

Report of Independent Auditors



To the Board of Trustees of
The Henry E. Huntington Library and Art Gallery

In our opinion, the accompanying statements of financial position and the related statements of revenues, expenses and changes in net assets, functional expenses, and cash flows present fairly, in all material respects, the financial position of The Henry E. Huntington Library and Art Gallery (the "Huntington") at June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Huntington's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the financial statements, the Huntington changed the method of accounting for conditional asset retirement obligations in accordance with Financial Accounting Standards Board Interpretation No. 47.

September 26, 2006

PriceWaterhouseCoopers LLP

Statements of Financial Position JUNE 30, 2006 AND 2005

	General Fund	Endowment Fund	Property Fund	2006 Total	2005 Total
ASSETS					
Cash and cash equivalents	\$6,002,909	\$14,723,065		\$20,725,974	\$7,028,778
Short-term investments	10,971,085	2,982,013		13,953,098	11,778,634
Accounts and other receivables	758,152			758,152	356,932
Grants and contributions receivable (Note 4)	11,155,515	11,985,419		23,140,934	17,807,459
Prepaid expenses	324,778			324,778	358,087
Inventories	706,314			706,314	544,583
Note and mortgage receivable	1,646	8,861		10,507	25,002
Pooled investments (Note 3)		181,497,292		181,497,292	165,809,515
Beneficial interests in trusts, insurance, and real estate		16,385,625		16,385,625	11,527,824
Real estate and oil leases			\$1,119,656	1,119,656	1,114,329
Fixed assets (Note 5)			84,928,576	84,928,576	74,375,956
Library, art and garden collections (Note 6)					
Interfund	(1,952,357)	1,936,182	16,175	-	-
Total assets	\$27,968,042	\$229,518,457	\$86,064,407	\$343,550,906	\$290,727,099
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable and accrued expenses	\$3,897,402	\$108,420		\$4,005,822	\$2,987,457
Obligations under unitrust and annuity agreements		5,688,928		5,688,928	2,691,409
Asset retirement obligation (Note 2)			\$1,776,292	1,776,292	-
Total liabilities	3,897,402	5,797,348	1,776,292	11,471,042	5,678,866
Net assets (Note 9):					
Unrestricted	500,000	72,626,734	84,288,115	157,414,849	134,273,030
Temporarily restricted	23,570,640	68,549,321		92,119,961	76,746,852
Permanently restricted		82,545,054		82,545,054	74,028,351
Total net assets	24,070,640	223,721,109	84,288,115	332,079,864	285,048,233
Total liabilities and net assets	\$27,968,042	\$229,518,457	\$86,064,407	\$343,550,906	\$290,727,099

