

**The American Museum of
Natural History**

**Consolidated Financial Statements
For the years ended June 30, 2009 and 2008**



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
The American Museum of Natural History:

We have audited the accompanying consolidated statements of financial position of The American Museum of Natural History (the "Museum"), which includes the Planetarium Authority, as of June 30, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The American Museum of Natural History, which includes the Planetarium Authority, as of June 30, 2009 and 2008, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
October 30, 2009

The American Museum of Natural History
Consolidated Statements of Financial Position
At June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets:		
Cash and cash equivalents	\$ 35,700,424	\$ 25,019,361
Accounts receivable, less allowance for doubtful accounts of \$583,000 and \$591,000 in 2009 and 2008, respectively	7,934,697	8,371,306
Inventories, less allowance of \$307,000 and \$250,000 in 2009 and 2008, respectively	1,026,319	1,480,695
Prepaid expenses and other assets	22,828,400	18,609,397
Government grants receivable, net	6,480,956	11,062,542
Contributions receivable, net	40,392,263	52,765,824
Deferred bond issuance costs	3,200,177	3,307,025
Long-term investments	475,956,278	610,306,126
Plant and equipment, net	<u>457,823,158</u>	<u>454,040,007</u>
Total assets	<u>\$ 1,051,342,672</u>	<u>\$ 1,184,962,283</u>
Liabilities and net assets:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 18,465,098	\$ 22,321,060
Accrued interest payable	4,642,726	1,198,430
Deferred revenue	5,645,251	7,352,330
Bank borrowings	6,800,000	3,200,000
Loan from Trust for Cultural Resources	272,235,000	273,315,000
Interest rate swaps	23,144,540	13,455,080
Accrued postretirement and other benefits	<u>56,601,118</u>	<u>53,874,255</u>
Total liabilities	<u>387,533,733</u>	<u>374,716,155</u>
Net assets:		
Unrestricted	371,811,451	456,416,316
Temporarily restricted	150,624,901	198,124,420
Permanently restricted	<u>141,372,587</u>	<u>155,705,392</u>
Total net assets	<u>663,808,939</u>	<u>810,246,128</u>
Total liabilities and net assets	<u>\$ 1,051,342,672</u>	<u>\$ 1,184,962,283</u>

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

The American Museum of Natural History
Consolidated Statements of Activities
For the years ended June 30, 2009 and 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue and support:								
Investment return designated for operations	\$ 20,124,704	\$ 7,803,991	\$ -	\$ 27,928,695	\$ 16,711,257	\$ 7,137,427	\$ -	\$ 23,848,684
Contributions and grants	25,034,922	12,486,267	-	37,521,189	26,664,760	7,539,345	-	34,204,105
Operating support from the City of New York	18,657,314	-	-	18,657,314	17,760,568	-	-	17,760,568
Visitors' contributions and admissions	39,623,484	-	-	39,623,484	40,192,114	-	-	40,192,114
Membership fees	5,568,133	-	-	5,568,133	6,474,890	-	-	6,474,890
Auxiliary activities	36,378,080	-	-	36,378,080	37,427,448	-	-	37,427,448
Miscellaneous fees and other revenue	4,581,618	7,507	-	4,589,125	4,295,930	37,465	-	4,333,395
Net assets released from restrictions	24,700,433	(24,700,433)	-	-	24,205,406	(24,205,406)	-	-
Total operating revenue and support	<u>174,668,688</u>	<u>(4,402,668)</u>	<u>-</u>	<u>170,266,020</u>	<u>173,732,373</u>	<u>(9,491,169)</u>	<u>-</u>	<u>164,241,204</u>
Operating expenses:								
Scientific research	33,868,745	-	-	33,868,745	32,633,850	-	-	32,633,850
Education	12,397,615	-	-	12,397,615	12,354,490	-	-	12,354,490
Exhibitions	6,906,830	-	-	6,906,830	5,713,282	-	-	5,713,282
Membership	2,007,991	-	-	2,007,991	1,975,776	-	-	1,975,776
Visitor services	9,355,762	-	-	9,355,762	7,099,788	-	-	7,099,788
Auxiliary activities	24,262,002	-	-	24,262,002	25,357,573	-	-	25,357,573
General and administrative	17,581,443	-	-	17,581,443	19,013,225	-	-	19,013,225
Fundraising	5,862,624	-	-	5,862,624	5,344,263	-	-	5,344,263
Communications	6,286,766	-	-	6,286,766	4,609,555	-	-	4,609,555
Information technology	5,381,342	-	-	5,381,342	5,005,549	-	-	5,005,549
Guardianship, maintenance and operating costs	30,316,368	-	-	30,316,368	27,916,128	-	-	27,916,128
Total operating expenses	<u>154,227,488</u>	<u>-</u>	<u>-</u>	<u>154,227,488</u>	<u>147,023,479</u>	<u>-</u>	<u>-</u>	<u>147,023,479</u>
Designated contributions and transfers to plant and long-term investment	20,393,672	-	-	20,393,672	26,681,479	-	-	26,681,479
Operating revenue and support in excess of (less than) operating expenses, designated contributions and transfers	<u>47,528</u>	<u>(4,402,668)</u>	<u>-</u>	<u>(4,355,140)</u>	<u>27,415</u>	<u>(9,491,169)</u>	<u>-</u>	<u>(9,463,754)</u>
Nonoperating revenue, support and expenses:								
Revenue and support for plant:								
Contributions, grants and miscellaneous income	2,466,966	185,519	-	2,652,485	1,743,393	3,289,924	-	5,033,317
Capital support from the City of New York	14,217,283	-	-	14,217,283	29,412,870	-	-	29,412,870
Net assets released from restrictions	850,000	(850,000)	-	-	16,434,299	(16,434,299)	-	-
Transfer from long-term investments and operations to plant	17,919,672	-	-	17,919,672	5,948,449	-	-	5,948,449
Net gain (loss) on bond refinancing and related activities	840,546	-	-	840,546	(2,987,541)	-	-	(2,987,541)
Plant expenses:								
Interest expense not capitalized	12,933,472	-	-	12,933,472	14,656,480	-	-	14,656,480
Change in value of interest rate swaps	9,689,460	-	-	9,689,460	12,016,873	-	-	12,016,873
Depreciation and amortization	22,583,795	-	-	22,583,795	22,948,585	-	-	22,948,585
Plant expenses not capitalized	248,382	-	-	248,382	307,303	-	-	307,303
Long-term investments and other:								
Contributions and bequests	1,627,019	1,881,776	4,892,746	8,401,541	6,388,991	12,938,267	21,525,257	40,852,515
Investment loss in excess of amounts designated for operations	(86,507,168)	(37,749,011)	(19,401,690)	(143,657,869)	(20,015,636)	(11,363,685)	(5,649,172)	(37,028,493)
Contributions redesignated by donors	(71,641)	(104,498)	176,139	-	(339,638)	339,638	-	-
Net assets released from restrictions	6,460,637	(6,460,637)	-	-	28,738,649	(28,738,649)	-	-
Transfers from plant and operations to long-term investments and other, net	2,474,000	-	-	2,474,000	20,733,030	-	-	20,733,030
Effect of adoption of FASB Statement No. 158 measurement and recognition provisions	-	-	-	-	891,053	-	-	891,053
Other pension related charges	525,402	-	-	525,402	634,074	-	-	634,074
Changes in net assets	<u>(84,604,865)</u>	<u>(47,499,519)</u>	<u>(14,332,805)</u>	<u>(146,437,189)</u>	<u>37,680,167</u>	<u>(49,459,973)</u>	<u>15,876,085</u>	<u>4,096,279</u>
Net assets, beginning of year	<u>456,416,316</u>	<u>198,124,420</u>	<u>155,705,392</u>	<u>810,246,128</u>	<u>418,736,149</u>	<u>247,584,393</u>	<u>139,829,307</u>	<u>806,149,849</u>
Net assets, end of year	<u>\$ 371,811,451</u>	<u>\$ 150,624,901</u>	<u>\$ 141,372,587</u>	<u>\$ 663,808,939</u>	<u>\$ 456,416,316</u>	<u>\$ 198,124,420</u>	<u>\$ 155,705,392</u>	<u>\$ 810,246,128</u>

