

**AUDITED FINANCIAL STATEMENTS**

**STATE HISTORICAL  
SOCIETY OF MISSOURI**

**FOR THE YEARS ENDED  
JUNE 30, 2018 AND 2017**

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**BEARD-BOEHMER & ASSOCIATES, PC  
CERTIFIED PUBLIC ACCOUNTANTS  
COLUMBIA, MISSOURI**

**STATE HISTORICAL SOCIETY OF MISSOURI  
COLUMBIA, MISSOURI  
TABLE OF CONTENTS**

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	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT .....	1 - 2
FINANCIAL STATEMENTS:	
Statement of Assets and Net Assets – Modified Cash Basis .....	3
Statement of Revenues, Expenses, and Changes in Net Assets – Modified Cash Basis	
For the year ended June 30, 2018.....	4
For the year ended June 30, 2017.....	5
Statement of Functional Expenses – Modified Cash Basis	
For the year ended June 30, 2018.....	6
For the year ended June 30, 2017.....	7
NOTES TO FINANCIAL STATEMENTS .....	8 - 12

February 11, 2019

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
State Historical Society of Missouri  
Columbia, MO

We have audited the accompanying financial statements of the State Historical Society of Missouri (a nonprofit organization), which comprise the statement of assets and net assets—modified cash basis as of June 30, 2018 and 2017, and the related statement of revenues, expenses, and changes in net assets—modified cash basis, and statement of functional expenses—modified cash basis 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 financial statements in accordance with the modified cash basis of accounting as described in Note 1B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITORS' REPORT**  
**STATE HISTORICAL SOCIETY OF MISSOURI**

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of the State Historical Society of Missouri as of June 30, 2018 and 2017, and its revenues, expenses, and changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 1B.

**Basis of Accounting**

We draw attention to Note 1B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Beard-Boehmer & Associates, PC*

Beard-Boehmer & Associates, PC  
Columbia, MO

**STATE HISTORICAL SOCIETY OF MISSOURI**  
**STATEMENT OF ASSETS AND NET ASSETS - MODIFIED CASH BASIS**  
**JUNE 30, 2018 AND 2017**

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**ASSETS**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 204,512	\$ 382,687
Investments	1,785,124	728,794
Fixed assets, net of accumulated depreciation	54,386	84,859
Purchased collections	418,237	418,237
Construction in process	<u>263,528</u>	<u>263,528</u>
 TOTAL ASSETS . . . . .	 \$ <u>2,725,787</u>	 \$ <u>1,878,105</u>

**NET ASSETS**

NET ASSETS		
Unrestricted		
Designated for projects and activities	\$ 629,590	\$ 612,932
Undesignated, unrestricted	<u>827,653</u>	<u>784,934</u>
Total unrestricted net assets	1,457,243	1,397,866
 Temporarily restricted	 1,245,575	 458,239
Permanently restricted	<u>22,969</u>	<u>22,000</u>
 TOTAL NET ASSETS . . . . .	 \$ <u>2,725,787</u>	 \$ <u>1,878,105</u>

**THE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS**  
**ARE AN INTEGRAL PART OF THIS STATEMENT**

**STATE HISTORICAL SOCIETY OF MISSOURI  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2018  
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

	2018				2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>SUPPORT AND REVENUES</b>					
Membership dues	\$ 99,751	\$ -	\$ -	\$ 99,751	\$ 29,630
Donations	198,857	787,681	-	986,538	310,756
Grants	100,150	-	-	100,150	35,429
Merchandise sold	11,433	-	-	11,433	9,563
Fees	147,687	-	-	147,687	84,157
Postage, shipping, and handling	-	-	-	-	1,108
History day	-	-	-	-	9,465
Reimbursed expenses	3,530	-	-	3,530	26,723
Miscellaneous	24,316	-	-	24,316	43,239
Investment income	11,615	22,522	969	35,106	6,833
Net assets released from restrictions:					
Satisfied by payments	22,867	(22,867)	-	-	-
<b>TOTAL SUPPORT AND REVENUES . . . . .</b>	<b>\$ 620,206</b>	<b>\$ 787,336</b>	<b>\$ 969</b>	<b>\$ 1,408,511</b>	<b>\$ 556,903</b>
<b>EXPENSES</b>					
Program	\$ 441,811	\$ -	\$ -	\$ 441,811	\$ 398,355
Management and general	89,422	-	-	89,422	102,261
Fundraising	29,596	-	-	29,596	71,592
<b>TOTAL EXPENSES . . . . .</b>	<b>\$ 560,829</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 560,829</b>	<b>\$ 572,208</b>
<b>CHANGES IN NET ASSETS . . . .</b>	<b>\$ 59,377</b>	<b>\$ 787,336</b>	<b>\$ 969</b>	<b>\$ 847,682</b>	<b>\$ (15,305)</b>
<b>NET ASSETS, BEGINNING</b>	<b>1,397,866</b>	<b>458,239</b>	<b>22,000</b>	<b>1,878,105</b>	<b>1,893,410</b>
<b>NET ASSETS, ENDING . . . . .</b>	<b>\$ 1,457,243</b>	<b>\$ 1,245,575</b>	<b>\$ 22,969</b>	<b>\$ 2,725,787</b>	<b>\$ 1,878,105</b>

