MADISON CHILDREN'S MUSEUM, INC.

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2015 and 2014

C O N T E N T S

Independent Auditor's Report 1

Consolidated Statements of Financial Position..... 2

Consolidated Statements of Activities..... 3

Consolidated Statements of Functional Expenses 4

Consolidated Statements of Cash Flows 6

Notes to Consolidated Financial Statements 7

Wegner CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Madison Children's Museum, Inc.
Madison, Wisconsin

We have audited the accompanying consolidated financial statements of Madison Children's Museum, Inc., which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Madison Children's Museum, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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MADISON CHILDREN'S MUSEUM, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	$ 131,643	$ 338,439
Investments	1,503	1,755
Pledges receivable	125,091	610,698
Accounts receivable	64,846	22,191
Inventory	1,021,944	1,077,777
Prepaid expenses	19,317	33,680
Total current assets	1,364,344	2,084,540
Property and equipment - net	13,879,620	14,338,472
OTHER ASSETS		
Note receivable	3,998,281	2,650,000
Pledges receivable - net	75,065	433,081
Capitalized closing costs - net	121,448	157,883
Cash designated and restricted for Kresge Foundation repair fund	218,771	165,098
Cash and investments restricted for endowment purposes	5,995	5,995
Total other assets	4,419,560	3,412,057
Total assets	$ 19,663,524	$ 19,835,069
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 86,066	$ 38,598
Due to American Girl Fund For Children	504,118	538,888
Accrued expenses and other liabilities	96,961	103,117
Current portion of notes payable	9,211	9,211
Line of credit	42,000	42,000
Deferred revenue	126,856	98,180
Total current liabilities	865,212	829,994
Notes payable	6,031,428	6,040,639
Total liabilities	6,896,640	6,870,633
NET ASSETS		
Unrestricted	12,429,537	11,449,457
Temporarily restricted	331,352	1,508,984
Permanently restricted	5,995	5,995
Total net assets	12,766,884	12,964,436
Total liabilities and net assets	$ 19,663,524	$ 19,835,069

See accompanying notes.

MADISON CHILDREN'S MUSEUM, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended June 30, 2015 and 2014

UNRESTRICTED NET ASSETS	2015	2014
SUPPORT AND REVENUE		
Donated inventory, materials, and rent	$ 501,452	$ 515,284
Annual benefit sale	550,467	504,419
Contributions and grants	836,606	451,816
Visitor services	817,706	811,916
Other income	104,873	112,321
Endowment distributions	207,261	190,548
Membership dues	360,532	383,749
Other events	269,960	237,219
Investment return	248,546	182,797
Total unrestricted support and revenue	3,897,403	3,390,069
EXPENSES		
Program services		
Exhibit programs	1,160,781	1,265,077
Education	686,458	509,742
Marketing and visitor services	504,667	542,179
Total program services	2,351,906	2,316,998
Supporting activities		
Administration	722,429	739,253
Fundraising	433,927	471,131
Annual benefit sale	631,410	563,142
Total supporting activities	1,787,766	1,773,526
Total expenses	4,139,672	4,090,524
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of time and purpose restrictions	1,222,349	441,546
Change in unrestricted net assets	980,080	(258,909)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	44,717	1,125,000
Net assets released from restrictions		
Satisfaction of time and purpose restrictions	(1,222,349)	(441,546)
Change in temporarily restricted net assets	(1,177,632)	683,454
Change in net assets	(197,552)	424,545
Net assets - beginning of year	12,964,436	12,539,891
Net assets - end of year	$ 12,766,884	$ 12,964,436

See accompanying notes.