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

The American Museum of Natural History
Consolidated Statements of Cash Flows
For the years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Changes in net assets	\$ (146,437,189)	\$ 4,096,279
Adjustments to reconcile changes in net asset to net cash flows (used in) provided by operations:		
Effect of adoption of FASB Statement No. 158 measurement and recognition provisions	-	(891,053)
Depreciation and amortization	22,583,795	22,948,585
Net realized losses (gains) on sales of investments	32,538,141	(39,525,391)
Unrealized losses on investments	85,104,904	56,457,118
Change in value of interest rate swaps	9,689,460	12,016,873
Amortization and write-off of deferred bond issuance costs	165,423	2,097,019
Changes in operating assets and liabilities:		
Accounts receivable, inventories, prepaid expenses and other assets	(3,328,018)	(68,783)
Contributions and grants receivable	16,955,147	19,626,359
Accounts payable and other liabilities	(2,118,745)	3,835,995
Accrued postretirement and other benefits	2,726,863	1,675,323
Contributions permanently restricted	(5,971,303)	(21,078,465)
Contributions and grants restricted for plant and equipment	(18,901,481)	(27,607,901)
Net cash (used in) provided by operating activities	<u>(6,993,003)</u>	<u>33,581,958</u>
Cash flows from investing activities:		
Capital expenditures	(26,366,946)	(32,713,626)
Proceeds from disposition of investments	641,736,443	727,051,859
Purchases of investments	(625,029,640)	(771,669,302)
Net cash used in investing activities	<u>(9,660,143)</u>	<u>(77,331,069)</u>
Cash flows from financing activities:		
Bond issuance costs	(58,575)	(1,303,970)
Contributions permanently restricted	5,971,303	21,078,465
Contributions and grants restricted for plant and equipment	18,901,481	27,607,901
Proceeds from loan from Trust for Cultural Resources	-	174,630,000
Payments on loan from Trust for Cultural Resources	(1,080,000)	(173,100,000)
Proceeds from bank borrowings, net	3,600,000	3,200,000
Net cash flows provided by financing activities	<u>27,334,209</u>	<u>52,112,396</u>
Increase in cash and cash equivalents	10,681,063	8,363,285
Cash and cash equivalents, beginning of year	<u>25,019,361</u>	<u>16,656,076</u>
Cash and cash equivalents, end of year	<u>\$ 35,700,424</u>	<u>\$ 25,019,361</u>
Supplemental disclosures:		
Interest paid	<u>\$ 8,436,142</u>	<u>\$ 13,356,391</u>

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

The American Museum of Natural History

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

1. Organization

The American Museum of Natural History (the “Museum”) is a nonprofit, educational corporation chartered in 1869 as a museum and library by a special act of the Legislature of the State of New York. It is a member of the University of the State of New York and is accredited by the American Association of Museums.

In fiscal 2007, the Board of Regents of the State of New York (the “State”) amended the Museum charter to authorize the establishment of a graduate school and conferral of the degree of Ph.D. The Richard Gilder Graduate School (the “Graduate School”) was thus established and the Museum admitted its first cohort of students to its doctorate program in comparative biology for the 2008-09 academic year. The Museum has applied for accreditation with the State.

The American Museum of Natural History Planetarium Authority (the “Planetarium Authority”) was chartered in 1933 by a special act of the Legislature of the State of New York as a public benefit corporation to fund the building of the Hayden Planetarium. The Hayden Planetarium was rebuilt in 2000 as part of the Rose Center for Earth and Space with new exhibition halls and educational programming. The Museum leases the planetarium, exhibition halls and facilities to provide educational programs to the public, free of rent and, for an indefinite term, in consideration for the Museum paying the costs of operation, maintenance and reasonable repair.

Since the formation of the Planetarium Authority and through June 2009, the Museum and Planetarium Authority were legal entities that share the same trustees and officers. The Museum is exempt from corporate federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualified to receive tax-deductible gifts and bequests under the U.S. tax code. In July 2009, the State of New York adopted a revision to the charter to the Planetarium Authority, pursuant to which the Board of the Planetarium Authority will consist of three to five independent members appointed by the Museum’s Board. The Museum does not anticipate this will have a material financial impact to the financial statements.

2. Summary of Significant Accounting Policies

The accompanying consolidated financial statements present the consolidated financial position, changes in net assets, and cash flows of the Museum which includes the Planetarium Authority.

Basis of Presentation - The consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All inter-institutional amounts have been eliminated in consolidation.

Net Asset Accounting - Museum resources are classified and reported in the accompanying consolidated financial statements as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

- **Permanently restricted net assets** - The part of the net assets resulting (a) from contributions and other inflows of assets whose use by the Museum is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Museum, and (b) from other asset enhancements and diminishments subject to the same kinds of stipulations.
- **Temporarily restricted net assets** - The part of the net assets resulting (a) from contributions and other inflows of assets whose use by the Museum is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Museum pursuant to those stipulations,

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- (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Museum pursuant to those stipulations.
- Unrestricted net assets - The part of net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Contribution and grant revenue, including unconditional promises to give, are reported in the period received as increases in unrestricted net assets unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the accompanying consolidated statement of activities.

Federal government grants and contracts are included in unrestricted contributions and grant revenue on the accompanying consolidated statement of activities. Revenue from grants and contracts is recognized when earned, that is, generally as the related costs are incurred under the grant or contract agreements. Amounts expended in excess of reimbursements are reported as government grants receivable.

The City of New York (the "City") and the State of New York grants for capital projects are recorded as unrestricted revenue as the work is performed.

Investments

Investments in publicly traded debt and equity securities are recorded at fair market value generally determined on the basis of quoted market values. Investments in alternative investments that are not readily marketable are carried at fair value as determined by the respective investment manager. Interests in split-interest agreements and perpetual trusts are carried at fair value based on the underlying assets.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are determined based on average cost and are recorded in the consolidated statement of activities in the period in which the securities are sold. Dividends and interest are recognized as earned. The Museum's investments are pooled to facilitate their management. Investment return is allocated to unrestricted, temporarily restricted and permanently restricted funds based on donor restrictions or absence thereof on a unit basis that reflects the ratio of the related funds invested in the pooled portfolio to the total market value.

Inventory

Inventory consists of retail shop merchandise and is valued at cost, principally using the average cost method, that is not in excess of net realizable value. The Museum provides an allowance for inventory obsolescence and shrinkage based on amounts ultimately expected to be realized upon sale.

Plant and Equipment

The Museum and the Planetarium Authority facilities consist of permanent exhibition halls, including the Rose Center for Earth and Space, on an 18-acre campus on the Upper West Side of Manhattan.

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The buildings occupied by the Museum and the land on which they reside are owned by the City and are occupied by the Museum pursuant to an 1877 lease with the City. The lease grants to the Museum, free of rent, the exclusive use of the land and buildings erected and to be erected thereon for so long as the leased properties are used for purposes consistent with the Museum's charter. The Museum includes the net asset value of these buildings and grounds in its consolidated financial statements consistent with U.S. GAAP, which permits the recording of assets contributed to institutions pursuant to a long term lease.

The Planetarium Authority holds title to the land and buildings used by the Museum for the Planetarium Authority and related activities. The land was donated by the City to the Planetarium Authority subject to a reversion of title in certain events, in which case, title to the real property would revert to the City but under lease to the Museum, under the same provisions as the City's lease of land and buildings to the Museum.

The gross value of plant represents the cost of Museum expenditures for construction and leasehold improvements. The gross value of equipment represents the cost of Museum expenditures and the value of donated equipment. Plant and equipment purchased for a value greater than \$5,000 and with depreciable lives greater than one year are carried at cost, net of depreciation and amortization which is calculated on a straight-line basis over the estimated useful lives of such assets which range from 5 to 40 years.

Exhibitions

The Museum capitalizes exhibition costs as they are incurred. Upon the opening of an exhibition, the capitalized costs are amortized on a straight-line basis over its estimated useful life of five years. The net unamortized exhibition costs are included in prepaid expenses and other assets on the accompanying consolidated statement of financial position. The costs incurred to building infrastructure to accommodate exhibitions are capitalized in plant and equipment in the accompanying consolidated statement of financial position.

Collections

The Museum has extensive collections of specimens and artifacts that constitute a record of life on Earth. These valuable, and sometimes irreplaceable, collections have been acquired through field expeditions, contribution and purchases since the Museum's inception and represent one of the largest natural history collections in the world. New collection areas include the Museum's frozen tissue collection of DNA and tissue samples and access to large scientific databases of genomic and astrophysical data. The collections provide a resource for scientists around the world. The collections grow significantly each year.

The collections are the property of the Museum and are not recognized as assets in the accompanying consolidated statements of financial position. They are held under the care of the curatorial staff for scientific research, educational and public exhibition purposes in furtherance of the Museum's mission.

The Museum's collections policy requires that the proceeds from the sale of collection items be used for acquisitions to the collections. If the assets used to purchase the collection items are restricted by donors, proceeds from the sale of those items are recorded as increases in temporarily restricted net assets. The cost of collections purchased is recorded as a decrease in net assets in the year purchased. The value of donated collection items is not recorded.

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Deferred Revenue

Deferred revenue consists of advance payments for traveling exhibitions; advance ticket sales, recognized as revenue when the tickets are used; deferred membership obligations, recognized as revenue over the duration of the membership; and other miscellaneous deferred items, recognized as revenue upon performance of the underlying obligation.