**THE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT**

**STATE HISTORICAL SOCIETY OF MISSOURI  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUES</b>				
Membership dues	\$ 29,630	\$ -	\$ -	\$ 29,630
Donations	41,005	257,751	12,000	310,756
Grants	35,429	-	-	35,429
Merchandise sold	9,563	-	-	9,563
Fees	84,157	-	-	84,157
Postage, shipping, and handling	1,108	-	-	1,108
History day	9,465	-	-	9,465
Reimbursed expenses	26,723	-	-	26,723
Miscellaneous	43,239	-	-	43,239
Investment income	6,833	-	-	6,833
Net assets released from restrictions:				
Satisfied by payments	106,332	(106,332)	-	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b>\$ 393,484</b>	<b>\$ 151,419</b>	<b>\$ 12,000</b>	<b>\$ 556,903</b>
<b>EXPENSES</b>				
Program	\$ 398,355	\$ -	\$ -	\$ 398,355
Management and general	102,261	-	-	102,261
Fundraising	71,592	-	-	71,592
<b>TOTAL EXPENSES</b>	<b>\$ 572,208</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 572,208</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ (178,724)</b>	<b>\$ 151,419</b>	<b>\$ 12,000</b>	<b>\$ (15,305)</b>
<b>NET ASSETS, BEGINNING</b>	<b>1,576,590</b>	<b>306,820</b>	<b>10,000</b>	<b>1,893,410</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 1,397,866</b>	<b>\$ 458,239</b>	<b>\$ 22,000</b>	<b>\$ 1,878,105</b>

**THE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT**

**STATE HISTORICAL SOCIETY OF MISSOURI**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

	2018			2017	
	Program Services	Management and General	Fund- raising	Total	Total
EXPENSES					
Acquisitions	\$ -	\$ -	\$ -	\$ -	\$ 88,215
Bank charges	391	2,927	-	3,318	3,492
Books and subscriptions	-	-	-	-	11,527
Contract services	121,013	33,849	1,300	156,162	71,949
Depreciation	30,473	-	-	30,473	32,839
Education and outreach	14,276	297	-	14,573	19,254
Awards and scholarships	54,491	1,441	-	55,932	19,479
Grants	-	-	-	-	142
Information technology	39,337	614	5,573	45,524	44,702
Insurance	-	-	-	-	5,241
Merchandise	8,986	-	-	8,986	4,462
Miscellaneous	855	-	-	855	3,424
National digital newspaper	21,567	468	-	22,035	-
Postage and shipping	11,154	1,875	259	13,288	22,315
Printing	47,575	5,682	7,872	61,129	43,447
Professional development	2,970	3,399	224	6,593	12,544
Rent	-	-	-	-	9,754
Repairs	-	-	-	-	2,352
Small equipment and furniture	-	-	-	-	2,577
Supplies	36,378	25,274	-	61,652	55,709
Telephone	-	-	-	-	1,901
Travel and meetings	32,386	13,596	14,368	60,350	73,471
Utilities	947	-	-	947	-
Wages and benefits	19,012	-	-	19,012	43,412
<b>TOTAL EXPENSES</b>	<b>\$ 441,811</b>	<b>\$ 89,422</b>	<b>\$ 29,596</b>	<b>\$ 560,829</b>	<b>\$ 572,208</b>