MADISON CHILDREN'S MUSEUM, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years ended June 30, 2015 and 2014

2015	Exhibit Programs	Education	Marketing and Visitor Services
Cost of sales	$ -	$ -	$ 40,365
Depreciation and amortization	292,013	10,416	10,416
Dues and subscriptions	816	619	446
Events, meetings, travel, and training	3,145	27,287	931
Insurance	-	-	-
Interest and bank charges	235,441	10,089	30,881
Maintenance and repairs	33,186	1,184	1,184
Occupancy	54,889	1,958	1,958
Office supplies	12,593	10,177	1,620
Personnel	380,225	550,012	352,676
Printing, postage, and copying	7,744	192	6,062
Professional services	81,101	42,175	4,233
Program supplies	51,896	32,111	10,722
Publicity	-	-	22,685
Technology	7,732	238	20,488
Total expenses	$ 1,160,781	$ 686,458	$ 504,667

2014	Exhibit Programs	Education	Marketing and Visitor Services
Bad debt	$ -	$ -	$ -
Cost of sales	-	-	45,281
Depreciation and amortization	297,363	10,709	10,709
Dues and subscriptions	85	25	802
Events, meetings, travel, and training	7,977	12,483	1,485
Insurance	-	-	-
Interest and bank charges	237,959	8,535	30,637
Maintenance and repairs	32,796	502	502
Occupancy	63,508	2,265	2,265
Office supplies	7,590	2,470	2,237
Personnel	370,319	403,743	382,258
Printing, postage, and copying	20	1,342	9,660
Professional services	69,999	31,212	21,192
Program supplies	174,305	36,392	13,039
Publicity	390	-	12,210
Technology	2,766	64	9,902
Total expenses	$ 1,265,077	$ 509,742	$ 542,179

See accompanying notes.

Administration	Fundraising	Annual Benefit Sale	Total
$ -	$ -	$ 491,489	$ 531,854
182,442	-	-	495,287
9,817	7,130	-	18,828
4,306	13,559	1,632	50,860
22,161	-	-	22,161
118,918	3,679	13,269	412,277
16,593	-	33	52,180
27,445	-	81,845	168,095
9,986	1,022	1,544	36,942
258,052	221,738	30,999	1,793,702
11,953	31,686	1,617	59,254
52,830	67,957	6,199	254,495
4,593	58,713	2,758	160,793
-	7,517	25	30,227
3,333	20,926	-	52,717
$ 722,429	$ 433,927	$ 631,410	$ 4,139,672

Administration	Fundraising	Annual Benefit Sale	Total
$ -	$ 406	$ -	$ 406
-	-	426,828	472,109
180,718	-	-	499,499
2,700	1,990	-	5,602
6,517	122,946	930	152,338
24,374	-	-	24,374
120,270	4,317	15,351	417,069
7,527	-	197	41,524
31,754	-	81,136	180,928
22,406	514	3,999	39,216
229,247	276,500	26,504	1,688,571
10,000	37,703	3,340	62,065
90,952	-	4,357	217,712
6,790	12,931	500	243,957
550	-	-	13,150
5,448	13,824	-	32,004
$ 739,253	$ 471,131	$ 563,142	$ 4,090,524

MADISON CHILDREN'S MUSEUM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (197,552)	$ 424,545
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	495,287	499,499
Net realized and unrealized gains on investments	(13,069)	(207)
Change in contributed inventory	55,833	(122,333)
Donated investments	(277,183)	(160,258)
(increase) decrease in assets		
Pledges receivable	764,826	(503,167)
Accounts receivable	(42,655)	(12,030)
Prepaid expenses	14,363	5,799
Increase (decrease) in liabilities		
Accounts payable	47,468	(80,454)
Due to American Girl Fund For Children	(34,770)	61,166
Accrued expenses and other liabilities	(6,156)	28,628
Deferred revenue	28,676	6,082
Net cash flows from operating activities	835,068	147,270
CASH FLOWS FROM INVESTING ACTIVITIES		
Note receivable made	(1,348,281)	(100,000)
Purchases of property and equipment	-	(66,676)
Proceeds from sale of investments	290,504	160,647
Net change in cash restricted for building maintenance	(53,673)	(53,716)
Net cash flows from investing activities	(1,111,450)	(59,745)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	172,200	308,000
Payments on line of credit	(172,200)	(266,000)
Payments on note payable	(9,211)	(9,210)
Proceeds from contributions restricted for museum relocation	78,797	128,409
Net cash flows from financing activities	69,586	161,199
Net change in cash	(206,796)	248,724
Cash - beginning of year	338,439	89,715
Cash - end of year	$ 131,643	$ 338,439

See accompanying notes.