Income Taxes

On July 1, 2007, the Museum adopted the provisions of Financial Accounting Standards Board (“FASB”) Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”). FIN 48 requires that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The adoption of FIN 48 did not have an impact on the Museum’s 2009 and 2008 consolidated financial statements. The Museum does not believe its consolidated financial statements include any uncertain tax positions.

Measure of Operations

The Museum’s measure of operations includes all unrestricted operating revenues and expenses that are an integral part of its programs and supporting activities, including net assets released from donor restrictions to support operating activities. The measure of operations also includes distributions from the endowment made in accordance with the Museum’s endowment spending policy (see Note 5). The measure of operations excludes net income and gains or losses on the endowment that exceed or are less than the distribution determined by the spending policy and changes in fair value of split-interest and other agreements, plant revenue, contributions for plant expenditures that are capitalized, certain noncapitalizable plant expenses, depreciation and amortization of plant and equipment, interest expense, other pension related costs, contributions permanently and temporarily restricted for long-term investment, all bequests over \$100,000, planned-giving gifts, unrestricted gifts designated by the Museum for nonoperating purposes and other transfers and nonrecurring items.

Volunteer and Other Donated Services and Goods

Hundreds of volunteers, including members of the Museum’s Board of Trustees, have made significant contributions of time in furtherance of the Museum’s mission. The value of this contributed time does not meet the criteria for recognition and therefore is not reflected in the consolidated statement of activities. Contributed goods and services received from the City and other donors that do qualify for recognition have been included as revenue and expense in the consolidated statement of activities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant estimates relate to actuarial assumptions used to calculate postretirement benefit obligations, the determination of allowances for doubtful accounts, the useful lives of plant and equipment, conditional asset retirement obligations, the fair value of certain alternative investments, the valuation of interest rate swaps and other assets, accrued expenses and liabilities. Actual results could differ from those estimates.

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Fair Value Measurements

In September 2006, the FASB issued Statement of Financial Accounting Standard No. 157, "Fair Value Measurements" ("SFAS No. 157"), which is effective for the Museum's fiscal year beginning July 1, 2008. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The new standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities, subject to the standard, measured and reported at fair value are classified and disclosed in one of the following categories:

- Level I - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. The type of investments in Level I include listed equities held in the name of the Museum, and exclude listed equities and other securities held indirectly through commingled funds.
- Level II - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level III - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

Cash and Cash Equivalents

Cash consists of cash on premises generated through the course of daily activities and cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase. At June 30, 2009, the Museum's cash and cash equivalents are considered Level I under SFAS No. 157. Cash and cash equivalents managed by the Museum's investment managers as part of its long-term investment strategy are included in investments.

Concentrations of Credit Risk

Financial instruments that potentially subject the Museum to concentrations of credit risk consist principally of cash and cash equivalents and investments in fixed income funds, equity funds, limited partnerships and similar interests. The Museum maintains its cash and cash equivalents in various bank accounts and money market funds that, at times, may exceed federally insured limits. The Museum's cash and cash equivalent accounts were placed with high credit quality financial institutions. The Museum has not experienced, nor does it anticipate, any losses in such accounts.

3. Contributions Receivable, Net

The Museum recognizes promises to give as contributions when such promises are received and terms are confirmed by the Museum. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts to present value are calculated as of the financial statement date using risk-free interest rates paid on U.S. Treasury obligations with maturities equivalent to the years in which the payments are expected to be received. Discount factors are established

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in the fiscal year in which the respective contribution originates. For those contributions expected to be collected in future years, pledged during the year ending June 30, 2009, the discount factors assigned have been adjusted for appropriate credit risk. The rates used to discount contributions to present value at June 30, 2009 and 2008 ranged from 1.0% to 5.3% and 2.4% to 6.0%, respectively.

Contributions receivable, net, consisted of the following at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Gross Contributions Due:		
Within one year	\$ 17,005,457	\$ 20,241,070
1 to 5 years	19,885,407	28,124,309
Over 5 years	<u>7,688,189</u>	<u>10,508,129</u>
Gross Contributions Receivable	44,579,053	58,873,508
Discount to Present Value	(3,886,790)	(5,807,684)
Allowance for Doubtful Accounts	<u>(300,000)</u>	<u>(300,000)</u>
Contributions Receivable, net	<u>\$ 40,392,263</u>	<u>\$ 52,765,824</u>

The Museum has also been notified of certain intentions to give. If received, these gifts will be used to support operations, fund capital expenditures or for long-term investment. However, these amounts have not been recorded in the accompanying consolidated financial statements due to their conditional nature (e.g., challenge grants). Allowances are recorded for estimated uncollectable contributions based on management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Consistent with common practice for not-for-profit organizations, Board members make contributions to the Museum in support of capital and programmatic initiatives or to the endowment.

4. Government Grants Receivable, Net

Government grants receivable consisted of the following at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Due from the City (primarily for capital projects)	\$ 4,963,172	\$ 8,440,374
Due from Federal agencies	<u>1,796,784</u>	<u>2,901,168</u>
Gross Government Grants Receivable	6,759,956	11,341,542
Allowance for Doubtful Accounts	<u>(279,000)</u>	<u>(279,000)</u>
Government Grants Receivable, net	<u>\$ 6,480,956</u>	<u>\$ 11,062,542</u>

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Government grants receivable included an unbilled receivable from the City in connection with capital projects of \$0 and \$6,612,200 at June 30, 2009 and 2008, respectively. The Museum is also the recipient of government grants that have been awarded primarily for research and education that will be recorded as revenue in the future as the terms of the respective agreements are satisfied. The remaining balances of these grants, which have not been reflected in the accompanying consolidated financial statements at June 30, 2009 and 2008, totaled approximately \$10,600,000 and \$11,680,000, respectively.

5. Long-Term Investments

Investment objectives and policies are established by the Museum's Investment Committee of the Board of Trustees and are implemented by external investment managers selected and monitored by the Investment Committee and staff of the Museum.

Long-term investments consisted of the following at June 30, 2009 and 2008:

	2009		2008	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents*	\$ 68,060,109	\$ 68,062,024	\$ 45,567,780	\$ 45,259,026
Accrued interest and dividends receivable	57,078	57,078	675,867	686,608
U.S. common and preferred stocks	60,971,372	53,517,938	113,971,704	120,020,144
Foreign common and preferred stocks, including ADR's	95,792,933	85,649,111	92,864,429	107,860,576
Fixed income	-	-	49,715,629	49,886,342
Alternative investments	<u>223,253,532</u>	<u>260,750,835</u>	<u>195,458,783</u>	<u>278,445,440</u>
Pooled Endowment	448,135,024	468,036,986	498,254,192	602,158,136
Investments restricted for plant	1,500,000	1,500,000	1,500,000	1,500,000
Split-interest agreements and perpetual trusts	<u>7,522,213</u>	<u>6,419,292</u>	<u>7,121,696</u>	<u>6,647,990</u>
Long-Term Investments	<u>\$ 457,157,237</u>	<u>\$ 475,956,278</u>	<u>\$ 506,875,888</u>	<u>\$ 610,306,126</u>

* Includes pending trade receivables and (payables) of \$244,379 and \$(129,669) and \$31,737,113 and \$(31,965,004) at June 30, 2009 and 2008, respectively.

Included in the 2008 chart above, certain U.S. and foreign stocks totaling \$21,657,161 at fair value have been reclassified to alternative investments to conform with the 2009 presentation.

Alternative investments represent limited partnership and similar interests held by the Museum in funds that invest in public and private securities and follow a variety of investment strategies. Terms and conditions of these investments, including liquidity provisions, are different for each fund. The Museum believes that the carrying amount of its alternative investments was a reasonable estimate of the fair value of such investments at June 30, 2009 and 2008. As is typical of investment portfolios of similar types of institutions, alternative investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed.

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The Museum has commitments to invest additional amounts in existing limited partnership and similar interests of approximately \$22,900,000 as of June 30, 2009 which are expected to be satisfied over the next 3-5 years.

