
Trenton Museum Society

FINANCIAL STATEMENTS
&
Independent Accountant's Review Report

For the Year Ended

June 30, 2021

Trenton Museum Society

Financial Statements

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Independent Accountant's Review Report

To the Board of Trustees
Trenton Museum Society

I have reviewed the accompanying statement of financial position of the Trenton Museum Society(a nonprofit organization) which comprise the statement of financial position as of June 30, 2021 and the related statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquires of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to preform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Michael T Remus

Michael T. Remus, CPA
Hamilton Square, New Jersey
September 20, 2022

Trenton Museum Society
Statement of Financial Position
June 30, 2021

ASSETS

Cash	\$ 185,489
Accounts receivable	15,652
Inventory - Museum store, at cost	13,112
Investments at fair market value (without restrictions)	50,829
Investments at fair market value (with restrictions)	5,000
Total Assets	<u>\$ 270,082</u>

LIABILITIES & NET ASSETS

Liabilities:	\$ -
Net Assets:	
Without Donor Restrictions	265,082
With Donor Restrictions	5,000
Total net assets	<u>270,082</u>
Totals	<u><u>\$ 270,082</u></u>

See accompanying notes and independent accountant's review report.

Trenton Museum Society
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021

PUBLIC SUPPORT AND REVENUE - UNRESTRICTED

Public Support

Received Directly:

Contributions - Individual	\$	55,204
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Received Indirectly:

Grants		14,375
Total public support		69,579

Revenues, Gains & Other Support:

Program fees		35,764
Membership dues		15,320
Store sales		15,195
Fundraising		12,073
Unrealized gain		1,836
Interest & dividend income		1,003
Total revenue		81,191

Total unrestricted support and revenue		150,770
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EXPENSES

Program Services:

Community Events		27,314
Museum Store		18,267
Total program services		45,581

Supporting Services:

Management and general		18,842
Fundraising		8,688
Total supporting services		27,530

Total expenses		73,111
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Increase in Net Assets		77,659
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Net Assets, June 30, 2020		192,423
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Net Assets, June 30, 2021	\$	270,082
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See accompanying notes and independent accountant's review report.

Trenton Museum Society
Statement of Functional Expenses
Year Ended June 30, 2021

Program Expenses

Community Events & Collections / Exhibitions:

Salaries & wages	\$	6,000
Event openings		10,926
Awards		5,991
Program supplies		565
Insurance		3,226
Marketing		456
Bank / Merchant fees		150
		<hr/>
		27,314
		<hr/>

Museum Store:

Merchandise & supplies	\$	5,767
Artist		7,050
Salaries & wages		5,000
Printing and reproduction		300
Bank / Merchant fees		150
		<hr/>
	\$	18,267
		<hr/>

See accompanying notes and independent accountant's review report.

Trenton Museum Society
Statement of Functional Expenses
Year Ended June 30, 2021

Management and General Expenses

Professional fees	\$ 300
Salaries and wages	4,500
Technology	4,590
Office expense	1,323
Utilities	2,033
Repairs & maintenance	762
Miscellaneous	700
Filing fees & permits	102
Dues & Subscriptions	245
Insurance	3,847
Postage	440
	<hr/>
	<u>\$ 18,842</u>

Fundraising

Salaries and wages	\$ 4,726
Marketing	1,968
Postage	377
Bank / Merchant fees	147
Printing and reproduction	1,470
	<hr/>
	<u>\$ 8,688</u>

See accompanying notes and independent accountant's review report.

Trenton Museum Society
Statement of Cash Flows
Year Ended June 30, 2021

Cash Flows From Operating Activities:

Increase in Net Assets	\$ 77,659
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Unrealized gain on investments	(1,836)
(Increase) Decrease in:	
Accounts receivable	(15,652)
Inventory - Museum store	(477)
Net cash provided by operating activities	<u>59,694</u>
Cash Flows From Investing Activities:	-
Cash Flows From Financing Activities:	-
Increase in cash	59,694
Cash, June 30, 2020	125,795
Cash, June 30, 2021	<u><u>\$ 185,489</u></u>

Supplementary Disclosure of Cash Flow Information

Interest expense	\$ -
Federal income tax payments	\$ -

See accompanying notes and independent accountant's review report.

