

THE OHIO HISTORICAL SOCIETY, INC.
Columbus, Ohio

Report on Audit of Financial Statements
and
Additional Reports in Accordance
with Government Auditing Standards
and OMB Circular A-133

For the year ended June 30, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

To the Board of Trustees of
Ohio Historical Society, Inc.
Columbus, Ohio

We have reviewed the Independent Auditor's Report of the Ohio Historical Society, Inc., Franklin County, prepared by Schneider Downs & Co. Inc., for the audit period July 1, 1999 to June 30, 2000. 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 Ohio Historical Society, Inc. is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 20, 2000

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
Statements of Financial Position, June 30, 2000 and 1999	3
Statements for the years ended June 30, 2000 and 1999:	
Activities and Changes in Net Assets	4
Cash Flows	5
Notes to Financial Statements	6-16
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17-18
Schedule of Expenditures of Federal Awards	19
Notes to the Schedule of Expenditures of Federal Awards	20
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	21-22
Schedule of Findings and Questioned Costs	23-25

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Ohio Historical Society, Inc.
Columbus, Ohio

We have audited the accompanying statement of financial position of The Ohio Historical Society, Inc. (the Society) as of June 30, 2000, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit. The 1999 financial statements of the Society were audited by other auditors, whose report dated September 3, 1999 expressed a qualified opinion on those statements due to certain departures from generally accepted accounting principles as described below.

We conducted our audit in accordance with generally accepted auditing standards and 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.

As discussed in Note 6 to the financial statements, the Society has not consolidated the accounts of the Ohio Historical Foundation, Inc. with those of the Society. Generally accepted accounting principles require that the accounts be consolidated. The effects on the Society's financial statements are summarized in Note 6 to the financial statements and are based upon information audited by other auditors.

As discussed in Note 9 to the financial statements, the Society until June 30, 1997 had followed the practice of charging the acquisition cost of property and equipment to expense when purchased. Generally accepted accounting principles require that all such purchases be capitalized when purchased and depreciated over their estimated useful lives. The effects on the financial statements of the Society's practice are not reasonably determinable.

In our opinion, except for the effects of not consolidating the accounts of The Ohio Historical Foundation, Inc. and not capitalizing and depreciating all property and equipment purchases as discussed in the preceding two paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of The Ohio Historical Society, Inc. as of June 30, 2000 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2000 on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SCHNEIDER DONNIS & CO., INC.

Columbus, Ohio
August 31, 2000

THE OHIO HISTORICAL SOCIETY, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2000 AND 1999

