

**MCKINNEY COMMUNITY DEVELOPMENT CORPORATION**  
**Grant Application**  
**Fiscal Year 2013**

**IMPORTANT:**

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- Application is available at [www.mckinneycdc.org](http://www.mckinneycdc.org); by calling 214.544.0296 or by emailing [cgibson@mckinneycdc.org](mailto:cgibson@mckinneycdc.org)
- Please call to discuss your plans for submitting an application in advance of completing the form provided. Completed application and all supporting documents are required to be submitted electronically or on a CD for consideration by the MCDC board. Please submit the application to:

McKinney Community Development Corporation  
 5900 S. Lake Forest Blvd., Suite 110  
 McKinney, TX 75070

- *If you are interested in a preliminary review of your project proposal or idea, please complete and submit the **Letter of Inquiry** form, available at [www.mckinneycdc.org](http://www.mckinneycdc.org), by calling 214.544.0296 or emailing [cgibson@mckinneycdc.org](mailto:cgibson@mckinneycdc.org).*

**Applications must be completed in full, using this form, and received by MCDC, electronically or on a CD, by 5:00 p.m. on the date indicated in schedule below.**

**Please indicate the type of funding you are requesting:**

- |  |   |
|--|---|
| <p><input checked="" type="checkbox"/> <b>Project Grant</b><br/>                 Quality of Life projects that advance the mission of MCDC and are eligible for funding in accordance with the Type B sales tax statute (refer to examples in Grant Guidelines).</p> | <p><input type="checkbox"/> <b>Promotional Activity or Community Event Grant (maximum \$15,000)</b><br/>                 Initiatives, activities and events that promote the City of McKinney for the purpose of developing new or expanded business opportunities and/or tourism – and enhance quality of life for McKinney residents.</p> |
|--|---|

**Promotional Activity and/or Community Event Grants:**

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: December 20, 2012	January 2013	February 2013
Cycle II: June 28, 2013	July 2013	August 2013

**Project Grants:**

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 31, 2013	February 2013	March 2013
Cycle II: April 30, 2013	May 2013	June 2013
Cycle III: July 31, 2013	August 2013	September 2013

## APPLICATION

### ORGANIZATION INFORMATION

Name: Heard Museum

Federal Tax I.D.: 75-1317961

Incorporation Date: 1967

Mailing Address: One Nature Place

City McKinney

ST: TX

Zip: 75069

Phone: 972.562.5566

Fax: 972.548.9119

Email: sshahid@heardmuseum.org

Website: www.heardmuseum.org

### Check One:

- Nonprofit – 501(c) Attach a copy of IRS Determination Letter
- Governmental entity
- For profit corporation
- Other

Professional affiliations and organizations to which your organization belongs:

American Association of Museums

American Science and Technology Centers

Texas Association of Museums

### REPRESENTATIVE COMPLETING APPLICATION:

Name: Sy Shahid

Title: Executive Director

Mailing Address: One Nature Place

City: McKinney

ST: TX

Zip: 75069

Phone: 972.562.5566

Fax: 972.548.9119

Email: sshahid@heardmuseum.org

**CONTACT FOR COMMUNICATIONS BETWEEN MCDC AND ORGANIZATION:**

Name: Sy Shahid

Title: Executive Director

Mailing Address: One Nature Place

City: McKinney

ST: TX

Zip: 75069

Phone 972.562.5566

Fax: 972.548.9119

Email: sshahid@heardmuseum.org

**FUNDING**

Total amount requested: \$ 20,969.41

**PROJECT/PROMOTIONAL ACTIVITY/COMMUNITY EVENT**

Start Date: July 2013

Completion Date: August 2013

**BOARD OF DIRECTORS** *(may be included as an attachment)*

Steve Brainerd

Margaret Latham

Jennifer Dexter

Laura Morris

Steve Gray

Ray Ricchi

Mike Imhoff

Paul Sheldon

Sim Israeloff

John Valencia

Jim Landers

Sarah Wariner

**LEADERSHIP STAFF** *(may be included as an attachment)*

Sy Shahid

**Using the outline below, provide a written narrative no longer than 7 pages in length:**

## **I. Applying Organization**

### **Our Mission...**

**To bring nature and people together to discover, enjoy, experience, preserve, and restore our priceless environment. . .**

- **Through educational programs emphasizing appreciation and conservation of nature.**
- **Through the preservation of a portion of North Texas land with its native vegetation and wildlife, in as near a natural condition as possible.**
- **Through museum exhibits, examples of natural history, nature-related art works, and memorabilia from our founder.**
- **Through indoor/outdoor nature experiences geared to all age and educational levels.**

**Founded in 1967 by Miss Bess Heard (1886-1988), The Heard Natural Science Museum and Wildlife Sanctuary is a natural science exploration center focused on interpreting the natural world to people of all ages. The Heard offers guests the unique experience to understand Collin County's natural heritage as well as how lifestyle decisions we make today will affect how Collin County looks in the future. The Heard experience involves both indoor and outdoor activities throughout the 289-acre sanctuary that focus on three topics:**