**THE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT**



**STATE HISTORICAL SOCIETY OF MISSOURI  
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2017**

EXPENSES	Program Services	Management and General	Fundraising	Total
Acquisitions	\$ 88,215	\$ -	\$ -	\$ 88,215
Awards and scholarships	11,264	7,025	965	19,254
Bank charges	225	3,267	-	3,492
Books and subscriptions	8,937	2,165	425	11,527
Contract services	11,397	31,977	28,575	71,949
Depreciation	32,839	-	-	32,839
Events	16,204	-	3,275	19,479
Grant	142	-	-	142
Information technology	30,174	3,899	10,629	44,702
Insurance	360	4,881	-	5,241
Merchandise	4,462	-	-	4,462
Miscellaneous	58	3,366	-	3,424
Postage and shipping	12,276	713	9,326	22,315
Printing	32,510	6,226	4,711	43,447
Professional development	389	12,145	10	12,544
Rent	9,754	-	-	9,754
Repairs	-	2,352	-	2,352
Small equipment and furniture	2,309	268	-	2,577
Supplies	51,372	3,647	690	55,709
Telephone	1,028	873	-	1,901
Travel and meetings	41,028	19,457	12,986	73,471
Wages and benefits	43,412	-	-	43,412
<b>TOTAL EXPENSES</b>	<b>\$ 398,355</b>	<b>\$ 102,261</b>	<b>\$ 71,592</b>	<b>\$ 572,208</b>

**THE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT**

**STATE HISTORICAL SOCIETY OF MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

- A. Purpose of Reporting Entity** – The State Historical Society of Missouri (“SHSMO”) is a nonprofit organization which collects, preserves, exhibits, and publishes materials for study of history, especially the history of the State of Missouri and the Middle West.
- B. Method of Accounting** – Except for the modifications mentioned below, these financial statements are prepared on the modified cash basis of accounting. Accordingly, contributions, membership dues, fees, and other revenues are recorded as revenue when received, not when earned, and expenses are recorded when paid, not when incurred. The modified cash basis is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. The modifications to the cash basis are as follows – investments are reported at fair value, fixed assets are capitalized and depreciated and, certain collections have been capitalized at the time of purchase.
- C. Cash and Cash Equivalents** – For the purpose of these financial statements, the SHSMO considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and investments are fully insured by the Federal Deposit Insurance Corporation (FDIC) as of June 30, 2018.
- D. Income Tax** – The Organization is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation pursuant to Section 509(a) of the code.
- E. Contributions** – Contributions are considered to be available for the general program of the Organization unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 restrictions. Contributions that are restricted by the donors are reported as an increase in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are received.
- F. Donated Services** – In accordance with the modified cash basis of accounting, the accompanying financial statements do not include the value of donated goods and services. A substantial number of volunteers donate significant amounts of time to the SHSMO’s projects and the University of Missouri provides the SHSMO with the space, program, and administrative support. Management has not attempted to determine the value of these items.
- G. Use of Estimates** – Preparation of the financial statements in conformity with the modified cash basis of accounting requires the use of management's estimates, primarily related to depreciable lives of fixed assets. The nature of those estimates, however, is such that variances in actual results are generally immaterial.
- H. Functional Allocation of Expenses** – The costs of providing the program and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

**STATE HISTORICAL SOCIETY OF MISSOURI  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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**NOTE 2: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are composed of the following at June 30:

	<u>2018</u>	<u>2017</u>
Petty Cash	\$ 427	\$ 377
Deposits in transit	645	1,193
Checking and money market accounts	<u>203,440</u>	<u>381,117</u>
Total cash and cash equivalents	<u>\$ 204,512</u>	<u>\$ 382,687</u>

The checking accounts are non-interest bearing and the money market account has an interest rate of 0.15% at June 30, 2018 and 2017.

**NOTE 3: INVESTMENTS**

Investments are reported at market value. The unrealized increase to market value during the year is reported in the Statement of Activities. SHSMO's policy is to include cash and cash equivalents held by the brokers in a managed portfolio as investments. The investments consists of non-negotiable Certificates of Deposits, insured by the FDIC, and a brokerage account covered by the Securities Investors Protection Corporation. Investments are composed of the following at June 30:

	<u>2018</u>	<u>2017</u>
Certificates of deposits with original maturities between 19 and 36 months and interest rates between 0.15% and 1.46%	\$ 209,870	\$ 728,794
Brokerage account:		
Equities	785,431	-
Fixed income	472,688	-
Real assets	69,304	-
Alternatives	116,367	-
Cash and cash equivalents	<u>131,464</u>	<u>-</u>
Total Investments	<u>\$ 1,785,124</u>	<u>\$ 728,794</u>

