

**Fort Bend County**  
**Museum Association**

***FINANCIAL REPORT***

**For the Years Ended**  
**December 31, 2016 and 2015**



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### **Independent Auditors' Report**

To the Board of Trustees  
Fort Bend County Museum Association  
Fort Bend County, Texas

We have audited the accompanying financial statements of Fort Bend County Museum Association (a Texas nonprofit corporation) which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Fort Bend County Museum Association as of December 31, 2016 and

2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 18-19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Sandover + Scheffer PLLC". The signature is written in a cursive, flowing style.

Sugar Land, Texas  
September 12, 2017

## **FINANCIAL STATEMENTS**

# **Fort Bend County Museum Association**

## **STATEMENTS OF FINANCIAL POSITION**

**December 31, 2016 and 2015**

|   | <u>2016</u>         | <u>2015</u>         |
|---|---------------------|---------------------|
| <b><u>Assets</u></b>                            |                     |                     |
| <b><u>Current</u></b>                           |                     |                     |
| Cash  | \$ 9,604            | \$ 29,445           |
| Temporary investments                           | 46,591              | 42,234              |
| Inventories                                     | 14,672              | 15,492              |
| Prepaid expenses                                | 8,369               | 5,151               |
| Deposits  | 120                 | 120                 |
| Restricted Assets:                              |                     |                     |
| Restricted cash                                 | 81,851              | 341,820             |
| Restricted temporary investments                | 239,828             | 227,169             |
| Restricted inventory                            | 30,536              | 33,542              |
| <b>Total Current Assets</b>                     | <u>431,571</u>      | <u>694,973</u>      |
| <b><u>Property and Equipment, Net</u></b>       | <u>631,165</u>      | <u>676,246</u>      |
| <b>Total Assets</b>                             | <u>\$ 1,062,736</u> | <u>\$ 1,371,219</u> |
| <b><u>Liabilities and Net Assets</u></b>        |                     |                     |
| <b><u>Current Liabilities</u></b>               |                     |                     |
| Accounts payable                                | \$ 5,776            | \$ 16,946           |
| Accrued expenses                                | 34,692              | 31,025              |
| Unearned revenue                                | 3,000               | 6,000               |
| <b>Total Current Liabilities</b>                | <u>43,468</u>       | <u>53,971</u>       |
| <b>Total Liabilities</b>                        | <u>43,468</u>       | <u>53,971</u>       |
| <b><u>Net Assets</u></b>                        |                     |                     |
| Unrestricted                                    | 546,815             | 746,779             |
| Temporarily restricted for special projects     | 406,852             | 516,165             |
| Permanently restricted for permanent endowments | 65,601              | 54,304              |
| <b>Total Net Assets</b>                         | <u>1,019,268</u>    | <u>1,317,248</u>    |
| <b>Total Liabilities and Net Assets</b>         | <u>\$ 1,062,736</u> | <u>\$ 1,371,219</u> |

See Notes to Financial Statements.



