

MCKINNEY COMMUNITY DEVELOPMENT CORPORATION
Grant Application
 Fiscal Year 2015

IMPORTANT:

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- The Grant Guidelines and Application are available at www.mckinneycdc.org; by calling 214.544.0296 or by emailing cschneible@mckinneycdc.org
- Please call to discuss your plans for submitting an application **in advance** of completing the form. 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, by calling 214.544.0296 or emailing cschneible@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:

Project Grant
 Quality of Life projects that are eligible for funding in accordance with the Type B sales tax statute (refer to examples in Grant Guidelines) and that advance the mission of MCDC.

Promotional or Community Event Grant (maximum \$15,000)
 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.

Promotional and Community Event Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 2, 2015	January 2015	February 2015
Cycle II: June 30 2015	July 2015	August 2015

Project Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 30, 2015	February 2015	March 2015
Cycle II: April 30, 2015	May 2015	June 2015
Cycle III: July 31, 2015	August 2015	September 2015

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

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

FUNDING

Total amount requested: \$5,000

PROJECT/PROMOTION/COMMUNITY EVENT

Start Date: May 23, 2015 Completion Date: May 23, 2015

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

Jennifer Dexter	Margaret Latham	Mike Whitehead
Steve Gray	Laura Morris	Sarah Wariner
Mike Imhoff	Larry Offerdahl	Bill Woodfin
Sim Israeloff	Paul Sheldon	
Jim Landers	John Valencia	

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

Describe the mission, strategic goals and objectives, scope of services, day to day operations and number of paid staff and volunteers.

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:

7 Full time employees

27 Part time employees

There are no planned organizational changes.

Disclose and summarize any significant, planned organizational changes and describe their potential impact on the Project/Promotion/Community Event for which funds are requested.

II. Project or Promotion/Community Event (whichever is applicable)

- Outline details of the Project/Promotion/Community Event for which funds are requested. Include information regarding scope, goals, objectives, target audience.

Celebrate the history of Texas! The Heard Museum will host demonstrations, entertainment, educational programming, and vendors to give visitors a view into our state's culture and history. The "Heritage Festival" will take place in May 2015 and will be a free admission event for the residents of McKinney.

- **For Promotional Grants/Community Events** – describe how this initiative will **promote the City of McKinney for the purpose of business development and/or tourism.**
- Describe how the proposed Project/Promotion/Community Event fulfills strategic goals and objectives for your organization.

We are embarking to have a new and fresh festival at the museum in mid May when normally there are not a lot of such festivals offered. Our goal is to educate and entertain our visitors to create a more broad understanding of our heritage thru artisans demonstrations.

- Please also include planned activities, time frame/schedule, and estimated attendance and admission fees if applicable.

We anticipate 2,000-3,000 first year visitors to this event

- Include the venue/location for Project/Promotion/Community Event?
Heard Museum
- Provide a timeline for the Project/Promotion/Community Event.
- Detail goals for growth/expansion in future years.
Plans are to make this festival an annual event with increasing attendance every year to promote the museum and City of McKinney

Project Grants – please complete the section below:

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

Has a feasibility study or market analysis been completed for this proposed project? *If so, please attach a copy of the Executive Summary.*

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

We anticipate that expanded marketing into other counties will result in additional visits by non-Collin County residents. Random surveys of the visitors will be done to capture information on the exhibit visitors.

- Develop and strengthen public, community amenities to improve quality of life for residents in the City of McKinney
- Support projects eligible for Type B funding under state law
- Contribute to economic development and/or tourism within McKinney
- Educate the community about the impact “buying local” has on quality of life in McKinney

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

Yes No

III. Financial

- Provide an overview of the organization’s financial status including the impact of this grant request.
- 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.

What is the estimated total cost for this Project/Promotion/Community Event?

Project cost is approximately \$10,000.

(Include a budget for the proposed Project/Promotion/Community Event.)

What percentage of Project/Promotion/Community Event funding will be provided by the Applicant? 50%

Are Matching Funds available? Yes No

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

Are other sources of funding available? *If so, please list source and amount.*

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/Promotion/Community Event for which you are requesting funding – and how they are designed to help you achieve current and future goals.

Preliminary plans for the marketing of Texas Heritage Day include utilizing our partnership with NBC5 to obtain both paid television media as well as PSAs and advertising content on the local NBC website. We also will obtain a print ad in the McKinney Magazine if available. Additionally, we will seek inclusion in other media outlets as news articles and calendar listings.

V. Metrics to Evaluate Success

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

Exit interviews will be conducted to measure the effectiveness and the success of the event in evaluation of the necessary changes for subsequent years.

