

**GENEVA HISTORICAL SOCIETY**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**

**Year Ended June 30, 2016**

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**Independent Auditor's Report**

To the Board of Directors  
Geneva Historical Society

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Geneva Historical Society (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Geneva Historical Society as of June 30, 2016, 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.

## Independent Auditor's Report – Continued

### **Report on Summarized Comparative Information**

We have previously audited the June 30, 2015 financial statements of Geneva Historical Society, and we expressed an unmodified opinion on those financial statements in our report dated November 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Additional Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wieland & Company, Inc.*

Batavia, Illinois  
October 26, 2016

**GENEVA HISTORICAL SOCIETY**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash	\$ 47,467	\$ 55,721
Unconditional promises to give		
Temporarily restricted	300	56,314
Investments	791,531	789,387
Store inventory	9,295	9,766
Property and equipment		
Land	37,944	37,944
Building and improvements	1,805,265	1,766,361
Furniture, fixtures and equipment	104,521	96,791
Total	<u>1,947,730</u>	<u>1,901,096</u>
Less accumulated depreciation	<u>(728,411)</u>	<u>(674,113)</u>
Net property and equipment	<u>1,219,319</u>	<u>1,226,983</u>
	<b>TOTAL ASSETS</b>	<b>TOTAL ASSETS</b>
	<u>\$ 2,067,912</u>	<u>\$ 2,138,171</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 27,276	\$ 21,576
Tenant security deposit	<u>5,000</u>	<u>5,000</u>
	<b>TOTAL LIABILITIES</b>	<b>TOTAL LIABILITIES</b>
	32,276	26,576
<b>NET ASSETS</b>		
Unrestricted	1,526,471	1,530,674
Temporarily restricted	130,321	202,077
Permanently restricted	<u>378,844</u>	<u>378,844</u>
	<b>TOTAL NET ASSETS</b>	<b>TOTAL NET ASSETS</b>
	<u>2,035,636</u>	<u>2,111,595</u>
	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>TOTAL LIABILITIES AND NET ASSETS</b>
	<u>\$ 2,067,912</u>	<u>\$ 2,138,171</u>

See accompanying notes to financial statements.

**GENEVA HISTORICAL SOCIETY**

**STATEMENTS OF ACTIVITIES**

**Year Ended June 30, 2016**

**(With Summarized Financial Information for the Year Ended June 30, 2015)**

	2016			Total	2015 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>SUPPORT AND REVENUE</b>					
Contributions and grants	\$ 139,315	\$ 12,265	\$ -	\$ 151,580	\$ 89,396
Interest and dividends	8,544	15,216	-	23,760	22,903
Museum programs	15,811	-	-	15,811	13,126
Net gain (loss) on sales of investments	(2,313)	60,882	-	58,569	62,434
Unrealized gain (loss) on investments	6,292	(60,266)	-	(53,974)	(75,026)
Rental income	37,700	-	-	37,700	42,900
Room usage fees	3,772	-	-	3,772	4,956
Sales and special events					
Museum store sales	17,466	-	-	17,466	21,517
Events	21,204	-	-	21,204	6,752
Net assets released from restrictions					
Satisfaction of use restrictions	99,853	(99,853)	-	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>347,644</b>	<b>(71,756)</b>	<b>-</b>	<b>275,888</b>	<b>188,958</b>
<b>EXPENSES</b>					
Program services	239,738	-	-	239,738	240,570
Management and general	62,916	-	-	62,916	70,274
Cost of sales and special events	23,047	-	-	23,047	29,943
Fundraising	26,146	-	-	26,146	26,517
<b>TOTAL EXPENSES</b>	<b>351,847</b>	<b>-</b>	<b>-</b>	<b>351,847</b>	<b>367,304</b>
<b>DECREASE IN NET ASSETS</b>	<b>(4,203)</b>	<b>(71,756)</b>	<b>-</b>	<b>(75,959)</b>	<b>(178,346)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>					
	1,530,674	202,077	378,844	2,111,595	2,289,941
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,526,471</b>	<b>\$ 130,321</b>	<b>\$ 378,844</b>	<b>\$ 2,035,636</b>	<b>\$ 2,111,595</b>

See accompanying notes to financial statements.

**GENEVA HISTORICAL SOCIETY**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2016 and 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (75,959)	\$ (178,346)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	54,298	48,808
Net gain on sales of investments	(58,568)	(62,434)
Unrealized loss on investments	53,974	75,026
Changes in operating assets and liabilities:		
Decrease in unconditional promises to give	56,014	117,066
Decrease (increase) in store inventory	471	(2,285)
Increase (decrease) in accounts payable and accrued expenses	2,403	(6,388)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	32,633	(8,553)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(43,337)	(38,221)
Proceeds from sale of investments	734,960	315,051
Purchase of investments	(732,510)	(303,423)
CASH FLOWS USED BY INVESTING ACTIVITIES	(40,887)	(26,593)
NET DECREASE IN CASH	(8,254)	(35,146)
CASH AT BEGINNING OF YEAR	55,721	90,867
CASH AT END OF YEAR	\$ 47,467	\$ 55,721

See accompanying notes to financial statements.