Statements of Activities FOR THE FISCAL YEARS ENDED JUNE 30, 2006 AND 2005

	General Fund	Endowment Fund	Property Fund	2006 Total	2005 Total
CHANGES IN UNRESTRICTED NET ASSETS:					
Support and revenue:					
Investment return	\$5,706,942	\$6,527,454	\$500,000	\$12,734,396	\$8,060,232
Individual, corporate and foundation contributions	7,949,272	9,242,376		17,191,648	8,292,276
Fees, auxiliary services, sales and other revenue	7,713,671			7,713,671	6,908,055
Change in value of split interest agreements		(3,028,407)		(3,028,407)	(25,548)
Net assets released from restriction and interfund transfers	5,698,101	2,386,146	13,720,976	21,805,223	16,005,599
Total support and revenue	27,067,986	15,127,569	14,220,976	56,416,531	39,240,614
Expenses:					
Program	19,568,983		3,481,405	23,050,388	20,704,447
Supporting	4,708,358	879,819	97,439	5,685,616	4,974,512
Cost of sales and auxiliary services	2,710,553		136,448	2,847,001	2,912,607
Total expenses	26,987,894	879,819	3,715,292	31,583,005	28,591,566
Increase in unrestricted net assets before cumulative effect of change in accounting principle	80,092	14,247,750	10,505,684	24,833,526	10,649,048
Cumulative effect of change in accounting principle (Note 2)			(1,691,707)	(1,691,707)	
Increase in unrestricted net assets before Board of Trustees designated transfer	80,092	14,247,750	8,813,977	23,141,819	10,649,048
Accumulated operating surpluses to endowment pursuant to Board of Trustees designated transfer	(2,050,217)	2,050,217			
Unrestricted net assets at beginning of fiscal year	2,470,125	56,328,767	75,474,138	134,273,030	123,623,982
Unrestricted net assets at end of fiscal year	\$500,000	\$72,626,734	\$84,288,115	\$157,414,849	\$134,273,030
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:					
Investment return	\$1,980,811	\$14,902,794		\$16,883,605	\$10,139,428
Contributions, grants and other revenue	16,854,908	2,634,026		19,488,934	25,012,902
Change in value of split interest agreements	-	(177,207)		(177,207)	(224,659)
Net assets released from restriction and interfund transfers	(17,982,736)	(2,839,487)		(20,822,223)	(15,796,412)
Increase in temporarily restricted net assets	852,983	14,520,126		15,373,109	19,131,259
Temporarily restricted net assets at beginning of fiscal year	22,717,657	54,029,195		76,746,852	57,615,593
Temporarily restricted net assets at end of fiscal year	\$23,570,640	\$68,549,321		\$92,119,961	\$76,746,852
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:					
Contributions	\$-	\$9,499,703		\$9,499,703	\$10,599,507
Net assets released from restriction and interfund transfers	-	(983,000)		(983,000)	(209,187)
Increase in permanently restricted net assets	-	8,516,703		8,516,703	10,390,320
Permanently restricted net assets at beginning of fiscal year	-	74,028,351		74,028,351	63,638,031
Permanently restricted net assets at end of fiscal year	\$-	\$82,545,054		\$82,545,054	\$74,028,351
TOTAL NET ASSETS:					
Unrestricted	\$500,000	\$72,626,734	\$84,288,115	\$157,414,849	\$134,273,030
Temporarily restricted	23,570,640	68,549,321	-	92,119,961	76,746,852
Permanently restricted	-	82,545,054	-	82,545,054	74,028,351
Total net assets	\$24,070,640	\$223,721,109	\$84,288,115	\$332,079,864	\$285,048,233

Statements of Functional Expenses FOR THE FISCAL YEARS ENDED JUNE 30, 2006 AND 2005

	Program					Supporting			2006 Total	2005 Total	
	Library	Research	Art	Botanical	Public Services	Admin.	Fund Raising	Cost of Sales Departments			Allocated
Acquisitions	\$728,956	\$3,044	\$701,111	\$31,795						\$1,464,906	\$1,456,337
Conservation	85,339		19,446	2,425		\$9,581				116,791	187,241
Cost of merchandise and services				1,991	\$33,932			\$1,058,552		1,094,475	1,156,982
Exhibits and programs	163,600	373,333	379,375	158,430	390,086	7,083	\$844,754	22,801	\$2,244	2,341,706	1,767,122
Grants awarded	19,077	987,527								1,006,604	918,032
Insurance					151				457,326	457,477	440,856
Maintenance and repairs	35,109	260	8,643	204,249	28,974	7,480	17,610	4,731	385,125	692,181	712,738
Outside services	52,690		13,100	12,220	550	123,405	1,318	9,576	59,363	272,222	288,371
Professional and institutional development	29,161	25,282	41,929	45,900	49,207	138,717	101,238	19,847	23,229	474,510	423,214
Promotion	621	760			3,036		222	57,566		62,205	71,961
Salaries and benefits	3,174,780	451,024	760,686	2,635,199	976,465	1,329,217	1,574,972	1,202,118	3,824,982	15,929,443	14,778,039
Supplies, materials and equipment	195,138	25,451	32,422	350,715	114,135	155,522	244,425	206,808	425,921	1,748,537	1,514,800
Utilities			460	82,230	12,320				1,316,412	1,411,422	1,300,671
Subtotal before allocated departments	4,484,471	1,866,681	1,957,172	3,525,154	1,608,856	1,771,005	2,784,539	2,581,999	6,492,602	27,072,479	24,996,314
Security, maintenance and operations	2,908,036	63,627	1,366,044	1,573,807	297,361	117,516	37,657	128,554	(6,492,602)	—	—
Subtotal-general fund	7,392,507	1,930,308	3,323,216	5,098,961	1,906,217	1,888,521	2,822,196	2,710,553	—	27,072,479	24,996,314
Investment fees						879,819				879,819	766,147
Depreciation	1,344,224	7,311	499,853	1,512,478	35,313	76,258	18,822	136,448		3,630,707	2,829,105
2006 Total expenses	\$8,736,731	\$1,937,619	\$3,823,069	\$6,611,439	\$1,941,530	\$2,844,598	\$2,841,018	\$2,847,001		\$31,583,005	\$28,591,566
2005 Total expenses	\$7,588,812	\$1,524,046	\$3,942,889	\$5,995,404	\$1,653,296	\$2,509,424	\$2,465,088	\$2,912,607			
Total Program										\$23,050,388	\$20,704,447
Total Supporting										\$5,685,616	\$4,974,512
Total Cost of Sales										\$2,847,001	\$2,912,607