Acknowledgements

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

- The Project/Promotion/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/Promotion/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/Promotion/Community Event for which funds were received.
- A final report detailing the success of the Project/Promotion/Community Event, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Project/Promotion/Community Event.
- Up to 80% of the approved grant may be provided, on a reimbursement basis, prior to conclusion of the Project/Promotion/Community Event with submission of invoices/receipts to MCDC. The final 20% may be paid following MCDC’s receipt of unpaid invoices/receipts; documentation of fulfillment of obligations to MCDC; and final report on the Project/Promotion/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 120th 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

Sy Shahid
Signature

Sy Shahid
Signature

Sy Shahid
Printed Name

Printed Name

December 30, 2014
Date

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/Promotion/Community Event; description, goals and objectives
- Project/Promotion/Community Event timeline and venue
- Plans for marketing and outreach
- Evaluation metrics
- List of board of directors and staff

Attachments:

- Financials: organization's budget for current fiscal year; Project/Promotion/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 MCDL WITHIN 30 DAYS OF THE EVENT/COMPLETION OF THE PROJECT/PROMOTION/COMMUNITY EVENT.

FINAL PAYMENT OF FUNDING AWARDED WILL BE MADE UPON RECEIPT OF FINAL REPORT.

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



McKINNEY COMMUNITY DEVELOPMENT CORPORATION

Final Report

Organization:

Funding Amount:

Project/Promotion/Community Event:

Start Date:

Completion Date:

Location of Project/Promotion/Community Event:

Please include the following in your report:

- Narrative report on the Project/Promotion/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.
- Performance against metrics outlined in application

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

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

Attn: Cindy Schneible
cschneible@mckinneycdc.org

Heard Natural Science Museum & Wildlife Sanctuary, Inc.
Final Budget
October 1, 2014 to Sept 30, 2015

		Actuals	Budget	Final Budget
		Jul '13 - Jun 14	Oct '13 - Sept 14	Oct '14- Sept 15
Ordinary Income/Expense				
Income				
5025	Admission Fees	222,764	223,000	225,000
5031	Gift Certificate Income	200	0	200
5045	Membership			0
5046	Individual Membership	5,400	6,200	6,200
5047	Family Membership	94,913	116,000	100,000
5048	H.P. Society	1,500	0	1,500
5049	Lifetime	5,000	0	5,000
5050	Roadrunner	29,729	26,000	32,000
5051	Bobcat	2,500	3,000	2,500
5052	Membership Comission	-1,329	-1,500	-1,329
Total 5045 · Membership		137,713	149,700	145,871
5065 · Museum Retail Sales				
5066 · Taxable Store Sales				
5066.1	Store Sale of Bulk Rocks	1,192	1,700	1,200
5066.2	Consignment Sale	42	150	200
5066	Taxable Store Sales - Other	84,904	80,000	90,000
Total 5066 · Taxable Store Sales		86,138	81,850	91,400
5067	Non- Taxable Store Sales	3,927	4,000	4,200
Total 5065 · Museum Retail Sales		90,065	85,850	95,600
5200 · Program Revenues				
5210	Summer Camp	51,906	47,000	54,000
5220	Homeschool	42,000	32,000	43,000
5225	Group Field Trips	58,545	69,000	65,000
5230	Birthdays	22,572	15,500	24,000
5235	Scouts	11,216	17,000	13,000
5240	Annual Adoptions	650	850	800
5250	Education Programs & Workshops	6,735	8,200	8,000
Total 5200 · Program Revenues		193,624	189,550	207,800
5290	Outreach	4,060	6,000	6,000
5291 · Ropes Course Income				
5291.1	Ropes Course Income Hospitality	0	0	0
5291	Ropes Course Income - Other	46,577	64,150	55,000
Total 5291 · Ropes Course Income		46,577	64,150	55,000
5293	Canoe Program Income	1,118	1,500	1,500
5400 · Grants, Donations & Sponsorshp				
5410 · Unrestricted				
5411	Individuals	5,597	5,100	7,000
5413 · Corporations & Organizations				
5413.1	Dinosaur Event Sponsorship		5,000	0
5413.3	Halloween Sponsorship	1,290	1,000	2,000
5413.5	Holiday at Heard Sponsorship	2,500	1,000	3,500
5413.7	Spring Festival Sponsorship	1,460	2,500	2,000
5413	Corporations & Organizations - Other	8,184	12,000	12,000
Total 5413 · Corporations & Organizations		13,434	21,500	19,500
5414	Foundations	25,000	0	0
5461	Gov Grant - Urestricted	6,250	6,800	7,000
Total 5410 · Unrestricted		50,281	33,400	33,500

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Accrual Basis

Heard Natural Science Museum & Wildlife Sanctuary, Inc.
Final Budget
October 1, 2014 to Sept 30, 2015