The following table summarizes the Museum's alternative investments at June 30, 2009 and 2008:

Alternative investment strategy	2009		2008	
	Number of funds	Fair Value	Number of funds	Fair Value
Marketable Alternative Assets:				
Fund of Funds	2	\$ 33,493,588	1	\$ 27,190,731
Equity Long/Short	8	67,096,189	8	79,885,433
Multi-Strategy	3	21,697,773	3	24,930,957
Relative Value	2	14,955,559	2	14,056,889
Event-Driven/Distressed/High Yield	4	49,944,565	3	39,966,675
Inflation Hedging Assets	<u>1</u>	<u>12,908,694</u>	<u>1</u>	<u>22,630,292</u>
Total Marketable Alternative Assets	<u>20</u>	<u>200,096,368</u>	<u>18</u>	<u>208,660,977</u>
Nonmarketable Alternative Assets:				
Fund of Funds	1	426,615	1	1,243,961
Buyouts and Growth Capital	15	23,740,684	15	30,820,787
Venture Capital	9	11,742,280	9	14,423,580
Distressed	5	7,980,119	5	4,819,063
Private/Mezzanine Debt	2	1,541,004	3	2,042,227
Real Assets	4	11,918,435	4	12,050,683
Secondary Funds	<u>3</u>	<u>3,305,330</u>	<u>3</u>	<u>4,384,162</u>
Total Nonmarketable Alternative Assets	<u>39</u>	<u>60,654,467</u>	<u>40</u>	<u>69,784,463</u>
Total Alternative Investments	<u>59</u>	<u>\$ 260,750,835</u>	<u>58</u>	<u>\$ 278,445,440</u>

Derivative financial instruments, primarily futures contracts, options and credit default swaps, are used by certain of the Museum's investment managers to manage exposure to market risks resulting from fluctuations in interest rates and credit risk. At June 30, 2009 and 2008, the Museum's fixed income manager held futures contracts with a notional amount of \$0 and \$48,829,000, respectively, in long contracts; \$0 and \$8,909,000, respectively, in short contracts; long options with a notional amount of \$0 and \$71,043,000, respectively; long credit default swaps with a notional amount of \$0 and \$20,063,000, respectively, and short credit default swaps of \$0 and \$20,063,000, respectively. Realized and unrealized (losses) gains on these instruments were (\$8,385) and (\$275,826) in 2009 and 2008, respectively, and are recognized in the accompanying consolidated statements of activities. Additionally, certain of the Museum's alternate investment managers utilize derivative financial instruments as an investment management tool to help manage exposure to market risks.

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The Museum's investment portfolio is exposed to various risks, such as interest rate, market risk and credit risk. Because of the level of risk associated with such investments, changes in their values will occur and such changes could materially affect the amounts reported in the Museum's consolidated financial statements.

The following table summarizes investments by SFAS No. 157 levels as of June 30, 2009:

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 67,951,805	\$ -	\$ -	\$ 67,951,805
U.S. common and preferred stocks	55,013,447	-	-	55,013,447
Foreign common and preferred stocks, including ADR's	25,238,565	60,410,546	-	85,649,111
Marketable Alternative Investments	-	27,534,876	172,561,492	200,096,368
Nonmarketable Alternative Investments	-	-	60,654,467	60,654,467
Split-interest agreements and perpetual trusts	-	<u>6,419,292</u>	-	<u>6,419,292</u>
Total	<u>\$ 148,203,817</u>	<u>\$ 94,364,714</u>	<u>\$ 233,215,959</u>	<u>\$ 475,784,490</u>

Excluded from the summary of investments under SFAS No. 157 but included in the Museum's long-term investments is pending trade receivables and payables, and accrued interest and dividends receivable.

The following table summarizes the changes in fair market values associated with SFAS No. 157 Level 3 assets:

	Level 3
Balance as of June 30, 2008	\$ 243,899,954
Purchases, net	26,874,906
Unrealized and realized losses, net	<u>(37,558,901)</u>
Balance as of June 30, 2009	<u>\$ 233,215,959</u>

The losses shown in the table above are reflected in the accompanying 2009 consolidated statement of activities.

The Museum's current endowment spending policy, as authorized by the Museum's Board of Trustees, is to distribute an amount equal to 5% of the average of the estimated fair value of the total Pooled Endowment for the 12 preceding quarters, calculated annually as of March 31, to be distributed in the following fiscal year primarily to support Museum operations. Distributions are allocated among funds on a unit basis.

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The following table presents a summary of investment returns, net of investment return designated for operations, pursuant to the Museum's endowment spending policy, for the years ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 5,036,459	\$ 7,545,946
Realized (losses) gains	(32,538,141)	39,525,391
Unrealized (losses)*	<u>(85,104,904)</u>	<u>(56,457,118)</u>
Total (loss) on investments before investment expenses	(112,606,586)	(9,385,781)
Investment expenses	<u>(2,238,079)</u>	<u>(2,973,379)</u>
Total (loss) on investments after investment expenses	(114,844,665)	(12,359,160)
Less: Distribution from endowment to operations and plant pursuant to spending policy**	<u>(28,813,204)</u>	<u>(24,669,333)</u>
Investment (loss), net of amounts designated for operations	<u>\$ (143,657,869)</u>	<u>\$ (37,028,493)</u>

* Included in unrealized (losses) is the change in value of split-interest agreements and perpetual trusts of (\$1,102,921) and (\$473,706) in 2009 and 2008, respectively.

** Included in plant contributions, grants and miscellaneous income is \$884,509 and \$820,649 in 2009 and 2008, respectively, of investment return from endowment to operations and plant pursuant to the Museum's spending policy.

Under the Museum's charitable gift annuities program and for charitable remainder trusts where the Museum is the trustee, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or other life beneficiaries. Upon termination of a life interest, the share of the corpus attributable to the life interest holder becomes available to the Museum, if any. Changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are recognized annually by the Museum based on actuarially determined valuations. The discount rates used to value split-interest agreements at June 30, 2009 and 2008 ranged from 2.4% to 8.2%. Contribution revenue is recognized at the date these split-interest agreements are established.

6. Endowment

During the year ended June 30, 2009, the Museum adopted FASB Staff Position No. 117-1, "Endowments of Not-for-Profit Organizations." The Museum's endowment consists of approximately 220 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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The following table summarizes endowment net asset composition by type of fund as of June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (4,803,434)	\$ 111,205,294	\$ 139,068,820	\$ 245,470,680
Board-designated endowment funds	<u>250,541,300</u>	<u>-</u>	<u>-</u>	<u>250,541,300</u>
Total endowment funds	<u>\$ 245,737,866</u>	<u>\$ 111,205,294</u>	<u>\$ 139,068,820</u>	<u>\$ 496,011,980</u>

The following table summarizes endowment net asset composition by type of fund as of June 30, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (73,425)	\$ 153,090,021	\$ 152,859,309	\$ 305,875,905
Board-designated endowment funds	<u>330,903,262</u>	<u>-</u>	<u>-</u>	<u>330,903,262</u>
Total endowment funds	<u>\$ 330,829,837</u>	<u>\$ 153,090,021</u>	<u>\$ 152,859,309</u>	<u>\$ 636,779,167</u>

The following table summarizes changes in endowment net assets for the fiscal year 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 330,829,837	\$ 153,090,021	\$ 152,859,309	\$ 636,779,167
Contributions and bequests	200,965	1,946,844	4,915,157	7,062,966
Appropriation of endowment assets for expenditure	(17,350,293)	(11,462,911)	-	(28,813,204)
Interest and dividends	2,897,040	2,139,419	-	5,036,459
Investment (loss)	(71,650,472)	(28,245,949)	(18,881,785)	(118,778,206)
Net distributions to support non-operating purposes	(3,826,000)	-	-	(3,826,000)
Other, primarily net assets released from restrictions and redesignations	<u>4,636,789</u>	<u>(6,262,130)</u>	<u>176,139</u>	<u>(1,449,202)</u>
Endowment net assets, end of year	<u>\$ 245,737,866</u>	<u>\$ 111,205,294</u>	<u>\$ 139,068,820</u>	<u>\$ 496,011,980</u>

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The following table summarizes changes in endowment net assets for the fiscal year 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 319,071,340	\$ 180,245,494	\$ 136,686,783	\$ 636,003,617
Contributions and bequests	6,459,345	12,803,541	21,548,404	40,811,290
Appropriation of endowment assets for expenditure	(14,127,355)	(10,541,978)	-	(24,669,333)
Interest and dividends	4,353,116	3,192,830	-	7,545,946
Investment (loss)	(10,082,828)	(3,972,694)	(5,375,878)	(19,431,400)
Net distributions to support non-operating purposes	(4,497,243)	-	-	(4,497,243)
Other, primarily net assets released from restrictions and redesignations	<u>29,653,462</u>	<u>(28,637,172)</u>	-	<u>1,016,290</u>
Endowment net assets, end of year	<u>\$ 330,829,837</u>	<u>\$ 153,090,021</u>	<u>\$ 152,859,309</u>	<u>\$ 636,779,167</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Museum to retain as a fund of perpetual duration. In accordance with U.S. GAAP, cumulative deficiencies of this nature that have been charged to unrestricted net assets totaled \$4,803,434 and \$73,425, respectively at June 30, 2009 and 2008. These deficiencies generally resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Museum's Board of Trustees.