ASSETS	JUNE 30, 2000				JUNE 30, 1999			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
CASH AND CASH EQUIVALENTS (Note 2)	\$5,808,272	\$1,608,244		\$7,416,516	\$4,219,938	\$593,014		\$4,812,952
RECEIVABLES:								
GRANTS	303,478			303,478	238,656			238,656
CONTRACTS	1,176,549			1,176,549	2,346,420			2,346,420
OTHER	302,836			302,836	131,844			131,844
INVENTORY (NET OF ALLOWANCE OF \$89,000)	729,096			729,096	706,219			706,219
ACCRUED INTEREST RECEIVABLE AND OTHER ASSETS	166,736			166,736	101,477			101,477
LONG-TERM INVESTMENTS (Note 3)	2,210,496		\$530,106	2,740,602	1,732,072		526,325	2,258,397
FIXED ASSETS (Note 9) (NET OF ACCUMULATED DEPRECIATION \$205,627)	398,287			398,287	363,631			363,631
COLLECTIONS AND EXHIBITS (Note 8)								
TOTAL ASSETS	<u>\$11,095,750</u>	<u>\$1,608,244</u>	<u>\$530,106</u>	<u>\$13,234,100</u>	<u>\$9,840,257</u>	<u>\$593,014</u>	<u>\$526,325</u>	<u>\$10,959,596</u>
<u>LIABILITIES AND NET ASSETS</u>								
LIABILITIES:								
ACCRUED SALARIES AND WAGES AND OTHER ACCRUED LIABILITIES (Note 4)	\$1,139,896			\$1,139,896	\$1,483,990			\$1,483,990
ACCOUNTS PAYABLE	785,506			785,506	902,495			902,495
DEFERRED STATE SUPPORT	188,695			188,695	151,978			151,978
DEFERRED SUBSCRIPTION AND OTHER REVENUE	1,248,149			1,248,149	155,503			155,503
ACCRUED LEAVE LIABILITY (Note 1)	<u>1,895,525</u>			<u>1,895,525</u>	<u>1,742,074</u>			<u>1,742,074</u>
TOTAL LIABILITIES	5,257,771			5,257,771	4,436,040			4,436,040
NET ASSETS:								
OPERATIONS	1,636,902	\$203,762		1,840,664	1,639,944	\$389,252		2,029,196
BOARD-DESIGNATED: (Note 1)								
RESERVES	1,661,228			1,661,228	1,517,682			1,517,682
SPECIFIC PROGRAMS AND PROJECTS	2,539,849	1,404,482		3,944,331	2,246,591	203,762		2,450,353
ENDOWMENTS			<u>\$530,106</u>	<u>530,106</u>			<u>\$526,325</u>	<u>526,325</u>
TOTAL NET ASSETS	5,837,979	1,608,244	530,106	7,976,329	5,404,217	593,014	526,325	6,523,556
COMMITMENTS (Note 10)								
TOTAL LIABILITIES AND NET ASSETS	<u>\$11,095,750</u>	<u>\$1,608,244</u>	<u>\$530,106</u>	<u>\$13,234,100</u>	<u>\$9,840,257</u>	<u>\$593,014</u>	<u>\$526,325</u>	<u>\$10,959,596</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

THE OHIO HISTORICAL SOCIETY, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

	FISCAL YEAR 2000				FISCAL YEAR 1999			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
SUPPORT:								
STATE APPROPRIATIONS:								
OPERATING SUBSIDIES	\$13,993,984	\$2,471,155		\$16,465,139	\$13,701,270			\$13,701,270
CAPITAL PROJECTS (Note 5)	4,401,229			4,401,229	5,212,636			5,212,636
FEDERAL GRANTS	928,418			928,418	1,293,707			1,293,707
FOUNDATION DISTRIBUTIONS (Note 6)	656,825			656,825	677,627			677,627
CONTRIBUTIONS	68,569	73,797	\$3,781	146,147	47,933	\$29,674	\$183	77,790
CONTRIBUTED MATERIALS AND SERVICES (Note 1)	623,200	69,534		692,734	605,600	98,034		703,634
OTHER SUPPORT	492,158			492,158	972,636	175,000		1,147,636
TOTAL SUPPORT	<u>21,164,383</u>	<u>2,614,486</u>	<u>3,781</u>	<u>23,782,650</u>	<u>22,511,409</u>	<u>302,708</u>	<u>183</u>	<u>22,814,300</u>
REVENUE AND GAINS:								
SALES	800,272			800,272	740,924			740,924
INVESTMENT INCOME (Note 1)	687,720	42,411		730,131	446,666	53,338		500,004
ADMISSIONS	720,091			720,091	737,416			737,416
MEMBERSHIPS	477,595			477,595	456,121			456,121
COLONEL CRAWFORD INN	198,654			198,654	249,513			249,513
ARCHIVES LIBRARY REVENUE	163,468			163,468	159,508			159,508
FACILITIES USE REVENUE	83,372			83,372	109,653			109,653
OTHER REVENUE	234,893			234,893	315,599			315,599
TOTAL REVENUE AND GAINS	<u>3,366,065</u>	<u>42,411</u>		<u>3,408,476</u>	<u>3,215,400</u>	<u>53,338</u>		<u>3,268,738</u>
NET ASSETS RELEASED FROM RESTRICTIONS (Note 7)	1,641,667	(1,641,667)			335,304	(335,304)		
TOTAL SUPPORT, REVENUE AND GAINS	<u>26,172,115</u>	<u>1,015,230</u>	<u>3,781</u>	<u>27,191,126</u>	<u>26,062,113</u>	<u>20,742</u>	<u>183</u>	<u>26,083,038</u>
EXPENSES:								
PROGRAM EXPENSES:								
SITE OPERATIONS AND EDUCATIONAL PROGRAMS	14,875,621			14,875,621	14,060,088			14,060,088
STATE ARCHIVES & LIBRARY	1,635,158			1,635,158	1,609,777			1,609,777
HISTORIC PRESERVATION OFFICE	1,533,584			1,533,584	1,432,487			1,432,487
CAPITAL PROJECTS	4,466,699			4,466,699	5,353,562			5,353,562
SUPPORT SERVICES:								
MANAGEMENT AND GENERAL	2,746,005			2,746,005	2,434,542			2,434,542
FUND-RAISING	288,888			288,888	274,281			274,281
TOTAL EXPENSES	<u>25,545,955</u>			<u>25,545,955</u>	<u>25,164,737</u>			<u>25,164,737</u>
CHANGES IN NET ASSETS BEFORE CHANGES RELATED TO COLLECTION ITEMS NOT CAPITALIZED	626,160	1,015,230	3,781	1,645,171	897,376	20,742	183	918,301
COLLECTION ITEMS PURCHASED BUT NOT CAPITALIZED	(192,398)			(192,398)	(216,974)			(216,974)
CHANGES IN NET ASSETS	433,762	1,015,230	3,781	1,452,773	680,402	20,742	183	701,327
NET ASSETS, BEGINNING OF YEAR	5,404,217	593,014	526,325	6,523,556	4,723,815	572,272	526,142	5,822,229
NET ASSETS, END OF YEAR (Notes 6, 10)	<u>\$5,837,979</u>	<u>\$1,608,244</u>	<u>\$530,106</u>	<u>\$7,976,329</u>	<u>\$5,404,217</u>	<u>\$593,014</u>	<u>\$526,325</u>	<u>\$6,523,556</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