	Actuals		Budget	Final Budget
	Jul '13 - Jun 14	Oct '13 - Sept 14	Oct '14 - Sept 15	Oct '14 - Sept 15
5420 · Restricted -for Operations				
5421 · Individuals	2,906	5,500		5,000
5423 · Corporations & Organizations	7,700	725		7,000
5425 · MDCDC Grant	0	5,000		5,000
5452 · Restricted Grants to Expenses				0
5452.5 · Darden Group	5,000	4,000		5,000
5452.6 · IBM Restr Butterfly HouseExpene	2,000	0		0
5452.7 · Restr Butterfly HouseExpene	0			2,000
Total 5452 · Restricted Grants to Expenses	7,000	4,000		7,000
Total 5420 · Restricted -for Operations	17,606	15,225		24,000
5430 · Memorials	1,995	900		2,000
Total 5400 · Grants, Donations & Sponsorshp	69,882	49,525		59,500
5500 · Special Events				
5510 · Photo Contest				
5511 · Photo Entry Fees	3,361	3,100		3,200
5510 · Photo Contest - Other	25	0		25
Total 5510 · Photo Contest	3,386	3,100		3,225
5538 · Halloween Event				
5538.1 · Halloween Event Tickets	9,567	9,000		10,000
5538 · Halloween Event - Other	1,919	1,700		2,000
Total 5538 · Halloween Event	11,486	10,700		12,000
5539 · Holidays at Heard	388	0		500
5539.1 · Holidays at Heard Tickets	9,868	13,000		12,000
5540 · Spring Festival	45	1,400		1,000
5500 · Special Events - Other	545	0		750
Total 5500 · Special Events	25,718	28,200		29,475
5515 · Plant Sales				
5516 · Spring	35,473	37,000		40,000
Total 5515 · Plant Sales	35,473	37,000		40,000
5550 · Facility Rental				
5551 · SRC Facility Rental	59,864	58,051		62,000
5552 · Laughlin Gallery Rental	9,983	9,488		10,000
5553 · Holbrook Cabin Rental	4,100	7,500		5,000
5554 · Comissions & Rental Expenses	-11,571	-10,234		-11,571
5555 · Ampitheatre	600	100		750
5550 · Facility Rental - Other	310	1,000		500
Total 5550 · Facility Rental	63,286	65,905		66,679
5644 · Trust Inc - Recurring Disbursem	16,196	31,000		23,000
5645 · Trust Inc - Legal & Contractors	0	0		
5700 · Interest & Royalties				
5720 · Royalties (Oil & Gas)	18,059	21,500		19,000
Total 5700 · Interest & Royalties	18,059	21,500		19,000
5833 · Unrealized Gain/Loss Investment	30,920	0		24,418
5900 · Miscellaneous Income				

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Accrual Basis

Heard Natural Science Museum & Wildlife Sanctuary, Inc.
Final Budget
October 1, 2014 to Sept 30, 2015

	Actuals	Budget	Final Budget
	Jul '13 - Jun 14	Oct '13 - Sept 14	Oct '14- Sept 15
5901 · Earned Discount	36	0	36
5900 · Miscellaneous Income - Other	2,559	200	2,559
Total 5900 · Miscellaneous Income	2,595	200	2,595
Total Income	958,250	953,080	1,001,638
Gross Profit	958,250	953,080	1,001,638
Expense			
6110 · Salaries			
6120 · Payroll Tax - Social Security	26,914	27,210	29,279
6130 · Payroll Tax - Medicare	6,911	6,364	6,848
6140 · Payroll Tax - SUI	14,067	9,088	14,000
6110 · Salaries - Other (with accrued PTO & payroll removed)	428,120	427,866	465,630
Total 6110 · Salaries	476,012	470,528	515,757
6170 · Other Benefits	3,322	3,000	3,322
6150 · Medical Insurance	31,922	32,551	32,000
6200 · Consultants			
6215 · Audit and Review Fees	17,305	11,500	6,800
6220 · Technology	8,486	5,000	6,000
6220.1 · Technology - Grant Supported	4,000	0	0
6250 · Payroll Services	4,826	3,600	4,826
6270 · Marketing	438	300	438
6280 · Other Consultants	-117	250	100
6200 · Consultants - Other	0	0	0
Total 6200 · Consultants	34,938	20,650	18,164
6300 · Cost of Good Sold/Inventory			
6310 · Merchandise	44,290	42,000	44,290
6330 · Other	1,586	1,900	1,586
6300 · Cost of Good Sold/Inventory - Other	0	300	0
Total 6300 · Cost of Good Sold/Inventory	45,876	44,200	45,876
6410 · Exhibits			
6412 · Dinosaurs Alive	77,466	78,000	78,000
6413 · Snake Exhibit Expenses	1,148	1,100	1,200
6414 · Animal Exhibit Expenses	9,353	12,300	9,500
6416 · Butterfly Exhibit			
6416.1 · Butterfly Exh Grant Supported	612	0	612
6416 · Butterfly Exhibit - Other	6,020	5,100	5,600
Total 6416 · Butterfly Exhibit	6,632	5,100	6,212
6417 · Exhibit Hall Expenses	3,896	6,500	4,000
6410 · Exhibits - Other	320	500	500
Total 6410 · Exhibits	98,815	103,500	99,412
6420 · Special Events Expenses			
6421 · Volunteer & Member Appreciation	1,070	1,000	1,100
6422 · Photo Contest	1,581	1,150	1,200
6425 · Gala	0	0	0
6426 · Halloween Event	3,612	1,700	3,700
6427 · Holidays at Heard Epenses	12,230	8,700	10,000
6461 · Spring Festival Expenses	1,115	800	800
6420 · Special Events Expenses - Other	663	0	700

