

**ALLEN COUNTY – FORT WAYNE  
HISTORICAL SOCIETY, INC.**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008 with  
Summarized Information for June 30, 2007**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Allen County - Fort Wayne Historical Society, Inc.  
Fort Wayne, Indiana

We have audited the accompanying statement of financial position of Allen County - Fort Wayne Historical Society, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements, and in our report dated November 6, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allen County - Fort Wayne Historical Society, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Dulin, Ward & DeWald, Inc.*

Fort Wayne, Indiana  
October 28, 2008

**ALLEN COUNTY - FORT WAYNE HISTORICAL SOCIETY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2008 with Summarized Information for June 30, 2007

	<b>2008</b>	<b>2007</b> (As Restated)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 171,905	\$ 204,316
Receivables:		
Promises to give	1,374,053	168,937
Other	35	35
Inventories	38,389	32,573
Prepaid expenses	4,089	5,228
Investments	299,182	339,964
Beneficial interest	81,255	99,758
Cash restricted for capital improvements	225,000	350
Land, building and equipment - net	3,459,009	3,500,667
Historical collections	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 5,652,917</u></b>	<b><u>\$ 4,351,828</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 4,046	\$ 3,490
Accrued expenses	<u>5,736</u>	<u>10,392</u>
<b>Total Liabilities</b>	<b>9,782</b>	<b>13,882</b>
Net assets:		
Unrestricted	3,661,060	3,792,296
Temporarily restricted	1,661,790	225,365
Permanently restricted	<u>320,285</u>	<u>320,285</u>
<b>Total Net Assets</b>	<b><u>5,643,135</u></b>	<b><u>4,337,946</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 5,652,917</u></b>	<b><u>\$ 4,351,828</u></b>

The accompanying notes are an integral part of these financial statements.

Permanently Restricted	Total 2008	2007 (As Restated)
\$ -	\$ 1,606,936	\$ 188,357
-	141,116	123,636
-	66,577	68,524
-	61,993	60,778
-	(2,837)	(5,739)
-	21,289	25,745
-	9,070	8,375
-	13,500	27,951
-	18,507	20,237
-	-	44,691
-	14,416	15,266
-	-	-
-	-	-
-	-	-
-	<u>1,950,567</u>	<u>577,821</u>
-	404,405	495,236
-	12,628	16,265
-	154,350	160,959
-	36,076	35,013
-	37,919	-
-	<u>645,378</u>	<u>707,473</u>
-	1,305,189	(129,652)
320,285	4,337,946	4,449,349
-	-	18,249
<u>320,285</u>	<u>4,337,946</u>	<u>4,467,598</u>
<u>\$ 320,285</u>	<u>\$ 5,643,135</u>	<u>\$ 4,337,946</u>

**ALLEN COUNTY - FORT WAYNE HISTORICAL SOCIETY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Year Ended June 30, 2008 with Summarized  
Information for the Year Ended June 30, 2007

	2008	2007 (As Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,305,189	\$ (129,652)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	46,158	48,246
(Gain) loss on investments	37,919	(44,691)
Decrease (increase) in beneficial interest	(2,757)	(3,072)
Contributions restricted for long term purposes	(1,323,000)	(37,417)
Change in assets and liabilities:		
(Increase) decrease in:		
Receivables	(1,205,116)	128,343
Inventories	(5,816)	(923)
Prepaid expenses	1,139	1,397
Increase (decrease) in:		
Accounts payable	556	(13,497)
Accrued expenses	(4,656)	5,412
	(1,150,384)	(45,854)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	-	(122,160)
Proceeds from sale of investments	12,630	112,224
Distributions from beneficial interest	11,493	-
Purchase of fixed assets	(4,500)	(34,568)
Change in cash restricted for capital improvements	(224,650)	(350)
	(205,027)	(44,854)

(continued)

The accompanying notes are an integral part of these financial statements.

**ALLEN COUNTY - FORT WAYNE HISTORICAL SOCIETY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Year Ended June 30, 2008 with Summarized  
Information for the Year Ended June 30, 2007

	<b>2008</b>	<b>2007</b> <b>(As Restated)</b>
(continued)		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for long term purposes	<u>\$ 1,323,000</u>	<u>\$ 37,417</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(32,411)	(53,291)
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>204,316</u>	<u>257,607</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u><u>\$ 171,905</u></u>	<u><u>\$ 204,316</u></u>

The accompanying notes are an integral part of these financial statements.

**ALLEN COUNTY - FORT WAYNE HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2008

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Allen County - Fort Wayne Historical Society, Inc. (Society) is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contribution deduction limitation. The Society has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

The Society promotes and augments the teaching of history as well as educates the public in history, especially in and of Allen County, Fort Wayne and the State of Indiana. The activities of the Society consist principally of the operation of a public museum of historic and prehistoric relics and natural and/or curiosities and specimens of art, nature, industry and commerce.

**Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Society considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**Contributions**

All contributions are considered to be available for the general programs of the Society unless specifically restricted by the donor. The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions are recorded in the temporarily restricted class for restrictions expiring during the fiscal year, and then reclassified to the unrestricted class.

(continued)

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Memberships**

Memberships are recorded as income when received.

**Historical Collections**

The collections, which were acquired through purchases and contributions since the Society's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

**Investments**

Investments are reported at fair value. Fair value is determined by using quoted market prices, where available. Where not available, the present value of estimated, expected future cash flows or another reasonable method is used.

