

MASSILLON MUSEUM
AUDITED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
December 31, 2010 and 2009



Dave Yost • Auditor of State

Board of Directors
Massillon Museum
121 Lincoln Way East
Massillon, Ohio 44646

We have reviewed the *Independent Auditor's Report* of the Massillon Museum, Stark County, prepared by Smith, Barta & Company, for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Massillon Museum is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 31, 2011

This Page is Intentionally Left Blank.

C O N T E N T S

	<u>PAGE</u>
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7
 Other reports:	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	14



Smith Barta & Company

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Massillon Museum
Massillon, Ohio

We have audited the accompanying statement of financial position of Massillon Museum (a not-for-profit corporation) as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Museum's 2009 financial statements, and in our report dated October 14, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massillon Museum as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 20, 2011, on our consideration of Massillon Museum's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

Smith, Barta + Company
Certified Public Accountants

June 20, 2011

Canton, Ohio

MASSILLON MUSEUM

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 405,704	\$ 442,599
Investments - at fair value - NOTE B	192,405	179,843
Beneficial interest in assets of Stark Community Foundation - NOTE C	45,235	40,696
Accounts receivable	817	755
Government appropriations tax receivable - NOTE F	415,500	365,500
Inventory - museum shop	13,854	8,743
Collections	1,925	1,925
Property and equipment - NOTE D	2,237,584	1,696,647
Prepaid expenses	7,546	19,057
Other assets	97	97
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 3,320,667</u>	<u>\$ 2,755,862</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 26,489	\$ 88,104
Accrued payroll and related liabilities	21,936	17,157
Commitments and contingent liabilities - NOTE H	-	-
	<hr/>	<hr/>
TOTAL LIABILITIES	48,425	105,261

NET ASSETS

Unrestricted	3,029,927	2,408,286
Temporarily restricted - NOTE E	143,416	147,507
Permanently restricted - NOTE E	98,899	94,808
	<hr/>	<hr/>
TOTAL NET ASSETS	<u>3,272,242</u>	<u>2,650,601</u>
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,320,667</u>	<u>\$ 2,755,862</u>

The accompanying notes are an integral part of these financial statements.

MASSILLON MUSEUM

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2010 with Comparative totals for 2009

<u>REVENUES, GAINS AND OTHER SUPPORT</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>
Contributions	\$ 45,818	\$ -
Government appropriation tax - NOTE F	642,052	-
In-kind contributions	1,820	-
Grants	395,402	177,386
Exhibitions	16,802	-
Membership of museum	20,220	-
Museum shop sales:		
Gross profit	18,822	-
Less cost of sales	(7,165)	-
Program and other fees	36,366	-
Fundraisers (revenue of \$7,435 and \$14,519 net of direct costs of \$1,240 and \$13,012 in 2010 and 2009, respectively)	6,195	-
Interest and dividends	6,097	-
Realized loss on sale of investments and beneficial interest	(5,894)	-
Unrealized gain on investments and beneficial interest	17,340	-
Miscellaneous	1,020	-
Lease income	3,000	-
Net assets released from restrictions:		
Satisfaction of donor or program restrictions	181,477	(181,477)
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,379,372</u>	<u>(4,091)</u>
 <u>EXPENSES</u>		
Collection purchases	325	-
Program services	484,931	-
Fundraising	29,443	-
Management and general	243,032	-
TOTAL EXPENSES	<u>757,731</u>	<u>-</u>
 INCREASE (DECREASE) IN NET ASSETS	 621,641	 (4,091)
NET ASSETS AT BEGINNING OF YEAR	<u>2,408,286</u>	<u>147,507</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,029,927</u>	<u>\$ 143,416</u>

The accompanying notes are an integral part of these financial statements.

PERMANENTLY RESTRICTED	TOTAL	
	2010	2009
\$ -	\$ 45,818	\$ 17,771
-	642,052	662,288
-	1,820	-
-	572,788	171,641
-	16,802	5,383
-	20,220	14,310
-	18,822	18,467
-	(7,165)	(12,503)
-	36,366	32,824
-	6,195	1,507
-	6,097	5,898
-	(5,894)	(18,155)
4,091	21,431	48,642
-	1,020	1,470
-	3,000	3,000
-	-	-
<u>4,091</u>	<u>1,379,372</u>	<u>952,543</u>
-	325	1,524
-	484,931	323,602
-	29,443	29,955
-	243,032	218,989
-	<u>757,731</u>	<u>574,070</u>
4,091	621,641	378,473
<u>94,808</u>	<u>2,650,601</u>	<u>2,272,128</u>
<u>\$ 98,899</u>	<u>\$ 3,272,242</u>	<u>\$ 2,650,601</u>