THE OHIO HISTORICAL SOCIETY, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

	FISCAL YEAR 2000				FISCAL YEAR 1999			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:								
CHANGES IN NET ASSETS	\$433,762	\$1,015,230	\$3,781	\$1,452,773	\$680,402	\$20,742	\$183	\$701,327
ADJUSTMENTS TO RECONCILE CHANGES IN NET ASSETS								
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:								
UNREALIZED APPRECIATION RELATED TO INVESTMENTS	(212,544)			(212,544)	(108,118)			(108,118)
DEPRECIATION	84,631			84,631	68,516			68,516
CHANGE IN ASSETS AND LIABILITIES:								
RECEIVABLES	934,057			934,057	(934,452)			(934,452)
INVENTORY (NET)	(22,877)			(22,877)	52,861			52,861
ACCRUED INTEREST RECEIVABLE AND OTHER ASSETS	(65,259)			(65,259)	398,466			398,466
ACCRUED SALARIES AND WAGES AND OTHER ACCRUED								0
LIABILITIES	(344,094)			(344,094)	112,012			112,012
ACCOUNTS PAYABLE	(116,989)			(116,989)	(206,360)			(206,360)
DEFERRED STATE SUPPORT	36,717			36,717	(162,850)			(162,850)
DEFERRED SUBSCRIPTION AND OTHER REVENUE	1,092,646			1,092,646	(388,887)			(388,887)
ACCRUED LEAVE LIABILITY	153,451	_____	_____	153,451	112,337	_____	_____	112,337
NET ADJUSTMENTS	1,539,739	_____	_____	1,539,739	(1,056,475)	_____	_____	(1,056,475)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,973,501	1,015,230	3,781	2,992,512	(376,073)	20,742	183	(355,148)
CASH FLOWS FROM INVESTING ACTIVITIES:								
PURCHASES OF LONG-TERM INVESTMENTS	(418,302)		(3,781)	(422,083)	(256,727)		(183)	(256,910)
MATURITIES OF LONG-TERM INVESTMENTS	152,422			152,422	151,730			151,730
PURCHASE OF EQUIPMENT AND VEHICLES	(119,287)			(119,287)	(79,012)			(79,012)
NET CASH USED IN INVESTING ACTIVITIES	(385,167)	_____	(3,781)	(388,948)	(184,009)	_____	(183)	(184,192)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,588,334	1,015,230		2,603,564	(560,082)	20,742		(539,340)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,219,938	593,014	_____	4,812,952	4,780,020	572,272	_____	5,352,292
CASH AND CASH EQUIVALENTS, END OF YEAR	\$5,808,272	\$1,608,244	\$0	\$7,416,516	\$4,219,938	\$593,014	\$0	\$4,812,952