- 1. Providing educational experiences about natural science (biology, ecology, geology, and paleontology) to people of all ages.**
- 2. Introducing the natural history of Collin County from ancient Cretaceous times when it was an inland sea, through the Ice Age, to the three major ecosystems represented today (tall grass prairie, wetlands, and bottomland forest).**
- 3. Reconnecting people with the natural world by providing a place where people can enjoy birding, hiking, and other nature-related activities.**

### **Staff Count:**

**8 Full time employees**

**26 Part time employees**

**There are no planned organizational changes.**

## **II. Project or Promotional Activity/Community Event (whichever is applicable)**

- **Heard Museum was very fortunate to be contacted by the artist and Dallas Arboretum about the eight (8) buildings that have been at the Arboretum for the last 8 years. The buildings are owned by the artist who constructed them over 15 years ago. Dallas Arboretum has used these building as their education village for their visitors and specially for the field trips they receive from area ISD's. We have the once in a life time chance to bring these quality buildings to the Heard and create another reason for McKinney to be the destination for people wanting to come here. Plans are to place and create a pioneer village for our patrons to see and enjoy and make available one more destination to attract additional field trips from all area ISD's.**
- **For Promotional Grants/Community Events** – describe how this initiative will promote the City of McKinney for the purpose of business development and/or tourism.

- The proposed signs are essential part of the museum efforts to reach the general public and increase the awareness of the museum existence.
- Please also include planned activities, time frame/schedule, and estimated attendance and admission fees if applicable. **N/A**
- What is the venue/location for Project/Promotional Activity/Community Event?  
**Will be under a canopy of trees next to the amphitheater**
- Provide a timeline for the Project/Promotional Activity/Community Event.  
**October 2013**
- Detail goals for growth/expansion in future years.  
**Increase attendance 10 % per year**

**Project Grants – please complete the section below:**

- |                             |                              |                             |
|-----------------------------|------------------------------|-----------------------------|
| • An expansion/improvement? | <input type="checkbox"/> Yes | X No                        |
| • A replacement/repair?     | <input type="checkbox"/> Yes | X No                        |
| • A multi-phase project?    | X Yes                        | <input type="checkbox"/> No |
| • A new project?            | X Yes                        | <input type="checkbox"/> No |

**Has a feasibility study or market analysis been completed for this proposed project? NO**

**Provide specific information to illustrate how this Project/Promotional Activity/Event will enhance quality of life and further business development in the City of McKinney, and support one or more of MCDC's goals:**

- Increase attendance and another venue to enhance the learning at the museum

**Has a request for funding, for this Project/Promotional Activity/Community Event, been submitted to MCDC in the past?**

Yes                      X No

**III. Financial**

- Provide an overview of the organization's financial status including the impact of this grant request.  
**Increased attendance will impact the museum financial picture positively.**
- Please attach your budget for the current year and audited financial statements for the preceding two years. If financials are not available, please indicate why. **See attached.**

**What is the estimated total cost for this Project/Promotional Activity/Community Event?**

**\$ 20,969.41**

**(Please include a budget for the proposed Project/Promotional Activity/Community Event.)**

**What percentage of Project/Promotional Activity/Community Event funding will be provided by the Applicant? 0%**

**Are Matching Funds available?**  Yes  No

Cash \$	Source	% of Total
In-Kind \$	Source	% of Total

**Are other sources of funding available?** *NO*

**Have any other federal, state, or municipal entities or foundations been approached for funding?** *NO*

**IV. Marketing and Outreach**

Describe marketing plans and outreach strategies for your organization and for the Project/Promotional Activity/Community Event for which you are requesting funding – and how they are designed to help you achieve current and future goals.

**V. Metrics to Evaluate Success**

Outline the metrics that will be used to evaluate success of the proposed Project/Promotional Activity/Community Event. If funding is awarded, a final report will be required summarizing success in achieving objectives outlined for the event.

**Acknowledgements**

***If funding is approved by the MCDC board of directors, Applicant will assure:***

- The Project/Promotional Activity/Community Event for which financial assistance is sought will be administered by or under the supervision of the applying organization;
- All funds awarded will be used exclusively for the purpose described in this application;

**Acknowledgements - continued**

- MCDC will be recognized in all marketing, outreach, advertising and public relations as a funder of the Project/Promotional Activity/Community Event. Specifics to be agreed upon by applicant and MCDC and included in an executed Performance Agreement;
- Organization’s officials who have signed the application are authorized by the organization to submit the application;
- Applicant will comply with the MCDC Grant Guidelines in executing the Project/Promotional Activity/Community Event for which funds were received.
- A final report detailing the success of the Project/Promotional Activity/Community event, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Project/Promotional Activity/Community Event.
- Up to 80% of the approved grant may be provided, on a reimbursement basis, prior to conclusion of the Project/Promotional Activity/Community Event with submission of invoices/receipts to MCDC. The final 20% will be forwarded upon MCDC’s receipt of unpaid invoices/receipts; documentation of fulfillment of obligations to MCDC; and final report on the Project/Promotional Activity/Community Event.
- The required performance agreement will contain a provision certifying that the applicant does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. Further, should the applicant be convicted of a violation under 8 U.S.C. § 1324a(f), the applicant will be required to repay the amount of the public subsidy

provided under the agreement plus interest, at an agreed to interest rate, not later than the 120<sup>th</sup> day after the date the MCDC notifies the applicant of the violation.