# Fort Bend County Museum Association

## STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2016 and 2015

|  | <b>2016</b>  | <b>2015</b>  |
|--|--------------|--------------|
| <b>Unrestricted Net Assets</b>                             |              |              |
| <b>Support and Revenue</b>                                 |              |              |
| Memberships  | \$ 21,598    | \$ 23,820    |
| Special events   | 48,842       | 39,279       |
| Fundraising events   | 151,661      | 152,511      |
| Tours, sales and admissions                                | 98,815       | 89,524       |
| Investment return (loss)                                   | 4,371        | (2,870)      |
| (Loss) on disposal of capital assets                       |              | (5,215)      |
| Grants   | 185,900      | 171,586      |
| Contributions  | 44,493       | 37,319       |
| <b>Total Support and Revenue</b>                           | 555,680      | 505,954      |
| <b>Net Assets Released from Restrictions</b>               |              |              |
| Restrictions satisfied by payments                         | 1,666,348    | 1,666,348    |
| <b>Expenses</b>  |              |              |
| <b>Program Services</b>                                    |              |              |
| Conservation   | 2,070        | 8,049        |
| Museum, exhibits and park                                  | 1,848,243    | 1,640,743    |
| Events   | 27,118       | 25,984       |
| Programs   | 16,485       | 7,454        |
| <b>Total Program Services</b>                              | 1,893,916    | 1,682,230    |
| <b>Supporting Services</b>                                 |              |              |
| Management and general                                     | 491,143      | 569,188      |
| Fundraising  | 36,933       | 43,826       |
| <b>Total Supporting Services</b>                           | 528,076      | 613,014      |
| <b>Total Expenses</b>                                      | 2,421,992    | 2,295,244    |
| <b>(Decrease) in Unrestricted Net Assets</b>               | (199,964)    | (122,942)    |
| <b>Temporarily Restricted Net Assets</b>                   |              |              |
| Grants   | 368,830      | 368,830      |
| Contributions  | 24,462       | 22,556       |
| Memberships  |              |              |
| Special events   | 45,817       | 28,916       |
| Fundraising events   |              |              |
| Tours, sales and admissions                                | 1,116,039    | 1,078,187    |
| Investment return  | 1,887        | 1,090        |
| Restrictions satisfied by payments                         | (1,666,348)  | (1,666,348)  |
| <b>Increase (Decrease) in Temporarily Rest. Net Assets</b> | (109,313)    | (166,769)    |
| <b>Permanently Restricted Net Assets</b>                   |              |              |
| Investment return (loss)                                   | 11,297       | (1,941)      |
| <b>Increase (Decrease) in Permanently Rest. Net Assets</b> | 11,297       | (1,941)      |
| <b>Increase (Decrease) in Net Assets</b>                   | (297,980)    | (291,652)    |
| Net Assets, Beginning                                      | 1,317,248    | 1,608,900    |
| <b>Net Assets, Ending</b>                                  | \$ 1,019,268 | \$ 1,317,248 |

See Notes to Financial Statements.

# Fort Bend County Museum Association

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY NET ASSET CLASS

For the Year Ended December 31, 2016

|   | <b>Unrestricted</b> | <b>Temporarily<br/>Restricted</b> |
|---|---------------------|-----------------------------------|
| <b><u>Support, Revenue and Reclassifications</u></b>  |                     |                                   |
| Memberships   | \$ 21,598           | \$                                |
| Special events  | 48,842              | 45,817                            |
| Fundraising events  | 151,661             |                                   |
| Tours, sales and admissions   | 98,815              | 1,116,039                         |
| Investment return (loss)  | 4,371               | 1,887                             |
| (Loss) on disposal of capital assets  |                     |                                   |
| Grants  | 185,900             | 368,830                           |
| Contributions   | 44,493              | 24,462                            |
| Net assets released or reclassified from (to)<br>restricted assets released from restrictions | 1,666,348           | (1,666,348)                       |
| <b>Total Support, Revenue and Reclassifications</b>   | <b>2,222,028</b>    | <b>(109,313)</b>                  |
| <br><b><u>Expenses</u></b>  |                     |                                   |
| <b>Program Services</b>   |                     |                                   |
| Conservation  | 2,070               |                                   |
| Museum, exhibits and park   | 1,848,243           |                                   |
| Events  | 27,118              |                                   |
| Programs  | 16,485              |                                   |
| <b>Total Program Services</b>   | <b>1,893,916</b>    |                                   |
| <b>Supporting Services</b>  |                     |                                   |
| Management and general  | 491,143             |                                   |
| Fundraising   | 36,933              |                                   |
| <b>Total Supporting Services</b>  | <b>528,076</b>      |                                   |
| <b>Total Expenses</b>   | <b>2,421,992</b>    |                                   |
| <br><b>Change in Net Assets</b>   | <b>(199,964)</b>    | <b>(109,313)</b>                  |
| Net Assets, Beginning   | 746,779             | 516,165                           |
| <b>Net Assets, Ending</b>   | <b>\$ 546,815</b>   | <b>\$ 406,852</b>                 |

See Notes to Financial Statements.