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

THE OHIO HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2000 and 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Ohio Historical Society, Inc. (Society) have been prepared on the accrual basis of accounting, except as discussed in Note 9. The significant accounting policies followed are described below.

Organization

The Society was incorporated in 1885 as a private nonprofit organization. The Society conducts programs that identify, authenticate, collect, preserve, educate and interpret records, objects and places related to Ohio's pre-history, history and natural history and publishes a historical journal, a magazine, books and pamphlets. The Society has been authorized and directed by numerous acts of the General Assembly of Ohio to perform certain functions such as manage the State historic preservation program, supervise the State archives and a major history library, and act as custodian and administrator of certain historic sites owned by the State. The Society operates several museums and sites (some of which are owned by the Society) throughout the State. The Society is governed by a board of trustees composed of 21 members serving three-year staggered terms. Nine members of the board are elected by the Society's membership, nine members are appointed by the governor of the State and three members are appointed by the Society's board.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Society, the accounts of the Society are maintained in accordance with the principles of fund accounting. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups according to their nature, purpose and donor-imposed restrictions and/or conditions.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash at financial institutions and financial instruments with an original maturity of 90 days or less.

Inventory

Inventory items consist of supplies and resale merchandise, and are valued at the lower of cost (first-in, first-out method) or market.

THE OHIO HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2000 and 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

The Society capitalizes in part the cost of property and equipment when incurred.

The Society has established a fixed asset policy and has capitalized property and equipment pertaining to Phase I of its plan addressing this issue. See Note 9.

Classes of assets are:

- Land
- Land renovations and improvements
- Buildings
- Building renovations and improvements
- Machinery and equipment
- Motor vehicles
- Construction-in-progress

Property and equipment are depreciated over the assets useful life and the expense charged against operations. Depreciation is calculated using the straight-line method.

Accrued Leave Liability

Vacation leave is earned by employees based on number of years of service and can be accumulated to a maximum that can be earned in four years of service, although upon termination, a maximum of three years is paid out. Sick leave and personal leave are earned based on hours worked during the year. Sick leave accumulates without limit, while personal leave accumulates to a maximum of 40 hours. Employees may elect to be paid in cash for unused sick and personal leave annually (up to 56 and 40 hours, respectively), and are paid for all unused leave upon termination. When paid in cash, vacation and personal leave are paid at the employee's current hourly rate, while sick leave is paid at 50% of the current hourly rate.

Grants and Subsidies

The Society receives grants from various government agencies. Revenue is recognized when earned, which is at the time qualifying expenses are incurred. The Society's grant support activity is subject to review by the granting entities. The Society also receives significant subsidies from the State of Ohio.

THE OHIO HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2000 and 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidies appropriated to defray operational costs (mandated under Section 149 of the Ohio Revised Code) are recognized as unrestricted support when received. Subsidies appropriated for capital improvements are recognized as support at the time related expenditures are made. Any excess of receipts over expenditures for State capital improvement appropriations or government grants is recorded as deferred support.

Contributions and Memberships

Contributions are recorded as support when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as temporarily restricted support. A portion of membership receipts, representing subscription revenue, is deferred and recognized over the period to which the subscriptions relate, and the remaining portion of membership receipts is recorded as revenue when received.

Collections and Exhibits

Purchased and contributed collection and library objects are not included in the statement of financial position. No amounts are included in the statement of activity and changes in net assets for contributed collection objects because reasonable estimates of value are generally not available due to the nature of the objects. Donated items fall in the category of works of art, historical treasures and similar assets. See Note 8.

