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Marietta, OH 45750  
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1035 Murdoch Ave  
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121 E Main St  
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**MASSILLON MUSEUM  
STARK COUNTY  
Regular Audit  
For the Years Ended December 31, 2014 and 2013**

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Board of Directors  
Massillon Museum  
121 Lincoln Way E.  
Massillon, Ohio 44646

We have reviewed the *Independent Auditor's Report* of the Massillon Museum, Stark County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2014. 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

November 4, 2015

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**MASSILLON MUSEUM  
STARK COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

August 7, 2015

Massillon Museum  
Stark County  
121 Lincoln Way E.  
Massillon, Ohio 44646

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of **Massillon Museum**, Stark County, Ohio (The Museum), (a not-for-profit corporation), which comprise the statements of financial position, the related statements of activities and cash flows, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Museum's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Museum's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.



...***"bringing more to the table"***

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***Auditor's Responsibility (Continued)***

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massillon Museum, Stark County as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2015, on our consideration of the Museum's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and not to opine 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* in considering the Museum's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**MASSILLON MUSUEM  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2014 AND 2013**

<b>ASSETS</b>	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 292,146	\$ 311,788
Investments at fair value - Note B	291,580	265,315
Beneficial interest in assets of Stark Community Foundation - Note C	57,108	56,343
Accounts receivable	3,581	2,875
Government appropriations tax receivable	480,000	480,000
Inventory - Museum shop	10,256	7,837
Collections	1,980	1,925
Property and equipment - NOTE D	2,004,170	2,121,630
Prepaid assets	4,430	4,430
Other assets	-	97
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 3,145,251</u>	<u>\$ 3,252,240</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 15,108	\$ 6,193
Accrued payroll and related liabilities	15,192	18,935
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>30,300</u>	<u>25,128</u>
 Net assets:		
Unrestricted	2,879,943	3,008,334
Temporarily restricted - NOTE E	126,171	110,163
Permanently restricted - NOTE E	108,837	108,615
	<hr/>	<hr/>
TOTAL NET ASSETS	<u>3,114,951</u>	<u>3,227,112</u>
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,145,251</u>	<u>\$ 3,252,240</u>

The accompanying notes are an integral part of these Financial Statements.

**MASSILLON MUSEUM  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014 WITH COMPARATIVE TOTALS FOR 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL	
				2014	2013
REVENUES, GAINS AND OTHER SUPPORT				Total	Total
Contributions	\$ 20,271	\$ -	\$ -	\$ 20,271	\$ 28,249
Government appropriations tax	484,744	-	-	484,744	480,468
In-kind contributions	73,942	-	-	73,942	55,711
Grants	72,628	83,240	-	155,868	174,098
Exhibitions	2,300	-	-	2,300	4,015
Membership of Museum	51,714	-	-	51,714	40,011
Museum Shop sales					
Gross profit	15,008	-	-	15,008	12,039
Less cost of sales	(7,921)	-	-	(7,921)	(13,366)
Programs and other fees	65,480	-	-	65,480	48,357
Fundraisers (net of direct costs of \$6,094 in 2013)	-	-	-	-	4,304
Interest and dividends	14,477	543	222	15,242	12,756
Realized gain (loss) on sale of investments and beneficial interest	-	-	-	-	6,820
Unrealized gain (loss) on investments and beneficial interest	5,918	-	-	5,918	16,325
Miscellaneous	7,456	-	-	7,456	9,245
Lease income	1,280	-	-	1,280	6,725
Net assets released from restrictions					
Satisfaction of donor or program restrictions	67,775	(67,775)	-	-	-
<b>Total support and revenue</b>	<b>875,072</b>	<b>16,008</b>	<b>222</b>	<b>891,302</b>	<b>885,757</b>
<b>EXPENSES</b>					
Program services	781,450	-	-	781,450	558,386
Fundraising	44,914	-	-	44,914	51,450
Management and general	177,099	-	-	177,099	331,703
<b>Total expenses</b>	<b>1,003,463</b>	<b>-</b>	<b>-</b>	<b>1,003,463</b>	<b>941,539</b>
Increase (decrease) in net assets	(128,391)	16,008	222	(112,161)	(55,782)
Net assets, beginning of year	3,008,334	110,163	108,615	3,227,112	3,282,894
<b>Net assets, end of year</b>	<b>\$ 2,879,943</b>	<b>\$ 126,171</b>	<b>\$ 108,837</b>	<b>\$ 3,114,951</b>	<b>\$ 3,227,112</b>

The accompanying notes are an integral part of these Financial Statements.

