

AUDITED FINANCIAL STATEMENTS

**STATE HISTORICAL
SOCIETY OF MISSOURI**

**FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**

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

**STATE HISTORICAL SOCIETY OF MISSOURI
COLUMBIA, MISSOURI
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August 7, 2020

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, 2019 and 2018, 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

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, 2019 and 2018, 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, 2019 AND 2018

ASSETS

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 105,859	\$ 204,512
Investments	2,601,000	1,785,124
Fixed assets, net of accumulated depreciation	31,792	54,386
Purchased collections	418,237	418,237
Construction in process	590,400	263,528
TOTAL ASSETS	\$ 3,747,288	\$ 2,725,787

NET ASSETS

NET ASSETS		
With donor restrictions		
Designated for projects and activities	\$ 631,052	\$ 629,590
Undesignated, unrestricted	1,039,519	827,653
Total with donor restrictions	1,670,571	1,457,243
Without donor restrictions	2,076,717	1,268,544
TOTAL NET ASSETS	\$ 3,747,288	\$ 2,725,787

**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, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)**

	2019			2018
	Without donor restrictions	With donor restrictions	Total	Total
SUPPORT AND REVENUES				
Membership dues	\$ 99,164	\$ -	\$ 99,164	\$ 99,751
Donations	392,269	956,952	1,349,221	986,538
Grants	46,159	-	46,159	100,150
Merchandise sold	13,137	-	13,137	11,433
Fees	118,949	-	118,949	147,687
Reimbursed expenses	9,407	-	9,407	3,530
Events	7,213	-	7,213	-
Miscellaneous	16,914	-	16,914	24,316
Investment income	97,935	41,747	139,682	35,106
Net assets released from restrictions:				
Satisfied by payments	190,526	(190,526)	-	-
TOTAL SUPPORT AND REVENUES	\$ 991,673	\$ 808,173	\$ 1,799,846	\$ 1,408,511
EXPENSES				
Program	\$ 579,015	\$ -	\$ 579,015	\$ 441,811
Management and general	154,978	-	154,978	89,422
Fundraising	44,352	-	44,352	29,596
TOTAL EXPENSES	\$ 778,345	\$ -	\$ 778,345	\$ 560,829
CHANGES IN NET ASSETS	\$ 213,328	\$ 808,173	\$ 1,021,501	\$ 847,682
NET ASSETS, BEGINNING	1,457,243	1,268,544	2,725,787	1,878,105
NET ASSETS, ENDING	\$ 1,670,571	\$ 2,076,717	\$ 3,747,288	\$ 2,725,787

**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**

	<u>Without donor restrictions</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES			
Membership dues	\$ 99,751	\$ -	\$ 99,751
Donations	198,857	787,681	986,538
Grants	100,150	-	100,150
Merchandise sold	11,433	-	11,433
Fees	147,687	-	147,687
Reimbursed expenses	3,530	-	3,530
Miscellaneous	24,316	-	24,316
Investment income	11,615	23,491	35,106
Net assets released from restrictions:			
Satisfied by payments	22,867	(22,867)	-
	<u>620,206</u>	<u>788,305</u>	<u>1,408,511</u>
TOTAL SUPPORT AND REVENUES	\$ 620,206	\$ 788,305	\$ 1,408,511
EXPENSES			
Program	\$ 441,811	\$ -	\$ 441,811
Management and general	89,422	-	89,422
Fundraising	29,596	-	29,596
	<u>560,829</u>	<u>-</u>	<u>560,829</u>
TOTAL EXPENSES	\$ 560,829	\$ -	\$ 560,829
CHANGES IN NET ASSETS	\$ 59,377	\$ 788,305	\$ 847,682
NET ASSETS, BEGINNING	<u>1,397,866</u>	<u>480,239</u>	<u>1,878,105</u>
NET ASSETS, ENDING	<u><u>\$ 1,457,243</u></u>	<u><u>\$ 1,268,544</u></u>	<u><u>\$ 2,725,787</u></u>

**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, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	2019			2018	
	Program Services	Management and General	Fund- raising	Total	Total
EXPENSES					
Bank charges	\$ 795	\$ 5,940	\$ -	\$ 6,735	\$ 3,318
Contract services	179,821	50,280	4,597	234,698	156,162
Depreciation	22,594	-	-	22,594	30,473
Education and outreach	12,702	259	-	12,961	14,573
Awards and scholarships	40,405	-	-	40,405	55,932
Information technology	8,609	136	14,622	23,367	45,524
Merchandise	59,723	-	-	59,723	8,986
Miscellaneous	743	-	-	743	855
National digital newspaper	51,877	-	-	51,877	22,035
Postage and shipping	22,721	3,832	571	27,124	13,288
Printing	35,538	4,257	9,477	49,272	61,129
Professional development	4,459	5,112	762	10,333	6,593
Supplies	105,238	73,132	131	178,501	61,652
Travel and meetings	28,724	12,030	14,192	54,946	60,350
Utilities	5,066	-	-	5,066	947
Wages and benefits	-	-	-	-	19,012
TOTAL EXPENSES	\$ 579,015	\$ 154,978	\$ 44,352	\$ 778,345	\$ 560,829

