

GRANVILLE MUSEUM, INC.

Financial Statements - Tax Basis

For the Year Ended December 31, 2022

(With Independent Auditor's Report Thereon)



GRANVILLE MUSEUM, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Granville Museum, Inc.

Qualified Opinion

We have audited the accompanying financial statements of Granville Museum, Inc. (a nonprofit organization) which comprise the statement of assets, liabilities, and net assets - tax basis as of December 31, 2022 and the related statement of revenues, expenses and other changes in net assets – tax basis for the year then ended and the related notes to the financial statements.

In our opinion, except for the possible effects of the matters described in the basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Granville Museum, Inc. as of December 31, 2022, and its support, revenue and expenses for the year then ended in accordance with the tax basis of accounting as described in Note 1.

Basis for Qualified Opinion

We did not observe the taking of physical inventories at December 31, 2022 (stated at \$44,704) and December 31, 2021. As a result, we are unable to independently test the cost of goods sold stated at \$40,217 for the year ended December 31, 2022. We also were unable to determine the cost basis of land, buildings, and equipment donated or purchased (stated at \$523,351). Included in the cost basis of land, buildings, and equipment was a non-cash contribution in the amount of \$147,160 made during the year ended 2023. We were unable to independently test the value of the non-cash contribution.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Granville Museum, Inc. and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the tax basis of accounting described in Note 1 and for determining that the tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Granville Museum, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements, Continued

- Obtain an understanding of internal control relevant to the audit 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 Granville Museum, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Granville Museum, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain control related matters that we identified during the audit.

Maggnet & Associates, P.C.

Nashville, Tennessee
August 7, 2023

GRANVILLE MUSEUM, INC.

***Statement of Assets, Liabilities and Net Assets -
Tax Basis***

December 31, 2022

Assets

Current assets:

Cash	\$ 72,121
Certificate of deposit	40,000
Inventory	<u>44,704</u>
Total current assets	<u>156,825</u>

Land, buildings and equipment	<u>523,351</u>
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Total assets	<u>\$ 680,176</u>
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Net Assets

Net assets	<u>\$ 680,176</u>
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Total net assets	<u>\$ 680,176</u>
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See accompanying notes to financial statements - tax basis.

GRANVILLE MUSEUM, INC.

***Statement of Revenues, Expenses and Other Changes in Net Assets -
Tax Basis***

For the Year Ended December 31, 2022

Program Revenues:	
Contributions and grants	\$ 187,494
Special events	88,120
General Store sales less cost of goods sold of \$40,217	217,962
Non-cash contributions	147,160
Tours	41,907
Interest income	<u>214</u>
Total revenues	<u>682,857</u>
 Program Expenses:	
Salaries	139,784
Advertising	65,876
Occupancy	75,837
Maintenance	37,882
Special events	48,508
Bluegrass dinners	110,587
Equipment disposals	88,029
Other operating	<u>56,576</u>
Total expenses	<u>623,079</u>
 Increase in net assets	59,778
 Net assets at beginning of year	<u>620,398</u>
 Net assets at end of year	<u>\$ 680,176</u>

See accompanying notes to financial statements - tax basis.

GRANVILLE MUSEUM, INC.

Notes to Financial Statements - Tax Basis

For the Year Ended December 31, 2022

(1) Summary of Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

(a) Organization

Granville Museum, Inc. (the "Organization") was founded in 1999 to preserve the history of a small riverboat town located in Granville, Tennessee by operating by Granville Museum, 1880's Sutton General Store, Sutton Pioneer Homestead, Sutton Old Time Music Hour and conducting festivals to promote the arts.

(b) Financial Statement Presentation

The accompanying financial statements have been prepared on the tax basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. As such, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when obligations are incurred.

Standards for external financial reporting by not-for-profit organizations require that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. A description of the two net asset categories follows:

- Net assets without donor restrictions represent those net assets that are not subject to donor imposed stipulations.
- Net assets with donor restrictions include net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

However, as permitted under the tax basis of accounting, the Organization has elected not to follow this standard.