| <b>Permanently<br/>Restricted</b> | <b>Total</b>        |
|-----------------------------------|---------------------|
| \$                                | \$ 21,598           |
|                                   | 94,659              |
|                                   | 151,661             |
|                                   | 1,214,854           |
| 11,297                            | 17,555              |
|                                   | 554,730             |
|                                   | 68,955              |
| <u>11,297</u>                     | <u>2,124,012</u>    |
|                                   | 2,070               |
|                                   | 1,848,243           |
|                                   | 27,118              |
|                                   | 16,485              |
|                                   | <u>1,893,916</u>    |
|                                   | 491,143             |
|                                   | 36,933              |
|                                   | <u>528,076</u>      |
|                                   | 2,421,992           |
| 11,297                            | (297,980)           |
| <u>54,304</u>                     | <u>1,317,248</u>    |
| <u>\$ 65,601</u>                  | <u>\$ 1,019,268</u> |

# **Fort Bend County Museum Association**

## **STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2016 and 2015**

|   | <u>2016</u>       | <u>2015</u>       |
|---|-------------------|-------------------|
| <b><u>Cash Flows from Operating Activities</u></b>      |                   |                   |
| <b>Increase (Decrease) in Net Assets</b>                | \$ (297,980)      | \$ (291,652)      |
| <b>Adjustments to Reconcile Change in</b>               |                   |                   |
| <b>Net Assets to Net Cash Provided</b>                  |                   |                   |
| <b>(Used) by Operating Activities</b>                   |                   |                   |
| Depreciation  | 50,296            | 53,981            |
| Loss on disposal of capital assets                      | (5,215)           | 5,215             |
| <b>(Increase) Decrease in:</b>                          |                   |                   |
| Inventories   | 3,826             | 6,843             |
| Prepaid expenses  | (3,218)           | 8,154             |
| <b>Increase (Decrease) in:</b>                          |                   |                   |
| Accounts payable  | (11,170)          | (5,473)           |
| Accrued expenses  | 3,667             | 1,318             |
| Unearned revenue  | (3,000)           | 6,000             |
| <b>Net Cash Provided (Used) by Operating Activities</b> | <u>(262,794)</u>  | <u>(215,614)</u>  |
| <br>  |                   |                   |
| <b><u>Cash Flows from Investing Activities</u></b>      |                   |                   |
| Purchases of capital assets                             |                   | (30,975)          |
| <b>Net Cash (Used) by Investing Activities</b>          |                   | <u>(30,975)</u>   |
| <br>  |                   |                   |
| <b>Net Increase (Decrease) in Cash</b>                  |                   |                   |
| <b>and Cash Equivalents</b>                             | (262,794)         | (246,589)         |
| <br>  |                   |                   |
| Cash and Cash Equivalents, Beginning                    | <u>640,668</u>    | <u>887,257</u>    |
| <br>  |                   |                   |
| <b>Cash and Cash Equivalents, Ending</b>                | <u>\$ 377,874</u> | <u>\$ 640,668</u> |
| <br>  |                   |                   |
| <b>Cash and Cash Equivalents at Year End:</b>           |                   |                   |
| Cash  | \$ 9,604          | \$ 29,445         |
| Temporary investments                                   | 46,591            | 42,234            |
| Restricted cash   | 81,851            | 341,820           |
| Restricted temporary investments                        | 239,828           | 227,169           |
| <b>Cash and Cash Equivalents, Ending</b>                | <u>377,874</u>    | <u>640,668</u>    |

See Notes to Financial Statements.

# **Fort Bend County Museum Association**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 - ORGANIZATION AND ACTIVITIES**

Fort Bend County Museum Association (the "Association") was incorporated on May 8, 1967, pursuant to the provisions of the Texas Non-Profit Corporation Act. The Association's activities include operating the Historical Park at the George Ranch and the establishment and maintenance of a Historical Museum in Richmond, Texas, for the primary purpose of promoting the public interest in Fort Bend County. These activities include the support of programs primarily related to education and history in Fort Bend County. The Association receives its support primarily through tours, sales, admission to the museum and ranch, grants, and special events held during the year. The Association is governed by a Board of Trustees as provided in the Association's by-laws. The Trustees have appointed an Executive Director to manage operations related to ongoing educational and historical programs.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Presentation and Accounting**

In accordance with generally accepted accounting principles, the financial statements have been prepared on the accrual basis and, accordingly, reflect all significant receivables, payables and other liabilities.