The Madison Children's Museum, Inc. (Museum), located in Madison, Wisconsin is a non-profit organization dedicated to discovery learning for children and families. Hands-on exhibits and special events allow children to explore culture, science, technology, and art. The Museum stimulates creativity and curiosity through its exhibits and programs, encourages the potential found within all children, and enhances family activities and classroom study. The Madison Children's Museum Foundation, Inc. (Foundation) was organized in 2002 for the benefit of the Museum. The Foundation receives, manages, and disburses funds intended to benefit the Museum in accordance with the terms of the agreement between the two organizations.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Museum and Foundation. The Foundation is consolidated since the Museum has both an economic interest in the Foundation and control of the Foundation through a majority voting interest in its governing body. All material intra-entity transactions have been eliminated.

Basis of Presentation

The Museum and the Foundation report information regarding their financial position and activities according to three classes of net assets:

Unrestricted Net Assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments. The board has designated net assets of $109,386 and $82,669 for the Kresge Foundation repair fund as of June 30, 2015 and 2014.

Temporarily Restricted Net Assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently Restricted Net Assets—Net assets that have been restricted by donors to be maintained by the Foundation in perpetuity. Unless restricted by the donor, income earned on these funds is considered unrestricted and may be used at the Foundation's discretion.

Investments

Investments are presented in the consolidated financial statements of position at fair value. The fair value of investments is based on quoted market prices. The original value of investments is determined by purchase price or, if donated, by the average value at the date of the contribution.

Accounts Receivable

The Museum considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been developed. If amounts become uncollectible they will be charged to operations when that determination is made.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges Receivable

Unconditional pledges are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional.

Inventory

The benefit sale inventory is stated at the estimated realizable value of the merchandise donated. The estimate is based on items that require only minimal repairs or are in a salable condition when received in addition to the value of donated services required to bring the items up to a salable condition.

Property and Equipment

Property and equipment items in excess of $2,500 are recorded at cost or, if donated, as support at their estimated fair value. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

Capitalized Closing Costs

In October 2011, the Museum refinanced its Park Bank mortgage using loans provided through the New Markets Tax Credits program. The costs of the transaction were $255,042, which were capitalized and will be amortized over 84 months. As of June 30, 2015 and 2014, the unamortized costs totaled $121,449 and $157,883. Amortization expense was approximately $36,400 for the years ended June 30, 2015 and 2014.

Due to American Girl Fund for Children

Due to American Girl Fund for Children is recorded at 50% of the ending benefit sale inventory amount due to the fact that the Museum is obligated to pay 50% of sales from the Annual Benefit Sale to the American Girl Fund for Children.

Membership Dues

Membership dues are recognized as revenue when received by the Museum.

Contributions

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services, Inventory, and Materials

Donations of services, inventory, materials, facilities, and other nonmonetary items are recorded at fair value when received, provided the Museum has a clearly measurable and objective basis for determining the value. If values are not reasonably determinable, the donations are not recorded. The Museum received $501,452 and $581,464 in donations of services, inventory, materials, facilities, and other nonmonetary items during the years ended June 30, 2015 and 2014. During the year ended June 30, 2015, this includes $50,599 of fundraising expenses and $450,553 of donated annual benefit sale services. During the year ended June 30, 2014, this includes $15,250 of exhibit expenses, $54 of education expenses, $12,592 of fundraising expenses, and $553,568 of donated annual benefit sale services. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Museum.

Presentation of Sales Tax

The State of Wisconsin and Dane County impose a combined sales tax of 5.5% on the Museum's sales for the Annual Benefit Sale event. The Museum collects that sales tax from customers and remits the entire amount to the State. The Museum's accounting policy is to exclude the tax collected and remitted to the State in revenue and cost of sales.