7. Plant and Equipment, Net

Plant and equipment consisted of the following at June 30, 2009 and 2008:

	Range of Estimated Useful Lives	<u>2009</u>	<u>2008</u>
Buildings and leasehold improvements	5 - 40 years	\$ 596,353,547	\$ 571,058,820
Equipment, furniture and fixtures	5 years	60,177,664	57,641,349
Construction-in-progress		<u>72,467,945</u>	<u>73,932,041</u>
Gross Plant and Equipment		728,999,156	702,632,210
Less: Accumulated Depreciation and Amortization		<u>(271,175,998)</u>	<u>(248,592,203)</u>
Plant and Equipment, net		<u>\$ 457,823,158</u>	<u>\$ 454,040,007</u>

During fiscal 2006, the Museum adopted FASB Interpretation No. 47 ("FIN 47") "Accounting for Conditional Asset Retirement Obligations," to reflect the cost associated with the eventual remediation of asbestos on certain Museum collections and a portion of the building in which they reside. At June 30, 2009 and 2008, the Museum's present value liability for conditional asset retirement obligations was approximately \$2,200,000 and is included in the accompanying consolidated statements of financial position in accounts payable and accrued liabilities.

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Because the Museum's buildings and land are owned by the City, responsibility for remediation costs associated with the removal of asbestos and other hazardous materials within the construct of the buildings is allocated between the City and the Museum at the time of project origination. Until a project exists, the range of time over which remediation may be required is unknown and the costs to the Museum cannot reasonably be estimated. Accordingly, any building remediation where a remediation project has not been entered into between the City and the Museum cannot be measured and has not been recorded in the accompanying consolidated financial statements.

8. Line of Credit

The Museum has a Loan Agreement with Bank of America ("B of A") that became effective on April 1, 2004 and was extended effective April 1, 2007. The Loan Agreement terminates on June 30, 2010. The amount available under the B of A Loan Agreement was amended on April 1, 2007, increasing the maximum allowable borrowing amount to \$40,000,000. As of June 30, 2009 and 2008, \$6,800,000 and \$3,200,000, respectively, was outstanding under this Loan Agreement. Amounts borrowed under this Loan Agreement bear interest based on the Eurodollar or Federal Funds Rate and are reset every 30 days. The interest rate in effect at June 30, 2009 and 2008 was 0.61875% and 2.78%, respectively.

The B of A Loan Agreement has a covenant that requires that the Museum maintain unrestricted assets, as defined under the Agreement, with a market value of at least 95% of the Museum's total indebtedness. During the years ended June 30, 2009 and 2008, the Museum was in compliance with this covenant, and with the terms of the B of A Loan Agreement.

9. Loan from Trust for Cultural Resources

Since 1991, the Trust for Cultural Resources of the City of New York (the "Trust") has periodically issued tax-exempt bonds on behalf of the Museum. The proceeds of these bond issuances have been loaned to the Museum for the purpose of paying a portion of the costs incurred for the construction, expansion, improvement and rehabilitation of facilities operated by the Museum and to refinance outstanding debt. For each series of bonds issued, the Museum has entered into a loan agreement with the Trust that obligates the Museum to make payments to the Trust equal to principal (including any sinking fund requirements), interest, and any premium payable on redemption of the bonds.

On June 24, 2008, the Trust issued a total of \$174,630,000 of tax-exempt bonds (the "Series 2008 Bonds"), comprised of \$39,290,000 Series 2008A1 Bonds, \$39,290,000 Series 2008A2 Bonds, \$49,490,000 Series 2008B1 Bonds, \$25,225,000 Series 2008B2 Bonds, and \$21,335,000 Series 2008B3 Bonds on behalf of the Museum for the purpose of refinancing the Series 2004B, Series 2004C, and Series 2007A Bonds. The proceeds from the Series 2008 Bonds were used to establish an escrow account in the amount of approximately \$95,334,000, which, together with interest earned thereon, was sufficient to refund and defease the Series 2004B and Series 2004C Bonds on June 24, 2008. Proceeds from the escrow were

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used to pay interest on the Series 2004B and Series 2004C Bonds from June 24, 2008 until the Series 2004B and Series 2004C Bonds were redeemed on July 31, 2008 and July 28, 2008, respectively. In addition, a portion of the Series 2008 Bonds was used to repay a loan provided by Wachovia Bank (the "Interim Loan") in the amount of \$78,783,543. Additionally, approximately \$1,304,000 of the bond proceeds were used to pay bond issuance costs in connection with the Series 2008 Bonds. Proceeds of the Interim Loan, which closed on April 15, 2008, were used to establish an escrow account, which together with interest earnings thereon, was sufficient to refund and defease the Series 2007A Bonds on April 21, 2008. Proceeds from the escrow were used to pay interest on the Bonds from April 21, 2008 until the Series 2007A Bonds were redeemed on May 21, 2008.

The Series 2004B, Series 2004C and Series 2007A Bonds are defeased and no longer outstanding. As a result of the refinancing, the Museum recognized a loss of approximately \$(2,988,000), which is reflected in the accompanying 2008 consolidated statement of activities.

The amounts outstanding as of June 30, 2009 and 2008 for all bonds issued by the Trust for the benefit of the Museum were as follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>2009 Amount Outstanding</u>	<u>2008 Amount Outstanding</u>
Series 1993A	Variable Rate Bonds (1)	April 1, 2021	\$ 18,245,000	\$ 19,325,000
Series 2004A	5.00%	July 1, 2044	79,360,000	79,360,000
Series 2008A1	Variable Rate Bonds (2)	April 1, 2027	39,290,000	39,290,000
Series 2008A2	Variable Rate Bonds (3)	April 1, 2027	39,290,000	39,290,000
Series 2008B1	Variable Rate Bonds (4)	April 1, 2044	49,490,000	49,490,000
Series 2008B2	Variable Rate Bonds (5)	April 1, 2044	25,225,000	25,225,000
Series 2008B3	Variable Rate Bonds (6)	April 1, 2029	<u>21,335,000</u>	<u>21,335,000</u>
			<u>\$ 272,235,000</u>	<u>\$ 273,315,000</u>

- (1) The Series 1993A Bonds bear interest at a variable rate, adjustable weekly, and can be converted to fixed interest rates at the option of the Museum. On June 30, 2009 and 2008, the interest rate on the Series 1993A Bonds was 2.0% and 7.75%, respectively. As discussed below, concurrent with the issuance of the Series 1993A Bonds, the Museum entered into an interest rate swap agreement with a notional amount amortization consistent with the amortization of the Series 1993A Bonds that effectively fixes the interest rate on the Series 1993A Bonds at 4.7%. See Subsequent Events (Note 15) for additional discussion on this bond series.
- (2) The Series 2008A1 Bonds bear interest at a variable rate, adjustable weekly, and can be converted to fixed interest rates at the option of the Museum. On June 30, 2009 and 2008, the interest rate on the Series 2008A1 Bonds was 0.27% and 2.0%, respectively. As discussed below, concurrent with the issuance of the Series 2007A Bonds, the Museum entered into an interest rate swap agreement with a declining notional amount consistent with the amortization of the Series 2008A1 Bonds. With a portion of the Series 2007A Bonds having been refunded by the Series 2008A1 Bonds, this swap now effectively fixes the interest rate on the Series 2008A1 Bonds at 4.4%.
- (3) The Series 2008A2 Bonds bear interest at a variable rate, adjustable weekly, and can be converted to fixed interest rates at the option of the Museum. On June 30, 2009 and 2008, the interest rate on the Series 2008A2 Bonds was 0.28% and 2.4%, respectively. As discussed below, concurrent with the

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issuance of the Series 2007A Bonds, the Museum entered into an interest rate swap agreement with a declining notional amount consistent with the amortization of the Series 2007A Bonds. With a portion of the Series 2007A Bonds having been refunded by the Series 2008A2 Bonds, this swap now effectively fixes the interest rate on the Series 2008A2 Bonds at 4.4%.

- (4) The Series 2008B1 Bonds bear interest at a variable rate, adjustable weekly, and can be converted to fixed interest rates at the option of the Museum. On June 30, 2009 and 2008, the interest rate on the Series 2008B1 Bonds was 0.17% and 1.5%, respectively. As discussed below, concurrent with the issuance of the Series 2004C Bonds, the Museum entered into an interest rate swap agreement with a declining notional amount consistent with the amortization of the Series 2004C Bonds. With a portion of the Series 2004C Bonds having been refunded by the Series 2008B1 Bonds, this swap now effectively fixes the interest rate on the Series 2008B1 Bonds at 3.95%.
- (5) The Series 2008B2 Bonds bear interest at a variable rate, adjustable weekly, and can be converted to fixed interest rates at the option of the Museum. On June 30, 2009 and 2008, the interest rate on the Series 2008B2 Bonds was 0.17% and 1.5%, respectively. As discussed below, concurrent with the issuance of the Series 2004B Bonds, the Museum entered into an interest rate swap agreement with a declining notional amount consistent with the amortization of the Series 2004B Bonds. With the Series 2004C Bonds having been refunded by the Series 2008B2 Bonds, this swap now effectively fixes the interest rate on the Series 2008B2 Bonds at 3.617%.
- (6) The Series 2008B3 Bonds bear interest at a variable rate, adjustable weekly, and can be converted to fixed interest rates at the option of the Museum. On June 30, 2009 and 2008, the interest rate on the Series 2008B3 Bonds was 0.17% and 1.5%, respectively. As discussed below, concurrent with the issuance of the Series 2004C Bonds, the Museum entered into an interest rate swap agreement with a declining notional amount consistent with the amortization of the Series 2004C Bonds. With a portion of the Series 2004C Bonds having been refunded by the Series 2008B3 Bonds, this swap now effectively fixes the interest rate on the Series 2008B3 Bonds at 3.95%.