**MASSILLON MUSEUM**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014 WITH COMPARATIVE TOTALS FOR 2013**

	<b>Program</b>		<b>Management</b>	<b>Total</b>	
	<b>Services</b>		<b>Fundraising</b>	<b>and General</b>	<b>2014</b>
Salaries	\$ 164,053	\$ 21,874	\$ 32,811	\$ 218,738	\$ 224,168
Employee benefits	20,208	2,694	4,041	26,943	27,172
Payroll taxes	13,736	1,831	2,747	18,314	18,330
<b>Total Payroll and Related Benefits</b>	<b>197,997</b>	<b>26,399</b>	<b>39,599</b>	<b>263,995</b>	<b>269,670</b>
Advertising	76,143	-	4,008	80,151	69,830
Auto expense	1,978	-	349	2,327	4,854
Banking fees	-	-	3,441	3,441	3,935
Collection care	6,625	-	-	6,625	8,196
Conferences and meetings expense	-	-	2,708	2,708	2,080
Dues and subscriptions	-	-	3,757	3,757	2,895
Educational expenses	16,273	-	-	16,273	11,094
Employee welfare	-	-	146	146	216
Equipment rental	4,987	2,494	2,494	9,975	6,765
Exhibitions	38,213	-	-	38,213	43,273
Grant expenditures	61,905	-	-	61,905	12,580
Insurance	9,670	-	2,418	12,088	11,804
Investment feess	-	-	2,438	2,438	2,294
Licenses and permits	540	-	180	720	750
Membership expenses	10,497	-	-	10,497	313
Miscellaneous expenses	-	3,117	9,716	12,833	11,571
Office supplies	2,569	1,284	1,284	5,137	5,376
Outside services	5,390	-	-	5,390	-
Postage	7,308	3,654	3,654	14,616	12,754
Printing and publishing	16,616	1,876	8,308	26,800	31,316
Professional fees	107,308	6,090	15,189	128,587	120,064
Repairs and maintenance	25,482	-	34,438	59,920	61,551
Special events	32,876	-	-	32,876	28,966
Supplies	-	-	391	391	-
Taxes	-	-	24	24	935
Telephone	1,205	-	1,205	2,410	2,409
Travel and entertainment	1,556	-	3,178	4,734	18,934
Utilities	62,344	-	14,682	77,026	80,262
<b>Total expenses before depreciation</b>	<b>687,482</b>	<b>44,914</b>	<b>153,607</b>	<b>886,003</b>	<b>824,687</b>
Depreciation	93,968	-	23,492	117,460	116,852
<b>Total expenses</b>	<b>\$ 781,450</b>	<b>\$ 44,914</b>	<b>\$ 177,099</b>	<b>\$ 1,003,463</b>	<b>\$ 941,539</b>

The accompanying notes are an integral part of these Financial Statements.

**MASSILLON MUSEUM  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ (112,161)	\$ (55,782)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	117,460	116,852
Interest and dividends reinvested	(15,242)	-
Realized (gain) loss on sale of investments and beneficial interest	-	(6,820)
Unrealized (gain) loss on investments and beneficial interest	(5,918)	(16,325)
(Increase) decrease in:		
Accounts receivable	(706)	(1,677)
Collections	(55)	-
Inventory	(2,419)	5,248
Prepaid expenses	-	(360)
Other Assets	97	-
Increase (decrease) in:		
Accounts payable	8,915	(7,229)
Accrued payroll and related liabilities	<u>(3,743)</u>	<u>(4,877)</u>
Net cash provided by (used in) operating activities	<u>(13,772)</u>	<u>29,030</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(46,123)
Purchase of investments	<u>(5,870)</u>	<u>(14,922)</u>
Net cash provided by (used in) investing activities	<u>(5,870)</u>	<u>(61,045)</u>
Increase (decrease) in cash and cash equivalents	(19,642)	(32,015)
Cash and cash equivalents, beginning of year	<u>311,788</u>	<u>343,803</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 292,146</u></b>	<b><u>\$ 311,788</u></b>

The accompanying notes are an integral part of these Financial Statements.

**MASSILLON MUSEUM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES**

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.

**BASIS OF ACCOUNTING**

The financial statements of the Museum have been prepared on the accrual basis.

**BASIS OF PRESENTATION**

The Museum applies the Financial Statements of Not-for-Profit Organizations topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under this topic, the Museum is required to report information regarding its financial position and activities according to three classes of net assets:

**Unrestricted Net Assets** – Net assets which are not subject to donor-imposed restrictions. Use of unrestricted net assets may be Board designated for specific purposes.

