

AUDITED FINANCIAL STATEMENTS

**STATE HISTORICAL
SOCIETY OF MISSOURI**

**FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

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

**STATE HISTORICAL SOCIETY OF MISSOURI
COLUMBIA, MISSOURI
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February 26, 2021

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, 2020 and 2019, 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, 2020 and 2019, 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 and Associates, PC

Beard-Boehmer & Associates, PC
Columbia, MO

STATE HISTORICAL SOCIETY OF MISSOURI
STATEMENT OF ASSETS AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 661,603	\$ 105,859
Investments	4,168,493	2,601,000
Fixed assets, net of accumulated depreciation	17,417	31,792
Purchased collections	418,237	418,237
Construction in process	590,400	590,400
	<u>5,856,150</u>	<u>3,747,288</u>
TOTAL ASSETS	\$ <u>5,856,150</u>	\$ <u>3,747,288</u>

NET ASSETS

NET ASSETS		
With donor restrictions		
Designated for projects and activities	\$ 672,921	\$ 631,052
Undesignated, unrestricted	2,511,877	1,039,519
Total with donor restrictions	<u>3,184,798</u>	<u>1,670,571</u>
Without donor restrictions	<u>2,671,352</u>	<u>2,076,717</u>
TOTAL NET ASSETS	\$ <u>5,856,150</u>	\$ <u>3,747,288</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, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Without donor restrictions	With donor restrictions	Total	Total
SUPPORT AND REVENUES				
Membership dues	\$ 95,963	\$ -	\$ 95,963	\$ 99,164
Donations	1,456,774	1,272,645	2,729,419	1,349,221
Grants	45,150	-	45,150	46,159
Merchandise sold	31,317	-	31,317	13,137
Fees	95,705	-	95,705	118,949
Reimbursed expenses	361,485	-	361,485	9,407
Events	-	-	-	7,213
Miscellaneous	-	-	-	16,914
Investment income	154,921	86,816	241,737	139,682
Net assets released from restrictions:				
Satisfied by payments	764,826	(764,826)	-	-
TOTAL SUPPORT AND REVENUES	\$ 3,006,141	\$ 594,635	\$ 3,600,776	\$ 1,799,846
EXPENSES				
Program	\$ 1,371,616	\$ -	\$ 1,371,616	\$ 579,015
Management and general	120,298	-	120,298	154,978
Fundraising	-	-	-	44,352
TOTAL EXPENSES	\$ 1,491,914	\$ -	\$ 1,491,914	\$ 778,345
CHANGES IN NET ASSETS	\$ 1,514,227	\$ 594,635	\$ 2,108,862	\$ 1,021,501
NET ASSETS, BEGINNING	1,670,571	2,076,717	3,747,288	2,725,787
NET ASSETS, ENDING	\$ 3,184,798	\$ 2,671,352	\$ 5,856,150	\$ 3,747,288

**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**

	Without donor restrictions	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Membership dues	\$ 99,164	\$ -	\$ 99,164
Donations	392,269	956,952	1,349,221
Grants	46,159	-	46,159
Merchandise sold	13,137	-	13,137
Fees	118,949	-	118,949
Reimbursed expenses	9,407	-	9,407
Events	7,213	-	7,213
Miscellaneous	16,914	-	16,914
Investment income	97,935	41,747	139,682
Net assets released from restrictions:			
Satisfied by payments	190,526	(190,526)	-
TOTAL SUPPORT AND REVENUES	\$ 991,673	\$ 808,173	\$ 1,799,846
EXPENSES			
Program	\$ 579,015	\$ -	\$ 579,015
Management and general	154,978	-	154,978
Fundraising	44,352	-	44,352
TOTAL EXPENSES	\$ 778,345	\$ -	\$ 778,345
CHANGES IN NET ASSETS	\$ 213,328	\$ 808,173	\$ 1,021,501
NET ASSETS, BEGINNING	1,457,243	1,268,544	2,725,787
NET ASSETS, ENDING	\$ 1,670,571	\$ 2,076,717	\$ 3,747,288

