$ 262,675

Depreciation expense was \$21,164 and \$22,744 for the years ended June 30, 2018 and 2017, respectively.

**8. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following as of June 30:

	2018	2017
Restricted for future periods after June 30	\$ 18,000	\$ -
Permanent exhibitions		
Capital Campaign	277,347	277,347
Childrens exhibit	7,500	7,500
First inhabitants	82	82
Education		
Butterfly experiences	24,514	24,788
LiMPETS	76,438	33,442
Leg up with science	9,770	4,824
Seed distribution	-	116
MPUSD	-	3,338
Open spaces	-	8,236
Program		
Adopt A Bird	17,522	13,510
BLOY	9,489	3,200
Ecology	98,537	30,926
Helen Johnson Monarch fund - income	104,232	65,446
	\$ 643,431	\$ 472,755

**9. Operating Agreement and Lease**

An operating agreement and lease (Agreement) was signed by the Foundation and the City and accepted by the City Council on June 29, 2009. The Agreement was amended on July 29, 2010 and then again on August 8, 2010. It is further amended effective May 21, 2014. The Agreement states that responsibility for management of the Museum was transferred to the Foundation on

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August 1, 2009 for a term of thirty years and eleven months ending June 30, 2040. Commencing on June 30, 2010 and continuing on June 30th of each year of the term thereafter, the term shall be extended by one year; provided that either party may, in its sole discretion, give written notice to the other party, not later than thirty days prior to June 30th of any term year that it wishes to terminate the automatic one year extension provided for above, in which case the term of this Agreement shall be fixed at thirty years from the end of the term year in which such notice is given. Under the Agreement, the City retains ownership of the Museum facility and the Collection. The City also retains responsibility for major repairs and maintenance of the facility and for basic maintenance and janitorial services. In addition, the City has agreed to make an annual contribution to be an amount equal to one and one one-hundredths percent (1.01%) of the City's total fiscal year General Fund budget. The contribution to the Foundation will assist with Museum's operating costs which is included as state and local funding on the statement of activities and changes in net assets. The Foundation will be responsible for all Museum operations including managing the Collection, developing new Museum exhibits, both permanent and special, planning and conducting educational and scientific programs and special events.

**10. Economic Dependency**

Approximately \$223,220 and \$216,721 or 24% and 23% of the Foundation's total support and revenues were provided by the City for the years ended June 30, 2018 and 2017, respectively.

**11. Special Events, Net**

The Foundation had net income from special events consist of the following as of June 30:

2018	Butterfly Ball	Night Owl	Various Small Events	Totals
Event Revenue	\$ 16,649	\$ 7,055	\$ 1,488	\$ 25,192
In-Kind Contributions	7,122	-	-	7,122
Total Revenue	<u>23,771</u>	<u>7,055</u>	<u>1,488</u>	<u>32,314</u>
Expense	15,669	8,447	881	24,997
Net	<u>\$ 8,102</u>	<u>\$ (1,392)</u>	<u>\$ 607</u>	<u>\$ 7,317</u>
2017	Butterfly Ball	Night Owl	Various Small Events	Totals
Event Revenue	\$ 7,802	\$ 8,774	\$ 659	\$ 17,235
In-Kind Contributions	7,185	-	-	7,185
Total Revenue	<u>14,987</u>	<u>8,774</u>	<u>659</u>	<u>24,420</u>
Expense	18,395	13,263	2,726	34,384
Net	<u>\$ (3,408)</u>	<u>\$ (4,489)</u>	<u>\$ (2,067)</u>	<u>\$ (9,964)</u>

**ADDITIONAL INFORMATION**

MUSEUM FOUNDATION OF PACIFIC GROVE, INC.  
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 SCHEDULE OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 2018

