

**TALLAHASSEE MUSEUM OF HISTORY
AND NATURAL SCIENCE, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**



For the Years Ended September 30, 2016 and 2015

CARROLL and COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Tallahassee Museum of History
and Natural Science, Inc.
Tallahassee, Florida

We have audited the accompanying financial statements of Tallahassee Museum of History and Natural Science, Inc. (a nonprofit organization) which comprise the statements of financial position as of September 30, 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 of 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.

To the Board of Trustees
Tallahassee Museum of History
and Natural Science, Inc.
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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 Tallahassee Museum of History and Natural Science, Inc. as of September 30, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 20 through 23 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 audits 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.

Carroll and Company

March 7, 2017

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 365,395	\$ 335,179
Accounts receivable	1,483	7,376
Unconditional promises to give	70,035	55,321
Inventories	46,834	39,353
Prepaid expenses	<u>49,204</u>	<u>53,293</u>
TOTAL CURRENT ASSETS	<u>532,951</u>	<u>490,522</u>
NONCURRENT ASSETS		
Cash and investments designated and restricted for endowment purposes	<u>792,453</u>	<u>487,826</u>
TOTAL NONCURRENT ASSETS	<u>792,453</u>	<u>487,826</u>
PROPERTY AND EQUIPMENT, net	<u>1,471,738</u>	<u>1,304,788</u>
TOTAL ASSETS	<u>\$ 2,797,142</u>	<u>\$ 2,283,136</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 220,744	\$ 135,448
Deferred income	174,734	161,609
Current portion of long-term debt	<u>38,643</u>	<u>36,703</u>
TOTAL CURRENT LIABILITIES	434,121	333,760
LONG-TERM DEBT, less current portion	<u>45,821</u>	<u>84,124</u>
TOTAL LIABILITIES	<u>479,942</u>	<u>417,884</u>
NET ASSETS		
Unrestricted		
Board designated	552,453	487,826
Undesignated	<u>1,454,712</u>	<u>1,322,105</u>
Total unrestricted	2,007,165	1,809,931
Temporarily restricted	70,035	55,321
Permanently restricted	<u>240,000</u>	<u>-0-</u>
TOTAL NET ASSETS	<u>2,317,200</u>	<u>1,865,252</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,797,142</u>	<u>\$ 2,283,136</u>

See accompanying notes.

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2016 and 2015

	<u>2016</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Grants	\$ 383,763	\$ 70,035	\$ 240,000	\$ 693,798
Tree to Tree ticket sales	598,231	-0-	-0-	598,231
Admissions	463,723	-0-	-0-	463,723
Education department	335,849	-0-	-0-	335,849
Retail sales	307,348	-0-	-0-	307,348
Special events	286,286	-0-	-0-	286,286
Memberships	219,627	-0-	-0-	219,627
Donations and development	212,445	-0-	-0-	212,445
Investment return	44,263	-0-	-0-	44,263
Facility rental and other income	41,400	-0-	-0-	41,400
Collections and exhibits	1,286	-0-	-0-	1,286
Net assets released from restrictions	<u>55,321</u>	<u>(55,321)</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>2,949,542</u>	<u>14,714</u>	<u>240,000</u>	<u>3,204,256</u>
EXPENSES				
Program services	2,205,588	-0-	-0-	2,205,588
Fundraising	294,890	-0-	-0-	294,890
Management and general	<u>251,830</u>	<u>-0-</u>	<u>-0-</u>	<u>251,830</u>
TOTAL EXPENSES	<u>2,752,308</u>	<u>-0-</u>	<u>-0-</u>	<u>2,752,308</u>
CHANGE IN NET ASSETS	197,234	14,714	240,000	451,948
NET ASSETS, BEGINNING OF YEAR	<u>1,809,931</u>	<u>55,321</u>	<u>-0-</u>	<u>1,865,252</u>
NET ASSETS, END OF YEAR	<u>\$ 2,007,165</u>	<u>\$ 70,035</u>	<u>\$ 240,000</u>	<u>\$ 2,317,200</u>

See accompanying notes.