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Museum or passage of time.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed restrictions that require them to be maintained permanently by the Museum. Generally, donors of these assets permit the Museum to use all or part of the income derived from these assets for general or specific purposes.

**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 estimated.

**CONCENTRATION OF CREDIT RISK**

The museum maintains cash in bank deposit accounts, which at times may exceed federally insured limits. The Museum has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand, cash in banks, certificates of deposit and investments with a maturity of three months or less when purchased.

**FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable, and accrued liabilities, approximates fair value due to the short maturity of these instruments.

**MASSILLON MUSEUM  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management has determined that no allowance for doubtful accounts is currently required.

INVESTMENTS

The Museum's investments in debt and equity securities are recorded at fair market value based on published quotations, except estimates are used when such quotations are not available. Realized and unrealized gains and losses on investments are reflected in the statement of activities. Realized gains and losses on the sale of investments are calculated based on specific identification. See Note B for discussion of fair value measurements.

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 statement 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 recorded at cost. Expenditures for maintenance and repairs are expensed as incurred, while expenditures for additions and improvements are generally capitalized at cost. Depreciation is computed using the straight-line method and accelerated methods over the estimated useful lives of the assets. The museum capitalized all property and equipment with a cost of \$500 or more.

COLLECTION ITEMS

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.

INCOME TAXES

The Museum is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes pursuant to Section 509(a) of the Code.

**MASSILLON MUSEUM  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

INCOME TAXES (CONTINUED)

The Museum follows Accounting for Uncertainty in Income Taxes topic of the FASB Accounting Standards Codification, which addresses the information of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Museum may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. In addition, the guidance on Accounting for Uncertainty in Income Taxes addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Management has determined that the effects of this pronouncement to be insignificant; therefore, no adjustments have been recorded and no further disclosures required.

With few exceptions, the Museum is no longer subject to income tax examinations by tax authorities for years before 2011.

CONTRIBUTIONS

Donor contributions are recognized when a donor promises to make a contribution to the Museum that is, in substance, unconditional. Contributions that are restricted by donors are reported as increases in unrestricted net assets, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

DONATED SERVICES

Contributions of services are recognized as revenues in the financial statements if the services received (a) create or enhance nonfinancial assets (primarily property or other tangible or intangible assets) or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria and promises to give such services are not recognized.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Museum's programs. The value of the contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

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.

ADVERTISING

Advertising costs are expensed as incurred. Advertising costs charged to operations were \$80,151 and \$69,830 in 2014 and 2013, respectively.

**MASSILLON MUSEUM  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

SUMMARIZED PRIOR YEAR COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Museum’s financial statements for the year ended December 31, 2013, from which the summarized information was derived.

RECLASSIFICATIONS

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.

**NOTE B – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Museum accounts for assets and liabilities in accordance with the provisions of the Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification. This topic applies to all assets and liabilities that are being measured and reported on a fair value basis. The Fair Value Measurements and Disclosures topic requires disclosure that establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. This statement enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Museum performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurements and Disclosures topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The Museum holds investments in debt and equity securities which are classified as available for sale securities. The fair value of these investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers and are considered a Level 1 item. For the years ended December 31, 2014 and 2013, the application of valuation techniques applied to similar assets and liabilities have been consistent.

Financial Assets at Fair Value as of December 31, 2014:

	Level 1	Level 2	Level 3
Short-term investments	\$ 291,580	\$ -	\$ -
Total investments	<u>\$ 291,580</u>	<u>\$ -</u>	<u>\$ -</u>

**MASSILLON MUSEUM  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE B – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Investments consist of the following at December 31:

	2014		2013	
	Cost	Market Value	Cost	Market Value
Money Market	\$ 10,396	\$ 10,396	\$ 2,495	\$ 2,495
Equity Securities				
Common Stock	9,140	10,077	9,141	10,548
Closed end funds and exchange traded products	28,803	39,990	16,747	22,875
Mutual funds	99,445	121,565	91,452	110,857
Total Equity Securities	137,388	171,632	117,340	144,280
Fixed Income				
Closed end funds and exchange traded products	11,871	11,832	11,871	11,049
Mutual funds	79,199	76,842	76,329	76,230
Total Fixed Income	91,070	88,674	88,200	87,279
Other				
Mutual funds	22,236	20,878	32,272	31,261
Total	\$ 261,090	\$ 291,580	\$ 240,307	\$ 265,315

Investment income (loss) is summarized as follows for the years ended December 31:

	2014	2013
Interest and Dividends	\$ 15,242	\$ 12,756
Realized/Unrealized Gains	5,918	23,145
	\$ 21,160	\$ 35,901

**NOTE C - BENEFICIAL INTEREST IN ASSET 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 \$57,108 and \$56,343 at December 31, 2014 and 2013, respectively.