Date of Management's Review

Subsequent events have been evaluated through September 22, 2015, which is the date the consolidated financial statements were available to be issued.

Income Tax Status

The Museum and the Foundation are exempt from Federal income tax under Internal Revenue Code Section 501(c)(3), with the Foundation qualifying as a supporting organization of the Museum. The Organizations' federal exempt organization returns are subject to examination by the Internal Revenue Service (IRS), generally for three years after they are filed. With few exceptions, the Organizations are no longer subject to such examinations for tax years before 2011.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

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

Exhibit Programs

Exhibit programs are a primary means by which the Museum accomplishes its tax-exempt mission. Exhibit programs comprise research development of interactive exhibits and the physical design, construction, installation, maintenance, and evaluation of exhibits. The Museum actively solicits community input to ensure that information and issues presented are current, factual, and developmentally appropriate. Exhibit programs are integrated with education initiatives and are based on accepted learning theories, employing a broad range of educational methodologies to stimulate curiosity and motivate learning. The Museum collaborates with its community to ensure that education initiatives and exhibits meet community needs and provide quality educational resources and experiences for children, their families, teachers, and care givers. Exhibit programs are developed in conjunction with Education and Visitor Services.

Education

Education programs comprise the Museum's education programming and visitor/participant experience. Education programs are designed and implemented to advance the Museum's tax-exempt purpose, mission, and values. The Education Department works closely with the Exhibit and Marketing/Visitor Services programs to assure integrated, educationally rich, visitor-focused environments and experiences. The Education Department helps the Museum reach its institutional goals by facilitating visitor learning and enjoyment within the Museum and in community outreach activities.

Marketing and Visitor Services

The marketing and Visitor Services program provides the Museum's constituencies with convenient ways to access a broad range of Museum educational exhibits, programs, and services. The program comprises areas of public relations, media relations, advertising, promotion, outreach, and publications. Rental of the facility for private gatherings helps to extend the reach of the mission to a wide age range, supporting lifelong learning and strengthening social bonds. Programs are designed and implemented to make the Museum accessible and attractive to the broadest possible audience. The Museum expenses advertising costs as they are incurred.

Advertising expense was $79,976 and $13,150 for the years ended June 30, 2015 and 2014.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2—INVESTMENTS

Investments at June 30 consisted of the following:

	2015	2014
GNMA mortgage note, 7.5% due June 15, 2022	$ 146	$ 311
GNMA mortgage note, 7% due September 15, 2025	1,357	1,444
Investments	$ 1,503	$ 1,755

Investment return has been recorded as unrestricted revenue in the consolidated statement of activities. Investment income from cash and investment accounts consisted of the following for the years ended June 30:

	2015	2014
Note receivable interest	$ 235,259	$ 182,379
Interest	218	211
Net realized and unrealized gains	13,069	207
Investment return	$ 248,546	$ 182,797

NOTE 3—PLEDGES RECEIVABLE

Pledges receivable at June 30 consisted of the following:

	2015	2014
Pledges - operating	$ 63,251	$ 71,100
Pledges - restricted	87,818	844,795
Pledges - capital campaign	59,889	159,051
Pledges receivable	$ 210,958	$ 1,074,946
Receivable in less than one year	$ 130,893	$ 641,865
Receivable in one to five years	80,065	433,081
Pledges receivable	210,958	1,074,946
Discount to net present value	5,000	17,000
Provision for uncollectible pledges receivable	5,802	14,167
Pledges receivable - net	$ 200,156	$ 1,043,779

Pledges receivable in more than one year are discounted at 2.5%. The Museum routinely assesses the financial strength of its contributors and patrons and, as a consequence, believes the majority of its receivables to be fully collectible.

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	2015	2014
Building and improvements	$ 15,657,204	$ 15,657,204
Leasehold improvements	19,064	253,676
Equipment	614,462	680,299
Property and equipment	16,290,730	16,591,179
Accumulated depreciation	(2,411,110)	(2,252,707)
Property and equipment - net	$ 13,879,620	$ 14,338,472

Depreciation expense was $458,852 and $463,064 for the years ended June 30, 2015 and 2014.