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
For the Years Ended September 30, 2016 and 2015

2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Tree to Tree ticket sales	\$ 572,653	\$ -0-	\$ 572,653
Grants	366,906	55,321	422,227
Admissions	419,501	-0-	419,501
Retail sales	311,199	-0-	311,199
Education department	302,412	-0-	302,412
Special events	265,374	-0-	265,374
Donations and development	213,421	-0-	213,421
Memberships	205,574	-0-	205,574
Facility rental and other income	33,225	-0-	33,225
Collections and exhibits	1,455	-0-	1,455
Investment loss	(7,699)	-0-	(7,699)
Net assets released from restrictions	<u>112,500</u>	<u>(112,500)</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>2,796,521</u>	<u>(57,179)</u>	<u>2,739,342</u>
 EXPENSES			
Program services	2,064,338	-0-	2,064,338
Fundraising	275,039	-0-	275,039
Management and general	<u>251,002</u>	<u>-0-</u>	<u>251,002</u>
TOTAL EXPENSES	<u>2,590,379</u>	<u>-0-</u>	<u>2,590,379</u>
CHANGE IN NET ASSETS	206,142	(57,179)	148,963
NET ASSETS, BEGINNING OF YEAR	<u>1,603,789</u>	<u>112,500</u>	<u>1,716,289</u>
NET ASSETS, END OF YEAR	<u>\$ 1,809,931</u>	<u>\$ 55,321</u>	<u>\$ 1,865,252</u>

See accompanying notes.

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 451,948	\$ 148,963
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	166,185	163,061
Loss on disposal of equipment	1,884	234
Net realized and unrealized (gains) losses on investments	(34,460)	16,229
Contribution restricted for endowment	(240,000)	-0-
(Increase) decrease in:		
Accounts receivable	5,893	(1,810)
Unconditional promises to give	(14,714)	57,179
Inventories	(7,481)	(9,836)
Prepaid expenses	4,089	1,177
Increase (decrease) in:		
Accounts payable and accrued liabilities	85,296	24,107
Deferred income	<u>13,125</u>	<u>(24,243)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>431,765</u>	<u>375,061</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in cash and investments designated and restricted for endowment purposes	(270,167)	(8,439)
Purchase of property and equipment	(335,019)	(79,187)
Increase in construction in progress	<u>-0-</u>	<u>(573)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(605,186)</u>	<u>(88,199)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage note payable	(36,363)	(61,813)
Contribution restricted for endowment	<u>240,000</u>	<u>-0-</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>203,637</u>	<u>(61,813)</u>
NET INCREASE IN CASH	30,216	225,049
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>335,179</u>	<u>110,130</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 365,395</u>	<u>\$ 335,179</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 6,276</u>	<u>\$ 9,550</u>

See accompanying notes.

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Nature of Organization

The Tallahassee Museum of History and Natural Science, Inc. (the Museum) promotes knowledge and understanding of the Big Bend’s cultural history and natural environment, inspiring people to enrich their lives and build a better community. For this purpose, the Museum collects, preserves, and exhibits artifacts and historic buildings, maintains native animals in natural habitats, and operates a nineteenth century farmstead. Although the site is critical to the Museum’s mission and its being, it does not define the Museum or the mission; rather, it offers a stage for the staff and collections. The Museum explicitly recognizes the necessity to educate its constituency on and off site as well as to present related programs and exhibits from other locations and institutions at the Museum.

Basis of Accounting

The Museum’s books are maintained on the accrual basis of accounting.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the Museum presents 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. The Museum had no permanently restricted net assets as of September 30, 2015.

Cash Equivalents

For purposes of the statements of cash flows, the Museum considers all unrestricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2016

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

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Inventories

Inventories are stated at the lower of cost (first in, first out method) or market. Inventories consist of store merchandise and restaurant supplies.

Property and Equipment

Property and equipment purchases are recorded at cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that are over a threshold established by management and significantly extend the useful life of the asset are capitalized. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. All property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Collections

In accordance with industry practice, animals purchased and donated are not included on the statements of financial position, but are expensed in the year purchased since the lives of these animals are indeterminable. Additionally, the Museum has elected not to capitalize non-living collections due to their subjective valuation.

Restricted and Unrestricted Support and Revenue

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If donor-imposed restrictions are met in the year in which the contribution is received, the contribution is reported as unrestricted support.

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2016

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

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the programs and supporting services benefited based on management’s assessment of staff time.

Income Taxes

The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been recorded.