Board-Designated Net Assets

Board-Designated net assets are composed of net assets earmarked as reserves and net assets earmarked for various programs and projects. The Board of Trustees can, at its discretion, change the intent and purpose as to how these funds are utilized.

Temporarily Restricted Net Assets

Temporarily restricted net assets are composed of net assets earmarked or appropriated for specific purposes or sites by external parties. At June 30, 2000, the majority of these assets were earmarked for the Adena site home and grounds of Thomas Worthington.

THE OHIO HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2000 and 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Facilities, Services and Materials

The Society occupies, without charge, certain administrative offices owned by the State of Ohio. A substantial number of individuals have made significant contributions of their time to Society programs. The Society received in-kind contributions of services and materials that are reflected in the financial statements at their fair value. The value of these contributions is reflected in the statement of activity and changes in net assets as contributed materials and services and as program expenses. A breakdown of in-kind support and the kind of service volunteered, associated hours and estimated value is shown below.

	<u>2000</u>	<u>1999</u>
In support of the Ohio Village Church and Education Center		\$ 30,000
In support of Hanby House	\$ 1,500	-
In support of Production of <u>TIMELINE</u> magazine	<u>68,034</u>	<u>68,034</u>
Total	<u>\$ 69,534</u>	<u>\$ 98,034</u>

<u>Kind of Service</u>	<u>2000</u>		<u>1999</u>	
	<u>Hours Contributed</u>	<u>Estimated Value</u>	<u>Hours Contributed</u>	<u>Estimated Value</u>
Interpretive Services	43,700	\$437,400	47,000	\$329,000
Computer Services	-	-	5,400	80,000
Collection/Curatorial Services	3,200	45,600	4,900	48,900
Maintenance	2,500	25,200	5,600	39,100
Research	3,800	57,700	4,500	49,200
Clerical Services	1,600	23,800	1,800	18,400
Gift Shop/Sales	2,300	23,000	4,000	27,800
All Other Services	<u>800</u>	<u>10,500</u>	<u>1,000</u>	<u>13,200</u>
Total	<u>57,900</u>	<u>\$623,200</u>	<u>74,200</u>	<u>\$605,600</u>

Deferred Compensation

Employees of the Society are eligible to participate, on a voluntary basis, in several non-contributory deferred compensation plans that permit the deferral of compensation to future years. These plans are covered by either Section 457 or Section 403(b) of the Internal Revenue Code. All deferred compensation is paid to third-party administrators.

THE OHIO HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2000 and 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes is required.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the June 30, 1999 financial statements to conform to the current year's presentation. The most significant reclassification was the inclusion of the value of contributed services in the Society's accompanying statements of activities and changes in net assets.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are composed of:

	<u>6/30/00</u>	<u>6/30/99</u>
Cash	\$ 610,729	\$ 784,050
Money Market Funds - STAR Ohio	2,052,138	1,940,856
Money Market Funds - All Others	1,534,526	1,099,733
Commercial Paper	2,925,470	988,313
Federal Discount Note	<u>293,653</u>	<u>-</u>
	<u>\$7,416,516</u>	<u>\$4,812,952</u>

Concentration of Financial Risk

As of June 30, 2000, the Society had deposits that were in excess of the federally insured limit. The realization of these deposits depends upon the stability of the financial institution with which the Company conducts business. The Society also has investments in securities that are subject to fluctuation in market value. These investments are diversified to minimize the impact of market fluctuations.

THE OHIO HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2000 and 1999

3. INVESTMENTS

Short-term investments, if any, are valued at market (fair value) and consist of financial instruments with an original maturity of over 90 days, but less than one year. These financial instruments may be composed of certificates of deposit, U.S. Government Agency discount notes, commercial paper or banker's acceptances.

Long-term investments are presented in the financial statements at market (fair value). The Society has the ability and intent to hold all certificates of deposit until maturity. Other long-term investments consist of an externally managed portfolio (managed by Fifth Third Investments) that includes stocks and fixed income securities.