**GENEVA HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**NOTE A - NATURE OF ACTIVITIES**

The Geneva Historical Society (the Society) (also known as Geneva History Museum) was incorporated under the Illinois General Not for Profit Corporation Act on September 17, 1949. The Society's mission is to collect, study, research, interpret, preserve, conserve, and exhibit artifacts and archival materials, as well as provide educational programming relating to the history of Geneva, Illinois and surrounding communities.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables and other liabilities. The Society reports information regarding its financial position and activities according to three classes of assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Promises to Give and Revenue Recognition

Grants and gifts are recognized when a grantor makes a promise to give to the Society that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities.

Conditional promises to give are recognized as support when the conditions on which they depend are substantially met. Support from grants and other agreements that in substance constitutes an exchange for services from the Society is recognized when earned.

Amounts receivable are stated at the amount management expects to collect from outstanding unconditional promises and billed balances. Management provides for probable uncollectible promises using the allowance method. No allowance was deemed necessary at June 30, 2016 and 2015.

Support from wills and estates are recognized when probate declares the will valid and the Society is notified of the approximate amount of the bequest.

Use of Estimates

The preparation of financial statements in conformity with auditing standards generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Society's policy is to invest operating cash balances in safe interest-bearing accounts to the extent practical. For purposes of the statement of cash flows, the Society considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2016 and 2015.



**GENEVA HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**June 30, 2016**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Investments

Investments in equity and debt securities with readily determinable fair values are carried at fair value in the Society's statement of financial position. Realized and unrealized investment gains, losses and income are reported in the Society's statement of activities.

Fair Value Measurements

All financial assets and liabilities and nonfinancial assets recognized or disclosed at fair value on a recurring basis are classified and disclosed in one of the following 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.

Store Inventory

Inventory is carried at the lower of cost or market with cost being determined on the first-in, first-out (FIFO) method.

Property and Equipment

Land, building, building improvements, furniture, fixtures and equipment are recorded at cost, except for donated property which is recorded at fair market value at the date contributed. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

	<u>Estimated Life</u>
Buildings and improvements:	39 years
Furniture, fixtures and equipment	7 years

Depreciation expense for the fiscal years ended June 30, 2016 and 2015 totaled \$54,298 and \$48,808, respectively.

The Society reviews its investments in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses have been determined necessary through June 30, 2016.

**GENEVA HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**June 30, 2016**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Income Taxes

The Society applied for and has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity under Section 170(b)(1)(A)(vi) and has no unrelated business income. Accordingly, no provision for income taxes is reported.

The financial statement effects of a tax position taken or expected to be taken are recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of June 30, 2016, the Society had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Real Estate Taxes

The Society owns real estate in Geneva, Illinois in which it conducts its operations. The parcels owned by the Society used in its mission have been determined to be tax-exempt for real estate taxes. Excess office space in its facility that is leased to an outside party is subject to real estate taxes (see Note H).

Contributed Services

According to U.S. generally accepted accounting principles, contributed services are recognized as contributions if they create or enhance a nonfinancial asset (such as constructing a building) or require specialized skills (such as professionals and skilled craftsmen), are provided by persons possessing those skills, and would need to be purchased if the services were not donated. Although numerous volunteers donate countless hours to help the Organization achieve its mission, the value of contributed services meeting the requirements for recognition in the financial statements was not material during the years ended June 30, 2016 and 2015 and has not been recorded.

Functional Allocation of Expenses

The costs of providing the Society's programs and supporting services are summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs are allocated among the programs and supporting services benefited.

Prior Year Summarized Information

The financial statements include certain prior year summarized financial 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 only be read in conjunction with the Society's financial statements as of and for the year ended June 30, 2015, from which the summarized financial information was derived.

Management Review

Management has evaluated subsequent events to October 26, 2016, the date on which the financial statements were available to be issued.

**GENEVA HISTORICAL SOCIETY**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**June 30, 2016**

**NOTE C – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give of \$300 and \$56,314 at June 30, 2016 and 2015, respectively, represent pledges receivable from individuals. There were no unconditional promises to give as of June 30, 2016.

An unrestricted pledge receivable that was recorded at June 30, 2014 totaling \$41,780 was determined to be uncollectible and was written off against contribution support during the year ended June 30, 2015.

**NOTE D – INVESTMENTS**

Investments consist of the following at June 30, 2016 and 2015:

	At June 30, 2016			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Money Markets	\$ 25,897	\$ 25,897	\$ -	\$ -
Electronically Traded Funds	765,634	765,634	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 791,531</b>	<b>\$ 791,531</b>	<b>\$ -</b>	<b>\$ -</b>

	At June 30, 2015			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Money Markets	\$ 15,840	\$ 15,840	\$ -	\$ -
Electronically Traded Funds	407,720	407,720	-	-
Corporate Bonds	263,668	263,668	-	-
Mutual Funds	15,348	15,348	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 702,576</b>	<b>\$ 702,576</b>	<b>\$ -</b>	<b>\$ -</b>

**GENEVA HISTORICAL SOCIETY**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**June 30, 2016**

**NOTE E – COLLECTIONS**

The Society has not capitalized its collection of artifacts and archival materials. The Society has a significant number of artifacts that have been donated or otherwise acquired that have no readily determinable fair market value. The Society does not deem the benefit of appraising the collection to exceed the cost required to do so. Many of the artifacts have value that is unique to Geneva and the surrounding communities and an appraisal would not adequately reflect the value.