Statements of Cash Flows FOR THE FISCAL YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
Cash flows from operating activities:		
Increase in net assets	\$47,031,631	\$40,170,627
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	3,630,707	2,829,105
Cumulative effect of change in accounting principle	1,691,707	-
Non-cash change to asset retirement obligation	84,585	-
Amortization of pledge discounts	3,311,727	2,312,870
Contributions for long-term investment	(17,229,891)	(15,599,947)
Net realized and unrealized gains on investments	(30,196,450)	(15,304,032)
Non-cash contribution of real estate	-	(2,750,000)
Oil leases	32,322	-
Changes in operating assets and liabilities:		
Accounts and other receivables, including accrued investment income	(701,248)	(201,854)
Grants and contributions receivable	(1,537,987)	(6,096,466)
Prepaid expenses	33,310	73,611
Inventories	(161,731)	6,129
Note and mortgage receivable	14,494	14,093
Accounts payable and accrued expenses	(141,193)	519,434
Net cash provided by operating activities	5,861,983	5,973,570
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	89,335,463	52,744,070
Purchases of investments	(76,701,228)	(62,154,411)
Purchases of fixed assets	(13,023,767)	(9,997,139)
Improvements of real estate holdings	(37,649)	(38,837)
Net cash used for investing activities	(427,181)	(19,446,317)
Cash flows from financing activities:		
Contributions for long-term investment	10,122,676	5,549,144
Change in beneficial interests in trusts and insurance	(1,860,282)	94,826
Net cash provided by financing activities	8,262,394	5,643,970
Net increase (decrease) in cash	13,697,196	(7,828,777)
Cash and cash equivalents at beginning of fiscal year	7,028,778	14,857,555
Cash and cash equivalents at end of fiscal year	\$20,725,974	\$7,028,778

Notes to Financial Statements

1. Organization

The Henry E. Huntington Library and Art Gallery (the "Huntington") is a California nonprofit charitable trust created in 1919 by Henry E. Huntington to promote and advance "learning, the arts and sciences, and to promote the public welfare; ...to render the books, manuscripts and other contents available...to scholars and other persons engaged in research or creative work in history, literature, art, science and kindred subjects; ...to disseminate and contribute to the advancement of useful information and knowledge; ...and generally to conduct an institution of educational value to the public."

The Huntington is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding provisions of the California Revenue and Taxation Statute. However, the Huntington makes provision for federal and California franchise taxes on unrelated business income from a portion of bookstore sales.

2. Significant Accounting Policies

BASIS OF PRESENTATION

The financial statements of the Huntington have been prepared on the accrual basis of accounting, in accordance with the AICPA's Audit and Accounting Guide "Not-for-Profit Organizations."

Net assets of the Huntington are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations. The Board of Trustees may elect to designate such net assets for specific purposes or to function as endowment. This designation may be removed at the Board's discretion.