Long-term investments at June 30 consist of:

	<u>2000</u>		<u>1999</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Certificates of Deposit	\$ 699,000	\$ 699,000	\$ 699,000	\$ 699,000
Common & Preferred Stocks	1,041,673	1,493,166	855,154	1,065,943
Corporate & State Gov't Bonds	<u>573,729</u>	<u>548,436</u>	<u>506,356</u>	<u>493,454</u>
Total	<u>\$2,314,402</u>	<u>\$2,740,602</u>	<u>\$2,060,510</u>	<u>\$2,258,397</u>

Investment returns for the years ended June 30, were as follows:

	<u>2000</u>	<u>1999</u>
Interest & Dividends	\$566,709	\$392,517
Realized Gains & Losses (net)	(49,122)	(631)
Unrealized Gains & Losses (net)	<u>212,544</u>	<u>108,118</u>
Total	<u>\$730,131</u>	<u>\$500,004</u>

At June 30, 2000, the Society had on deposit with the Ohio Bureau of Employment Services, \$149,000 of Certificates of Deposit (recorded as long-term investments in unrestricted funds). This deposit is collateral for unemployment repayments and is required by State statute for reimbursing employers.

THE OHIO HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2000 and 1999

4. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Society contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information.

Plan members, Society employees, are required to contribute 8.5% of their annual covered salary to fund pension obligations and the Society is required to contribute 13.31%. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Society's contributions to PERS for the years ended June 30, 2000 and 1999 were approximately \$1,546,000 and \$1,474,000, respectively, equal to the required contributions for each year.

Post-Employment Benefits Other Than Pension Benefits

PERS also provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in Government Accounting Standards Board Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The fiscal year 2000 employer contribution rate was 13.31% of covered payroll; 4.2% was the portion that was used to fund health care for the year.

The Ohio Revised Code provides the statutory authority permitting public employers to fund post-retirement health care through their contributions to PERS.

PERS's unaudited estimated net assets available for payment of benefits at December 1999 (the latest information available) were \$ 9,870 million. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

THE OHIO HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2000 and 1999

5. STATE CAPITAL APPROPRIATIONS

As of June 30, 2000, the Society still has available bond money appropriated to the Ohio Arts and Sports Facilities Commission, and Youngstown State University for various capital projects in the amount of \$13,200,773. Budgetary restrictions imposed by the State of Ohio may reduce the amount of funds actually available.

6. OHIO HISTORICAL FOUNDATION

The Ohio Historical Foundation, Inc. (Foundation) is a tax-exempt nonprofit corporation founded in 1983, by the Society, to assist with fund-raising activities. The Society is the sole member of the Foundation and, as such, appoints the board of trustees. The assets and earnings of the Foundation are not included in the accompanying financial statements, but are accumulating for the benefit of the Society. The practice of not consolidating the accounts of the Foundation with those of the Society is not in accordance with generally accepted accounting principles.

Financial information of the Foundation at June 30, 2000 and for the year then ended, respectively, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Total Assets	\$ 880,451	\$ 1,486,686	\$ 2,207,439	\$ 4,574,776
Total Liabilities	\$ 71,229	\$ -	\$ -	\$ 71,229
Net Assets	\$ 809,222	\$ 1,486,686	\$ 2,207,439	\$ 4,503,547
Revenues	\$ 1,473,057	\$ (39,412)	\$ 500,000	\$ 1,933,645
Expenses	\$ 58,943	\$ -	\$ -	\$ 58,943

THE OHIO HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2000 and 1999

6. OHIO HISTORICAL FOUNDATION (continued)

Financial information of the Foundation at June 30, 1999 and for the year then ended is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Total Assets	\$ 598,550	\$ 1,526,298	\$ 1,707,439	\$ 3,832,287
Total Liabilities	\$ 92,712	\$ -	\$ -	\$ 92,712
Net Assets	\$ 505,838	\$ 1,526,298	\$ 1,707,439	\$ 3,739,575
Revenues	\$ 1,353,864	\$ 76,595	\$ -	\$ 1,430,459
Expenses	\$ 76,477	\$ -	\$ -	\$ 76,477

The Foundation disbursed approximately \$657,000 and \$678,000 to the Society for use in its operations during the 12 months ended June 30, 2000 and 1999, respectively. Such amounts are reflected in the statement of activities and changes in net assets as Foundation distributions.