Advertising

Advertising costs are expensed as incurred. Total advertising expense for the years ended September 30, 2016 and 2015 was \$124,675 and \$129,703, respectively, which includes the value of donated advertising.

Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

NOTE B – INVESTMENTS

Investments are stated at fair market value and consist of equities and fixed income funds. Fair market values and unrealized appreciation (depreciation) as of September 30 are summarized below:

	2016			2015		
	Cost	Fair Value	Appreciation (Depreciation)	Cost	Fair Value	Appreciation (Depreciation)
Equities	\$ 310,569	\$ 333,877	\$ 23,308	\$ 225,365	\$ 229,090	\$ 3,725
Fixed income funds	375,251	370,223	(5,028)	208,250	210,350	2,100
TOTAL	\$ 685,820	\$ 704,100	\$ 18,280	\$ 433,615	\$ 439,440	\$ 5,825

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2016

NOTE B – INVESTMENTS *(Continued)*

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended September 30:

	2016	2015
Investment income, net of fees	\$ 9,803	\$ 8,530
Net realized and unrealized gains (losses)	34,460	(16,229)
TOTAL INVESTMENT RETURN (LOSS)	\$ 44,263	\$ (7,699)

For the years ended September 30, 2016 and 2015, investment expenses in the amount of \$8,472 and \$6,522 are netted against investment income.

NOTE C – FAIR VALUE MEASUREMENTS

The Museum follows the provisions of the Financial Accounting Standards Board's Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (or exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. These include quoted prices of similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2016

NOTE C – FAIR VALUE MEASUREMENTS *(Continued)*

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the financial instruments carried at fair value as of September 30, 2016:

	Level 1	Level 2	Level 3	Total
Equities	\$ 333,877	–	–	\$ 333,877
Fixed income funds	\$ 370,223	–	–	370,223
				\$ 704,100

The following table presents the financial instruments carried at fair value as of September 30, 2015:

	Level 1	Level 2	Level 3	Total
Equities	\$ 229,090	–	–	\$ 229,090
Fixed income funds	\$ 210,350	–	–	210,350
				\$ 439,440

The fair value of financial instruments including cash and cash equivalents, accounts receivable, unconditional promises to give, prepaid expenses, accounts payable and accrued liabilities, and deferred income approximates carrying value, principally because of the short maturity of those items. See Note G for the fair value of the note payable.

While the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date.

NOTE D – PROMISES TO GIVE

Unconditional promises to give as of September 30, 2016 and 2015 consist of amounts due from the State of Florida, Department of State, Division of Cultural Affairs. The amounts are all due within one year and are available to fund general operations and programs of the Museum. Management believes these receivables are fully collectible. Accordingly, no allowance for uncollectible amounts has been recorded.

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2016

NOTE E – COLLECTIONS

The Tallahassee Museum of History and Natural Science, Inc. engages in a program of collecting and preserving objects in social, cultural, and natural history as well as maintaining a collection of living animals in order to fulfill its mission. The collections are a resource for exhibit development and educational programming. The Museum employs Curators who are responsible for the professional care, treatment, display, and storage of the collections. Contributions to the collections are not reflected in the accompanying financial statements since the Tallahassee Museum does not capitalize collections as indicated in Note A.

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30:

	Estimated Useful Lives	2016	2015
Buildings and improvements	5 – 40 years	\$ 1,797,656	\$ 1,798,547
Tree to Tree Adventures	3 – 15 years	732,891	554,215
Machinery and equipment	3 – 15 years	406,232	414,070
Land improvements	7 – 25 years	305,018	303,168
Animal habitats	5 – 25 years	245,426	230,960
Master plan	15 years	212,612	127,280
Land	N/A	137,453	137,453
Furniture and fixtures	5 – 20 years	122,426	92,273
		3,959,714	3,657,966
Less: Accumulated depreciation		(2,487,976)	(2,353,751)
		1,471,738	1,304,215
Construction in progress		-0-	573
PROPERTY AND EQUIPMENT, NET		\$ 1,471,738	\$ 1,304,788

NOTE G – NOTE PAYABLE

The Museum has a mortgage note payable with a financial institution, which bears interest at 6.00%. The note requires monthly payments of \$3,553, and will mature in November 2018. It is collateralized by property owned by the Museum.