(c) Contributions

Accounting standards require that unconditional promises to give (pledges) be recorded as receivables and as revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. However, under the tax basis of accounting the Organization records contribution revenue upon receipt as described in **(b)** above instead of recognizing unconditional promises to give in the period the promise is received.

GRANVILLE MUSEUM, INC.

Notes to Financial Statements - Tax Basis, Continued

For the Year Ended December 31, 2022

(1) Summary of Significant Accounting Policies, Continued

(d) Contributed Services

Various members of the Board of Directors volunteer their time and effort to provide administrative services to the Organization through its various programs throughout the year on an as-needed basis. In addition, the Organization actively promotes recruitment of volunteers to facilitate the programs undertaken in the Granville, Tennessee locale. No amounts have been recognized in the accompanying financial statements for these contributed services.

(e) Land Buildings, and Equipment

The Organization capitalizes all expenditures for land, buildings and equipment in excess of \$200. Such items are stated at cost at date of acquisition or estimated fair market value at date of donation in the case of gifts. Under the tax basis of accounting, the organization has elected not to depreciate its fixed assets.

(f) Cash and Cash Equivalents

The Organization considers all cash and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains balances in financial institutions management considers to be financially sound. All deposits as of December 31, 2022 were within federally insured limits.

(g) Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization is classified by the Internal Revenue Service as other than a private foundation.

(h) Estimates

The preparation of financial statements in conformity with the tax basis method of accounting requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GRANVILLE MUSEUM, INC.

Notes to Financial Statements - Tax Basis, Continued

For the Year Ended December 31, 2022

(1) Summary of Significant Accounting Policies, Continued

(i) Non-Cash Contributions

Non-cash contributions are recorded as contributions at their fair values at the date of donation.

(j) Nature of Net Assets

As permitted under the tax basis of accounting, the Organization has elected not to report contributions as either donor-restricted or without donor-restrictions. Net assets as presented do not follow ASC 958 associated with the designation of restricted and non-restricted components.

(k) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at year-end	\$ 112,121
Less those unavailable for general expenditures within one year, due to:	
Donor-restriction	<u> -</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 112,121</u>

As part of the Organization's liquidity management, it maintains its cash balances in financial institutions it considers to be financially sound.

(2) Non-Cash Contributions

The Organization periodically receives various non-cash contributions such as land, buildings, equipment and items for special events. These non-cash contributions are recorded at fair value and are included in revenues as contributions when received

(3) Concentration of Credit Risk

The Organization maintains cash balances at an institution which are insured at varying amounts by the Federal Deposit Insurance Corporation ("FDIC"). At December 31, 2022, the Organization did not have any cash balances in excess of FDIC limits.

GRANVILLE MUSEUM, INC.

Notes to Financial Statements - Tax Basis, Continued

For the Year Ended December 31, 2022

(4) Major Contributors

During the year ended December 31, 2022, the Organization received cash contributions from one donor totaling \$30,000. This contributed amount represents 23 percent of the total contributions for the year. Included in contributions and grants are grants from the State of Tennessee totaling \$25,000 and \$9,300 for tourism marketing cooperative and rural arts project support, respectively.

During the year ended December 31, 2022, the Organization received a non-cash contribution of decanter brands from one individual that was valued at \$147,160.

(5) Subsequent Events

Management has evaluated subsequent events through August 7, 2023, the date which the financial statements were available to be issued.

(5) Reconciliation of Federal Form 990

Below is a reconciliation of differences between the Organization's Federal tax filing Form 990 and the Statement of Revenues, Expenses and other changes in Net Assets - Tax Basis for the year ended December 31, 2022.

	As Reported In Financial Statements	Reclassification	As Reported on Federal Form 990
Total revenues	\$ 682,857	\$ (72,453)	\$ 610,404
Total expenses	623,079	14,243	637,322
Change in net assets	59,778	(86,696)	(26,918)