**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**

EXPENSES	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Bank charges	\$ 391	\$ 2,927	\$ -	\$ 3,318
Contract services	121,013	33,849	1,300	156,162
Depreciation	30,473	-	-	30,473
Education and outreach	14,276	297	-	14,573
Awards and scholarships	54,491	1,441	-	55,932
Information technology	39,337	614	5,573	45,524
Merchandise	8,986	-	-	8,986
Miscellaneous	855	-	-	855
National digital newspaper	21,567	468	-	22,035
Postage and shipping	11,154	1,875	259	13,288
Printing	47,575	5,682	7,872	61,129
Professional development	2,970	3,399	224	6,593
Supplies	36,378	25,274	-	61,652
Travel and meetings	32,386	13,596	14,368	60,350
Utilities	947	-	-	947
Wages and benefits	19,012	-	-	19,012
TOTAL EXPENSES	\$ 441,811	\$ 89,422	\$ 29,596	\$ 560,829

**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, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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, 2019.
- 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, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Net Assets

The Organization has followed the new Financial Accounting Standards Board (FASB) pronouncement No. 2016-14, released August 2016, and effective for fiscal years beginning after December 15, 2017. The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. The Organization has applied this to their June 30, 2018 financial statements.

Temporary restrictions are donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Permanent restrictions are donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. Assets without donor-imposed restrictions, including assets designated for specific use by the Organization's board of directors, are included in net assets without donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted support is reported as an increase in net assets without donor restrictions if the restriction expires or condition is met in the reporting period in which the support is recognized.

NOTE 2: CASH AND CASH EQUIVALENTS

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

	2019	2018
Petty Cash	\$ 427	\$ 427
Deposits in transit	-	645
Checking accounts	105,432	203,440
Total cash and cash equivalents	<u>\$ 105,859</u>	<u>\$ 204,512</u>

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:

	2019	2018
Certificates of deposits with original maturities between 19 and 36 months and interest rates between 0.15% and 1.46%	\$ -	\$ 209,870
Brokerage account:		
Cash and cash equivalents	169,635	131,464
Equities	1,377,557	785,431
Fixed income	796,952	472,688
Real assets	130,131	69,304
Alternatives	126,724	116,367
Total Investments	<u>\$ 2,601,000</u>	<u>\$ 1,785,124</u>

**STATE HISTORICAL SOCIETY OF MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 3: INVESTMENTS (CONTINUED)

Investment income consists of the following at June 30:

	2019	2018
Interest income	\$ 8,693	\$ 1,638
Dividends	50,661	27,951
Tax exempt income	632	543
Unrealized gains (losses)	107,008	12,833
Realized gains (losses)	(13,539)	(36)
Taxes and fees	(13,773)	(7,823)
Total Investment income	<u>\$ 139,682</u>	<u>\$ 35,106</u>

NOTE 4: FIXED ASSETS AND ACCUMULATED DEPRECIATION

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

	2019	2018
Furniture, fixtures, and equipment	\$ 433,157	\$ 433,157
Less: accumulated depreciation	<u>(401,365)</u>	<u>(378,771)</u>
Net fixed assets	<u>\$ 31,792</u>	<u>\$ 54,386</u>

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, 2019, \$590,400 of construction in process has been capitalized.

**STATE HISTORICAL SOCIETY OF MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2019				
Marketable securities				
Cash and cash equivalents	\$ 169,635	\$ -	\$ -	\$ 169,635
Equities	1,377,557	-	-	1,377,557
Fixed income	796,952	-	-	796,952
Real assets	130,131	-	-	130,131
Alternatives	126,724	-	-	126,724
Total marketable securities	\$ 2,601,000	\$ -	\$ -	\$ 2,601,000
June 30, 2018				
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

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

	2019	2018
Unrealized gains (losses)	107,008	12,833
Realized gains and losses	(13,539)	(36)
Total Investments	\$ 93,469	\$ 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, 2019 and 2018.

**STATE HISTORICAL SOCIETY OF MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 8: NET ASSET DESIGNATIONS AND RESTRICTIONS

Designations and restrictions consist of the following at June 30:

	2019		
	Unrestricted	With Donor Restrictions	
		Temporarily Restricted	Permanently Restricted
Designated for:			
Projects and awards	\$ 631,052	\$ -	\$ -
Restricted for:			
Acquisitions	-	25,778	-
Awards	-	101,052	33,230
Capital improvements	-	1,759,461	-
Collections	-	35,491	-
Projects	-	121,705	-
Total net assets	<u>\$ 631,052</u>	<u>\$ 2,043,487</u>	<u>\$ 33,230</u>

	2018		
	Unrestricted	With Donor Restrictions	
		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	-
Projects	-	23,824	-
Total net assets	<u>\$ 629,590</u>	<u>1,245,575</u>	<u>\$ 22,969</u>

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 \$631,052 at June 30, 2019, and are considered designated, unrestricted net assets.

NOTE 9: SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 7, 2020 the date on which the financial statements were available to be issued.