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2016

NOTE G – NOTE PAYABLE (Continued)

Required principal payments on the mortgage note payable as of September 30, 2016 are as follows:

Year Ending September 30	
2017	\$ 38,643
2018	41,027
2019	4,794
TOTAL	\$ 84,464

The carrying value of the note payable approximates fair value because that financial instrument bears interest at a rate that approximates current market rates for notes with similar maturities and credit quality.

NOTE H – LINE OF CREDIT

The Museum maintains a \$150,000 unsecured line of credit with a financial institution, which is payable on demand and bears interest at a variable rate based on the prime rate (5.50% as of September 30, 2016 and 2015). There was no outstanding balance on the line as of September 30, 2016 and 2015. The line expires in May 2017 and, subject to certain conditions, may be renewed annually.

NOTE I – DEFERRED INCOME

Deferred income represents amounts received in advance for various program activities and fundraising events.

Deferred income consists of the following as of September 30:

	2016	2015
Market Days	\$ 88,376	\$ 74,315
Memberships	79,510	73,003
Education programs and other	5,803	13,201
Zoobilee	1,045	1,090
TOTAL	\$ 174,734	\$ 161,609

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2016

NOTE J – DONATED GOODS AND SERVICES

The Museum receives a substantial amount of services donated from volunteers. Amounts for certain services have not been reflected in the financial statements because they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America. However, certain building materials, labor costs, printing costs, rental costs, publicity costs, and supplies for various programs and events that were susceptible to objective valuation have been recorded in the accompanying financial statements at their estimated fair market values on the date of receipt. The value of these items is \$65,602 and \$82,239 for the years ended September 30, 2016 and 2015, respectively, which is reflected in the statements of activities.

NOTE K – RELATED PARTY TRANSACTIONS

During the years ended September 30, 2016 and 2015, the Museum received \$16,562 and \$6,820, respectively, in donations from staff and members of the Board of Trustees, companies by which members of the Board of Trustees are employed, or organizations for which members of the Board of Trustees serve as officers.

NOTE L – CULTURAL ENDOWMENT GRANT

During the fiscal year ended September 30, 2016, the Museum received a cultural endowment grant of \$240,000 from the State of Florida, Department of State, Division of Cultural Affairs. Under the terms of the grant agreement, the Museum was required to establish a new cultural endowment account, and deposit new matching contributions of at least \$360,000. As required, \$360,000 of unrestricted investments were designated by the Board and transferred to the new cultural endowment account during the year ended September 30, 2014. As of September 30, 2016, the cultural endowment includes permanently restricted net assets of \$240,000 and board designated, unrestricted net assets of \$360,000. The investment income generated on the endowment principal is to be used for day-to-day expenses of the Museum while engaged in programs directly related to cultural activities.

NOTE M – ENDOWMENT FUND

In 1990, the Museum's Board of Trustees designated funds to be placed into an endowment fund to be called the Tallahassee Museum of History and Natural Science Endowment Fund Trust.

During the year ended September 30, 2014 the board designated \$360,000 for permanent endowment. Because matching funds were received from the State of Florida (Note L) under the endowment grant, the Museum is contractually obligated to maintain these board designated funds in the endowment permanently.

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2016

NOTE M – ENDOWMENT FUND *(Continued)*

Interpretation of Relevant Law

The Museum’s Board of Trustees understands that the Uniform Prudent Management of Institutional Funds Act applies to all nonprofit organizations incorporated in the State of Florida as of July 1, 2012. Unless a donor imposes a restriction to the contrary, all endowment funds of the Museum are subject to the spending policy adopted by the Museum’s Board of Trustees.

Endowment Net Asset Composition

Endowment net assets consist of the following as of September 30:

	<u>2016</u>	<u>2015</u>
Board designated endowment funds	\$ 552,453	\$ 487,826
Permanently restricted	<u>240,000</u>	<u>-0-</u>
Total	<u>\$ 792,453</u>	<u>\$ 487,826</u>

Changes in Endowment Net Assets

Changes in board designated and permanently restricted endowment net assets were as follows during the years ended September 30, 2016 and 2015:

	<u>Board Designated</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Balance as of September 30, 2014	\$ 495,616	\$ -0-	\$ 495,616
Investment loss	<u>(7,790)</u>	<u>-0-</u>	<u>(7,790)</u>
Balance as of September 30, 2015	487,826	-0-	487,826
Contributions	-0-	240,000	240,000
Board designations	20,820	-0-	20,820
Investment return	<u>43,807</u>	<u>-0-</u>	<u>43,807</u>
Balance as of September 30, 2016	<u>\$ 552,453</u>	<u>\$ 240,000</u>	<u>\$ 792,453</u>

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2016

NOTE M – ENDOWMENT FUND (Continued)

Endowment Spending Policy

The Tallahassee Museum of History and Natural Science Endowment and the Tallahassee Museum of History and Natural Science's Florida Cultural Endowment Fund can only be accessed with a majority vote of the Museum's Board of Trustees.