Trenton Museum Society
Notes to Financial Statements
June 30, 2021

1 Nature of Activities

The Trenton Museum Society (the Museum) is a non-profit Organization under section 501(c)(3) of the Internal Revenue Code. The Organization supports the Trenton City Museum at Ellarslie Mansion and is responsible for a collection of art & artifacts related to Trenton's historical and cultural past. The Museum supports the acquisition and conservation of the permanent collections and originates programs to sustain and nurture the cultural life of Trenton and its artists, and to foster aesthetic awareness in fine and decorative arts. The Museum is supported primarily through donor contributions, grants, program fees and membership dues.

2 Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The Museum classifies all financial transactions and reports net assets in two groups – net assets with donor restrictions and net assets without donor restrictions based on the existence or absence of donor-imposed restrictions and the nature of those restrictions.

(c) Cash

For purposes of the statements of cash flows, the Museum considers all money market funds and highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash is held at a single financial institution and therefore is subject to credit risk. The Organization has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

(d) Investments

The Museum carries investments in marketable securities (if any) with readily determinable fair values and all investments in debt securities (if any) at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Trenton Museum Society
Notes to Financial Statements
June 30, 2021

(e) Promises to Give

Contributions are recognized when the donor makes a promise to give to the Museum that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Absent any donor restrictions, the Museum reports gifts of cash and other assets as unrestricted support.

(f) Property and Equipment

The Museum capitalizes property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is recorded at cost. Donations of property and equipment are recorded at fair value on the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Museum reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Museum reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to five years. All equipment is fully depreciated at June 30, 2021. (*see Note 5*).

(g) Contributed Services

No amounts have been reflected in the financial statements for donated services. The Museum pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Museum with specific programs, fund-raising campaigns and various committee assignments in furtherance of the Museum mission. The value of this contributed time does not meet the criteria for recognition and therefore is not reflected in the accompanying statement of activities.

(h) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Donated marketable securities and other noncash donations, if any, are recorded as contributions at their estimated fair values at the date of donation.

Trenton Museum Society
Notes to Financial Statements
June 30, 2021

(i) Revenue and Support Recognition

Contributions without restrictions are recognized as support when they are received or unconditionally pledged. Revenue's and other support from grants, program fees and membership dues are recognized in the period they are earned.

(j) Inventories

Inventories consist of Museum store inventory and are recorded at the lower of cost (first-in, first-out) or net realizable value.

(k) Income Taxes

The Museum is qualified under Section 501(c)(3) of the Internal Revenue Code (IRC) and therefore is not subject to Federal income taxes. The Museum is required to operate in conformity with the IRC to maintain its tax-exempt status. The Museum is also not subject to state tax under present law. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Museum's qualified status. In addition, the Museum qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Museum follows the pronouncement related to accounting for uncertainty in income taxes. The Museum has no unrecognized tax benefits at June 30, 2021 and does not believe its financial statements include any uncertain tax positions at June 30, 2021. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax laws and new authoritative rulings.

If applicable, the Museum recognizes interest and penalties associated with tax matters as expenses and includes accrued interest and penalties under accrued expenses in the statement of financial position. There were no income tax related penalties or interest accrued or paid for the year ended June 30, 2021.

(l) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. The Community Foundation of NJ makes significant estimates regarding the value of investments (*see Note 3*). Accordingly, actual results could differ from those estimates.

(m) Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Schedule of Functional Expenses. Accordingly, certain expenses have been allocated among program services, management and general and fund-raising using the direct cost method or other reasonable basis consistent with the benefit derived by each program.

Trenton Museum Society
Notes to Financial Statements
June 30, 2021

(n) Fair Value Measurements

The Financial Accounting Standards Board (“FASB”) issued under Topic 820 under the FASB Accounting Standards Codification which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on a exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities, subject to the standard, measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Inputs that reflect quoted prices are available in active markets for identical assets or liabilities that the Museum has the ability to access at the measurement date .
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the assets or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs are unobservable for the assets or liability and include situations where there is little, if any, market activity for the asset or liability.

