Matheson History Museum

Financial Statements
And
Independent Auditors' Report

December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Matheson History Museum, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Matheson History Museum, Inc. (the Museum), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 auditor's 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.

Opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Kattell and Company P.L.

January 26, 2017
Gainesville, Florida

Statement of Financial Position
December 31, 2015
Matheson History Museum

	2015
Assets	
Cash	$ 168,721
Assets Held in Trust	147,021
Donations Receivable	5,000
Property:	
Land	414,600
Buildings	535,500
Construction in Progress	132,099
Accumulated Depreciation	(159,072)
Property, net	923,127
Total Assets	**1,243,869**
Liabilities and Net Assets	
Liabilities:	
Accounts Payable	98
Rental Security Deposits	500
Deferred Revenue	73,250
Total Liabilities	73,848
Net Assets:	
Unrestricted:	
Invested in Property	923,127
Other	93,320
Total Unrestricted	1,016,447
Temporarily Restricted	153,574
Total Net Assets	1,170,021
Total Liabilities and Net Assets	**$ 1,243,869**

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2015
Matheson History Museum

	Unrestricted	Temporarily Restricted	2015 Total
Revenues and Other Support:			
Museum Shop Sales	$ 5,608	$ --	$ 5,608
Cost of Sales	(2,285)	--	(2,285)
Net Sales	3,323	--	3,323
Rental Income	35,327	--	35,327
Rental Expenses	(8,704)	--	(8,704)
Net Rentals	26,623	--	26,623
Grants:			
City of Gainesville	31,466	--	31,466
Historic Preservation	1,750	--	1,750
Donations:			
Community Foundation NCF	58,161	100,000	158,161
AEC Trust	25,000	25,000	50,000
Other	20,036	--	20,036
Memberships	23,160	--	23,160
Program Revenue	9,678	--	9,678
Reclass	75,000	(75,000)	--
Total Revenues	**274,197**	**50,000**	**324,197**
Expenses:			
Program Services	227,411	--	227,411
Management and General	34,494	--	34,494
Fundraising	18,201	--	18,201
Total Expenses	**280,106**	--	**280,106**
Net of Revenues over/(under) Expenses	**(5,909)**	**50,000**	**44,091**
Change in Value of Assets Held in Trust	(3,655)	--	(3,655)
Change in Net Assets	(9,564)	50,000	40,436
Net Assets, Beginning of Year	**$ 1,026,011**	**$ 103,574**	**$ 1,129,585**
Net Assets, End of Year	**$ 1,016,447**	**$ 153,574**	**$ 1,170,021**

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2015
Matheson History Museum

	Program Services	Management And General	Fundraising	Rental Expenses	2015 Total Expenses
Salaries & Benefits	$ 87,262	$ 15,711	$ 11,611	$ --	$ 114,584
Payroll Taxes	7,676	1,382	1,021	--	10,079
Advertising	8,383	--	--	--	8,383
Bank Fees	--	735	--	--	735
Dues and Fees	770	85	--	--	855
Insurance	22,041	3,889	--	--	25,930
Miscellaneous	--	28	717	--	745
Office Expense	6,085	2,851	932	--	9,868
Professional Fees (Accounting)	--	4,605	--	--	4,605
Cleaning	3,495	194	194	110	3,993
Depreciation	4,038	716	--	2,111	6,865
Landscape Maintenance	3,816	212	212	410	4,650
Real Estate Taxes	2,252	125	125	4,754	7,256
Repairs & Maintenance	35,638	1,980	1,980	1,319	40,917
Cost of Sales - Museum Shop	2,285	--	--	--	2,285
Supplies	23,785	--	--	--	23,785
Telephone	3,152	175	175	--	3,502
Utilities	17,204	956	956	--	19,116
Website	1,814	850	278	--	2,942
Total Functional Expenses	**229,696**	**34,494**	**18,201**	**8,704**	**291,095**
Less expenses netted against revenue on the statement of activities:					
Cost of Sales – Museum Shop	(2,285)	--	--	--	(2,285)
Rental Expenses	--	--	--	(8,704)	(8,704)
Total expenses reported by function on the statement of activities	**$ 227,411**	**$ 34,494**	**$ 18,201**	$ --	**$ 280,106**

See accompanying notes.

Statement of Cash Flows
For the Year Ended December 31, 2015
Matheson History Museum

	2015
Operating Activities:	
Change in Net Assets	$ 40,436
Depreciation Expense	6,865
Decrease in Assets Held in Trust	3,655
Changes in:	
Receivables	(5,000)
Security Deposits	(975)
Accounts Payable and Accrued Expenses	(87)
Deferred Revenue	73,250
Net Cash Provided By (Used In) Operating Activities	**118,144**
Investing Activities:	
Cash Received from Assets Held in Trust	10,800
Cash Disbursed for Construction in Progress	(1,750)
Net Cash Provided By (Used In) Investing Activities	**9,050**
Net Increase (Decrease) in Cash	**127,194**
Cash, Beginning of Year	**41,527**
Cash, End of Year	**$ 168,721**

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

Matheson History Museum (the Museum), a Florida Not-for-Profit corporation located in Gainesville, Florida, was established on July 28, 1987, to preserve and interpret the history of the city of Gainesville and Alachua County, Florida, and the surrounding regions.

Tax Exempt Status

The Museum is tax exempt under Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business income. Therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, the Museum qualifies for the charitable contributions deduction and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Museum holds no uncertain tax positions and, therefore, has no policy for evaluating them.