The Association's financial statements are presented according to the Financial Accounting Standards Board Accounting Standards Codification 958 (ASC 958), formerly Statement of Financial Accounting Standards (SFAS) Number 117, Financial Statements of Not-for-Profit Organizations. Under ASC 958 and SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Association is required to present a statement of activities, statement of changes in net assets, and a statement of cash flows.

#### **Promises to Give**

Donations are recognized when the donor makes a promise to give to the Association, which is, in substance, an unconditional promise. Donations or contributions, which are restricted by the donor, 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 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. The interest earning on permanently restricted assets is unrestricted and is recorded to the unrestricted net assets for payments in the current year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

# **Fort Bend County Museum Association**

## **NOTES TO FINANCIAL STATEMENTS**

### **Inventories**

Inventories consist of goods purchased and held for resale to the public at the museum and at the George Ranch. Inventories are valued at the lower of cost or market on the first in, first out method at the museum and on average cost at the George Ranch.

### **Donated Materials and Services**

The Association receives various services from many volunteers to maintain the ranch, museum, and programs of the Association. No amounts have been reflected in the financial statements for these donated services. The Association pays for most services requiring specific expertise. During the years ended December 31, 2016 and 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

### **Property and Equipment Fund and Depreciation**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Property and Equipment are recorded as unrestricted assets. Currently, the Association does not have any assets, which have a donor-imposed restriction. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Purchases are capitalized if they are considered capital in nature, the costs exceeds \$500, and are expected to have a useful life of greater than one year.

### **Federal Income Tax Status**

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes is made in the financial statements. Additionally, contributions made to the Association qualify for the charitable contribution deduction under the provisions of the Internal Revenue Code. The Association is not a private foundation under provisions of the Internal Revenue Code.

### **Investments**

The Association has adopted FASB ASC 958-320-50-2 (formerly SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations). Under FASB ASC 958-320-50-2 (formerly SFAS No. 124), investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by

# **Fort Bend County Museum Association**

## **NOTES TO FINANCIAL STATEMENTS**

passage of time or by use) in the reporting period in which the income and gains are recognized.

### **Cash Equivalents**

For purposes of the statement of cash flows, the Association considers all short-term investments, with an original maturity of three months or less when purchased, to be cash equivalents.

### **Reclassifications**

Certain reclassifications to prior audited balances have been made to conform to current year presentation. Such reclassifications have had no effect on the excess of revenues over expenditures.

### **Unrestricted Net Assets**

The Association designates all or portions of the unrestricted net assets for planned expenditures. These designations of fund balance represent tentative plans for future use of financial resources as planned by the Board of Trustees.

### **Compensated Absences**

The Association has allowed employees to be compensated for unused vacation time upon separation from the Association. Under the accrual basis of accounting, such amounts are recorded as a liability at the end of the year. The vacation time has been carried over from one year to the following year for certain employees. These amounts are expected to be settled in the following year. Included in accrued liabilities at December 31, 2016 and 2015, were \$9,167 and \$7,869, respectively, for accrued vacation time not paid to employees at year-end.

### **Date of Management's Review**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 12, 2016, the date that the financial statements were available to be issued.

### **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 and disclosures. Accordingly, actual results could differ from those estimates.

## **NOTE 3 - CASH AND INVESTMENTS**

### **Cash and Investments**

Cash and investments consist of money market accounts and mutual funds at area financial institutions, and are reported at fair value.

# Fort Bend County Museum Association

## NOTES TO FINANCIAL STATEMENTS

Cash and investments, all of which are considered to be cash equivalents, consisted of the following at December 31, 2016 and 2015:

|  | <b>2016</b>       | <b>2015</b>       |
|--|-------------------|-------------------|
| Cash demand deposits and money market accounts | \$ 91,455         | \$ 371,265        |
| Investments                                    | 286,419           | 269,403           |
|  | <b>\$ 377,874</b> | <b>\$ 640,668</b> |

Cash is recorded in the statement of financial position as follows:

|   |                  |                   |
|---|------------------|-------------------|
| Unrestricted cash   | \$ 9,604         | \$ 29,445         |
| Restricted cash-restricted for George Ranch operations<br>and auxiliary organizations | 81,851           | 341,820           |
| <b>Total Cash</b>   | <b>\$ 91,455</b> | <b>\$ 371,265</b> |

Investments are recorded in the statement of financial position as follows:

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| Unrestricted investments | 46,591            | 42,234            |
| Restricted investments   | 239,828           | 227,169           |
| <b>Total Investments</b> | <b>\$ 286,419</b> | <b>\$ 269,403</b> |

Restrictions on cash relate to amounts contributed or donated, which have been restricted for auxiliary organizations.