MASSILLON MUSEUM

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2010 with Comparative totals for 2009

	PROGRAM SERVICES	FUNDRAISING	MANAGEMENT AND GENERAL	TOTAL	
				2010	2009
Salaries	\$ 109,904	\$ 14,155	\$ 66,285	\$ 190,344	\$ 174,171
Employee benefits	9,465	1,425	14,424	25,314	12,326
Payroll taxes	9,039	1,164	5,451	15,654	15,127
TOTAL PAYROLL AND RELATED BENEFITS	128,408	16,744	86,160	231,312	201,624
Advertising	-	-	9,459	9,459	3,869
Auto expense	-	-	3,972	3,972	2,738
Banking fees	-	-	3,616	3,616	4,303
Collection care	4,546	-	-	4,546	3,101
Conferences and meeting expense	-	-	3,316	3,316	7,902
Dues and subscriptions	-	-	2,647	2,647	3,285
Educational expenses	18,497	-	-	18,497	7,603
Employee welfare	-	-	374	374	260
Equipment purchases	-	-	1,961	1,961	683
Equipment rental	-	-	7,453	7,453	4,401
Exhibitions	44,274	-	-	44,274	21,893
Grant expenditures	81,875	-	-	81,875	33,672
Insurance	360	46	8,327	8,733	8,882
Investment fees	-	-	1,976	1,976	705
Licenses and permits	-	-	-	-	20
Miscellaneous expense	793	18	3,726	4,537	4,430
Office supplies	-	-	8,542	8,542	9,196
Outside services	41,014	7,023	18,183	66,220	53,859
Postage	8,711	1,452	4,356	14,519	11,897
Printing and publishing	12,037	2,006	6,019	20,062	17,473
Professional fees	-	-	6,145	6,145	7,413
Repairs and maintenance	15,116	-	20,644	35,760	22,894
Special events	8,320	2,154	-	10,474	10,408
Supplies	-	-	2,638	2,638	2,799
Taxes	878	-	249	1,127	1,286
Telephone	601	-	3,732	4,333	3,546
Travel and entertainment	8,040	-	2,384	10,424	4,162
Utilities	46,285	-	15,428	61,713	56,613
TOTAL EXPENSES BEFORE DEPRECIATION	419,755	29,443	221,307	670,505	510,917
Depreciation	65,176	-	21,725	86,901	61,629
TOTAL EXPENSES	\$ 484,931	\$ 29,443	\$ 243,032	\$ 757,406	\$ 572,546

The accompanying notes are an integral part of these financial statements.

MASSILLON MUSEUM

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 621,641	\$ 378,473
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	86,901	61,629
Realized loss on sale of investments and beneficial interest	5,894	18,155
Unrealized gain on investments and beneficial interest	(21,431)	(48,642)
(Increase) decrease in accounts receivable	(62)	451
Increase in government appropriations tax receivable	(50,000)	(50,000)
Increase in inventory - museum shop	(5,111)	(582)
(Increase) decrease in prepaid expenses	11,511	(4,878)
Increase (decrease) in accounts payable	(61,615)	76,153
Increase (decrease) in accrued payroll and related liabilities	4,779	(8,516)
NET CASH PROVIDED BY OPERATING ACTIVITIES	592,507	422,243
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(627,838)	(190,439)
Proceeds (purchases) of investments - net	(1,564)	4,785
NET CASH USED BY INVESTING ACTIVITIES	(629,402)	(185,654)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net decrease in line-of-credit	-	(20,200)
NET CASH USED BY FINANCING ACTIVITIES	-	(20,200)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(36,895)	216,389
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	442,599	226,210
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 405,704</u>	<u>\$ 442,599</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the year for:		
Interest	\$ -	\$ 513

The accompanying notes are an integral part of these financial statements.

MASSILLON MUSEUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Massillon Museum (the Museum), an Ohio not-for-profit corporation, engages in the traditional museum functions of collecting, exhibiting, conserving, and educating. The Museum collects and exhibits local and regional art, including local historical artifacts.

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 differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking and savings accounts.

INVESTMENTS

As required by the Accounting for Certain Investments Held by Not-for-Profit Organizations topic of FASB ASC, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

BENEFICIAL INTEREST IN ASSETS HELD BY STARK COMMUNITY FOUNDATION

The Museum carries the beneficial interest in assets held by Stark Community Foundation at fair market value. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

INVENTORY

Inventory is stated at the lower of cost or market using the average cost method, which approximates the first-in, first-out (FIFO) method.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed for financial statement purposes principally on the straight-line method over the estimated useful lives of the related assets. The Museum capitalizes all property and equipment with a cost of \$500 or more.