**We certify that all figures, facts and representations made in this application, including attachments, are true and correct to the best of our knowledge.**

**Chief Executive Officer**

**Representative Completing Application**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Sy Shahid  
Printed Name

Sy Shahid  
Printed Name

July 11, 2013  
Date

July 11, 2013  
Date

***INCOMPLETE APPLICATIONS, OR THOSE RECEIVED AFTER THE DEADLINE, WILL NOT BE CONSIDERED.***

## **CHECKLIST:**

### **Completed Application:**

- Use the form/format provided
- Organization Description
- Outline of Project/Promotional Activity/Community Event; description, goals and objectives
- Project/Promotional Activity/Community Event timeline
- Plans for marketing and outreach
- Evaluation metrics
- List of board of directors and staff

### **Attachments:**

- Financials: organization's budget for current fiscal year; Project/Promotional Activity/Community Event budget; audited financial statements
- Feasibility Study or Market Analysis if completed (Executive Summary)
- IRS Determination Letter (if applicable)

***A FINAL REPORT IS TO BE PROVIDED TO MCDC WITHIN 30 DAYS OF THE EVENT/COMPLETION OF THE PROJECT/PROMOTIONAL ACTIVITY/COMMUNITY EVENT.***

***PLEASE USE THE FORM/FORMAT OUTLINED ON THE NEXT PAGE.***





## **McKINNEY COMMUNITY DEVELOPMENT CORPORATION**

### **Final Report**

**Organization: Heard Museum**

**Funding Amount: \$ 9,780.00**

**Project/Promotional Activity/Community Event:**

**Start Date:**

**Completion Date:**

**Location of Project/Promotional Activity/Community Event: Heard Museum**

**Please include the following in your report:**

- Narrative report on the Project/Promotional Activity/Community Event
- Identify goals and objectives achieved
- Financial report – budget as proposed and actual expenditures, with explanations for any variance
- Samples of printed marketing and outreach materials
- Screen shots of online promotions
- Photographs, slides, videotapes, etc.
- Evaluation against metrics outlined in application

**Please submit Final Report no later than 30 days following the completion of the Project/Promotional Activity/Community Event to:**

McKinney Community Development Corporation  
5900 S. Lake Forest Blvd., Suite 110  
McKinney, TX 75070

Attn: Cindy Schneible  
[cschneible@mckinneycdc.org](mailto:cschneible@mckinneycdc.org)

2:37 PM  
 03/26/13  
 Accrual Basis

**Heard Natural Science Museum & Wildlife Sanctuary, Inc.**  
**Profit & Loss Budget Overview**  
 October 2012 through September 2013

	<u>Oct '12 - Sep 13</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
5025 · Admission Fees	210,000
5045 · Membership	122,200
5065 · Museum Retail Sales	91,400
5200 · Program Revenues	186,700
5245 · Trips & Tours Income	11,800
5290 · Outreach	8,000
5291 · Ropes Course Income	47,500
5293 · Canoe Program Income	2,000
5400 · Grants, Donations & Sponsorship	58,200
5500 · Special Events	53,900
5515 · Plant Sales	37,000
5550 · Facility Rental	54,050
5644 · Trust Inc - Recurring Disbursements	42,000
5700 · Interest & Royalties	26,000
<b>Total Income</b>	<b>950,750</b>
<b>Gross Profit</b>	<b>950,750</b>
<b>Expense</b>	
6110 · Salaries	450,661
6170 · Other Benefits	3,000
6150 · Medical Insurance	34,200
6200 · Consultants	16,100
6300 · Cost of Good Sold/Inventory	41,850
6410 · Exhibits	100,500
6420 · Special Events Expenses	30,350
6430 · Trips & Tours	6,500
6451 · Plant Sale	19,500
6490 · Outreach Expenses	300
6491 · Ropes Course Expenses	4,400
6493 · Canoe Program Expenses	250
6520 · Utilities	76,400
6530 · Postage/Shipping	4,300
6540 · Building & Facilities Costs	26,200
6550 · Holbrook Cabin	6,700
6560 · Computer Services/Equipment	700
6570 · Office Equipment Lease/Maint	7,200
6580 · Office Supplies	8,200
6590 · Printing/Publications	3,000
6600 · Education	3,200
6700 · Travel/Transportation	3,100
6810 · Advertising/Public Relations	49,000
6900 · Other Operating Expenses	20,700
6950 · Insurance & Taxes	28,368

2:37 PM  
03/26/13  
Accrual Basis

**Heard Natural Science Museum & Wildlife Sanctuary, Inc.**  
**Profit & Loss Budget Overview**  
October 2012 through September 2013

	<u>Oct '12 - Sep 13</u>
Total Expense	<u>944,679</u>
Net Ordinary Income	<u>6,071</u>
Net Income	<u><u>6,071</u></u>

Heard Natural Science Museum  
and Wildlife Sanctuary, Inc.