Endowment Investment Policy

The Tallahassee Museum of History and Natural Science Endowment investment policy statement gives its investment manager the discretionary power to invest and reinvest the funds as the investment manager deems proper and advisable. This policy statement can be reviewed and revised as the Museum's Board of Trustees deem appropriate.

The Tallahassee Museum of History and Natural Science's Florida Cultural Endowment Fund investment policy requires the investment manager to follow the specific investment guidelines and requirements established by the State of Florida's Cultural Endowment Grant program. Furthermore, investment income can only be spent on the Museum's cultural programming activities. However, investment income can also be spent on investment management costs and/or reinvested into the Tallahassee Museum of History and Natural Science's Florida Cultural Endowment Fund. Failure to maintain the principal of the Fund at \$600,000 can place the Museum's management of the Fund at risk of requiring the Museum to return the \$240,000 Cultural Endowment grant back to the State.

NOTE N – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of September 30, 2016 and 2015 are available for general operations and Museum programs for periods upon receipt after September 30, 2016 and 2015, respectively.

NOTE O – CONCENTRATION OF CREDIT RISK

The Museum maintains its cash balances at several financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. As of September 30, 2016 and 2015, the Museum had no uninsured bank balances.

NOTE P – UNCERTAIN TAX POSITIONS

Management is not aware of any activities that would jeopardize the Museum's tax-exempt status, and believes it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of and for the years ended September 30, 2016 and 2015.

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2016

NOTE P – UNCERTAIN TAX POSITIONS *(Continued)*

The Museum is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Museum believes it is no longer subject to income tax examinations for fiscal years ending prior to September 30, 2013.

NOTE Q – SUBSEQUENT EVENTS

The Museum has evaluated subsequent events through March 7, 2017, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2016

<u>STATE AGENCY AND PROGRAM TITLE</u>	<u>STATE CONTRACT OR GRANT</u>	<u>STATE RECEIPTS</u>
Florida Department of State, Division of Cultural Affairs:		
General Program Support	17.6.170.319	\$ 93,379
Cultural Endowment Program	END-3789	240,000
 Florida Division on Community Service, Volunteer Florida:		
Volunteer Generation Fund	-	<u>5,419</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 338,798</u>

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
SCHEDULES OF FINANCIAL AWARDS
For the Years Ended September 30, 2016 and 2015

AGENCY	CONTRACT NO.	2016			2015		
		AWARDS	REVENUES	EXPENDITURES	AWARDS	REVENUES	EXPENDITURES
FLORIDA DEPARTMENT OF STATE							
Division of Cultural Affairs							
General Program Support	17.6.170.319	\$ 93,379	\$ 93,379	\$ 23,344	\$ -0-	\$ -0-	\$ -0-
Cultural Endowment Program	END - 3789	240,000	240,000	-0-	-0-	-0-	-0-
General Program Support	16.6.170.445	-0-	-0-	55,321	73,761	73,761	18,440
General Program Support	15.6.170.511	-0-	-0-	-0-	-0-	-0-	112,500
FLORIDA COMMISSION ON COMMUNITY SERVICE							
Volunteer Florida							
Volunteer Generation Fund	-	10,625	5,419	5,419	-0-	-0-	-0-
Volunteer Program Capacity Building	04.21 - 23.2015	-0-	-0-	-0-	10,000	7,301	7,301
LEON COUNTY TOURIST DEVELOPMENT COUNCIL							
Market Days	-	25,000	25,000	25,000	8,165	8,165	8,165
CITY OF TALLAHASSEE							
Annual Contribution	2015-28	-0-	-0-	-0-	69,975	69,975	69,975
LEON COUNTY							
Annual Contribution	2016-01	325,000	325,000	325,000	-0-	-0-	-0-
Annual Contribution	2015-28	-0-	-0-	-0-	255,025	255,025	255,025
Cultural Tourism Mktg.	2015	-0-	-0-	-0-	3,000	3,000	3,000
VISIT FLORIDA							
Market Days	-	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
TOTAL		<u>\$ 699,004</u>	<u>\$ 693,798</u>	<u>\$ 439,084</u>	<u>\$ 424,926</u>	<u>\$ 422,227</u>	<u>\$ 479,406</u>