Basis of Accounting

The financial statements of the Museum have been prepared on the accrual basis of accounting. The Museum is considered a voluntary health and welfare organization, and a statement of functional expenses is presented.

Cash

Cash consists of cash on hand and deposits in federally insured banks. Deposits in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per institution. At December 31, 2015, the Museum held no funds in excess of this limit.

Receivables

The Museum expects to collect its receivables shortly after year-end. No allowance is provided since amounts are deemed fully collectible and no discount is computed since they are expected to be received within one year. There are no identifiable concentrations of credit risk related to these amounts.

Assets Held in Trust

The Museum established a fund at the Community Foundation of North Central Florida (CFNCF) and makes occasional contributions to and distributions from that fund. Contributions from the Museum to the fund are considered reciprocal transfers since the Museum has designated itself as the beneficiary of the assets and income of the fund. Distributions from the fund are made monthly and are subject to CFNCF's powers of modification and removal. The fair value of the assets held in the fund is reported as Assets Held in Trust. See Note 3 for more details.

Property and Equipment

Property and equipment expenditures in excess of $5,000 are recorded at cost when purchased or, if donated, at estimated fair value. Additions and improvements that materially prolong the useful lives of assets are capitalized. For the year ended 2015, the only depreciable assets are buildings. Depreciation is computed using the straight-line method over the estimated useful life of 39 years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets, the excess of assets over liabilities, are reported in three mutually exclusive classes:

Permanently Restricted - Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions that do not expire by passage of time or cannot be fulfilled by actions of the Museum. The Museum did not hold any permanently restricted net assets at December 31, 2015.

Temporarily Restricted - Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions which expire by passage of time or are fulfilled by actions of the Museum.

Unrestricted - Those net assets that are not temporarily or permanently restricted.

Revenue Recognition

Grants. Grants represent revenues from state and local governments. Revenues are recognized in accordance with allowable billings.

Contributions. Contributions are recognized as revenue when assets are received or unconditionally pledged and are recorded at their estimated fair values.

Contributions – Donor Restricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Museum 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. Amounts that are restricted for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support; however, donor-restricted contributions whose restrictions are met within the same fiscal year are reported as unrestricted support. When a temporary restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Rent Revenue. Rent is recognized as revenue at the beginning of each month as rent is due.

Program Service Revenue. Program service revenues are earned at the time the service is rendered.

Collections

The Museum has collections of books and artifacts that represent the history of Alachua County and the surrounding area. These collections provide a resource for historians and citizens. In accordance with accounting policies generally followed by museums, the value of the Museum's collections is not reflected in the consolidated statement of financial position. The Museum's collections policy requires that the proceeds from the sale of collection items be used for acquisitions to the collections. If the assets used to purchase collections items are sourced from restricted funds, proceeds from the sale of those items are recorded as increases in temporarily restricted net assets in that fund until an acquisition is made.

Use of Estimates

The preparation of 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 vary from the estimates that were used.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Functional Expenses

The operating expenses of the Museum are reported in three functional categories based on management's estimate of time engaged in each of the functions. These functions are defined below:

Program Services – the costs directly related to:

- the creation, maintenance, and rotation of exhibits
- acquiring and maintaining collections available in the library
- special events inside the Museum (for example; guest lecturers, book signings, book sales)
- special events outside the Museum (for example; historical reenactments, bus tours)

Management and General – the costs of operating the Museum's affairs which are not allocable to other functional areas.

Fundraising – the costs associated with soliciting contributions or holding special events for the benefit of the Museum.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	2015
Anderson Fellowship	$ 53,574
Matheson Library and Archive	100,000
Totals	**$ 153,574**

The Anderson Fellowship funds are to support a scholar to examine the current holdings related to sports, increase acquisitions, and provide oral histories. The Cade Family Foundation donated $100,000 to support the renovation of a purchased property into the Matheson Library and Archive. This project commenced in 2016.

NOTE 3 – ASSETS HELD IN TRUST

As discussed in Note 1, the Museum reports an asset for amounts held at the Community Foundation of North Central Florida. The following displays the changes in those amounts for the year:

	2015
Balance – Beginning of the Year	$ 161,476
Additions	--
Distributions	(10,800)
Increase (decrease) in Value	(3,655)
Balance – End of Year	**$ 147,021**

Community Foundation of North Central Florida (CFNCF) reports the value of the Museum's asset based on the Museum's relative share of a pooled fund. The CFNCF fund invests in marketable securities with a readily determinable fair value. As a result, the Museum measures the Assets Held in Trust at CFNCF using the practical expedient of net asset value per share.

NOTE 4 – DONATED SERVICES

The Museum received 1,245 hours of donated services that supported program services, including collections processing and maintenance, changing of exhibits, support for special events. The Museum also received over 720 hours of volunteer time from its Board members. These donations supported the general and administrative activities of the Museum. At $22.08 per hour, this amounts to $43,387 of additional contributions and expenses. This hourly rate is the estimated value per hour of volunteer time for Florida as estimated by Independent Sector, http://www.independentsector.org/volunteer_time.

NOTE 5 –RELATED PARTIES

The Museum paid a family member of a member of the Museum's Board of Directors $1,000 for services rendered.

NOTE 6 – SUBSEQUENT EVENTS

The Museum has evaluated events and transactions for potential recognition or disclosure through January 26, 2017, which is the date the financial statements were available to be issued.