Temporarily restricted net assets – net assets that are subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Huntington pursuant to these stipulations.

Permanently restricted net assets – net assets that are subject to donor-imposed stipulations that must be maintained in perpetuity while permitting the Huntington to use or expend part or all of the income derived from the donated assets.

The financial statements report activity in a columnar format, reflecting the following main centers of financial activity at the Huntington:

General Fund – represents those net assets associated with the regular programs and activities of the Huntington.

Endowment Fund – represents those net assets, which are restricted for, or designated as, endowment, the income from which helps to underwrite the program activities of the Huntington. The Endowment Fund also reflects the activity associated with the Huntington's beneficial interests in trusts, insurance, and real estate.

Property Fund – represents those net assets associated with the Huntington's holdings of land, buildings, improvements, and equipment.

CASH AND CASH EQUIVALENTS

All highly liquid investments with maturity of three months or less when purchased are considered to be cash equivalents. Cash and cash equivalents balances for operating purposes are maintained in the General Fund separately from cash and cash equivalents in the Endowment Fund. The statement of cash flows reconciles the total changes in net assets to the change in the combined total of cash maintained for operating purposes and cash in the Endowment Fund.

The Huntington maintains its cash and cash equivalents in a number of commercial banks. Accounts at these institutions are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$100,000 for each bank. The Huntington is exposed to credit risk for amounts held in excess of the FDIC limit. However, the Huntington does not anticipate nonperformance by another party on the contract terms.

INVENTORIES

Inventories, reported at cost, consist of items held by the Huntington Bookstore & More and Huntington Library Press publications.

LONG-TERM INVESTMENTS

Investments with a readily determinable market value are stated at fair value. Other investments including real estate and oil leases, hedge funds and limited partnerships are stated at market. Gains or losses and investment income on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations.

BENEFICIAL INTERESTS IN TRUSTS, INSURANCE AND REAL ESTATE

The Huntington has a beneficial interest in a number of split-interest agreements. Interests in the gift annuity fund, pooled income fund, and charitable remainder trusts are stated at market, with a corresponding liability for the present value of estimated future payments, using discount rates ranging from 6% to 7.5% and life expectancy tables, to the beneficiary(ies) other than the Huntington. A reserve account is maintained for the gift annuity fund in compliance with California Department of Insurance regulations. The Huntington is beneficiary of life insurance policies with a cash surrender value. The Huntington is also beneficiary of a one-sixth interest in an apartment building. The gains or losses and investment income on split-interest agreements are reported in the statement of changes in net assets as investment income.

When the Huntington is named as trustee under the terms of a split-interest agreement, the agreement is recorded at the market value of the trust on the date of the trust; a corresponding liability is recorded to recognize the present value of expected future cash flows to be paid to the beneficiary(ies). When the Huntington is not named as trustee under the terms of a split-interest agreement in which it has a beneficial interest, the agreement is recorded when the Huntington is notified of the beneficial interest and when the market value of the agreement can be readily ascertained.

FIXED ASSETS

Fixed assets are recorded at cost or amounts assigned at dates of gifts, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the buildings and building improvements (10–30 years), equipment and vehicles (3–15 years), and land improvements (15–25 years).

CONTRIBUTIONS AND GRANTS

Unconditional pledges are recorded as revenue when executed, and other contributions are recorded when received. The Huntington records gifts of cash and other assets as temporarily restricted contributions if they are received with stipulations from the donor that limit their use or are to be received in the future. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from donor restrictions.

A substantial number of unpaid volunteers have made significant contributions of their time to many of the Huntington's programs. The value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

FEES, AUXILIARY SERVICES, SALES AND OTHER REVENUE

Fees, auxiliary services, sales and other revenue include admissions, bookstore sales, publications sales, fees for reproducing Huntington images, concession fees from the food services provider, fees for filming on Huntington property, and revenues from other auxiliary services.