Substantially all of the operating expenses of the Foundation are paid by the Society and amounted to approximately \$289,000 and \$274,000 in fiscal years 2000 and 1999, respectively.

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donor.

THE OHIO HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2000 and 1999

8. COLLECTIONS

The Society does not capitalize its artifacts and collections. The Society's museum collections consist of approximately 2,300,000 objects divided into three broad categories: archaeology, natural history, and history. The archaeological collection contains objects from all prehistoric cultures in the Midwest. The natural history collection preserves representative specimens of mineral, flora, fauna and fossils from the region, which is now Ohio. The history collection documents the people, events and activities of Ohio's historic period from 1650 to the present. The library contains one of the largest museum collections of books, microfilm, manuscripts, maps, state and local government records, newspapers, photographs, films, videos and recordings.

The Society has a formal collections policy that addresses the acquisition, use and disposition of objects, as well as guidelines for making and receiving loans.

The Society had no material deaccessions during fiscal year 2000 and 1999.

9. PROPERTY AND EQUIPMENT

The Society is addressing the issue of capitalizing and depreciating property and equipment by implementing changes in two phases. Phase I addresses primarily office furniture and equipment, computers and related equipment, and motor vehicles. Phase II will address real property.

Property and equipment capitalized and accumulated depreciation (pertaining to Phase I) at June 30, 2000 and 1999 are as follows:

	<u>2000</u>	<u>1999</u>
Machinery and Equipment	\$ 310,321	\$286,400
Vehicles	<u>293,593</u>	<u>198,226</u>
Gross Fixed Assets	603,914	484,626
Less Accumulated Depreciation	<u>205,627</u>	<u>120,995</u>
Net Book Value	<u>\$ 398,287</u>	<u>\$ 363,631</u>

Depreciation expense for the years ended June 30, 2000 and 1999 was \$84,631 and \$68,516, respectively.

THE OHIO HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2000 and 1999

10. COMMITMENTS AND CONTINGENCIES

The Society leases various machinery, equipment and other property requiring annual lease payments for fiscal years 2001 and 2002 of approximately \$26,000 and \$3,000, respectively. Rental expense for all equipment leased during fiscal 2000 and 1999 amounted to approximately \$49,000 and \$75,000, respectively.

The Society is committed to certain levels of cost sharing (match) pertaining to specific federal grants, and is obligated to complete various ongoing capital projects.

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

To the Board of Trustees of
The Ohio Historical Society, Inc.
Columbus, Ohio

We have audited the financial statements of The Ohio Historical Society, Inc. (the Society) as of and for the year ended June 30, 2000, and have issued our report thereon dated August 31, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 the Society'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 the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial

statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, Auditor of State, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SCHNEIDER DOWNS & CO., INC.

Columbus, Ohio
August 31, 2000

THE OHIO HISTORICAL SOCIETY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2000

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
MAJOR PROGRAM		
<u>US Department of Interior</u>		
Grant # 39-00- 15339-A National Historic Preservation Act	15.904	\$ 524,969
Grant # 39-99- 14269-A National Historic Preservation Act	15.904	166,728
Grant # 39-98- 13139-B National Historic Preservation Act	15.904	102,666
Grant # 39-99- 14269-B National Historic Preservation Act	15.904	46,036
		<hr/>
		840,399
NONMAJOR PROGRAMS		
<u>US Department of Housing and Urban Development</u>		
Grant # 13-98-SP-OH-0085	868-00162	66,746
<u>National Endowment for the Humanities</u>		
Grant #97-7072-5042 African American Dance Project	45.164	16,112
<u>US Department of Interior</u>		
Grant # 301810G027 US Fish and Wildlife Service	15.FFC	3,113
<u>National Archives and Records Administration</u>		
Grant # 98-021 Ohio Historical Records Advisory Board Planning	89.003	1,597
Grant #00-032 Ohio Historical Records Advisory Board Planning	89.003	451
		<hr/>
Total Expenditures of Federal Awards		<u>\$ 928,418</u>

THE OHIO HISTORICAL SOCIETY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2000

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant transactions of The Ohio Historical Society, Inc. (the Society) recorded on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Subrecipients

Of the federal expenditures presented in the accompanying schedule, the Society provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
National Historic Preservation Act	15.904	<u>\$ 105,095</u>

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees of
The Ohio Historical Society, Inc.
Columbus, Ohio

Compliance

We have audited the compliance of The Ohio Historical Society, Inc. (the Society) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The Society's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Society's management. Our responsibility is to express an opinion on the Society's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Society's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Society's compliance with those requirements.