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Accrual Basis

Heard Natural Science Museum & Wildlife Sanctuary, Inc.
Final Budget
October 1, 2014 to Sept 30, 2015

	Actuals		Budget		Final Budget	
	Jul '13 - Jun 14		Oct '13 - Sept 14		Oct '14- Sept 15	
Total 6420 · Special Events Expenses		20,271		13,350		17,500
6451 · Plant Sale						
6452 · COGS - Plants		15,880		17,000		17,000
6454 · Plant Sale Other		418		0		500
6451 · Plant Sale - Other		0		100		0
Total 6451 · Plant Sale		16,298		17,100		17,500
6490 · Outreach Expenses						
6490.1 · Outreach Expense GrantSupported		2,625		0		2,750
6490 · Outreach Expenses - Other		0		0		0
Total 6490 · Outreach Expenses		2,625		0		2,750
6491 · Ropes Course Expenses						
6491.1 · Ropes Course ExpenseHospitality		0		0		0
6491 · Ropes Course Expenses - Other		3,223		7,000		3,500
Total 6491 · Ropes Course Expenses		3,223		7,000		3,500
6520 · Utilities						
6521 · Trash		3,097		3,100		3,100
6522 · Electric		44,849		39,000		45,000
6524 · Water		5,857		6,000		6,000
6525 · Telephone		9,500		8,400		9,500
6526 · Security System		2,139		2,400		2,400
6528 · Reimbursed Cellphone		1,630		1,755		1,700
Total 6520 · Utilities		67,072		60,655		67,700
6530 · Postage/Shipping		3,971		3,700		4,000
6540 · Building & Facilities Costs						
6541 · Facility Cleaning		10,800		10,800		11,400
6546 · Facility/Sanctuary Contractors		23,984		18,000		18,000
6547 · Facility(formerly&Sanct)Supply		15,638		12,100		15,638
6549 · Sanctuary						
6549.5 · SanctuarySupply Grant Supported		12,198		0		0
Total 6549 · Sanctuary		12,198		0		0
6540 · Building & Facilities Costs - Other		14		0		0
Total 6540 · Building & Facilities Costs		62,634		40,900		45,038
6550 · Holbrook Cabin						
6551 · Phone		340		350		350
6552 · Electric		184		315		200
6553 · Other		10,161		5,900		5,000
Total 6550 · Holbrook Cabin		10,685		6,565		5,550
6560 · Computer Services/Equipment		1,412		700		1,412
6570 · Office Equipment Lease/Maint		7,000		7,500		7,000
6580 · Office Supplies		3,901		5,500		4,000
6590 · Printing/Publications		2,257		2,000		2,300
6600 · Education						
6610 · Materials/Supplies		94		300		100
6670 · Summer Camp Expense		0		200		0
6672 · Education Printing		2,110		1,400		2,200
6600 · Education - Other		350		0		350
Total 6600 · Education		2,554		1,900		2,650

Heard Natural Science Museum & Wildlife Sanctuary, Inc.
Final Budget
October 1, 2014 to Sept 30, 2015

	Actuals	Budget	Final Budget
	Jul '13 - Jun 14	Oct '13 - Sept 14	Oct '14- Sept 15
6700 · Travel/Transportation			
6710 · Mileage Reimbursements	396	300	400
6721 · Gas	503	2,100	500
Total 6700 · Travel/Transportation	899	2,400	900
6800 · Marketing /Advertising	259	300	259
6810 · Advertising/Public Relations			
6810.17 · Advertising/PR Outside Vendor	0	500	0
6810.1 · Advertising/PR - Dino Exhibit	12,424	12,000	12,000
6810.3 · Advertising/PR - Halloween Event	1,116	2,300	1,500
6810.4 · Adv/PR - Holiday at Heard	3,932	4,000	4,000
6810.6 · Adv/PR Plant Sales	555	1,000	700
6810.7 · Adv/PR Exhibit Hall Event	1,457	6,000	2,000
6810.8 · Summer Camp Advertising	1,760	2,200	2,000
6810.9 · Education Advertising	144	800	500
6810.11 · Advertise/PR Printing In-House	2,712	2,500	2,800
6810.12 · Advertising Facility Rental	0	200	0
6810.13 · Ropes Course Advertising	475	1,500	1,000
6810.14 · Adv/PR Outdoor Exhb	3,066	5,000	3,500
6810.15 · Spring Festival Expenses	2,548	3,000	2,700
6810.16 · Gala Advertising	0	0	0
6810 · Advertising/Public Relations - Other	2,387	2,500	2,500
Total 6810 · Advertising/Public Relations	32,576	43,500	35,200
6900 · Other Operating Expenses			
6910 · Vehicle costs	2,142	1,000	1,000
6915 · Meetings and Meals	1,233	1,000	1,250
6920 · Dues	2,816	2,700	2,850
6941 · Credit Card Processing Fees	15,354	16,000	15,354
6942 · Retail Sales Over/Short	-156	0	-156
6900 · Other Operating Expenses - Other	57	0	57
Total 6900 · Other Operating Expenses	21,446	20,700	20,355
6950 · Insurance & Taxes			
6951 · Property Insurance	8,837	8,685	8,900
6952 · D & O Insurance	1,190	2,500	1,300
6953 · Workers'Comp Insurance	5,125	4,300	6,647
6954 · Vehicle Insurance	6,919	6,918	7,000
6955 · Collection Insurance	0	0	0
6956.1 · Ropes Course Insurance	875	1,500	1,000
6957 · Property Taxes	2,385	600	2,400
6958 · Umbrella Insurance	2,265	2,147	2,300
6959 · Insurance - Animal Exhibit	2,256	2,300	2,300
6950 · Insurance & Taxes - Other	0	250	0
Total 6950 · Insurance & Taxes	29,852	29,200	31,847
7399 · ExpCap Assets NoGrant Support	-650	0	0
Total Expense	979,170	937,399	983,992
Net Ordinary Income	-20,920	15,681	17,646