**NOTE F – ENDOWMENT FUND**

The Society maintains an endowment fund established according to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Organization indefinitely and income from the fund is to be expended for Society programs. The Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in accordance with its spending and investment policies. These policies attempt to provide a predictable stream of funding support while also maintaining the purchasing power of those endowment assets over the long term. Presently, three percent of the endowment's average value at the end of the past 12 quarters is appropriated for distribution each year to the extent of temporarily restricted funds available.

Endowment net asset composition by type of fund as of June 30, 2016 and 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Total donor-restricted endowment funds - 2016	\$ <u>-</u>	\$ <u>96,869</u>	\$ <u>378,844</u>	\$ <u>475,713</u>
Total donor-restricted endowment funds - 2015	\$ <u>-</u>	\$ <u>105,506</u>	\$ <u>378,844</u>	\$ <u>484,350</u>

Changes in endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 105,506	\$ 378,844	\$ 484,350
Investment income	-	15,216	-	15,216
Amounts appropriated for expenditure	-	(23,069)	-	(23,069)
Decrease in endowment	-	(784)	-	(784)
Endowment net assets, end of year	\$ <u>-</u>	\$ <u>96,869</u>	\$ <u>378,844</u>	\$ <u>475,713</u>

**GENEVA HISTORICAL SOCIETY**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**June 30, 2016**

**NOTE F – ENDOWMENT FUND – CONTINUED**

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 176,415	\$ 378,844	\$ 555,259
Investment income	-	13,391	-	13,391
Decrease in endowment	-	(84,300)	-	(84,300)
Endowment net assets, end of year	\$ -	\$ 105,506	\$ 378,844	\$ 484,350

**NOTE G – RESTRICTIONS ON NET ASSETS**

As described in Note F, permanently restricted net assets totaling \$378,844 at June 30, 2016 and 2015 relate to the Society's endowment fund. Temporarily restricted net assets consist of the following at June 30, 2016 and 2015:

	2016	2015
Permanent exhibit renovation	\$ 16,338	\$ 28,793
Nativity crèche	16,814	11,464
Unconditional promises to give with time restrictions	300	56,314
Endowment fund not classified as permanently restricted	96,869	105,506
Total temporarily restricted net assets	\$ 130,321	\$ 202,077

**NOTE H – AGREEMENT AS LESSOR**

Effective October 1, 2012, the Society executed a five-year agreement to lease second floor space in its facility. The agreement provides for monthly rentals of \$3,300 during the first three years increasing to \$3,400 and \$3,500 in the fourth and fifth years, respectively. Rental income received during the years ended June 30, 2016 and 2015 totaled \$37,700 and \$42,900, respectively.

## ADDITIONAL INFORMATION

**GENEVA HISTORICAL SOCIETY**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2016**

**(With Summarized Financial Information for the Year Ended June 30, 2015)**

	2016				2016 Total	2015 Total
	Program Services	Management and General	Cost of Sales and Special Events	Fund-raising		
Accounting services	\$ -	\$ 457	\$ -	\$ -	\$ 457	\$ 3,789
Advertising, printing and promotion	1,156	277	-	878	2,311	6,644
Audit fees	-	4,600	-	-	4,600	4,000
Archives and library	1,988	-	-	-	1,988	1,524
Bank and investment management fees	-	5,230	-	-	5,230	7,827
Computer expenses	6,350	1,464	-	673	8,487	8,352
Cost of merchandise sold	-	-	10,957	-	10,957	11,233
Cost of special events	-	-	12,090	-	12,090	18,710
Depreciation	40,740	9,051	-	4,507	54,298	48,808
Donations	-	854	-	-	854	921
Dues, fees and subscriptions	1,120	-	-	-	1,120	1,430
Equipment rental and maintenance	4,184	952	-	463	5,599	3,687
Facility costs	21,698	4,821	-	2,400	28,919	29,758
Insurance	2,804	2,017	-	303	5,124	5,045
Miscellaneous	1,794	406	-	192	2,392	6,631
Postage and shipping	1,013	665	-	1,013	2,691	1,856
Professional fees	-	-	-	-	-	3,038
Program services	12,295	-	-	-	12,295	20,645
Real estate taxes	5,585	1,240	-	619	7,444	7,577
Salaries and related taxes	126,389	28,142	-	13,988	168,519	164,146
Staff development	-	513	-	-	513	1,017
Store expenses	737	-	-	-	737	766
Supplies	9,204	1,628	-	819	11,651	7,801
Telephone	2,629	586	-	291	3,506	2,034
Travel	52	13	-	-	65	65
<b>Total Expenses</b>	<b>\$ 239,738</b>	<b>\$ 62,916</b>	<b>\$ 23,047</b>	<b>\$ 26,146</b>	<b>\$ 351,847</b>	<b>\$ 367,304</b>