### Investments

Investments at December 31, 2016 are summarized as follows:

|                                | <b>Fair Value</b> |
|--------------------------------|-------------------|
| Unrestricted:                  |                   |
| Invesco Charter Fund           | \$ 46,591         |
| Temporarily Restricted:        |                   |
| CDARS                          | \$ 151,547        |
| Permanently Restricted:        |                   |
| Invesco Equity and Income Fund | \$ 88,281         |

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2016.

|                                       | <b>Unrestricted</b> | <b>Temporarily Restricted</b> | <b>Permanently Restricted</b> | <b>Total</b>     |
|---------------------------------------|---------------------|-------------------------------|-------------------------------|------------------|
| Interest and dividends                | \$ 14               | \$ 1,887                      | \$ 11,297                     | \$ 1,901         |
| Unrealized (losses)                   | 4,357               |                               |                               | 15,654           |
| <b>Total Investment Return (Loss)</b> | <b>\$ 4,371</b>     | <b>\$ 1,887</b>               | <b>\$ 11,297</b>              | <b>\$ 17,555</b> |



# Fort Bend County Museum Association

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 - PROPERTY AND EQUIPMENT

The changes in property and equipment for the year ended December 31, 2016 are as follows:

|                            | <u>Jan. 1, 2016</u> | <u>Additions</u>   | <u>Retirements</u> | <u>Dec. 31, 2016</u> |
|----------------------------|---------------------|--------------------|--------------------|----------------------|
| Artifacts                  | \$ 182,115          | \$                 | \$                 | \$ 182,115           |
| Land                       | 112,275             |                    |                    | 112,275              |
| Buildings and improvements | 1,130,078           |                    |                    | 1,130,078            |
| Equipment                  | 149,245             | 5,214              |                    | 154,459              |
|                            | <u>1,573,713</u>    | <u>5,214</u>       |                    | <u>1,578,927</u>     |
| Accumulated depreciation   | (897,467)           | (50,296)           |                    | (947,763)            |
|                            | <u>\$ 676,246</u>   | <u>\$ (45,082)</u> | <u>\$</u>          | <u>\$ 631,165</u>    |

The estimated useful life for buildings and improvements is five to fifty years and for equipment the estimated useful life is five to twenty years. Equipment, furniture, fixtures, and computers are valued at historical cost. Assets donated to the Association are recorded at their estimated fair market value on the date received by the Association.

Depreciation expense for the years ended December 31, 2016 and 2015 was \$50,296 and \$53,981, respectively.

### NOTE 5 - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2016 and 2015 are as follows:

|                          | <u>Fair Value Measurements Using:</u> |   |  |
|--------------------------|---------------------------------------|---|--|
|                          | <u>Fair Value</u>                     | <u>Quoted Prices in<br/>Active Markets for<br/>Identical Assets<br/>(Level 1)</u> | <u>Significant<br/>Observable<br/>Inputs<br/>(Level 2)</u> |
| <b>December 31, 2016</b> |                                       |   |  |
| Mutual funds             | \$ 134,872                            | \$ 134,872  | \$   |
| Commercial paper-CDARS   | 151,547                               |   | 151,547  |
| Total                    | <u>\$ 286,419</u>                     | <u>\$ 134,872</u>   | <u>\$ 151,547</u>  |
| <b>December 31, 2015</b> |                                       |   |  |
| Mutual funds             | \$ 269,403                            | \$ 269,403  | \$   |
| Total                    | <u>\$ 269,403</u>                     | <u>\$ 269,403</u>   | <u>\$</u>  |

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in

# **Fort Bend County Museum Association**

## **NOTES TO FINANCIAL STATEMENTS**

active markets for identical assets and have the highest priority, Level 2 inputs consist of other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and Level 3 inputs have the lowest priority and consist of unobservable inputs for the asset or liability. The Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Association measures fair value using Level 1 or Level 2 inputs because they generally provide more reliable evidence of fair value. Level 3 inputs are only used when Level 1 or 2 inputs were not available.