*Independent Accountants' Review Report  
and Financial Statements*

Years Ended September 30, 2012 and 2011



## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of  
Heard Natural Science Museum and Wildlife Sanctuary, Inc.  
McKinney, Texas

We have reviewed the accompanying statement of financial position of Heard Natural Science Museum and Wildlife Sanctuary, Inc. (a nonprofit organization) as of September 30, 2012 and 2011, and the related statements of financial activity and cash flows for the years then ended. A review includes primarily applying analytical procedures to managements' financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Bland, Garvey, Eads, Medlock + Deppe, P.C.*

January 11, 2013

*Accountants and Consultants*



1202 Richardson Drive, Suite 203  
Richardson, Texas 75080-4698  
Tel 972.231.2503 Fax 972.783.6501  
<http://www.taxsmart.com>

HEARD NATURAL SCIENCE MUSEUM  
AND WILDLIFE SANCTUARY, INC.  
STATEMENT OF FINANCIAL POSITION  
September 30, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note B)	\$ 278,111	\$ 178,776
Grants receivable	4,727	-
Prepaid expenses	18,500	19,542
Inventory (Note E)	18,583	18,664
<b>TOTAL CURRENT ASSETS</b>	<u>319,921</u>	<u>216,982</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Land	1,643,883	1,636,883
Buildings	3,408,164	3,395,764
Equipment and furniture	650,502	645,761
Automotive equipment	121,625	100,167
Exhibits	216,703	216,703
Library	11,814	11,814
	<u>6,052,691</u>	<u>6,007,092</u>
Less accumulated depreciation	<u>3,587,430</u>	<u>3,378,336</u>
	<u>2,465,261</u>	<u>2,628,756</u>
 <b>OTHER ASSETS</b>		
Restricted cash and cash equivalents (Note B)	27,440	29,843
Beneficial interest in Bessie Heard Support Trust (Notes C, D and F)	1,243,065	1,214,978
	<u>1,270,505</u>	<u>1,244,821</u>
	<u>\$ 4,055,687</u>	<u>\$ 4,090,559</u>

See independent accountants' review report and accompanying notes to financial statements.

HEARD NATURAL SCIENCE MUSEUM  
AND WILDLIFE SANCTUARY, INC.  
STATEMENT OF FINANCIAL POSITION  
September 30, 2012 and 2011

LIABILITIES AND NET ASSETS

	2012	2011
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 16,072	\$ 55,182
Accrued liabilities (Note N)	33,565	53,038
Unearned revenue	-	3,550
<b>TOTAL CURRENT LIABILITIES</b>	<b>49,637</b>	<b>111,770</b>
<b>NET ASSETS (Note G)</b>		
Unrestricted	2,735,545	2,733,968
Temporarily restricted	1,270,505	1,244,821
Permanently restricted	-	-
	<b>4,006,050</b>	<b>3,978,789</b>
	<b>\$ 4,055,687</b>	<b>\$ 4,090,559</b>

See independent accountants' review report and accompanying notes to financial statements.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
STATEMENT OF FINANCIAL ACTIVITY  
For the Year Ended September 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT</b>				
Gifts and grants	\$ 149,086	\$ 65,348	\$ -	\$ 214,434
Gifts in-kind (Note K)	125,050	-	-	125,050
Change in value of Bessie Heard Support Trust	-	219,087	-	219,087
Memberships	111,285	-	-	111,285
Sale of books and educational items	84,348	-	-	84,348
Trips and education	236,177	-	-	236,177
Fundraising events	31,433	-	-	31,433
Investment income	25,006	-	-	25,006
Admission fees	199,442	-	-	199,442
Rental	64,001	-	-	64,001
Other income	244	-	-	244
	<u>1,026,072</u>	<u>284,435</u>	<u>-</u>	<u>1,310,507</u>
Net assets released from restrictions through satisfaction of program requirements (Note P)	258,751	(258,751)	-	-
	<u>1,284,823</u>	<u>25,684</u>	<u>-</u>	<u>1,310,507</u>

See independent accountants' review report and accompanying notes to financial statements.



HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
STATEMENT OF FINANCIAL ACTIVITY  
For the Year Ended September 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
EXPENSES (Note I)				
Program services	\$ 870,265	\$ -	\$ -	\$ 870,265
Management and general (Note M)	208,402	-	-	208,402
Fund raising (Note J)	204,579	-	-	204,579
	<u>1,283,246</u>	<u>-</u>	<u>-</u>	<u>1,283,246</u>
 INCREASE IN NET ASSETS	 1,577	 25,684	 -	 27,261
NET ASSETS AT BEGINNING OF YEAR	<u>2,733,968</u>	<u>1,244,821</u>	<u>-</u>	<u>3,978,789</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,735,545</u>	<u>\$ 1,270,505</u>	<u>\$ -</u>	<u>\$ 4,006,050</u>