In our opinion, the Society complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000. However, the results

of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 00-03.

Internal Control Over Compliance

The management of the Society is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Society's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, Auditor of State, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SCHNEIDER DOWNER & CO., INC.

Columbus, Ohio
August 31, 2000

THE OHIO HISTORICAL SOCIETY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2000

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statement Section:

Internal Control Over Financial Reporting:

Type of auditor's report issued:	Qualified
Material weaknesses identified	No
Reportable conditions identified	No
Noncompliance material to financial statements noted	No

Federal Awards Section:

Internal Control Over Major Program:

Material weaknesses identified	No
Reportable conditions identified	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Audit findings required to be reported in accordance with Section 501(a) of OMB Circular A-133	No

Identification of Major Program:

CFDA NUMBER
15-904

FEDERAL PROGRAM TITLE
Historic Preservation Fund

Dollar threshold to determine Type A programs:	\$300,000
Auditee qualified as a low-risk auditee	No

SECTION 2 - FINANCIAL STATEMENT FINDINGS

CURRENT YEAR:

None

STATUS OF PRIOR YEAR FINDINGS:

Reportable Condition # 99-01

Criteria: Generally accepted accounting principles require that related companies which exist for the sole benefit of another present their financial statements on a consolidated basis.

THE OHIO HISTORICAL SOCIETY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2000

Condition: The Ohio Historical Foundation, Inc. (the Foundation) is a tax-exempt, non-profit corporation founded by The Ohio Historical Society, Inc. (the Society) to assist with fund-raising activities. The Society is the sole member of the Foundation and, as such, appoints the Board of Trustees. The assets and earnings of the Foundation are accumulating for the benefit of the Society.

Effect: Previous auditors' report on the Society's financial statements for the year ended June 30, 1999 is qualified.

Recommendation: We recommend the Society consider the effects of consolidating the accounts of the Foundation with those of the Society.

Management's Response: It is the position of the Board of Trustees not to consolidate the financial statements of the two entities.

Reportable Condition # 99-02

Criteria: Generally accepted accounting principles require that companies' record land and buildings owned on their financial statements.

Condition: The Society did not report land and buildings on their financial statements.

Effect: Previous auditors' report on the Society's financial statements for the year ended June 30, 1999 is qualified.

Recommendation: We recommend the Society capitalize all fixed assets on their financial statements.

Management's Response: The finding has been partially corrected. The Society has developed a fixed asset capitalization plan. Land and buildings have not yet been fully recorded.

SECTION 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CURRENT YEAR:

**US DEPARTMENT OF INTERIOR
FINDING #00-03
HISTORIC PRESERVATION FUND
CFDA # 15.904**

Criteria: A pass-through entity should inform each subrecipient of the CFDA title and number, award name and number, award year, and name of the federal agency for each grant containing federal funds.

THE OHIO HISTORICAL SOCIETY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2000

Condition: During our fieldwork, we noted that while the CFDA number was available for the Society to provide to the subrecipients, there was no evidence of such information being provided to subrecipients in writing.

Questioned Cost: N/A

Effect: The Society's failure to provide this information to subrecipients could prevent them from complying with applicable guidelines because they may not be aware that funds received are federal in nature.

Recommendation: We recommend that management provide all subrecipients with the CFDA number. Management can do so by revising its current written agreements to include the CFDA number.

Management's Response: The Ohio Historical Society will include the CFDA number in each future subrecipient contract.

STATUS OF PRIOR YEAR FINDINGS:

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

OHIO HISTORICAL SOCIETY, INC.

FRANKLIN 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
JANUARY 09, 2001**