Heard Natural Science Museum
and Wildlife Sanctuary, Inc.

*Independent Auditors' Report
and Financial Statements*

Years Ended September 30, 2013 and 2012



BLAND GARVEY
ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Heard Natural Science Museum and Wildlife Sanctuary, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of financial activity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Heard Natural Science Museum and Wildlife Sanctuary, Inc.
Page 2

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heard Natural Science Museum and Wildlife Sanctuary, Inc. as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The September 30, 2012, financial statements were reviewed by us and our report thereon, dated January 11, 2013, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Blond Marney, P.C.

February 5, 2014

HEARD NATURAL SCIENCE MUSEUM
AND WILDLIFE SANCTUARY, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2013 and 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash and cash equivalents (Note B)	\$ 260,676	\$ 278,111
Grants receivable	24,769	4,727
Prepaid expenses	11,138	18,500
Inventory (Note E)	17,295	18,583
TOTAL CURRENT ASSETS	313,878	319,921
 PROPERTY AND EQUIPMENT		
Land	1,643,883	1,643,883
Buildings	3,418,032	3,408,164
Equipment and furniture	650,502	650,502
Automotive equipment	135,575	121,625
Exhibits	245,663	216,703
Library	11,814	11,814
	6,105,469	6,052,691
Less accumulated depreciation	3,782,389	3,587,430
	2,323,080	2,465,261
 OTHER ASSETS		
Restricted cash and cash equivalents (Note B)	134,620	27,440
Beneficial interest in Bessie Heard Support Trust (Notes C, D and F)	1,335,366	1,243,065
McKinney Education Foundation - JP Morgan Investment (Notes C, D and G)	411,247	-
	1,881,233	1,270,505
	\$ 4,518,191	\$ 4,055,687

See independent auditors' report and accompanying notes to financial statements.

HEARD NATURAL SCIENCE MUSEUM
AND WILDLIFE SANCTUARY, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2013 and 2012

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES		
Accounts payable	\$ 13,872	\$ 16,072
Accrued liabilities (Note O)	44,192	33,565
TOTAL CURRENT LIABILITIES	58,064	49,637
NET ASSETS (Note H)		
Unrestricted	2,688,041	2,735,545
Temporarily restricted	1,772,086	1,270,505
Permanently restricted	-	-
	4,460,127	4,006,050
	\$ 4,518,191	\$ 4,055,687

See independent auditors' 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, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT				
Gifts and grants	\$ 135,098	\$ 461,240	\$ -	\$ 596,338
Gifts in-kind (Note L)	141,675	-	-	141,675
Change in value of Bessie Heard Support Trust	-	128,214	-	128,214
Change in value of McKinney Education Foundation				
Investment	11,247	-	-	11,247
Memberships	145,103	-	-	145,103
Sale of books and educational items	91,161	-	-	91,161
Trips and education	263,792	-	-	263,792
Fundraising events	60,419	-	-	60,419
Investment income	18,982	-	-	18,982
Admission fees	218,557	-	-	218,557
Rental	71,625	-	-	71,625
Gain on asset disposal	12,125	-	-	12,125
Other income	3,303	-	-	3,303
	<u>1,173,087</u>	<u>589,454</u>	<u>-</u>	<u>1,762,541</u>
Net assets released from restrictions through satisfaction of program requirements (Note Q)	<u>87,873</u>	<u>(87,873)</u>	<u>-</u>	<u>-</u>
	<u>1,260,960</u>	<u>501,581</u>	<u>-</u>	<u>1,762,541</u>

See independent auditors' 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, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
EXPENSES (Note I)				
Program services	\$ 920,798	\$ -	\$ -	\$ 920,798
Management and general	167,001	-	-	167,001
Fund raising (Note K)	220,665	-	-	220,665
	<u>1,308,464</u>	<u>-</u>	<u>-</u>	<u>1,308,464</u>
 INCREASE IN NET ASSETS	 (47,504)	 501,581	 -	 454,077
NET ASSETS AT BEGINNING OF YEAR	<u>2,735,545</u>	<u>1,270,505</u>	<u>-</u>	<u>4,006,050</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,688,041</u>	<u>\$ 1,772,086</u>	<u>\$ -</u>	<u>\$ 4,460,127</u>