See independent accountants' review report and accompanying notes to financial statements.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
STATEMENT OF FINANCIAL ACTIVITY  
For the Year Ended September 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT</b>				
Gifts and grants	\$ 61,522	\$ 80,588	\$ -	\$ 142,110
Gifts in-kind (Note K)	128,300	-	-	128,300
Change in value of Bessie Heard Support Trust	-	(73,627)	-	(73,627)
Memberships	137,658	-	-	137,658
Sale of books and educational items	87,109	-	-	87,109
Trips and education	233,224	-	-	233,224
Fundraising events	72,919	-	-	72,919
Investment income	29,504	-	-	29,504
Admission fees	194,178	-	-	194,178
Rental	46,419	-	-	46,419
Legal settlement income (Note H)	127,950	-	-	127,950
Other income	7,555	-	-	7,555
	<u>1,126,338</u>	<u>6,961</u>	<u>-</u>	<u>1,133,299</u>
Net assets released from restrictions through satisfaction of program requirements (Note P)	482,362	(482,362)	-	-
	<u>1,608,700</u>	<u>(475,401)</u>	<u>-</u>	<u>1,133,299</u>

See independent accountants' review report and accompanying notes to financial statements.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
STATEMENT OF FINANCIAL ACTIVITY  
For the Year Ended September 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
EXPENSES (Note I)				
Program services	\$ 1,062,171	\$ -	\$ -	\$ 1,062,171
Management and general (Note M)	327,304	-	-	327,304
Fund raising (Note J)	259,436	-	-	259,436
	<u>1,648,911</u>	<u>-</u>	<u>-</u>	<u>1,648,911</u>
DECREASE IN NET ASSETS	(40,211)	(475,401)	-	(515,612)
NET ASSETS AT BEGINNING OF YEAR	<u>2,774,179</u>	<u>1,720,222</u>	<u>-</u>	<u>4,494,401</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,733,968</u>	<u>\$ 1,244,821</u>	<u>\$ -</u>	<u>\$ 3,978,789</u>

See independent accountants' review report and accompanying notes to financial statements.

HEARD NATURAL SCIENCE MUSEUM  
AND WILDLIFE SANCTUARY, INC.  
STATEMENT OF CASH FLOWS  
For the Years Ended September 30, 2012 and 2011

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 27,261	\$ (515,612)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	209,094	201,819
Loss on disposal of property and equipment	-	1,779
Change in restricted cash	2,403	(13,211)
Change in value of Bessie Heard Support Trust	(219,087)	73,627
Distributions from Bessie Heard Support Trust	191,000	374,319
(Increase) decrease in grants receivable	(4,727)	-
(Increase) decrease in inventory	81	(1,323)
(Increase) decrease in prepaids	1,042	22,360
Increase (decrease) in accounts payable	(39,110)	32,390
Increase (decrease) in accrued expenses	(19,473)	9,788
Increase (decrease) in unearned revenue	(3,550)	(2,350)
Net cash provided by operating activities	144,934	183,586
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(45,599)	(75,439)
Net cash used by investing activities	(45,599)	(75,439)
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	99,335	108,147
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	178,776	70,629
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	\$ 278,111	\$ 178,776
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	\$ -	\$ -

See independent accountants' review report and accompanying notes to financial statements.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Heard Natural Science Museum and Wildlife Sanctuary, Inc. (HNSM) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of HNSM's management, who is responsible for their integrity and objectivity. These accounting policies conform with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Organization**

HNSM was founded in 1967, by Miss Bessie Heard and was incorporated in 1969, as a non-stock corporation operating as an exempt non-profit organization. The purpose of the Heard Natural Science Museum and Wildlife Sanctuary, Inc. (HNSM) is to provide educational programs emphasizing appreciation of nature and its conservation and preserving a portion of North Texas land and preserving through museum collections, examples of natural history, nature-related art works and memorabilia of the founder.

The financial statements were approved for issuance by management on January 11, 2013, which is the date the financial statements were available to be issued.

**Basis of accounting**

HNSM prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), which reflects all significant receivables, payables and other liabilities. These accounting policies have been consistently applied in the preparation of the financial statements. HNSM's objective is not to achieve a profit, but to provide educational programs emphasizing appreciation of nature and its conservation and preserving a portion of North Texas land.

**Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management also estimates and discloses the amount of contingent assets and liabilities that it considers to be materially significant. Actual results could differ from those estimates.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Inventory**

Inventory of products held for sale are valued at the lower of cost or market, with cost determined on a first-in, first-out basis.

**Basis of presentation**

HNSM has adopted authoritative guidance, *Financial Statements of Not-For-Profit Organizations*. Under this standard, HNSM is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Unrestricted net assets* - Net assets not subject to donor-imposed stipulations. Any earnings on specific funds are considered unrestricted unless specifically restricted by the donor. The unrestricted net assets, which include Board of Director designated funds, are considered available for current operations.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met by actions of HNSM and/or the passage of time. Temporarily restricted net assets are comprised of contributions restricted for program expenditures.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that will never lapse thus requiring the funds to be maintained permanently by the Organization. Generally, the donors of these assets permit HNSM to use all or part of the income earned on related investments for general or specific purposes.

**Cash and cash equivalents**

For purposes of the statement of cash flows, HNSM considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no noncash investing or financing activities for the years ended September 30, 2012 and 2011.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Investments**

Equity and fixed income securities and other short-term investments (including cash and cash equivalents) are carried at market value.