**Allowance for Doubtful Accounts**

When appropriate, the Society provides an allowance for doubtful accounts which is based on management's estimate of losses that will be incurred in the collection of all receivables.

**Inventories**

Gift shop inventories for sale to the public are carried at the lower of first-in, first-out cost or market.

**Land, Building and Equipment**

Land, building and equipment with a cost or donated value of \$1,000 or more and a useful life in excess of one year are capitalized. The Society follows the policy of providing depreciation (except for the museum and the Richardville House, which are historical landmarks) on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets. It is not the Society's policy to imply time restrictions expiring over the useful life of the donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support.

(continued)

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**In-kind Contributions**

In-kind contributions of services, equipment and supplies are recognized as revenue and expense or capital assets and are recorded at market value on the date received. Limited amounts have been reported in the financial statements for donated services because they do not meet the accounting guidelines for reporting; however, a substantial number of volunteers donate significant amounts of time in providing the Organization's services.

**Other Matters**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

**Reclassifications**

Certain reclassifications have been made to conform prior year's financial statements to the current presentation. The reclassifications have no effect on previously reported operational results.

2. **PROMISES TO GIVE**

Promises to give consist of the following:

City of Fort Wayne	\$ 1,098,000
English, Bonter, Mitchell Foundation	340,000
Arts United	66,437
Community Foundation of Greater Fort Wayne	<u>10,000</u>
	1,514,437
Less: Unamortized present value discount	<u>140,384</u>
Net pledges receivable	<u>\$ 1,374,053</u>
Amounts due in:	
Less than one year	\$ 487,770
One to five years	1,026,667
More than five years	<u>-</u>
	<u>\$ 1,514,437</u>

(continued)

2. **PROMISES TO GIVE** (continued)

The Organization has an existing conditional promise to receive \$75,000 for an exhibit. The payment is contingent upon receiving a matching grant for the exhibit.

3. **INVESTMENTS**

Investments are summarized as follows:

	<u>Cost</u>	<u>Market</u>
Bonds	\$ 102,587	\$ 105,431
Equities	157,991	182,424
Cash and cash equivalents	<u>11,327</u>	<u>11,327</u>
	<u>\$ 271,905</u>	<u>\$ 299,182</u>

4. **BENEFICIAL INTEREST**

The beneficial interest consists of funds held by the Community Foundation of Greater Fort Wayne, which are the result of an agreement whereby the Society has transferred assets to the Foundation and has specified itself as the beneficiary of the assets. The Society may draw up to a certain percent of the value of the assets each year, but may only obtain a return of the full value of the asset upon consent of the Foundation.

Additionally, the Foundation holds other investment assets, with a value of \$17,625 at June 30, 2008, for the benefit of the Society for which it has retained variance power. These assets are not recorded as assets of the Society.

**5. LAND, BUILDING AND EQUIPMENT**

Land, building and equipment consist of the following:

Improvements - museum building and storage facility	\$ 856,237
Equipment	<u>117,817</u>
	974,054
Less accumulated depreciation	<u>686,241</u>
	287,813
Land	186,080
Museum building and Richardville House	<u>2,985,116</u>
	<u>\$ 3,459,009</u>

**6. NET ASSETS**

Temporarily restricted net assets at June 30, 2008 are available for the following:

Improvements	\$ 1,205,628
Future periods	394,133
Exhibits	<u>62,029</u>
	<u>\$ 1,661,790</u>

Permanently restricted net assets consist of funds held in an endowment account at National City Bank. Income from permanently restricted net assets is available for unrestricted purposes. At June 30, 2008, the fair value of permanently restricted assets was \$21,203 less than the balance required by the donor.

The Board of Directors of Allen County-Fort Wayne Historical Society, Inc. has designated \$6,759 of unrestricted net assets to be used for society projects and restorations.

**7. RETIREMENT PLAN**

The Society sponsors a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) under Section 408(p) of the Internal Revenue Code. The plan covers all employees who receive at least \$5,000 in compensation per year. The Society matches an amount equal to an employee's salary reduction contributions up to a limit of 3% of the employee's compensation. Expense recognized under the plan for the year was \$1,463.

**8. OPERATING LEASES**

The Society leases, under an operating lease, a building that it uses for storage. The lease was renewed for a period of six years beginning June 1, 2005 and expiring May 31, 2011. Monthly lease payments are \$1,425. Total rent expense charged to operations during the year was \$17,100.

The Society is leasing a mailing system through 2011 under a lease which requires quarterly lease payments of \$424. Expense recognized under the lease for the year was \$1,696.

Minimum future rental payments under these leases for each of the next five years and in the aggregate are:

2009	\$	18,796
2010		18,796
2011		<u>17,371</u>
	\$	<u>54,963</u>

**11. ADVERTISING COSTS**

Advertising costs are charged to operations as incurred and totaled \$17,670.

**12. CONCENTRATION OF CREDIT RISK**

The Society maintains cash balances at local banks. The accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2008, deposits in excess of the insured amount totaled \$211,125.

**13. PRIOR PERIOD ADJUSTMENT**

The accompanying financial statements for 2007 have been restated to correct an error in the recording of inventories made in a prior year. The effect of the restatement was to increase inventories and increase the change in unrestricted net assets by \$18,249. Unrestricted net assets at the beginning of 2007 have been adjusted for the effects of the restatement on prior years.