NOTE 5—NOTE RECEIVABLE

The New Market Tax Credit financing requires the Museum to make a note receivable totaling $2,725,000 to MCM Investment Fund LLC during the notes payable term. The Museum will receive interest income at 7% of the outstanding balance over this period. The balance at June 30, 2015 and 2014 was $3,998,281 and $2,650,000. The Museum may make additional notes to the MCM Investment Fund LLC prior to October 2018 and matures in December 2018.

NOTE 6—NOTES PAYABLE

As of June 30, 2011, the Museum had borrowings of $5,800,000 from Park Bank. In October 2011, the Museum refinanced its Park Bank mortgage using loans provided through New Markets Tax Credits program. The New Markets Tax Credit financing includes two interest only notes payable totaling $6,000,000 (an A loan of $4,873,869 plus a B loan of $1,126,131) payable to JCDC II with interest at 6.05662% and a balloon payment due October 2018. The notes are collateralized by the Museum building. In October 2018, the note receivable outstanding will be applied to the A loan and the balance will be refinanced. It is anticipated the Museum will purchase the B loan for a nominal amount in October 2018.

In November 2010, the Museum entered an agreement with the City of Madison to borrow $38,827 which financed energy improvements in the building. The interest rate on this note is 0%, with annual principal payments of $7,765 commencing on July 1, 2013 through July 1, 2017. Balance as of June 30, 2015 and 2014 was $23,296 and $31,062.

In August 2013, the City of Madison assessed the Museum for property improvements. The assessment was for $21,679 payable with interest at 2.5% in annual installments of $1,445 through 2027. Balance as of June 30, 2015 and 2014 was $17,343 and $18,788.

Interest expense during the years ended June 30, 2015 and 2014 was $369,452 and $370,172. Future minimum principal payments are $9,211 for the years ending June 30, 2016, 2017, 2018; $4,887,199 for the year ending June 30, 2019; $26,320 for the year ending June 30, 2020; and $1,099,487 thereafter.

NOTE 7—LINE OF CREDIT

A line of credit of $400,000 is available and carries interest at prime plus 0.75 percentage points, but never less than 4.75%. The line of credit matures May 2016 and is secured by all business assets of the Museum.

NOTE 8—NET ASSETS

Temporarily restricted net assets at June 30 are available for the following purposes or periods:

	2015	2014
Purpose restricted		
Capital campaign	$ 49,088	$ 127,884
Kresge Foundation repair fund	156,000	156,000
Keystone debt prefunding	18,297	1,125,000
2020 funds	44,717	-
Play and a Play	-	23,500
Other	-	5,500
Time restricted		
Pledges receivable due in subsequent years	63,250	71,100
Temporarily restricted net assets	$ 331,352	$ 1,508,984

Permanently restricted net assets at June 30 consisted of the following:

	2015	2014
Madison Children's Museum Foundation, Inc. Endowment	$ 5,995	$ 5,995

NOTE 9—CONTRIBUTIONS AND GRANTS

Contributions and grants during the years ended June 30 consisted of the following:

	2015	2014
Individual	$ 605,845	$ 1,229,974
Foundations	76,820	130,710
Corporations	112,684	115,337
Government	85,974	100,795
Contributions and grants	$ 881,323	$ 1,576,816

NOTE 10—OPERATING LEASES

The Museum leases warehouse space for their annual benefit sale. Per an amendment signed during October 2012, the lease term is five years and automatically renews up to two times through September 2027 provided the Museum has not given prior notice of vacating or is in default of the lease agreement. Total lease expense including common area maintenance for the years ended June 30, 2015 and 2014 was $83,155 and $76,785.

Future minimum payments on the base rent are $77,173, $77,173, and $19,293 for the years ending June 30, 2016, 2017, and 2018.