See independent auditors' 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>
SUPPORT				
Gifts and grants	\$ 149,086	\$ 65,348	\$ -	\$ 214,434
Gifts in-kind (Note L)	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 Q)	<u>258,751</u>	<u>(258,751)</u>	<u>-</u>	<u>-</u>
	<u>1,284,823</u>	<u>25,684</u>	<u>-</u>	<u>1,310,507</u>

See independent auditors' reports 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

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

See independent auditors' reports and accompanying notes to financial statements.

HEARD NATURAL SCIENCE MUSEUM
AND WILDLIFE SANCTUARY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 454,077	\$ 27,261
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	205,416	209,094
Gain on disposal of property and equipment	(12,125)	-
Change in restricted cash	(107,180)	2,403
Change in value of Bessie Heard Support Trust	(128,214)	(219,087)
Distributions from Bessie Heard Support Trust	35,913	191,000
Change in value of McKinney Education Foundation Investment	(11,247)	-
Contributions restricted for long-term purposes	(501,581)	(25,684)
(Increase) decrease in grants receivable	(20,042)	(4,727)
(Increase) decrease in inventory	1,288	81
(Increase) decrease in prepaids	7,362	1,042
Increase (decrease) in accounts payable	(2,200)	(39,110)
Increase (decrease) in accrued expenses	10,627	(19,473)
Increase (decrease) in unearned revenue	-	(3,550)
Net cash provided by operating activities	(67,906)	119,250
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(66,010)	(45,599)
Proceeds from sale of property and equipment	14,900	-
Purchases of investments	(400,000)	-
Net cash used by investing activities	(451,110)	(45,599)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of temporarily restricted contributions	501,581	25,684
Net cash provided by investing activities	501,581	25,684

See independent auditors' reports and accompanying notes to financial statements.

HEARD NATURAL SCIENCE MUSEUM
AND WILDLIFE SANCTUARY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(17,435)	99,335
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>278,111</u>	<u>178,776</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u><u>\$ 260,676</u></u>	<u><u>\$ 278,111</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' reports and accompanying notes to financial statements.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013 and 2012

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 February 5, 2014, 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, 2013 and 2012

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 and operations.

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, 2013 and 2012.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013 and 2012

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 \$205,416 and \$209,094 for the years ended September 30, 2013 and 2012, respectively.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013 and 2012

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 and accrued liabilities approximate fair value due to the short maturity of those instruments.

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, 2013 and 2012

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, 2013 and 2012

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, 2010, to September 30, 2013.

Reclassification

Certain accounts in the prior year financial statements have been reclassified to conform to current year presentation. Such reclassifications had no effect on prior year change in net assets.

NOTE B – CASH

Cash consists of the following at September 30, 2013 and 2012:

	2013	2012
Unrestricted cash	\$ 164,109	\$ 278,111
Board designated endowments	96,567	-
Restricted cash	134,620	27,440
	\$ 395,296	\$ 305,551

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. As of September 30, 2013, \$109,124 of those funds were not yet spent and were still designated by the Board of Directors for the initial purpose.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2013 and 2012

NOTE C – INVESTMENTS

Investments consist of equities, fixed income funds and 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, 2013 and 2012, are as follows:

	2013	2012
Gross unrealized gain	\$ 118,042	\$ 180,866
Fair value	\$ 1,746,613	\$ 1,243,065

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.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2013 and 2012

NOTE D – FAIR VALUE MEASUREMENTS

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.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2013.

	Assets at Fair Value as of September 30, 2013			Total
	Level 1	Level 2	Level 3	
Financial assets				
Cash and equivalents	\$ 64,488	\$ -	\$ -	\$ 64,488
Equities	900,224	-	-	900,224
Fixed income funds	284,157	-	-	284,157
Mutual funds and other	86,497	-	-	86,497
Investments held at McKinney Education Foundation	-	411,247	-	411,247
Total investments at fair value	<u>\$1,335,366</u>	<u>\$ 411,247</u>	<u>\$ -</u>	<u>\$1,746,613</u>

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013 and 2012

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

NOTE E – INVENTORY

Inventory consisted of merchandise at the Heard Museum Store in the amount of \$17,295 and \$18,583 at September 30, 2013 and 2012, 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 2013 were \$51,039, which includes \$15,125 in trustee fees and accounts for approximately 3% of total support and revenue. Cash distributions received from the trust in 2012 were \$205,612, which includes \$14,612 in trustee fees and accounts for approximately 16% 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, 2013 and 2012, were as follows:

	2013	2012
Cash and cash equivalents	\$ 64,488	\$ 78,981
Equities	900,224	764,613
Fixed income funds	284,157	294,944
Mutual funds and other	86,497	104,527
Totals	\$ 1,335,366	\$ 1,243,065

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2013 and 2012

NOTE F – BENEFICIAL INTEREST IN BESSIE HEARD SUPPORT TRUST

HNSM estimates the total market value of the Trust at September 30, 2013 and 2012, respectively, to be \$1,335,366 and \$1,243,065.