Level 1 Fair Value Measurements: The fair value of mutual funds is based on quoted net asset values of the shares held by the Association at year-end.

Level 2 Fair Value Measurements: The fair value of the certificates of deposit is based on other than quoted prices that are observable and held by the Association at year-end.

### **NOTE 6 - PROGRAM AND SUPPORTING SERVICES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following programs and supporting services are included in the accompanying financial statements:

Conservation comprises activities designed to preserve and manage the Association's real and personal property.

Museums, Exhibits, and Park encompass the expenses incurred in the daily operations of the Fort Bend County Museum and the George Ranch Historical Park. Also included in this category are expenses incurred with site rentals of the George Ranch Historical Park.

Events primarily consist of expenses related to the promotion of Texian Market Days, one of the Museum Association's primary events held in the fall and the Juneteenth Celebration held in the summer.

Programs include special events and classes designed to foster increased interest in the Museum Association. These programs primarily target specific audiences.

Management and General include costs associated with the coordination of programs, events, and personnel. Additionally, this category consists of costs associated with daily operations and the management of the financial and budgetary responsibilities of the Association.

# **Fort Bend County Museum Association**

## **NOTES TO FINANCIAL STATEMENTS**

Fundraising provides the structure necessary to encourage and secure private financial support from individuals, corporations, and foundations. This includes the Lone Star Stomp, which is a major fundraising activity for the Association.

### **NOTE 7 - UNRESTRICTED NET ASSETS**

Unrestricted net assets include unrestricted resources available for the support of educational and historical activities and exhibits. Amounts available for future operations at December 31, 2016 and 2015, were \$546,815 and \$746,779, respectively.

### **NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets include resources donated primarily through grants for specific purposes. In 2001, a grant was received in which the Museum Association acts as fiscal manager for a tourism consortium of museums. The funds for the consortium are temporarily restricted until needed for payment of consortium expenses. The other temporarily restricted assets relate to grants for specific projects managed by the Association, such as George Ranch operations, the development of a Historical District in Richmond, restoration and maintenance of specific historical buildings, and other projects as specified by the grantors.

The total temporarily restricted net assets of the Association at December 31, 2016 and 2015 were \$406,852 and \$516,165, respectively.

### **NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS**

Assets contributed in prior years, which were permanently restricted, were \$65,601. An endowment has been established for the preservation of the historic buildings owned by the Association.

### **NOTE 10 - CONTINGENCIES**

Due to the Association's activities, it is subject to various claims and litigation. In the opinion of management, the outcome of such matters will not have a material effect on the financial position of the Association. The Association's risk management policy is to maintain adequate insurance through commercial carriers for various liability exposures.

### **NOTE 11 - CONCENTRATION OF CREDIT RISK**

The Association is subject to credit risk concentrations primarily from cash and cash equivalents and investments. The Association believes the risk of loss associated with

# **Fort Bend County Museum Association**

## **NOTES TO FINANCIAL STATEMENTS**

cash and cash equivalents is very low since cash and cash equivalents are maintained in financial institutions. Deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. At various times during the years ended December 31, 2016 and 2015, the Association held cash balances in excess of FDIC insured limits. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time. Investments are subject to market fluctuations that may materially affect the investments' balances.