	2018					<b>Total</b>
	Program Services	Supporting Services			Supporting Services Total	
		Management and General	Development	Special Events		
Expenses						
Salaries and payroll related	\$ 431,675	\$ 225,692	\$ 29,360	\$ 12,852	\$ 267,904	\$ 699,579
Exhibit	17,612	-	-	-	-	17,612
Professional fees	32,423	40,752	-	-	40,752	73,175
Transportation expense	25,108	365	-	-	365	25,473
Cost of sales	12,027	-	-	-	-	12,027
Special Events	-	-	-	11,327	11,327	11,327
Advertising and marketing	9,504	7,149	-	-	7,149	16,653
Office supplies	61	5,212	-	-	5,212	5,273
Printing	5,288	1,886	-	-	1,886	7,174
Postage	887	1,861	1,948	818	4,627	5,514
Equipment	627	789	287	-	1,076	1,703
Repairs and maintenance	7,272	1,196	-	-	1,196	8,468
Depreciation	-	21,164	-	-	21,164	21,164
Insurance	-	11,787	-	-	11,787	11,787
Utilities	-	21,439	-	-	21,439	21,439
Computer and IT	9,370	6,272	-	-	6,272	15,642
Telephone and internet fees	-	557	-	-	557	557
Hospitality	3,475	1,541	114	-	1,655	5,130
Dues and subscriptions	3,270	2,427	95	-	2,522	5,792
Bank and credit card fees	39	5,448	-	-	5,448	5,487
Background checks	1,216	-	-	-	-	1,216
Other expenses	771	832	-	-	832	1,603
Professional development	585	416	-	-	416	1,001
Uniforms	560	356	-	-	356	916
Travel and lodging	380	172	-	-	172	552
Total expenses	<u>\$ 562,150</u>	<u>\$ 357,313</u>	<u>\$ 31,804</u>	<u>\$ 24,997</u>	<u>\$ 414,114</u>	<u>\$ 976,264</u>

See independent auditor's report.

MUSEUM FOUNDATION OF PACIFIC GROVE, INC.  
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 SCHEDULE OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 2017

	2017					<b>Total</b>
	Program Services	Supporting Services			Supporting Services Total	
		Management and General	Development	Special Events		
Expenses						
Salaries and payroll related	\$ 407,010	\$ 295,282	\$ 24,557	\$ 19,124	\$ 338,963	\$ 745,973
Exhibit	16,907	2,395	-	878	3,273	20,180
Professional fees	32,470	11,883	1,327	-	13,210	45,680
Transportation expense	13,711	39	-	11	50	13,761
Cost of sales	17,344	-	-	-	-	17,344
Special Events	-	-	-	12,880	12,880	12,880
Advertising and marketing	6,643	3,158	479	370	4,007	10,650
Office supplies	3,059	1,819	421	-	2,240	5,299
Printing	4,110	1,919	5,459	-	7,378	11,488
Postage	855	1,858	94	806	2,758	3,613
Equipment	3,316	51	-	-	51	3,367
Repairs and maintenance	9,525	3,214	608	-	3,822	13,347
Depreciation	15,340	6,429	975	-	7,404	22,744
Insurance	5,263	4,273	648	-	4,921	10,184
Utilities	12,101	8,233	1,249	-	9,482	21,583
Computer and IT	6,240	2,429	369	-	2,798	9,038
Telephone and internet fees	591	394	60	-	454	1,045
Hospitality	1,882	3,522	566	99	4,187	6,069
Dues and subscriptions	3,669	2,557	513	-	3,070	6,739
Bank and credit card fees	251	3,876	-	216	4,092	4,343
Background checks	739	582	88	-	670	1,409
Bad Debt	-	11,982	-	-	11,982	11,982
Other expenses	2,067	3,015	-	-	3,015	5,082
Professional development	1,198	161	-	-	161	1,359
Travel and lodging	957	234	-	-	234	1,191
Total expenses	<u>\$ 565,248</u>	<u>\$ 369,305</u>	<u>\$ 37,413</u>	<u>\$ 34,384</u>	<u>\$ 441,102</u>	<u>\$ 1,006,350</u>

See independent auditor's report.