Each series of bonds described herein is subject to optional and mandatory redemption by the Trust at the direction of the Museum as defined in the bond resolutions for each series of bonds.

Principal and sinking fund requirements and estimated interest payments due under the loan agreements assuming: 1) interest on the Series 1993A Bonds at 4.7%; 2) interest on the Series 2008A1 and 2008A2 Bonds at 4.4%; 3) interest on the Series 2008B1 Bonds at 3.95%; 4) interest on the Series 2008B2 Bonds at 3.617%; and, 5) interest of the Series 2008B3 Bonds at 3.95% for fiscal years 2010, 2011, 2012, 2013 and 2014 are \$13,120,000, \$14,269,000, \$14,252,000, \$14,228,000 and \$14,189,000, respectively. Actual cash principal payments for the years ended June 30, 2009 and 2008 amounted to \$1,080,000 and \$1,025,000, respectively. Actual cash interest payments for the years ended June 30, 2009 and 2008 amounted to \$8,436,142 and \$13,356,391, respectively.

Payment of principal and interest on the Series 1993A Bonds and the Series 2004A Bonds is insured by MBIA Insurance Corporation ("MBIA"). The purchase price on the Series 2008A1 and Series 2008A2 Bonds, which are tendered but not remarketed, is payable according to the terms of a Standby Bond Purchase Agreement with the B of A. This Agreement terminates on June 23, 2010. The purchase price on the Series 2008B1, Series 2008B2 and Series 2008B3 Bonds, which are tendered but not remarketed, is payable according to the terms of a Standby Bond Purchase Agreement with Wachovia Bank. This Agreement terminates on June 23, 2010. The purchase price on the Series 1993A Bonds, which are tendered but not

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remarketed, is payable according to the terms of a Standby Bond Purchase Agreement with Landesbank Hessen-Thüringen Girozentrale. This Agreement terminates on December 31, 2015.

The Museum's loan agreements have covenants that include a requirement to maintain unrestricted assets, as defined under the agreements, with a market value of at least 90% of the Museum's total indebtedness. During the years ended June 30, 2009 and 2008, the Museum was in compliance with this covenant and the terms of its loan agreements.

Concurrent with the issuance of the Series 1993A Bonds, the Museum entered into an amortizing interest rate swap agreement with AIG Financial Products ("AIG"), wherein the Museum agreed to pay to AIG a fixed rate of interest equal to 4.7% on a notional amount equal to the principal outstanding on the Series 1993A Bonds and receive from AIG a payment equal to the variable rate of interest due on such bonds, consistent with the scheduled amortization of the Series 1993A Bonds. At June 30, 2009 and 2008, the notional amount of the swap was \$18,245,000 and \$19,325,000, respectively. The agreement expires coincident with the maturity of the Bonds on April 1, 2021. The Museum's net benefit or (obligation) under the swap agreement is accounted for on the Museum's consolidated statements of financial position, at fair value, as an asset or a (liability). The estimated fair value of the swap was \$(778,973) at June 30, 2009 and \$(2,176,218) at June 30, 2008. The changes in the value of the swap amounted to \$1,397,245 in fiscal 2009 and \$(135,694) in fiscal 2008 and were recorded as part of plant expenses in the accompanying consolidated statements of activities. Realized gains/(losses) on the swap amounted to \$333,837 and \$(245,540) in fiscal 2009 and 2008, respectively, and were recorded as part of interest expense in the accompanying consolidated statements of activities. See Subsequent Events (Note 15) for additional discussion on this swap.

In June 2004, the Museum reached an agreement with Banc of America Securities LLC ("Banc of America") to sell Banc of America an option to enter into an interest rate swap ("swaption"). Under the terms of the swaption, Banc of America had an option to exercise an amortizing interest rate swap with the Museum on April 3, 2007, with an initial notional amount of \$75,975,000, wherein the Museum would pay a fixed interest rate of 4.4% to Banc of America and Banc of America would pay the Museum a variable rate at 70% of LIBOR, with the amortization of the notional amount of the swap proportional to the amortization of the Series 1997A Bonds. On April 2, 2007, the Banc of America exercised its rights granted pursuant to the swaption agreement. At June 30, 2009 and 2008, the notional amount of the swap was \$75,555,000 and \$75,775,000, respectively. The agreement expires on April 1, 2027, coincident with the maturity of the Series 2008A1 and Series 2008A2 Bonds. The Museum's net benefit or (obligation) under the swap agreement is accounted for on the Museum's consolidated statements of financial position, at fair value, as an asset or a (liability). The estimated fair value of the swap was \$(14,020,100) at June 30, 2009 and \$(8,853,710) at June 30, 2008. The changes in the value of the swap amounted to \$(5,166,390) in fiscal 2009 and \$(5,469,116) in fiscal 2008 and were recorded as part of plant expenses in the accompanying consolidated statements of activities. Realized losses on the swap amounted to \$2,493,437 and \$1,055,161 in fiscal 2009 and 2008, respectively, and were recorded as part of interest expense in the accompanying consolidated statements of activities.

In June 2005, the Museum entered into an amortizing interest rate swap agreement with Morgan Stanley ("MS") with an initial notional amount of \$68,975,000, wherein the Museum agreed to pay to MS a fixed rate of interest equal to 3.95% and receive from MS a payment equal to the variable rate of the Bond Market Association Municipal Swap Index, with the amortization of the notional amount of the swap consistent with the amortization of the Series 2004C Bonds. At June 30, 2009 and 2008, the notional amount of the swap was \$68,975,000. The agreement expires coincident with the maturity of the Series 2008B1 Bonds on July 1, 2044. The Museum's net benefit or (obligation) under the swap agreement is accounted for on the Museum's consolidated statements of financial position, at fair value, as an asset or a (liability). The

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estimated fair value of the swap was \$(4,706,901) at June 30, 2009 and \$(1,576,522) at June 30, 2008. The changes in the value of the swap amounted to \$(3,130,379) in fiscal 2009 and \$(4,065,154) in fiscal 2008 and were recorded as part of plant expenses in the accompanying consolidated statements of activities. Realized losses on the swap amounted to \$1,762,422 and \$718,822 in fiscal 2009 and 2008, respectively, and were recorded as part of interest expense in the accompanying consolidated statements of activities.

In April 2007, the Museum entered into an amortizing interest rate swap agreement with Bank of New York (“BONY”) with an initial notional amount of \$25,225,000, wherein the Museum agreed to pay to BONY a fixed rate of interest equal to 3.617% and receive from BONY a variable rate payment equal to 70% of LIBOR, with the amortization of the notional amount of the swap consistent with the scheduled amortization of the Series 2004B Bonds. At June 30, 2009 and 2008, the notional amount of the swap was \$25,225,000. The agreement expires coincident with the maturity of the Series 2008B2 Bonds on July 1, 2044. The Museum’s net benefit or (obligation) under the swap agreement is accounted for on the Museum’s consolidated statements of financial position, at fair value, as an asset or a (liability). The estimated fair value of the swap was \$(3,638,566) at June 30, 2009 and \$(848,630) at June 30, 2008. The changes in the value of the swap amounted to \$(2,789,936) in fiscal 2009 and \$(2,346,909) in fiscal 2008 and were recorded as part of plant expenses in the accompanying consolidated statements of activities. Realized losses on the swap amounted to \$655,601 and \$181,244 in fiscal 2009 and 2008, respectively, and were recorded as part of interest expense in the accompanying consolidated statements of activities.

The estimated fair value of the Museum’s outstanding bonds at June 30, 2009 and 2008 was \$271,844,487 and \$271,639,000, respectively.

As described above, the Museum has entered into interest rate swap agreements relating to each of its variable rate bond issues, wherein the Museum agrees to pay a counterparty a fixed interest rate and the counterparty agrees to pay the Museum a variable interest rate intended to approximate the variable rate on the Museum’s bonds. Under SFAS No. 157, the Museum’s swaps are considered Level 2 financial instruments. The fair value of the swaps as described above is based upon the expected future cash flows discounted at the market rate. For swaps that have collateral provisions no credit spread is utilized when computing the reported fair value. The swap agreements are as follows:

Related Bond Issue	Notational Amount At June 30, 2009	Counterparty Interest Rate	Museum Fixed Interest Rate	Counterparty
1993A Series* Variable Weekly	\$18,245,000 Expires 2021	Variable rate equal to interest rate on the 1993A Series	4.70%	AIG
2008B2 Series Weekly Auction Re-set	\$25,225,000 Expires 2044	Variable rate equal to 70% of LIBOR	3.62%	BONY
2008B1 Series 2008B3 Series Weekly Auction Re-set	\$68,975,000 Expires 2044	Variable rate equal to the Bond Market Assoc. Municipal Swap Index	3.95%	MS
2008A1 Series 2008A2 Series Daily Auction Re-set	\$75,555,000 Expires 2027	Variable rate equal to 70% of LIBOR	4.40%	Banc of America

* See Subsequent Events (Note 15) for additional discussion on this bond series.