NOTE G – MCKINNEY EDUCATION FOUNDATION – JP MORGAN INVESTMENT

In August 2013, HNSM transferred \$400,000 of savings to an agency fund managed by JP Morgan on behalf of the McKinney Education Foundation. The HNSM funds and the McKinney Education Foundation funds are traded as a single account. The HNSM balance at the end of the fiscal year was \$411,247 and is a mix of restricted and unrestricted funds. The restricted funds are \$302,100 from Texas Department of Transportation (TXDOT). The total restricted funds from TXDOT are \$413,279 with the balance held at Independent Bank. The unrestricted funds are \$50,000 received from North Texas Municipal Water District (NTMWD) as part of a settlement (See Note J). The NTMWD unspent balance is \$109,124 with the balance held in Independent Bank. The other unrestricted funds are \$47,900 which were donated in a prior year. In addition, there are \$11,247 of unrealized gains in the investment account.

NOTE H – 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.

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, 2013 and 2012, these funds consist of:

	<u>2013</u>	<u>2012</u>
Bessie Heard Trust	\$ 1,335,366	\$ 1,243,065
McKinney Education Foundation Investment	302,100	-
Other program and exhibits	<u>134,620</u>	<u>27,440</u>
Total temporarily restricted	<u>\$ 1,772,086</u>	<u>\$ 1,270,505</u>

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013 and 2012

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.

The functional expense allocation at September 30, 2013, is as follows:

Description	Total Expenses	Program Services	Management and General	Fund Raising
Cost of goods sold	\$ 60,301	\$ 45,346	\$ -	\$ 14,955
Special programs, events and exhibits	131,504	117,402	-	14,102
Salaries, benefits and taxes	517,611	360,678	91,122	65,811
Professional fees	16,177	112	15,531	534
Supplies	8,743	6,701	1,186	856
Occupancy	140,915	97,232	25,365	18,318
Equipment maintenance and rental	12,213	8,427	2,198	1,588
Travel	543	374	98	71
Conferences and meetings	928	640	167	121
Depreciation	205,416	163,155	24,539	17,722
Advertising and promotions (Note U)	33,198	23,144	714	9,340
Insurance	17,015	10,053	5,069	1,893
Gifts in kind expense	141,675	70,838	-	70,837
Credit card processing fees	15,141	11,356	-	3,785
Miscellaneous	7,084	5,340	1,012	732
	<u>\$ 1,308,464</u>	<u>\$ 920,798</u>	<u>\$ 167,001</u>	<u>\$ 220,665</u>

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013 and 2012

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 U)	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, 2013 and 2012

NOTE J – 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. As of September 30, 2013, there was a remaining balance of \$109,124.

NOTE K – FUNDRAISING EXPENSE

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

	2013	2012
Gifts and grants	\$ 596,338	\$ 214,434
Gifts in kind	141,675	125,050
Fundraising events	60,419	31,433
Memberships	145,103	111,285
Trips and education	263,792	236,177
Total funds raised	\$ 1,207,327	\$ 718,379
Fundraising expense	\$ 220,665	\$ 204,579
Ratio of fundraising expense to amounts raised	18%	28%

NOTE L – 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 \$141,675 and \$125,050 of contributions in kind have been recorded associated with various donated items related to various events and exhibits for the years ended September 30, 2013 and 2012, respectively.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE M – 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.

NOTE N – 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 \$15,125 and \$14,612 for the years ended September 30, 2013 and 2012, respectively.

During the year ended September 30, 2013, HNSM purchased one tractor from the Executive Director. The total amount paid for the purchase was \$18,900.

NOTE O – 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, 2013 and 2012, respectively, accrued compensated absences totaled \$16,747 and \$11,011.

NOTE P – 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. The balance in the forfeiture account is \$0, and there were no contributions to the plan for the years ended September 30, 2013 and 2012.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2013 and 2012

NOTE Q – 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.

	2013	2012
Purpose restrictions accomplished or donor restrictions released		
Operating funds from Bessie Heard Support Trust	\$ 35,913	\$ 191,000
Other programs and exhibits	51,960	67,751
Total restrictions released	\$ 87,873	\$ 258,751

NOTE R – 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, 2013 and 2012, respectively, was approximately \$7,263 and \$7,236.

Future minimum rental payments are as follows:

Year Ended September 30,	Amount
2014	\$ 3,980
2015	3,980
2016	1,990
Thereafter	-
	\$ 9,950

NOTE S – LEASE

HNSM has leased the Camp Smitty facilities from the Camp Fire USA Lone Star Council for \$1 a year under an arrangement that allows five year lease options to be exercised. The current five year lease runs through June 3, 2016, and the next and final lease option runs through June 3, 2021. Camp Fire USA Lone Star sold the land with the lease on July 31, 2013, to Mr. and Mrs. Seal and Mr. And Mrs. Judy, who are now the property owners and from whom HNSM now leases the land with the same lease terms.