**MASSILLON MUSEUM  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment are summarized by major classifications as follows:

	<u>2014</u>	<u>2013</u>
Land	\$ 7,093	\$ 7,093
Building	2,136,030	2,136,030
Building improvements	1,047,078	1,047,078
Furniture and equipment	191,935	191,935
Total Cost	<u>3,382,136</u>	<u>3,382,136</u>
Less accumulated depreciation	<u>1,377,966</u>	<u>1,260,506</u>
Net Total	<u><u>\$ 2,004,170</u></u>	<u><u>\$ 2,121,630</u></u>

The depreciation expense for 2014 and 2013 was \$117,460 and \$116,852, respectively, with useful lives as shown below:

Land Improvements	5 to 20 years
Buildings and Improvements	10 to 40 years
Furniture and Equipment	5 to 20 years

**NOTE E - RESTRICTIONS ON ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Jean Baptiste Massillon project	\$ 60,127	\$ 73,792
Stark Community Foundation income account	4,322	3,779
Jennings Foundation - Artful Living	6,590	5,161
Aultman Foundation - Artful Living	-	4,000
Flowers Foundation - Busing of students	4,816	2,647
J. W. Mahoney Foundation -Archives/Storage fund	5,275	6,000
Eagles #190 Educational Programs	850	2,611
Fragile Waters	-	7,484
Target Educational Outreach	940	2,000
Velma Irwin - Research Room and Archives	1,845	-
Stark Community Foundation - Summer Time Kids	955	-
Muskingum - Fragile Waters	509	-
IMLS - Nelly Toll Exhibit	22,550	-
Massillon Rotary - Accessibility Project	16,215	-
Stark Community Foundation - Educational Programs	1,177	-
Other	-	2,689
Total	<u><u>\$ 126,171</u></u>	<u><u>\$ 110,163</u></u>

**MASSILLON MUSEUM  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE E - RESTRICTIONS ON ASSETS (CONTINUED)**

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:

	2014	2013
Stark Community Foundation - principal account	\$ 52,786	\$ 52,564
GAR Fund	44,003	44,003
Other	12,048	12,048
Total	\$ 108,837	\$ 108,615

**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 Museum 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. The Museum's contributions to the plan for 2014 and 2013 amounted to \$5,342 and \$5,971, respectively.

**NOTE H - COMMITMENTS AND CONTINGENT LIABILITIES**

LINE OF CREDIT

The Museum maintains a \$100,000 line of credit arrangement with a bank secured by property and equipment. The line of credit requires monthly interest payments at the bank's prime rate (3.25% at December 31, 2014). The Museum had not drawn on the line of credit at December 31, 2014 or 2013.

OPERATING LEASE

The Museum leased a copier under a 63-month noncancelable agreement which expires in April 2017. The following is a schedule of future minimum lease payments required under the above operating lease as of December 31, 2014:

2015	\$ 6,632
2016	6,632
2017	6,632
Total	\$ 19,896

Total rent expense for the copier was \$6,632 for both years ended 2014 and 2013.

**MASSILLON MUSEUM  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE I – GRANTS CONTINGENCY**

Amounts grantor agencies pay to the Museum are subject to audit and adjustment by the grantor principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**NOTE J – SUBSEQUENT EVENTS**

During March 2015, the Museum purchased real estate in the amount of \$120,000 paid for out of operating funds.

Subsequent events are events or transactions that occur during the subsequent event period, which is the period subsequent to the date of the statement of financial position, but before financial statements are issued or are available to be issued. The Museum has evaluated subsequent events through August 7, 2015, the date for which the financial statements were available to be issued and determined that no other adjustments were necessary to the financial statements due to subsequent events.

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428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

August 7, 2015

Massillon Museum  
Stark County  
121 Lincoln Way E.  
Massillon, Ohio 44646

To the Board of Directors:

We have audited, in accordance with the 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, the financial statements of **Massillon Museum** (the Museum), (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 7, 2015.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Museum's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Museum's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Museum's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.



***...“bringing more to the table”***

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll

Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •

• Association of Certified Anti - Money Laundering Specialists •



***Compliance and Other Matters***

As part of reasonably assuring whether the Museum's financial statements are free from material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Museum's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Museum's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



# 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  
NOVEMBER 17, 2015**