USE OF ESTIMATES

The presentation of the Huntington's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

ADOPTION OF NEW ACCOUNTING STANDARD

In March of 2005, the FASB issued FASB interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"), which was issued to provide clarity surrounding the recognition of conditional asset retirement obligations, as referred to in FASB Statement No. 143, "Accounting for Asset Retirement Obligation." FIN 47 defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation does not defer recognition of a liability. The obligation to perform the asset retirement activity is unconditional and, accordingly, a liability should be recognized. Based on the guidance in FIN 47, management of the Huntington determined that sufficient information was available to estimate the fair value of known retirement obligations.

FIN 47 requires the initial application of the interpretation to be recognized as a cumulative effect of a change in an accounting principle. Specifically, FIN 47 requires the recognition, a cumulative effect, the cumulative accretion and accumulated depreciation for the period from the date the liability was incurred to the date of the adoption of this interpretation. The liability incurred date is presumed to be the date upon which the legal requirement to perform the asset retirement activity was enacted.

Upon initial application of FIN 47, the Huntington recognized asset retirement obligations related to asbestos contamination and lead paint removal in buildings as a non-cash transition impact of \$1,691,707 reported as a cumulative effect of a change in accounting principle in the statements of unrestricted revenues, expenses and other changes in unrestricted net assets. As of June 30, 2006, \$1,776,292 of conditional retirement asset obligations is included in the statements of financial position.

3. Pooled Investments

The investments of the Huntington include permanent endowments, funds established by the Board of Trustees to function as endowment, and other balances. Investment return related to assets of permanent endowments is classified depending on donor stipulation.

The Endowment Fund investments are managed on a total return basis to provide both income and capital appreciation. Under the Huntington's endowment spending policy, a spending rate is assessed against endowments that support unrestricted and certain temporarily restricted activities, consistent with an annual budget approved by the Board of Trustees. The spending policy allows the expenditure of a prudent amount of the total investment return over a period of time that preserves the future purchasing power of endowment principal. A spending rate of 5.7% and 5.9% of the preceding twelve-quarters average market value of the Endowment Fund investments was appropriated to support current operations in the years ended June 30, 2006 and 2005, respectively.

The following schedule summarizes the investment return in the pooled investments, excluding investment gains or (losses) related to beneficial interests in trusts, insurance and real estate of (\$970,176) and \$359,739 in the years ended June 30, 2006 and 2005, respectively:

	June 30			
	Unrestricted	Temporarily Restricted	2006 Total	2005 Total
POOLED INVESTMENT RETURNS:				
Dividends and interest	\$1,401,048	\$1,618,084	\$3,019,132	\$2,566,266
Net realized gains	7,659,791	10,806,582	18,466,373	5,293,677
Net unrealized gains	3,051,132	4,111,188	7,162,320	9,979,978
Investment return	\$12,111,971	\$16,535,854	\$28,647,825	\$17,839,921

The Endowment Fund includes cash and cash equivalents of \$14,723,065 and \$1,301,627 at June 30, 2006 and 2005, respectively, and short-term investments of \$2,982,013 and \$3,308,680 at June 30, 2006 and 2005, respectively. Pooled investments at market value comprise the following:

	June 30	
	2006	2005
Large capitalization equities	\$37,229,392	\$34,109,022
Small capitalization equities	7,879,432	7,601,983
Global equity funds	28,775,999	25,394,007
Emerging markets equity funds	17,376,264	18,645,621
Fixed income funds	-	22,932,006
Treasury bonds	18,340,410	-
Private equity funds	8,113,116	2,770,929
Absolute return funds	42,383,212	37,860,137
Real asset funds	20,941,994	16,338,364
Accrued interest and dividends	457,473	157,446
	\$181,497,292	\$165,809,515

The Huntington had commitments outstanding to fund alternative investments of \$33,362,642 and \$27,799,450 at June 30, 2006 and June 30, 2005, respectively.

4. Grants and Contributions Receivable

Grants and contributions receivable are comprised of the unconditional promises to give shown below. In determining the present value of the expected future cash flows for unconditional promises to give, a discount rate of 5% and 3% was applied at June 30, 2006 and 2005, respectively.