**SUPPLEMENTARY INFORMATION**

# Fort Bend County Museum Association

## SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016  
with Comparative Totals for December 31, 2015

|  | <u>Conservation</u> | <u>Museum,<br/>Exhibits,<br/>and Park</u> | <u>TMD<br/>Events</u> |
|--|---------------------|---|-----------------------|
| <b><u>Salaries and Related Expenses</u></b>    |                     |   |                       |
| Salaries                                       | \$                  | \$ 915,430                                | \$                    |
| Payroll taxes                                  |                     | 58,312                                    |                       |
| Employee health and benefits                   |                     | 121,992                                   |                       |
| <b>Total Salaries and<br/>Related Expenses</b> |                     | 1,095,734                                 |                       |
| <b><u>Direct Expenses</u></b>                  |                     |   |                       |
| Direct costs of items sold                     |                     | 67,036                                    |                       |
| Cost of events, program and exhibits           |                     | 367,925                                   | 17,800                |
| <b>Total Direct Expenses</b>                   |                     | 434,961                                   | 17,800                |
| <b><u>Operating Expenses</u></b>               |                     |   |                       |
| Insurance                                      |                     |   |                       |
| Maintenance and repairs                        | 412                 | 52,564                                    |                       |
| Operating supplies                             | 1,658               | 18,905                                    |                       |
| Office supplies                                |                     | 10,764                                    |                       |
| Auto expenses                                  |                     | 502                                       |                       |
| Copier   |                     | 6,454                                     |                       |
| Telephone                                      |                     | 10,793                                    |                       |
| Utilities                                      |                     | 26,737                                    |                       |
| Security                                       |                     | 10,115                                    |                       |
| Training                                       |                     | 2,685                                     |                       |
| Dues and subscriptions                         |                     |   |                       |
| Postage  |                     |   |                       |
| Marketing and advertising                      |                     |   | 9,318                 |
| Printing and newsletters                       |                     |   |                       |
| Professional fees and consultants              |                     | 3,208                                     |                       |
| Other  |                     | 174,821                                   |                       |
| Depreciation                                   |                     |   |                       |
| <b>Total Operating Expenses</b>                | 2,070               | 317,548                                   | 9,318                 |
| <b>Total Expenses</b>                          | \$ 2,070            | \$ 1,848,243                              | \$ 27,118             |

See Independent Auditors' Report.

| <b>Special Programs</b> | <b>Total Program Expenses</b> | <b>Management and General</b> | <b>Fundraising</b> | <b>December 31, 2016</b> | <b>December 31, 2015</b> |
|-------------------------|-------------------------------|-------------------------------|--------------------|--------------------------|--------------------------|
| \$                      | \$ 915,430                    | \$ 272,171                    | \$                 | \$ 1,187,601             | \$ 1,070,255             |
|                         | 58,312                        | 20,368                        |                    | 78,680                   | 90,846                   |
|                         | 121,992                       | 26,415                        |                    | 148,407                  | 130,804                  |
|                         | 1,095,734                     | 318,954                       |                    | 1,414,688                | 1,291,905                |
|                         | 67,036                        |                               |                    | 67,036                   | 63,061                   |
| 4,798                   | 390,523                       |                               | 31,649             | 422,172                  | 420,430                  |
| 4,798                   | 457,559                       |                               | 31,649             | 489,208                  | 483,491                  |
|                         |                               | 32,734                        |                    | 32,734                   | 34,207                   |
|                         | 52,976                        | 6,132                         |                    | 59,108                   | 42,396                   |
|                         | 20,563                        |                               |                    | 20,563                   | 18,271                   |
| 88                      | 10,852                        | 4,258                         | 204                | 15,314                   | 18,675                   |
|                         | 502                           | 2,186                         |                    | 2,688                    | 2,236                    |
|                         | 6,454                         | 3,591                         |                    | 10,045                   | 7,963                    |
|                         | 10,793                        | 5,356                         |                    | 16,149                   | 16,984                   |
|                         | 26,737                        | 6,030                         |                    | 32,767                   | 31,237                   |
|                         | 10,115                        | 904                           |                    | 11,019                   | 14,531                   |
|                         | 2,685                         | 2,945                         |                    | 5,630                    | 6,684                    |
|                         |                               | 13,084                        |                    | 13,084                   | 12,642                   |
| 51                      | 51                            | 1,810                         |                    | 1,861                    | 682                      |
|                         | 9,318                         | 45,350                        | 2,367              | 57,035                   | 63,415                   |
|                         |                               |                               | 2,713              | 2,713                    | 6,205                    |
|                         | 3,208                         | 22,524                        |                    | 25,732                   | 72,882                   |
| 11,548                  | 186,369                       | (25,410)                      |                    | 160,959                  | 116,857                  |
|                         |                               | 50,296                        |                    | 50,296                   | 53,981                   |
| 11,687                  | 340,623                       | 172,189                       | 5,284              | 518,096                  | 519,848                  |
| \$ 16,485               | \$ 1,893,916                  | \$ 491,143                    | \$ 36,933          | \$ 2,421,992             | \$ 2,295,244             |