Expenditures for major renewals and betterments which extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

COLLECTION ITEMS

In accordance with the Accounting for Contributions Received and Contributions Made topic of the FASB ASC, the Museum does not capitalize donated or purchased collections. Such donations and acquisitions need not be recognized since they are added to collections that are held for public exhibition, education, and research in furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for, and preserved; and are subject to a policy that requires the proceeds from sales of deaccessioned collection items to be used to acquire other items for collections.

FEDERAL INCOME TAXES

The Museum qualifies under Section 501(c)(3) of the Internal Revenue Code as an organization exempt from Federal income taxes.

MASSILLON MUSEUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

UNCERTAIN TAX POSITIONS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Museum to report information regarding its exposure to various tax positions taken by the Museum. The Museum has determined whether any tax positions have met the recognition threshold and has measured the Museum's exposure to those tax positions. Management believes that the Museum has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Museum would be recorded in operating expenses. No interest or penalties from Federal or state tax authorities were recorded in the accompanying financial statements.

CONCENTRATION OF CREDIT RISK

In October 2009, the Federal Deposit Insurance Corporation (FDIC) established the Transaction Account Guarantee Program (TAGP) under which all non-interest bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account for all participating banks. This program will remain in effect until December 31, 2012. For both years ending December 31, 2010 and 2009, the Museum's non-interest bearing accounts were fully insured.

The Museum also maintains interest bearing accounts with cash balances in excess of \$250,000 in certain financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2010 and 2009, the uninsured cash balances totaled \$0 and \$134,790, respectively.

FINANCIAL STATEMENT PRESENTATION

As required by the Financial Statements of Not-for-Profit Organizations topic of FASB ASC, the Museum is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Museum is required to present a statement of cash flows.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 statements of activities as net assets released from restrictions.

DONATED SERVICES

A large number of people have contributed significant amounts of time to the activities and administration of the Museum without compensation. The financial statements do not reflect the value of those contributed services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

FUNCTIONAL EXPENSES

Expenses are charged directly to program, fundraising or management in general categories based on specific identification. Indirect expenses have been allocated based on management judgment.

MASSILLON MUSEUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

ADVERTISING

The Museum participates in various advertising and marketing programs. All costs related to marketing and advertising the Museum's products are expensed in the period incurred. Advertising costs charged to operations were \$9,459 and \$3,869 in 2010 and 2009, respectively.

RECLASSIFICATION

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

SUBSEQUENT EVENT

Subsequent events have been evaluated through June 20, 2011, which is the date the financial statements were available to be issued

NOTE B - INVESTMENTS

Investments are stated at fair value and are as follows:

	<u>December 31, 2010</u>		
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Cash and cash equivalents - restricted	\$ 24,146	\$ 24,146	\$ -
Certificate of deposit	5,146	5,146	-
Equities	57,201	67,661	10,460
Mutual funds	95,005	95,452	447
	<u>\$ 181,498</u>	<u>\$ 192,405</u>	<u>\$ 10,907</u>
	<u>December 31, 2009</u>		
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Cash and cash equivalents - restricted	\$ 15,553	\$ 15,553	\$ -
Certificate of deposit	13,130	13,130	-
Equities	83,176	83,324	148
Mutual funds	78,510	67,836	(10,674)
	<u>\$ 190,369</u>	<u>\$ 179,843</u>	<u>\$ (10,526)</u>

MASSILLON MUSEUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE C - BENEFICIAL INTEREST IN ASSETS OF STARK COMMUNITY FOUNDATION

The Museum placed certain funds with the Stark Community Foundation (Foundation), a community trust established to administer gifts or bequests for public charitable uses. The Museum specified that the Foundation is to distribute the income from this fund, after payment of expenses, to the Museum to be used in their operations. The principal may be obtained for use by the Museum upon approval of the Foundation's board.