	June 30	
	2006	2005
AMOUNTS DUE IN:		
Less than one year	\$5,673,192	\$4,059,750
One to five years	14,075,003	12,423,243
More than five years	9,695,000	4,315,000
Less: discount	(6,302,261)	(2,990,534)
	<u>\$23,140,934</u>	<u>\$17,807,459</u>

5. Fixed Assets

Fixed assets consists of the following:

	June 30	
	2006	2005
Land	\$2,082,008	\$2,082,008
Land improvements	11,176,630	10,031,893
Buildings and improvements	83,662,668	70,384,854
Construction in progress	15,706,255	16,281,008
Equipment and vehicles	11,464,493	11,128,965
Less accumulated depreciation	(39,163,478)	(35,532,772)
	<u>\$84,928,576</u>	<u>\$74,375,956</u>

The Huntington has committed \$16,152,578 for construction contracts as of June 30, 2006, which will be funded by gifts and pledges included within temporarily restricted net assets; \$13,990,194 will be paid during the fiscal year ended June 30, 2007 and \$2,162,384 will be paid during the fiscal year ended June 30, 2008.

6. Library, Art and Garden Collections

The collections, which were acquired through purchases and contributions since the Huntington's inception, are not recognized as assets on the statement of financial position. The collections are held for public education or research in furtherance of public service rather than financial gain.

Collections items are expensed when purchased. Contributed collections items are not reflected on the financial statements. The estimated fair value of contributed collections items amounted to \$7,445,209 and \$2,959,050 in the years ended June 30, 2006 and 2005, respectively.

The Huntington continually reviews its collections and may deaccession or acquire additional items. Proceeds from deaccessions are classified as unrestricted, except when donor restrictions apply. The collections are subject to a policy that requires proceeds from deaccessioning to be used to acquire other items for collections.

7. Contributed Services

During the fiscal year ended June 30, 2006, the Huntington received contributed services in the form of shipping, photographic services and airline tickets totaling \$294,839 in support of the Chinese Garden.

8. Retirement Plan

The Huntington maintains a qualified defined contribution retirement plan. All full-time employees with two or more years of service are eligible to participate. The Huntington's contribution to the plan was \$835,325 and \$740,004 for the years ended June 30, 2006 and 2005, respectively. There are no prior service obligations, and all contributions are fully and immediately vested in the participants' accounts.

9. Net Assets

Net assets consist of the following:

	General Fund	Endowment Fund	Property Fund	2006 Total	2005 Total
UNRESTRICTED NET ASSETS:					
Available for operations	\$500,000			\$500,000	\$2,470,125
Invested in fixed assets			\$84,288,115	84,288,115	75,474,138
Beneficial interests in trusts and insurance		\$2,520,287		2,520,287	1,188,029
Funds held for investment		70,106,447		70,106,447	55,140,738
Total unrestricted net assets	\$500,000	\$72,626,734	\$84,288,115	\$157,414,849	\$134,273,030
TEMPORARILY RESTRICTED NET ASSETS:					
For program activities	\$6,969,742			\$6,969,742	\$6,269,079
For acquisitions	1,191,018			1,191,018	590,414
For fixed assets	15,409,880			15,409,880	15,858,164
Beneficial interests in trusts and insurance		\$4,375,286		4,375,286	3,849,211
Funds held for investment		64,174,035		64,174,035	50,179,984
Total temporarily restricted net assets	\$23,570,640	\$68,549,321		\$92,119,961	\$76,746,852
PERMANENTLY RESTRICTED NET ASSETS:					
Beneficial interests in trust and insurance		\$4,327,992		\$4,327,992	\$4,327,992
Endowment		78,217,062		78,217,062	69,700,359
Total permanently restricted net assets		\$82,545,054		\$82,545,054	\$74,028,351

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors, as follows:

	June 30	
	2006	2005
Expenditures for program activities, including acquisition of collection items	\$8,084,247	\$7,564,645
Expenditures for fixed assets	13,720,976	8,440,954
	\$21,805,223	\$16,005,599