**2018 Report to the City Council DRAFT  
Museum Board**

**Summary**

Overall during 2018, the Museum Board fulfilled its responsibilities as approved by the city council on September 7, 2011:

- 1) Ensure the Museum serves to benefit the city as a whole, its natural environment, its citizens, and visitors;
- 2) Advise the city council and city manager on matters relating to the Museum;
- 3) Serve as an informational conduit between the public and the city on matters related to the Museum;
- 4) Coordinate activities with other appropriate city advisory boards, committees, and commissions on matters of mutual concern; and
- 5) Perform such other duties relating to the Museum as the council may require by ordinance, resolution, or minute action.

**Details**

The board carried out the following goals for 2018 that were set on November 9, 2016:

- 1) Meet quarterly at 5pm on Tuesdays of February, May, August, and November.
- 2) Review all reports required by the Lease and Operating Agreement and make comments to the City Council regarding the content of those reports.
- 3) Notify the City Council of any significant compliance issues with the Lease and Operating Agreement or any other activities, such as accession and de-accession of items from the collection, that require their approval.
- 4) Review an annual summary report of performance metrics on behalf of the public and notify the City Council of any significant indicators of trends or changes.
- 5) Receive a report on collection care in order to assess its progress toward goals and maintenance of processes.

The Board met these goals as summarized below:

1) Board meeting schedule and attendance in 2018:

Members	Feb 13	May 8	Aug 29	Nov 14
J Pearce, Chair	x	x	x	x
E Azevedo, Vice Chair	x	x	x	x
B Oder, Secretary	x	x	x	x
M Crawford			x	x
D Laws			x	x

City and Museum representatives

B Harvey, City Manager	x			x
R Huitt, Council Liaison	x	x	x	x
J Kihs, Exec. Director	x	x	x	x
J Govea, Exhibits & Education	x		x	x
N King, Exhibits Manager		x		

Public attendees

H Zamzow		x		
M Crawford		x		

## 2018 Museum Board Annual Report

### 2) Decisions and actions in support of the Board's responsibilities and goals:

1. Planning. The Board approved a planning calendar for annual activities in 2018 at their February meeting.
2. Museum Board Report. The report of the Museum Board's activities in 2017 was approved in May.
3. Review of Reports Provided by the Museum. In support of its responsibility to receive and review reports provided by the Museum as specified by the Lease and Operating Agreement: (1) the monthly Director's Reports from October 2017 to September 2018 (three months each meeting), (2) the Audited Financials for 2016-17(May), and (3) the Business and Fund Development Plans for 2018-2019 (May).
4. Review of Reports Provided by the City. In support of its responsibility to receive and review reports provided by the City as specified by the Lease and Operating Agreement, the Board received and reviewed the City's annual Facilities Plan in August. Executive Director Kihs noted that heating, ventilating, air-conditioning systems needed upgrading, and the floors need thorough cleaning. At the November meeting, City Manager Harvey laid out plans for the City to not only clean the floors, but also to carry out other maintenance and improvement projects.
5. Museum performance metrics. Board reviewed annual Performance Metrics (Statistics) for 2017-18 year prepared by Executive Director Kihs in November 2017 meeting.
6. Exhibits. The Board reviewed the Exhibitions and Program Plan for 2018-19 in May, and members shared their excitement over plans for the Museum's 135<sup>th</sup> anniversary.
7. Collection Care. Board reviewed and approved the annual Collection Care Report in August, noting in particular that the database has been updated, and collection space is fully used, limiting the addition of additional material.
8. Grizzly specimens provided to LA County Museum. The Board recommended at their May meeting that a request to provide samples from the Museum's collection of California Grizzly bones be approved by the City Council. The samples would be used for stable isotope analyses that might reveal the extinct animals' diets. The City Council approved the request at their next meeting.
9. "Sandy" the Whale's maintenance. The Board discussed plans for disassembling and re-connecting "Sandy" by City staff at their May meeting, and received a report from Councilman Huitt of the successful project at their August meeting.

Respectfully submitted,

Elayne Azevedo  
Matthew Crawford  
David Laws  
Broeck Oder  
John Pearse