HEARD NATURAL SCIENCE MUSEUM AND WILDLIFE SANCTUARY, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013 and 2012

NOTE T – 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, 2013, HNSM exceeded these limits by \$140,592. 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 U – ADVERTISING COSTS

HNSM incurs non-direct advertising costs and has adopted a policy of expensing such costs as incurred. HNSM recorded \$33,198 in advertising and promotional expense for the year ended September 30, 2013, all of which was expensed as incurred, and approximately 28% of which was included in fundraising expense. 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.

NOTE V – SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2013, HNSM received a donation in the amount of \$25,000 from BB Owen Trust.

In November 2013, HNSM sold property located in Fairview, TX that was donated to the museum in 1997. The lot was sold for \$125,305, with a net gain from the sale (minus closing fees) of \$25,305.

HNSM has evaluated and disclosed subsequent events up to and including February 5, 2014, which is the date the financial statements were available for issuance.

Deb Hass

From: Cindy Schneible
Sent: Tuesday, December 30, 2014 4:38 PM
To: Deb Hass
Subject: FW: Texas Heritage Day Advertising Summary

Please include this with the Heard Wildlife Museum application.

This message is intended solely for the use of the person to whom it is addressed. It may contain privileged or confidential information. If you have received this message in error, please notify the originator immediately. If you are not the intended recipient, you should not use, copy, alter, or disclose the contents of this message.

From: Sy Shahid [<mailto:sshahid@heardmuseum.org>]
Sent: Tuesday, December 30, 2014 4:00 PM
To: Cindy Schneible
Subject: Fwd: Texas Heritage Day Advertising Summary

Here is the tentative marketing plan.
It might change a little bit as we get closer to the event date and we have finalized the plan.

Sent from my iPhone

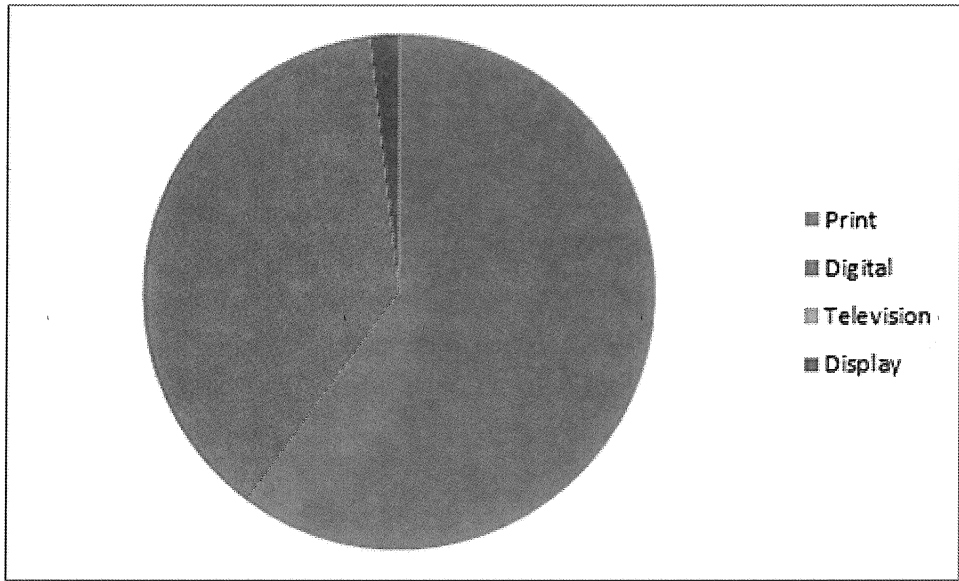
Sy Shahid

Begin forwarded message:

From: "Stephanie Jennings" <SJennings@heardmuseum.org>
Date: December 30, 2014 at 4:02:56 PM CST
To: <sshahid@heardmuseum.org>
Subject: Texas Heritage Day Advertising Summary

Media Type	Source	Inventory	Cost
Print	McKinney Magazine	1/3 page May issue	\$1,075
Print	Dallas Child	1/6 page May issue	\$830
Print	Texas Monthly	1/6 page May issue	\$1,369
Digital	Dallas Child	Email Blast to 25,000+ parents	\$1,000
Digital	Facebook	Targeted Event listing to at least 50 mile radius	\$50
Digital	Facebook	Promoted posts to at least 50 mile radius	\$20
Digital	NBCDFW.com	mobile and web ads	\$1,000
Television	NBC	Free TV inventory included as value add for digital advertising (in addition to standard PSAs provided)	\$0
Display	Buildasign.com	2 double-sided event banners at \$51.45 each	\$103
			\$5,447

**Note all rates forecasted based on 2014 published pricing or previous agreements.*



*Note: Television included as value add and therefore not accounted for in this chart.

Stephanie Jennings
Marketing & Communications Director
Heard Natural Science Museum & Wildlife Sanctuary
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