**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, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	<u>2020</u>			<u>2019</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Total</u>
EXPENSES				
Bank charges	\$ 6,240	5	\$ 6,245	\$ 6,735
Advertising	9,137	1,727	10,864	-
Contract services	1,090	-	1,090	234,698
Depreciation	14,376	-	14,376	22,594
Education and outreach	-	-	-	12,961
Awards and scholarships	13,150	-	13,150	40,405
Information technology	1,716	12,254	13,970	23,367
Merchandise	-	-	-	59,723
Miscellaneous	306	-	306	743
National digital newspaper	-	-	-	51,877
Postage and shipping	22,693	6,992	29,685	27,124
Printing	57,770	5,433	63,203	49,272
Professional development and services	972,460	29,203	1,001,663	10,333
Purchases	182,210	62,959	245,169	-
Supplies	39,061	365	39,426	178,501
Travel and meetings	21,842	1,360	23,202	54,946
Utilities	29,565	-	29,565	5,066
TOTAL EXPENSES	<u>\$ 1,371,616</u>	<u>\$ 120,298</u>	<u>\$ 1,491,914</u>	<u>\$ 778,345</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**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
EXPENSES				
Bank charges	\$ 795	\$ 5,940	\$ -	\$ 6,735
Contract services	179,821	50,280	4,597	234,698
Depreciation	22,594	-	-	22,594
Education and outreach	12,702	259	-	12,961
Awards and scholarships	40,405	-	-	40,405
Information technology	8,609	136	14,622	23,367
Merchandise	59,723	-	-	59,723
Miscellaneous	743	-	-	743
National digital newspaper	51,877	-	-	51,877
Postage and shipping	22,721	3,832	571	27,124
Printing	35,538	4,257	9,477	49,272
Professional development	4,459	5,112	762	10,333
Supplies	105,238	73,132	131	178,501
Travel and meetings	28,724	12,030	14,192	54,946
Utilities	5,066	-	-	5,066
	<u>5,066</u>	<u>-</u>	<u>-</u>	<u>5,066</u>
TOTAL EXPENSES	<u>\$ 579,015</u>	<u>\$ 154,978</u>	<u>\$ 44,352</u>	<u>\$ 778,345</u>

**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, 2020 AND 2019**

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.
- 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, 2020 AND 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. **Net Assets** – The Organization has followed the 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, 2019, 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:

	2020	2019
Petty Cash	\$ 427	\$ 427
Checking accounts	661,176	105,432
Total cash and cash equivalents	<u>\$ 661,603</u>	<u>\$ 105,859</u>

At June 30, 2020, all checking accounts were held in one bank with a combined balance of \$724,481, of which \$250,000 is insured by the Federal Deposit Insurance Corporation (FDIC), resulting in \$474,481 of deposits uninsured.

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:

	2020	2019
Brokerage account:	\$	\$
Cash and cash equivalents	36,648	169,636
Equities	2,075,860	1,377,557
Fixed income	1,450,327	796,952
Real assets	396,510	130,131
Alternatives	209,148	126,724
Total Investments	<u>\$ 4,168,493</u>	<u>\$ 2,601,000</u>

**STATE HISTORICAL SOCIETY OF MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 3: INVESTMENTS (CONTINUED)

Investment income consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Interest income	\$ 1,889	\$ 8,693
Dividends	89,668	50,661
Tax exempt income	-	632
Unrealized gains (losses)	179,710	107,008
Realized gains (losses)	(10,423)	(13,539)
Taxes and fees	(19,107)	(13,773)
Total Investment income	<u>\$ 241,737</u>	<u>\$ 139,682</u>

NOTE 4: FIXED ASSETS AND ACCUMULATED DEPRECIATION

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

	<u>2020</u>	<u>2019</u>
Furniture, fixtures, and equipment	\$ 433,157	\$ 433,157
Less: accumulated depreciation	<u>(415,740)</u>	<u>(401,365)</u>
Net fixed assets	<u>\$ 17,417</u>	<u>\$ 31,792</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, 2020, \$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, 2020 AND 2019**

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, 2020	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	\$ 36,648	\$ -	\$ -	\$ 36,648
Equities	2,075,860	-	-	2,075,860
Fixed income	1,450,327	-	-	1,450,327
Real assets	396,510	-	-	396,510
Alternatives	209,148	-	-	209,148
Total marketable securities	\$ 4,168,493	\$ -	\$ -	\$ 4,168,493
June 30, 2019				
Marketable securities				
Cash and cash equivalents	\$ 169,636	\$ -	\$ -	\$ 169,636
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

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

	2020	2019
Unrealized gains (losses)	179,710	107,008
Realized gains and losses	(10,423)	(13,539)
Total Investments	\$ 169,287	\$ 93,469

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, 2020 and 2019.

**STATE HISTORICAL SOCIETY OF MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 8: NET ASSET DESIGNATIONS AND RESTRICTIONS

Designations and restrictions consist of the following at June 30:

2020	Unrestricted	With Donor Restrictions	
		Temporarily Restricted	Permanently Restricted
Designated for:			
Projects and awards	\$ 672,921	\$ -	\$ -
Restricted for:			
Acquisitions	-	28,712	-
Awards	-	104,632	34,346
Capital improvements	-	1,075,362	-
Collections	-	10,038	-
Projects	-	1,418,262	-
Total net assets	\$ <u>672,921</u>	\$ <u>2,637,006</u>	\$ <u>34,346</u>

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>

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 \$672,921 at June 30, 2020, and are considered designated, unrestricted net assets.

NOTE 9: SUBSEQUENT EVENTS

Beginning around March 2020, the COVID-19 virus had been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Management has evaluated subsequent events through February 26, 2021 the date on which the financial statements were available to be issued.