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Under certain circumstances the Museum or its counterparties may be required to post collateral to secure its obligations under the interest rate swap agreements. In addition, each agreement may be terminated following the occurrence of certain events, at which time the Museum or its counterparties may be required to make a termination payment to the swap counterparty.

10. Postretirement Health and Life Insurance Benefits

The Museum provides postretirement benefits for health and life insurance. The Museum provides health insurance benefits for eligible employees and their dependents and life insurance benefits for a grandfathered group of employees who were eligible as of July 1, 1971 and have elected to maintain eligibility. These plans are not funded; however, their cost is accrued as a liability during the service lives of eligible employees.

The healthcare benefit is contributory with participants' contributions adjusted periodically. The dental benefit is also contributory. The life insurance benefit is noncontributory.

The Medicare Modernization Act of 2003 was enacted into law on December 8, 2003. The Act provides a prescription benefit for Medicare eligible retirees under Part D. The Act also provides a subsidy to employers who already provide a prescription drug benefit that is equivalent to the Medicare Part D Benefit. The Museum's plan for nonunion retirees is expected to be actuarially equivalent to Part D and the Museum is expected to apply for and receive a subsidy for its Medicare eligible retirees. In accordance with the Financial Accounting Standards Board Staff Position ("FSP") No. 106-2, the effect of the subsidy on the Museum's obligations has been measured and has been reflected in the expense and obligations for 2009 and 2008. The reduction in the obligation has been treated as a gain in accordance with FSP 106-2.

The actuarial valuation was based on certain economic assumptions including the assumption that the employee contribution is to increase at 4.5% per annum.

In September 2006, the FASB issued Statement No. 158 ("SFAS No. 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." The new statement revised the reporting and disclosure requirements for pension and other postretirement plans. SFAS No. 158 required the Museum to recognize the funded status of its postretirement health, dental and life insurance plan ("Plan") in its 2007 consolidated statement of financial position. The Museum adopted the recognition provisions of SFAS No. 158 in fiscal year 2007 and recognized the Plan's funded status in its consolidated statement of financial position. During fiscal year 2008, the Museum adopted the measurement provision of SFAS No. 158, requiring the Plan measurement date to articulate with the Museum's consolidated statement of financial position. The Museum recognized a charge to unrestricted net assets of \$891,053 in the accompanying 2008 consolidated statement of activities. The following table details the incremental effect to the accrued benefit liability after applying the measurement provisions during fiscal 2008:

	<u>2008</u>
Before application of SFAS No.158 adjustments	\$ 38,738,811
SFAS No.158 adjustments	<u>891,053</u>
After application of SFAS No.158 adjustments	<u>\$ 39,629,864</u>

The actuarial valuations of the postretirement health, dental and life insurance benefit obligations for fiscal 2009 and 2008 were as follows:

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	<u>2009</u>	<u>2008</u>
Benefit obligation, beginning of year	\$ 39,629,864	\$ 38,915,034
Service cost	986,939	1,098,580
Interest cost	2,615,467	2,373,957
Plan participants' contributions	265,330	242,567
Medicare Part D payments	-	29,252
Measurement date change	-	891,053
Actuarial (gain)	(344,791)	(2,040,984)
Benefits paid	<u>(1,506,824)</u>	<u>(1,879,595)</u>
Benefit obligation, end of year	<u>\$ 41,645,985</u>	<u>\$ 39,629,864</u>

Change in Plan assets for fiscal 2009 and 2008 included:

	<u>2009</u>	<u>2008</u>
Fair value of plan assets, beginning of year	\$ -	\$ -
Museum contributions	1,241,494	1,607,776
Medicare Part D	-	29,252
Plan participants' contributions	265,330	242,567
Benefits paid	<u>(1,506,824)</u>	<u>(1,879,595)</u>
Fair value of Plan assets, end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status, end of year	\$ (41,645,985)	\$ (39,629,864)
Unrecognized net loss	12,944,099	14,149,234
Unrecognized prior service (credit)	<u>(847,605)</u>	<u>(1,495,277)</u>
Accrued benefit cost	<u>\$ (29,549,491)</u>	<u>\$ (26,975,907)</u>

Weighted average assumptions as of June 30 (measurement date):

	<u>2009</u>	<u>2008</u>
Discount rate	6.25%	6.75%
Expected return on Plan assets	N/A	N/A
Initial trend for the coming fiscal year	7.00%	8.00%
Ultimate trend rate	4.50%	4.50%
Fiscal year in which ultimate trend is attained	2016	2016

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The actuarially determined components of the net periodic postretirement health, dental and life insurance benefit costs consisted of the following:

	<u>2009</u>	<u>2008</u>
Service cost	\$ 986,939	\$ 1,098,580
Interest cost	2,615,467	2,373,957
Amortization of actuarial loss	860,344	996,834
Amortization of prior service cost	<u>(647,672)</u>	<u>(647,672)</u>
Net periodic benefit cost	<u>\$ 3,815,078</u>	<u>\$ 3,821,699</u>
Amounts recognized in the consolidated statements of financial position consist of:		
Accrued benefit liability	<u>\$ 41,645,985</u>	<u>\$ 39,629,864</u>
Amounts recognized in unrestricted net assets consist of:		
Net actuarial loss	\$ 12,944,099	\$ 14,149,234
Prior unamortized service (credit)	<u>(847,605)</u>	<u>(1,495,277)</u>
Total amount recognized	<u>\$ 12,096,494</u>	<u>\$ 12,653,957</u>
	<u>2010</u>	<u>2009</u>
Amounts in unrestricted net assets expected to be recognized in net periodic benefit cost:		
Amortization of unrecognized net loss	\$ 696,249	\$ 860,344
Amortization of prior service cost	<u>(609,760)</u>	<u>(647,672)</u>
Total amount to be recognized	<u>\$ 86,489</u>	<u>\$ 212,672</u>

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	<u>2009</u>
Impact of a 1% Increase in Medical Trend:	
On obligations at year end	\$ 6,370,350
On service and interest costs	632,521
Impact of a 1% Decrease in Medical Trend:	
On obligations at year end	\$ (5,195,491)
On service and interest costs	(504,572)

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Projected cash outflows for the years ending June 30, are as follows:

	<u>Without Subsidy</u>	<u>With Subsidy</u>
2010	\$ 1,823,898	\$ 1,689,934
2011	1,958,583	1,815,145
2012	2,105,089	1,950,139
2013	2,226,101	2,056,398
2014	2,327,804	2,139,197
2015 through 2019	13,821,550	12,601,267

During fiscal year 2010, the Museum's contributions to the Plan are expected to be \$1,823,898 without the subsidy and \$1,689,934 with the subsidy.

11. Retirement Plans

The Museum participates in the Cultural Institution Retirement System Pension Plan ("CIRS Plan"), a multi-employer defined benefit plan funded by the employers. To be eligible under this plan, employees must be over 21 and employed for a minimum of one year.

CIRS is responsible for administering all aspects of the CIRS Plan, including the investment of CIRS Plan assets that are held in trust for beneficiaries of the CIRS Plan by State Street Bank.

The Museum participates in a 401(k) Savings Plan ("Savings Plan") administered by CIRS. Under this plan, employees make contributions to the Savings Plan and direct the investment of their funds, based on the investment options offered by the Savings Plan. To be eligible under this plan, employees must be over 21 and employed for a minimum of three months. Employees are eligible for matching contributions from their employers.

CIRS is responsible for administering all aspects of the 401(k) Plan, including the selection of investment providers for the Savings Plan. Savings Plan assets are held in trust for the beneficiaries of the Savings Plan by State Street Bank.

Total CIRS Plan and Savings Plan costs paid by the Museum for eligible employees, exclusive of payments made directly by the City, amounted to \$5,014,792 and \$4,358,915 for the years ended June 30, 2009 and 2008, respectively. See Subsequent Events Note 15 for additional discussion on the CIRS Pension Plan.

The Museum established and maintains supplemental executive retirement plans for key employees. These plans are unfunded and represent actuarially determined general obligations of the Museum of approximately \$3,601,594 and \$3,166,000 at June 30, 2009 and 2008, respectively, after the adoption of SFAS No. 158. At June 30, 2009 and 2008, the aggregate amount included in unrestricted net assets is \$314,000 and \$282,000, respectively.