For further discussion of fair value, see “Note 7 Fair Value”

(o) Collection

Art work and other collectibles are the property of the Museum and not recognized as assets in the accompanying statement of financial position. Collection objects donated to the Museum are not recorded for financial accounting purposes and, accordingly, are not included as revenues on the statement of activities. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired if purchased with unrestricted funds, or as decreases in temporarily restricted net assets if the assets used to purchase the items are restricted by donors.

(p) Presentation of Sales Taxes

The State of New Jersey imposes a sales tax of 6.625% on all of the Organizations museum store sales to nonexempt customers. The Museum collects that sales tax from customers and remits the entire amount to the State. The Museum’s accounting policy is to exclude the tax collected and remitted to the State from revenues and program services.

Trenton Museum Society
Notes to Financial Statements
June 30, 2021

3 The Trenton Museum Society Fund

The Trenton Museum Society (TMS) started an endowment fund in November 1996 with the Community Foundation of New Jersey (CFNJ) for the purpose of an endowment in perpetuity. The endowment was initiated with a deposit in the amount of \$5,000 and was matched by the CFNJ for a total amount of \$10,000.

The following is a summary of investments held at CFNJ within the fair value hierarchy as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash & equivalents	\$ 1,015	\$ -	\$ -
Fixed income	13,810	-	-
Equities	21,121	-	
Marketable Alternatives	-	-	4,671
Total	<u>\$ 35,946</u>	<u>\$ -</u>	<u>\$ 4,671</u>

For further discussion of Endowment Fund, see “Note 9 Endowments Funds”

4 Investments

Investments are presented in the financial statements at fair market value. The following is a summary of investments at June 30, 2021:

<u>Level 1 Inputs</u>	<u>Fair Value</u>
Common Stock, Strategic Education Inc, 200 shares, cost \$18,048	\$ 15,212

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2021.

Unrealized loss	\$ 15,518
Dividends	480

5 Property and Equipment

Property and equipment consisted of the following at June 30, 2021:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>NBV</u>
Office Equipment	\$ <u>3,030</u>	\$ <u>3,030</u>	\$ <u>0</u>

6 Related Party Transactions

The Board of Trustees consists of 19 voting members. During the year ended June 30, 2021 contributions from these trustees and members of the Museum’s staff totaled approximately \$10,000 and membership dues totaled approximately \$2,500.

Trenton Museum Society
Notes to Financial Statements
June 30, 2021

7 Fair Value

Cash and cash equivalents, receivables, accounts payable (if any) and other current liabilities are reflected in the financial statements at their carrying value which approximates fair value because of their liquidity and short-term maturity of these instruments.

8 Advertising Expenses

During the year the Museum incurred approximately \$2,377 in advertising expenses. Amounts are expensed as incurred. These expenses are included in collections and exhibitions and supporting services in the statement of activities.

9 Endowment Funds

The Board of Trustees of the Organization has designated that long-term assets be held in a manner consistent with the standard of prudence prescribed by state law. As a result of this interpretation, the organization considers the following factors in making a determination to distribute or accumulate long-term asset funds:

1. The duration and preservation of the fund.
2. The purpose of the donor restricted fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization
7. The Organizations investment policies.

The Organization has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and maintain the purchasing power of these assets. Endowment assets are managed by the *CFNJ*. The Organization seeks to build endowment assets through additional contributions.

10 Subsequent Events

The Museum has evaluated subsequent events occurring after the statement of financial position date through the date of September 20, 2022 which is the date the financial statements were available to be issued. Based on this evaluation, the Museum has determined that no subsequent events have occurred which require disclosure in or adjustment to the financial statements.

11 COVID 19

In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic. This pandemic event has resulted in significant business disruption and uncertainty in both global and U.S. markets. While management believes the Company is in an appropriate position to weather the potential short-term effects of these world-wide events, the direct and long-term impact to the Company and its financial statements is undetermined at this time.