NOTE 11—ENDOWMENT FUNDS – MADISON COMMUNITY FOUNDATION

The Museum has four Endowment Funds (Funds) that are operated as a component part of Madison Community Foundation, numbered 1030590, 1030591, 1030592, and 1030772. Fund 1030590, the Fund for the Future, holds gifts to an endowment that are matched dollar for dollar by a Museum board member, up to $500,000. The full match of $500,000 was received during the year ended June 30, 2013. Fund 1030772, the Pleasant Rowland Great Performance Fund, is a challenge grant fund that will match up to $2,000,000 dollar for dollar on a quarterly basis on dollars raised from November 1, 2001 through December 31, 2006. Fund 1030591 holds the original donations toward the Great Performance Fund which are matched quarterly as described above. Fund 1030592 holds all gifts to endowment outside of the three funds mentioned.

Annual distributions of up to 4.75% of a rolling twelve-quarter average are available for operations. All other interest and appreciation is reinvested into the Funds. Principal may not be drawn from the Funds except with approval from the Madison Community Foundation's Board of Governors. Donations also grant the Foundation variance power that allows the Foundation to modify the donors' stipulations under certain circumstances. Due to these restrictions, the Funds have not been recorded in the Museum's consolidated financial statements.

The fair values at June 30, 2015 and 2014 were as follows:

	2015	2014
Fund 1030590	$ 1,154,180	$ 1,148,454
Fund 1030772	1,900,351	1,974,806
Fund 1030591	1,730,928	1,792,293
Fund 1030592	50,662	52,837
	$ 4,836,121	$ 4,968,390

Endowment distributions during the years ended June 30 consisted of the following:

	2015	2014
Fund 1030590	$ 39,531	$ 29,320
Fund 1030772	86,629	83,100
Fund 1030591	78,600	75,537
Fund 1030592	2,501	2,591
	$ 207,261	$ 190,548

NOTE 12—ANNUAL BENEFIT SALE

The Museum entered into a new agreement that replaced the existing one on December 1, 2010 with American Girl, LLC for the Annual Benefit Sale. Under this agreement, American Girl, LLC will donate damaged, excess, and returned merchandise to the Museum for repair and sale. The Museum will organize a group of volunteers who will repair and organize the merchandise and implement a large-scale benefit sale. Revenue from the sale, less applicable sales taxes and bank charges, will be divided equally between the American Girl Fund for Children Foundation and the Museum. The Museum treats this as an agency transaction. In the event net revenue from the Annual Benefit Sale exceeds $1.5 million or if the Museum's portion of net revenue comprises over 35% of their annual support and revenue, American Girl, LLC shall have the option to reinstate the matching principles for future benefit sales as they had been applied during past sales. Either party can terminate the agreement with written notice. However, upon termination of this agreement, American Girl, LLC shall continue adhering to these terms with the Museum for an additional three years. Annual benefit sale revenue also includes income from ticket sales and sales of merchandise donated by other corporations directly to the Museum.

The following summarizes the Annual Benefit Sale revenue amount included in the consolidated statements of activities:

	2015	2014
Gross receipts	$ 1,050,187	$ 939,735
Less: Sales tax and bank charges	67,655	66,124
	982,532	873,611
American Girl Fund for Children		
Current year event distribution	(482,810)	(428,344)
Museum's portion of sales revenue	499,722	445,267
Ticket sales for benefit sale	35,770	32,979
Auction revenue	-	9,735
Other benefit revenue	14,975	16,438
Annual Benefit Sale revenue	$ 550,467	$ 504,419

An amount payable to American Girl Fund for Children Foundation is reported as Due to American Girl Fund for Children in the consolidated statements of financial position. The payable of $504,118 and $538,888 at June 30, 2015 and 2014 is an estimated amount that will be payable for the next benefit sale based on the estimated fair value of the donated merchandise.

NOTE 13—SUPPLEMENTAL CASH FLOW DISCLOSURES

Cash paid for interest	$ 339,169	$ 400,455
Noncash investing and financing transactions		
Donated investments	277,183	160,258