12. Net Assets

Temporarily restricted net assets consisted of the following at June 30, 2009 and 2008:

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	<u>2009</u>	<u>2008</u>
Restricted for:		
Scientific research	\$ 75,598,517	\$ 99,832,309
Education and public programs	8,782,139	12,282,926
Exhibitions	7,611,941	10,535,836
Capital projects	10,972,721	11,658,037
Other operating purposes *	17,172,765	23,930,600
Debt service	<u>30,486,818</u>	<u>39,884,712</u>
Total	<u>\$ 150,624,901</u>	<u>\$ 198,124,420</u>

* Other operating purposes consist primarily of contributions receivable scheduled to be collected in future years.

Net assets were released from donor restrictions due to the passage of time or by performance of activities satisfying the restricted purposes specified by the donors as follows:

	<u>2009</u>	<u>2008</u>
Operating:		
Restricted only by time - (cash receipt of prior period pledges)	\$ 5,835,437	\$ 6,200,522
Expenditures satisfying purpose restrictions	<u>18,864,996</u>	<u>18,004,884</u>
	<u>24,700,433</u>	<u>24,205,406</u>
Nonoperating:		
Restricted only by time - (cash receipt of prior period pledges)	5,725,519	28,166,087
Expenditures satisfying capital purpose restrictions	850,000	16,434,299
Expenditures satisfying endowment purpose restrictions	735,118	572,562
Resignations	<u>(71,641)</u>	<u>(339,638)</u>
	<u>7,238,996</u>	<u>44,833,310</u>
Total	<u>\$ 31,939,429</u>	<u>\$ 69,038,716</u>

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The Museum's permanently restricted net assets are comprised of gift arrangements where the Museum is obligated to retain the original value of the gift in perpetuity. The remaining balance consists of perpetual trusts, split-interest agreements and endowment pledges receivable. In addition, donors have restricted the income on these permanently restricted net assets to the purposes shown below:

	<u>2009</u>	<u>2008</u>
Scientific research	\$ 48,006,837	\$ 44,214,960
Education and public programs	45,009,592	54,466,900
Exhibition	12,672,429	21,696,195
Unrestricted	34,209,051	33,880,945
Other	<u>1,474,678</u>	<u>1,446,392</u>
Total permanently restricted net assets	<u>\$ 141,372,587</u>	<u>\$ 155,705,392</u>

13. Support from the City of New York

The Museum bills the City for the cost of certain operating salaries, primarily guardianship, and expenses (the "DCA-Obligation Plan") up to a maximum amount determined by the City in its annual budget process. These amounts were recognized as operating revenue in the month the expenses were incurred. The Museum also receives City support for certain contractually defined capital expenditures that it records as nonoperating capital support when the Museum has met all the requirements to bill the City.

The City pays the Museum's energy costs and pension costs for certain categories of employees. The City provides a statement of these expenditures to the Museum, which records them as operating revenue with an offsetting amount to operating expense. The City, as owner of the Museum buildings and land, also at times directly contracts for, manages, and pays the costs of certain repairs and maintenance projects and other capital projects. These costs are not reflected in the accompanying consolidated financial statements.

The following represents City support for the years ended June 30, 2009 and 2008, respectively:

	<u>2009</u>	<u>2008</u>
Operating Support:		
Energy	\$ 6,727,342	\$ 5,890,933
Pension	1,177,007	1,192,793
DCA - Benefit Obligation Plan	<u>10,752,965</u>	<u>10,676,842</u>
	18,657,314	17,760,568
Capital Support	<u>14,217,283</u>	<u>29,412,870</u>
Total City Support	<u>\$ 32,874,597</u>	<u>\$ 47,173,438</u>

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14. Commitments

The Museum has entered into an operating lease for a facility located in the City to be used for storage purposes through fiscal year 2015. Total future minimum rental commitments due under the terms of this lease agreement are approximately as follows:

Year ending June 30:	
2010	\$ 214,000
2011	233,000
2012	238,000
2013	244,000
2014	249,000
Thereafter	<u>105,000</u>
Total	<u>\$ 1,283,000</u>

In addition, the Museum has entered into various construction contracts. The Museum also maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not yet received during the year. Encumbrances totaled approximately \$9,449,000 at June 30, 2009. Outstanding encumbrances do not constitute expenses or liabilities and are not reflected in the accompanying consolidated financial statements.

15. Subsequent Events

In May 2009, the FASB issued Statement 165, "Subsequent Events" ("SFAS No. 165"), to incorporate the accounting and disclosure requirements for subsequent events into U.S. generally accepted accounting principles. SFAS No. 165 introduces new terminology, defines a date through which management must evaluate subsequent events, and lists the circumstances under which an entity must recognize and disclose events or transactions occurring after the statement of financial position date. The Museum adopted SFAS No. 165 as of June 30, 2009, which was the required effective date.

The Museum evaluated its June 30, 2009 consolidated financial statements for subsequent events through October 30, 2009, the date the consolidated financial statements were available to be issued. Except as disclosed below, the Museum is not aware of any subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

On July 10, 2009, the Trust issued \$17,940,000 Series 2009A Bonds on behalf of the Museum for the purpose of refinancing the Series 1993A Bonds and terminating the Museum's interest rate swap with AIG Financial Products. The Bonds were issued at a premium of \$1,698,830, resulting in total proceeds of \$19,638,830. A portion of the proceeds of the Series 2009A Bonds was used to establish an escrow account in the amount of \$18,546,956. The balance of the bond proceeds was used to fund a swap termination fee to AIG and to pay related bond issuance costs.

A portion of the escrow account was used to redeem \$12,365,000 of the Series 1993A Bonds on July 10, 2009 and to pay accrued interest on these bonds from the last interest payment date (April 1, 2009) until July 10, 2009, and a portion, together with interest earnings thereon, will be used to redeem the balance of remaining Series 1993A Bonds (\$5,880,000) on October 7, 2009, and to pay interest on these bonds from the last interest payment date (April 1, 2009) until October 7, 2009.

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16. Functional Expenses

The following presents the natural expense classifications by program and support area for fiscal year 2009 and in total for fiscal year 2008 and reflects the allocation of depreciation, amortization and interest generally on the basis of the department for which the assets were purchased or constructed; the allocation of guardianship, maintenance and operating costs on the basis of square footage; and the allocation of plant administration expenses to general and administrative expenses. The following classification of expenses unrealized losses on the interest rate swaps, other pension related changes, and the effect of FASB Statement No. 158 recognition provisions.

	Scientific Research	Exhibition	Activities	Education	Visitor Services	Membership	Subtotal Programs	General & Administrative	Fundraising	Subtotal Supporting Services	Total 2009	Total 2008
Payroll and fringe benefits	\$ 35,228,999	\$ 13,771,913	\$ 10,366,271	\$ 8,065,958	\$ 5,814,067	\$ 1,115,535	\$ 74,362,743	\$ 17,414,691	\$ 4,453,941	\$ 21,868,632	\$ 96,231,375	\$ 90,032,889
Supplies	2,227,531	698,694	1,303,540	599,604	386,616	10,561	5,226,546	476,625	116,599	593,224	5,819,770	5,318,851
Energy services	2,868,539	2,948,594	422,477	141,274	125,129	12,782	6,518,795	164,147	44,400	208,547	6,727,342	5,890,934
Outside services and insurance	2,400,998	1,189,926	3,199,993	974,034	1,806,474	59,837	9,631,262	1,816,733	578,048	2,394,781	12,026,043	12,495,483
Professional fees	691,061	46,114	200,886	1,707,049	228,709	76,043	2,949,862	2,094,923	80,431	2,175,354	5,125,216	4,701,553
Depreciation and amortization	9,629,730	9,898,477	1,418,262	474,260	420,059	42,909	21,883,697	551,045	149,053	700,098	22,583,795	22,948,585
Interest	5,514,832	5,668,741	812,222	271,603	240,563	24,573	12,532,534	315,577	85,361	400,938	12,933,472	14,656,480
Other	5,779,033	4,006,764	11,026,249	1,664,561	1,663,364	801,533	24,941,504	2,778,173	826,447	3,604,620	28,546,124	28,891,072
Total 2009	<u>\$ 64,340,723</u>	<u>\$ 38,229,223</u>	<u>\$ 28,749,900</u>	<u>\$ 13,898,343</u>	<u>\$ 10,684,981</u>	<u>\$ 2,143,773</u>	<u>\$ 158,046,943</u>	<u>\$ 25,611,914</u>	<u>\$ 6,334,280</u>	<u>\$ 31,946,194</u>	<u>\$ 189,993,137</u>	
Total 2008	<u>\$ 62,837,488</u>	<u>\$ 36,759,846</u>	<u>\$ 29,805,953</u>	<u>\$ 13,842,005</u>	<u>\$ 8,417,302</u>	<u>\$ 2,110,353</u>	<u>\$ 153,772,947</u>	<u>\$ 25,351,131</u>	<u>\$ 5,811,769</u>	<u>\$ 31,162,900</u>		<u>\$ 184,935,847</u>