The net realized and unrealized gains (losses) in market value of investments are reflected in the accompanying statement of activities.

**Property and equipment**

All acquisitions of equipment and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, HNSM reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. HNSM reclassifies temporarily restricted net assets to unrestricted net assets at that time. HNSM capitalizes property and equipment that is equal to or greater than \$1,000.

Equipment is depreciated using the straight-line method over the estimated useful lives of the individual assets. Estimated useful lives are as follows:

	<u>Estimated Useful Life</u>
Land	N/A
Land improvements	10 to 20 years
Buildings	10 to 33 years
Furniture and equipment	7 to 10 years
Vehicles	6 years
Exhibits and display cases	10 years

Depreciation expense amounted to \$209,094 and \$201,819 for the years ended September 30, 2012 and 2011, respectively.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Fair value measurements**

HNSM has adopted the provisions of recent authoritative guidance which defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The authoritative guidance also establishes a framework for the measurement of fair value and enhances disclosures about fair value measurements. (See Note D).

**Financial instruments**

The amounts reflected in the statement of financial position for cash, prepaid expenses, accounts payable, accrued liabilities and unearned revenue approximate fair value due to the short maturity of those instruments.

**Unearned revenue**

Unearned revenue consists primarily of sponsorship revenue for future events received before the sponsored event has occurred. Revenue is recognized upon the occurrence of the special event.

**Contributions**

*Accounting for Contributions Received and Contributions Made* requires not-for-profit organizations to recognize contributions received as revenue in the period when the pledge is received or when conditional promises to give become unconditional.

In accordance with this authoritative guidance, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. 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 in the statement of activities as net assets released from restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized 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.



HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unconditional promises to give cash are recognized as receivables in the period that the promises are received and as contribution income or liabilities depending on the terms of the promise. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions of property and equipment are recorded as support at their estimated fair value at the date of donation. Such contributions are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

HNSM derives its revenue from contributions and special events. Continued funding at current levels is dependent upon various factors. Such factors include economic conditions, donor satisfaction and public perception of mission effectiveness and relative importance.

**Accounting for taxes collected from customers**

HNSM collects sales taxes from customers in the normal course of business on sales of taxable items from the gift shop. Gross revenues on these sales are shown net of the related taxes collected.

**Federal income taxes**

HNSM is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal income tax has been made.

The Federal Accounting Standards Board (FASB) authoritative guidance requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's financial statements to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Even an income tax provision of zero constitutes a tax position as defined by the FASB. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

expense in the current year. A reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions, or settlements. However, the conclusions regarding this authoritative guidance will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

HNSM's open tax periods are from September 30, 2009, to September 30, 2012.

NOTE B – CASH

Cash consists of the following at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Unrestricted cash	\$ 278,111	\$ 178,776
Restricted cash	<u>27,440</u>	<u>29,843</u>
	<u>\$ 305,551</u>	<u>\$ 208,619</u>

As of September 30, 2011, the Board of Directors had designated funds of approximately \$123,848 for the specific purpose of land restoration; however, no formal restriction exists on the cash. As of September 30, 2012, \$119,833 of those funds were not yet spent and were still designated by the Board of Directors for the initial purpose.

NOTE C – INVESTMENTS

Investments consist solely of publicly traded mutual funds with readily determinable fair market values and are reported at gross fair values. The gross unrealized gains and estimated fair values of marketable securities at September 30, 2012 and 2011, are as follows:

	<u>2012</u>	<u>2011</u>
Gross unrealized gain	<u>\$ 180,866</u>	<u>\$ 111,887</u>
Fair value	<u>\$ 1,243,065</u>	<u>\$ 1,214,978</u>

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE D – FAIR VALUE MEASUREMENTS

*Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1* – Valuations based on observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities based on data obtained from sources independent of the Organization.

*Level 2* – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

*Level 3* – Valuations based on unobservable inputs reflecting managements' own assumptions about the inputs used in pricing the asset or liability.

Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for the investments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Mutual funds:* Valued at the closing price reported on the active market on which the mutual funds are traded.

*Equities and fixed income securities:* Valued at the closing price reported on the active market on which the securities are traded.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2012 and 2011

NOTE D – FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2012.

	Assets at Fair Value as of September 30, 2012			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and equivalents	\$ 78,981	\$ -	\$ -	\$ 78,981
Equities	764,613	-	-	764,613
Fixed income funds	294,944	-	-	294,944
Mutual funds and other	104,527	-	-	104,527
Total investments at fair value	\$1,243,065	\$ -	\$ -	\$1,243,065

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2011.

	Assets at Fair Value as of September 30, 2011			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and equivalents	\$ 132,558	\$ -	\$ -	\$ 132,558
Equities	800,939	-	-	800,939
Fixed income funds	227,766	-	-	227,766
Mutual funds and other	53,715	-	-	53,715
Total investments at fair value	\$1,214,978	\$ -	\$ -	\$1,214,978

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE E – INVENTORY

Inventory consisted of merchandise at the Heard Museum Store in the amount of \$18,583 and \$18,664 at September 30, 2012 and 2011, respectively.