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
For the Years Ended September 30, 2016 and 2015

PROGRAM SERVICES

	<u>2016</u>	<u>2015</u>
Salaries	\$ 1,004,038	\$ 962,281
Retail cost of sales	178,005	150,044
Depreciation	135,009	131,708
Insurance	105,493	88,631
Publicity	124,675	129,703
Employee benefits	88,303	81,302
Payroll taxes	72,967	69,684
Equipment rental and maintenance	73,385	62,438
Utilities and miscellaneous occupancy	63,279	66,077
Dues and subscriptions	64,520	39,110
Marketing and public relations	-0-	-0-
Animal care	66,427	48,391
Fundraising events	-0-	-0-
Collections and exhibits	45,782	37,457
Special events	35,992	29,691
Education department	34,396	33,900
Miscellaneous	23,794	29,849
Conferences and travel	22,189	32,455
Membership	23,561	20,217
Tree to Tree expenses	18,561	20,954
Donations and development	-0-	-0-
Telephone	14,181	14,393
Accounting and audit	-0-	-0-
Interest expense	5,538	8,407
Supplies	4,846	5,368
Professional affiliations and development	-0-	-0-
Legal	-0-	-0-
Board	-0-	-0-
Printing	647	118
Interpretive plan	-0-	2,160
	-	-
TOTAL EXPENSES	<u>\$ 2,205,588</u>	<u>\$ 2,064,338</u>

TALLAHASSEE MUSEUM OF HISTORY AND NATURAL SCIENCE, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
For the Years Ended September 30, 2016 and 2015

<u>FUNDRAISING</u>		<u>MANAGEMENT AND GENERAL</u>		<u>TOTAL</u>	
<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
\$ 98,028	\$ 98,197	\$ 133,828	\$ 130,871	\$ 1,235,894	\$ 1,191,349
-0-	-0-	-0-	-0-	178,005	150,044
13,181	13,440	17,995	17,913	166,185	163,061
10,300	9,045	14,060	12,054	129,853	109,730
-0-	-0-	-0-	-0-	124,675	129,703
8,621	8,297	11,770	11,057	108,694	100,656
7,124	7,111	9,726	9,477	89,817	86,272
-0-	-0-	9,782	8,492	83,167	70,930
6,180	6,741	8,435	8,987	77,894	81,805
-0-	-0-	8,600	5,319	73,120	44,429
71,664	49,200	-0-	-0-	71,664	49,200
-0-	-0-	-0-	-0-	66,427	48,391
60,754	65,832	-0-	-0-	60,754	65,832
-0-	-0-	-0-	-0-	45,782	37,457
-0-	-0-	-0-	-0-	35,992	29,691
-0-	-0-	-0-	-0-	34,396	33,900
-0-	-0-	3,172	4,059	26,966	33,908
-0-	-0-	2,958	4,414	25,147	36,869
-0-	-0-	-0-	-0-	23,561	20,217
-0-	-0-	-0-	-0-	18,561	20,954
17,654	15,707	-0-	-0-	17,654	15,707
1,384	1,469	1,890	1,957	17,455	17,819
-0-	-0-	16,450	16,450	16,450	16,450
-0-	-0-	738	1,143	6,276	9,550
-0-	-0-	646	730	5,492	6,098
-0-	-0-	4,695	5,035	4,695	5,035
-0-	-0-	4,575	10,605	4,575	10,605
-0-	-0-	2,424	2,423	2,424	2,423
-0-	-0-	86	16	733	134
-0-	-0-	-0-	-0-	-0-	2,160
<u>\$ 294,890</u>	<u>\$ 275,039</u>	<u>\$ 251,830</u>	<u>\$ 251,002</u>	<u>\$ 2,752,308</u>	<u>\$ 2,590,379</u>