The fair value of investments held in trust by the Foundation for the benefit of the Museum was \$45,235 and \$40,696 at December 31, 2010 and 2009, respectively.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classifications as follows:

	2010	2009
Land	\$ 7,093	\$ 7,093
Building	2,128,108	2,128,108
Building improvements	845,805	229,543
Furniture and equipment	177,442	165,866
	<u>3,158,448</u>	<u>2,530,610</u>
Less accumulated depreciation	920,864	833,963
	<u>\$ 2,237,584</u>	<u>\$ 1,696,647</u>

NOTE E - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Jean Baptiste Massillon project	\$ 94,417	\$ 97,676
Stark Community Foundation income account	4,324	1,938
Hoover Foundation	5,927	5,000
IMLS Grant	8,358	40,000
NEA Modernism	30,390	2,893
	<u>\$ 143,416</u>	<u>\$ 147,507</u>

Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income from which is expendable to support program services. These consist of:

	2010	2009
Stark Community Foundation - principal	\$ 42,848	\$ 38,757
GAR Fund	44,003	44,003
Other	12,048	12,048
	<u>\$ 98,899</u>	<u>\$ 94,808</u>

MASSILLON MUSEUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE F - GOVERNMENT APPROPRIATIONS TAX

The taxing authority of the Council of the City of Massillon, Stark County, Ohio certifies a copy of Council's resolution requesting the Stark County Auditor to certify to the City of Massillon the total current tax valuation of the subdivision and the amount of revenue that would be provided by one mill, to levy a tax outside the ten mill limitation for the purpose of providing a free Museum of Art and History that is maintained and operated by a private, not-for-profit organization as authorized by the Ohio Revised Code Section 5705.19(AA). If the tax levy collection drops, it would have a significant effect on the Museum's activities.

NOTE G - EMPLOYEE BENEFIT PLAN

The Museum has a SIMPLE IRA retirement plan covering all eligible employees. Employees may contribute a percentage of compensation, but not in excess of the maximum allowed under the Internal Revenue Code. The plan provides for a matching contribution by the Museum up to 3%, at the discretion of the board of directors. Total contributions for 2010 and 2009, amounted to \$5,064 and \$4,585, respectively.

NOTE H - COMMITMENTS AND CONTINGENT LIABILITIES

LINE-OF-CREDIT

The Museum had an available line-of-credit of \$100,000 with a bank at December 31, 2010. At December 31, 2010 and 2009, there was no outstanding balance. The line-of-credit is secured by property and bears interest at the bank's prime rate.

OPERATING LEASE

The Museum leases a copier under a sixty-three month non-cancelable agreement expiring in 2011. The following is a schedule of future minimum rental payments required under the above operating lease as of December 31:

2011	<u>\$ 534</u>
------	---------------

Total rent expense for the copier was \$3,204 for both years ended December 31, 2010 and 2009.

MAJOR IMPROVEMENTS

The Museum has committed to various contractors to renovate and design the third floor of their facility for storage of their collections. The total project is expected to cost approximately \$900,000, of which \$767,000 has already been expensed. Total grants expected to be received for this project amount to \$665,000, of which \$109,000 was still outstanding at December 31, 2010.

MASSILLON MUSEUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE I - FAIR VALUE MEASUREMENT

The Museum uses various inputs in determining the fair value of its investments and measures these assets on a recurring basis. Financial assets recorded at fair value in the statements of financial condition are categorized by the level of objectivity associated with the inputs used to measure their fair value. Authoritative guidance provided by the FASB defines the following levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these financial assets.

- Level 1 - quoted prices in active markets for identical investments
- Level 2 - other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.)
- Level 3 - significant unobservable inputs (including the Museum's own assumptions in determining the fair value of investments)

The inputs of methodology used for valuing securities are not necessarily an indication of the credit risk associated with investing in those securities. The following table provides the fair value measurements of applicable Museum financial assets that are measured at fair value on a recurring basis according to the fair value levels defined by authoritative guidance from the Financial Accounting Standards Board as of December 31, 2010.

Financial Assets at Fair Value as of December 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short-term investments	<u>\$ 237,640</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments	<u>\$ 237,640</u>	<u>\$ -</u>	<u>\$ -</u>

There were no unrealized gains or losses included in earnings resulting from long-term investments associated with Level 3 financial assets during the year ended December 31, 2010.

OTHER REPORTS



Smith Barta & Company

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Massillon Museum
Massillon, Ohio

We have audited the financial statements of Massillon Museum as of and for the year ended December 31, 2010, and have issued our report thereon dated June 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Massillon Museum's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Massillon Museum's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Massillon Museum's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Museum's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraphs and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered material weakness, as defined above.

This report is intended solely for the information and use of the board of directors, audit committee, and management and is not intended to be, and should not be, used by anyone other than these specified parties.


Certified Public Accountants

June 20, 2011

Canton, Ohio

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

MASSILLON MUSEUM

STARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 13, 2011**