NOTE F – BENEFICIAL INTEREST IN BESSIE HEARD SUPPORT TRUST

HNSM receives a substantial amount of its support from the Bessie Heard Support Trust. HNSM is the sole beneficiary of this trust which was established under the last will and testament of Bessie Heard. Cash distributions received from the trust in 2012 were \$205,612, which accounts for approximately 16% of total support and revenue. Cash distributions received from the trust in 2011 were \$390,146, which accounts for approximately 35% of total support and revenue. Beginning October 2012, the Trustee has elected to distribute interest only to HNSM.

The investments held by the trust as of September 30, 2012 and 2011, were as follows:

	2012	2011
Cash and cash equivalents	\$ 78,981	\$ 132,558
Equities	764,613	800,939
Fixed income funds	294,944	227,766
Mutual funds and other	104,527	53,715
Totals	\$ 1,243,065	\$ 1,214,978

HNSM estimates the total market value of the Trust at September 30, 2012 and 2011, respectively, to be \$1,243,065 and \$1,214,978.

NOTE G – NET ASSET ACCOUNTING

HNSM maintains its records on a net asset accounting basis in order to ensure observance of the limitations and restrictions placed on the use of its resources. This is the procedure by which net assets for various purposes are classified for accounting and reporting purposes into self-balancing funds according to their nature and purpose.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2012 and 2011

NOTE G – NET ASSET ACCOUNTING

Unrestricted net assets are those funds available for the support of HNSM’s programs. Temporarily restricted net assets are those funds restricted by the grantor(s) to be expended only for specific purposes. Temporarily restricted net assets consist of the Bessie Heard Trust, grants, and donations. As of September 30, 2012 and 2011, these funds consist of:

	2012	2011
Bessie Heard Trust	\$ 1,243,065	\$ 1,214,978
Cash and cash equivalents	27,440	29,843
Total temporarily restricted	\$ 1,270,505	\$ 1,244,821

NOTE H – LEGAL SETTLEMENT INCOME

HNSM received \$127,950 in legal settlement income during the year ended September 30, 2011. Of these funds, \$123,848 was designated by the Board of Directors and set aside for land restoration (see Note B). As of September 30, 2012, the remaining balance was \$119,833.

NOTE I – FUNCTIONAL EXPENSE ALLOCATION

Directly identifiable expenses are charged to program and support services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

HNSM operates various programs which include a wildlife sanctuary restoration and trail system, education and outreach programs, trips, public information, exhibits and collections, and a retail museum store.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE I – FUNCTIONAL EXPENSE ALLOCATION

The functional expense allocation at September 30, 2012, is as follows:

Description	Total Expenses	Program Services	Management and General	Fund Raising
Cost of goods sold	\$ 40,986	\$ 40,917	\$ -	\$ 69
Special programs, events and exhibits	122,549	104,854	-	17,695
Salaries, benefits and taxes	531,832	343,454	120,353	68,025
Professional fees	14,592	-	13,092	1,500
Supplies	20,919	17,308	2,307	1,304
Occupancy	130,075	83,248	29,917	16,910
Equipment maintenance and rental	12,168	7,787	2,799	1,582
Travel	166	106	38	22
Conferences and meetings	2,423	1,551	557	315
Depreciation	209,094	159,505	31,682	17,907
Advertising and promotions (Note S)	41,381	25,547	936	14,898
Insurance	19,120	11,825	5,175	2,120
Gifts in kind expense	115,550	57,775	-	57,775
Credit card processing fees	14,331	10,748	-	3,583
Miscellaneous	8,060	5,640	1,546	874
	<u>\$ 1,283,246</u>	<u>\$ 870,265</u>	<u>\$ 208,402</u>	<u>\$ 204,579</u>

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE 1 – FUNCTIONAL EXPENSE ALLOCATION

The functional expense allocation at September 30, 2011, is as follows:

Description	Total Expenses	Program Services	Management and General	Fund Raising
Cost of goods sold	\$ 58,721	\$ 40,155	\$ -	\$ 18,566
Special programs, events and exhibits	220,201	201,314	1,152	17,735
Salaries, benefits and taxes	662,553	399,766	170,812	91,975
Professional fees	66,868	-	66,868	-
Supplies	45,309	39,223	3,956	2,130
Occupancy	130,593	78,356	33,954	18,283
Equipment maintenance and rental	20,288	12,173	5,275	2,840
Travel	1,136	682	295	159
Conferences and meetings	2,090	1,254	543	293
Depreciation	201,819	151,151	32,934	17,734
Advertising and promotions (Note S)	68,291	45,660	3,954	18,677
Insurance	15,018	8,936	4,429	1,653
Gifts in kind expense	128,300	64,150	-	64,150
Credit card processing fees	14,221	10,666	-	3,555
Miscellaneous	13,503	8,685	3,132	1,686
	<u>\$ 1,648,911</u>	<u>\$ 1,062,171</u>	<u>\$ 327,304</u>	<u>\$ 259,436</u>



HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2012 and 2011

NOTE J – FUNDRAISING EXPENSE

The ratio of fundraising expense to amounts raised is as follows:

	<u>2012</u>	<u>2011</u>
Gifts and grants	\$ 214,434	\$ 142,110
Gifts in kind	125,050	128,300
Fundraising events	31,433	72,919
Memberships	111,285	137,658
Trips and education	<u>236,177</u>	<u>233,224</u>
 Total funds raised	 <u>\$ 718,379</u>	 <u>\$ 714,211</u>
 Fundraising expense	 <u>\$ 204,579</u>	 <u>\$ 259,436</u>
Ratio of fundraising expense to amounts raised	28%	36%

NOTE K – DONATED SERVICES

No amounts have been reflected in the financial statements for donated services. HNSM pays for most services requiring specific expertise. However, many individuals volunteer their time to perform a variety of tasks that assist HNSM with its headquarter operations. Approximately \$125,050 and \$128,300 of contributions in kind have been recorded associated with various donated items related to various events and exhibits for the years ended September 30, 2012 and 2011, respectively.

NOTE L – ARTIFACT COLLECTION

HNSM's collection consists of diverse examples of natural history, anthropological, fine art, and taxidermy items. The majority of these items were donated by Bessie Heard from her personal collections. In conformity with the practice followed by many museums, art objects purchased and donated are not included in the statement of financial position. The values of the objects acquired by gift, for which HNSM can make a reasonable estimate, are reported as gifts in the statement of financial activity. The cost of all objects purchased, together with the value of objects acquired by gift as indicated previously are reported as a separate program expense.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE M – RELATED PARTY TRANSACTION

A board member of HNSM is an officer of the bank that acts as Trustee for the Bessie Heard Support Trust. HNSM paid trustee fees to the bank in the amount of \$14,612 and \$15,830 for the years ended September 30, 2012 and 2011, respectively.

Legal work for the land restoration settlement was done by a law firm whose employee is the President of the HNSM's Board of Directors. During the year ended September 30, 2011, legal fees in the amount of \$33,265 were paid by HNSM and are included in professional fees under management and general expenses.

NOTE N – COMPENSATED ABSENCES

Employees of HNSM are entitled to paid vacation, paid sick days and personal days off depending on job classification, length of service and other factors. At September 30, 2012 and 2011, respectively, accrued compensated absences totaled \$11,011 and \$19,861.

NOTE O – DEFINED CONTRIBUTION PLAN

HNSM has a defined contribution plan pursuant to Section 403(b) of the Internal Revenue Code. Employees who work 1,000 hours or more annually have been eligible to participate in the plan. However, since June of 2011, contributions by HNSM have been suspended as a cost reduction to the Museum, and currently there is no plan to reinstate contributions. Contributions to the retirement plan for the year ended September 30, 2011, were \$2,523, and \$1,888 of this amount was paid out of an asset account that contained forfeiture funds from employees who left employment with unvested retirement funds. By June 2011, the balance in the forfeiture account was \$0, and there were no contributions to the plan for the year ended September 30, 2012.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2012 and 2011

NOTE P– NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2012	2011
Purpose restrictions accomplished or donor restrictions released		
Operating funds from Bessie Heard Support Trust	\$ 191,000	\$ 374,319
Other programs and exhibits	67,751	108,043
Total restrictions released	\$ 258,751	\$ 482,362

NOTE Q – OPERATING LEASES

HNSM has two equipment lease agreements with terms of twelve to fifty one months with a total monthly rent of approximately \$558. Lease expense for the years ended September 30, 2012 and 2011, respectively, was approximately \$7,236 and \$6,933.

Future minimum rental payments are as follows:

Year Ended September 30,	Amount
2013	\$ 4,207
2014	3,980
2015	3,980
2016	1,990
Thereafter	-
	\$ 14,157

NOTE R – LEASE

HNSM leases the Camp Smitty facilities from the Camp Fire USA Lone Star Council for \$1 a year. The lease expired in 2011 but was extended for five additional years at HNSM's option. The Council has the right to use the camp during certain times of the year.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE S – CONCENTRATIONS OF CREDIT RISK

HNSM derives its revenue from contributions, programs and admission sources. Continued funding from these sources at current levels is dependent upon various factors. Such factors include economic conditions, donor satisfaction and public perception of mission effectiveness and relative importance. HNSM operates entirely within the McKinney, Texas, area.

HNSM maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At September 30, 2012 and 2011, these FDIC limits were not exceeded. HNSM has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE T – ADVERTISING COSTS

HNSM incurs non-direct advertising costs and has adopted a policy of expensing such costs as incurred. HNSM recorded \$41,381 in advertising and promotional expense for the year ended September 30, 2012, all of which was expensed as incurred, and approximately 36% of which was included in fundraising expense. HNSM recorded \$68,291 in advertising and promotional expense for the year ended September 30, 2011, all of which was expensed as incurred, and approximately 27% of which was included in fundraising expense.

NOTE U - SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2012, HNSM received a donation in the amount of \$100,000.

HNSM has evaluated and disclosed subsequent events up to and including January 11, 2013, which is the date the financial statements were available for issuance.