Investment income consists of the following at June 30:

	<u>2018</u>	<u>2017</u>
Interest income	\$ 1,638	\$ 6,833
Dividends	27,951	-
Tax exempt income	543	-
Unrealized gains (losses)	12,833	-
Realized gains (losses)	(36)	-
Taxes and fees	<u>(7,823)</u>	<u>-</u>
Total Investment income	<u>\$ 35,106</u>	<u>\$ 6,833</u>

**STATE HISTORICAL SOCIETY OF MISSOURI  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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**NOTE 4: FIXED ASSETS AND ACCUMULATED DEPRECIATION**

The following is a schedule of fixed assets and accumulated depreciation at June 30:

	2018	2017
Furniture, fixtures, and equipment	\$ 433,157	\$ 433,157
Less: accumulated depreciation	(378,771)	(348,298)
Net fixed assets	\$ 54,386	\$ 84,859

Assets with an estimated useful life of more than one year, and an original cost of more than \$1,000 are capitalized and depreciated over their estimated useful lives of between 5 and 10 years using the straight line method.

**NOTE 5: COLLECTIONS**

Purchases of artwork and historically significant items in the amount of \$418,237 have been capitalized as collections, and in accordance with the modified cash basis of accounting donated items have not been capitalized. The collections are shown at historical costs on the statement of assets and net assets – modified cash basis.

**NOTE 6: CONSTRUCTION IN PROCESS**

Costs incurred relating to a new building, including direct consulting fees, developer fees, and other costs associated with construction activities are capitalized. These costs will be depreciated over their estimated useful lives once the building is placed in service. At June 30, 2018, \$263,528 of construction in process has been capitalized.

**NOTE 7: FAIR VALUE OF FINANCIAL INSTRUMENTS**

Assets and liabilities measured at a fair value on a recurring basis

The following are the major categories of assets measured in fair values on a recurring basis as of:

June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Marketable securities				
Cash and cash equivalents	\$ 131,464	\$ -	\$ -	\$ 131,464
Equities	785,431	-	-	785,431
Fixed income	472,688	-	-	472,688
Real assets	69,304	-	-	69,304
Alternatives	116,367	-	-	116,367
Total marketable securities	\$ 1,575,254	\$ -	\$ -	\$ 1,575,254

**STATE HISTORICAL SOCIETY OF MISSOURI  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 7: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

At June 30, 2017, SHSMO had no assets measured at fair value.

The following are changes in fair value for items measured at fair value for the year ended June 30:

	2018	2017
Unrealized gains (losses)	12,833	-
Realized gains and losses	(36)	-
Total Investments	\$ 12,797	\$ -

Fair value of financial instruments

Due to their short-term nature, the carrying value of cash, investment in certificates of deposits, and collections approximate their fair value at June 30, 2018 and 2017.

**NOTE 8: NET ASSET DESIGNATIONS AND RESTRICTIONS**

Designations and restrictions consist of the following at June 30:

	2018		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Designated for:			
Projects and awards	\$ 629,590	\$ -	\$ -
Restricted for:			
Acquisitions	-	23,313	-
Awards	-	136,487	22,969
Capital improvements	-	993,121	-
Collections	-	23,824	-
Projects	-	68,830	-
Total net assets	\$ 629,590	\$ 1,245,575	\$ 22,969
	2017		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Designated for:			
Projects and awards	\$ 612,932	\$ -	\$ -
Restricted for:			
Acquisitions	-	27,748	-
Awards	-	133,130	22,000
Capital improvements	-	205,451	-
Projects	-	91,910	-
Total net assets	\$ 612,932	\$ 458,239	\$ 22,000

The SHSMO regularly receives and solicits contributions for specific awards, projects, and acquisitions. The SHSMO does not consider these contributions restricted. The SHSMO does, however, make every effort to insure that such contributions are expended for the specific purpose in the year received. Due to timing differences and for budgeting purposes, the SHSMO identifies unused contributions and designated funds that are to be used for specific purposes in the following year. These contributions totaled \$629,590 at June 30, 2018, and are considered designated, unrestricted net assets.

**STATE HISTORICAL SOCIETY OF MISSOURI  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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**NOTE 9:       SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 11, 2019, the date on which the financial statements were available to be issued.