

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
AUDITED FINANCIAL STATEMENTS AND OTHER INFORMATION  
JUNE 30, 2021 AND 2020

## TABLE OF CONTENTS

### Introductory Section:

Schedule of Board of Trustees and Management (unaudited) .....	1
--	---

### Financial Section:

Independent Auditor's Report .....	2
Management's Discussion and Analysis (unaudited) .....	5
Statements of Net Position .....	13
Statements of Revenues, Expenses and Changes in Net Position .....	15
Statements of Cash Flows .....	17
Notes to Financial Statements .....	19

### Other Information:

Schedule of Expenditures of Federal Awards .....	30
Schedule of Changes in Long-Term Debt by Individual Issue .....	32
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	33
Schedule of Prior Year Findings and Questioned Costs .....	35

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
SCHEDULE OF BOARD OF TRUSTEES AND MANAGEMENT (UNAUDITED)  
JUNE 30, 2021

BOARD OF TRUSTEES

Ms. Jamie Durrett	Chairman
Ms. Thomasa Ross	Vice-Chairman
Mr. Charles Booth	Secretary
Mr. Tommy Bates	Treasurer
Ms. Paige Adkins	Member
Mr. Frazier Allen	Member
Mr. Dan Black	Member
Mr. Kell Black	Member
Mr. Joe Creek	Ex-Officio
Dr. Jennifer Johnston	Member
Mr. Lawson Mabry	Member
Mr. Brad Martin	Member
Ms. Linda Nichols	Member
Mr. Larry Richardson	Member
Ms. Vondell Richmond	Ex-Officio
Ms. Una Smith	Member
Mr. Wes Sumner	Member
Ms. Eleanor Williams	Ex-Officio

MANAGEMENT

Mr. Frank Lott	Executive Director
Ms. Vicky Parker	Office Manager



STONE,  
RUDOLPH  
& HENRY, PLC

Accounting • Tax • Consulting • Technology

Certified  
Public  
Accountants

[www.srhcpas.com](http://www.srhcpas.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Clarksville-Montgomery County Museum  
Clarksville, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Clarksville-Montgomery County Museum (the Museum), a component unit of the City of Clarksville, Tennessee, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

### ***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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 on the previous page present fairly, in all material respects, the respective financial position of the Museum as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Museum's basic financial statements. The introductory section and the other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the schedule of changes in long-term debt by individual issue are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule in changes in long-term debt by individual issue are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021, on our consideration of the Museum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Museum's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control over financial reporting and compliance.

*Stone Rudolph & Henry, PLC*

Clarksville, Tennessee

September 22, 2021

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2021, 2020, AND 2019

INTRODUCTION

The purpose of this section, Management's Discussion and Analysis ("MD&A"), is to provide a narrative that can be used in conjunction with the audited financial statements of the Clarksville-Montgomery County Museum (the "Museum"), that provides context through which the organization and its financial information can be analyzed. This includes financial information for the years ended June 30, 2021 and 2020. Historical and non-financial information may also be presented to evaluate patterns related to the fiscal year results.

MISSION

The Museum is a private non-profit organization founded in 1983 and is exempt from federal income taxation under Section 501 (c)(3). Its mission is to collect, preserve and interpret historical, artistic and scientific material. The vision is to expose the widest audience possible to the creativity and ingenuity of the human spirit through art, science, and history within the context of cultural diversity.

OVERVIEW OF OPERATIONS AND PROGRAMS

In order to fulfill its mission, the Museum operates within two properties, both owned by the City of Clarksville. The property located on South 2<sup>nd</sup> Street consists of 35,000 square feet of temporary and permanent exhibiting space, educational activities, a gift shop, and staff offices. The Museum uses this property primarily for exhibitions, educational activities, processing collections donations, facility rentals, meetings, retail, and other day to day operating activities. This property also includes the original Customs House building, built in 1898, which the Museum is named after and is listed on the National Register of Historic Places. The property located on Jefferson Street houses and helps to preserve the Museum's permanent collection, including important historic, artistic, and scientific materials. Currently, the Museum's collection consists of over 21,000 artifacts related to the Clarksville-Montgomery County region. In order to maintain operations and programming, the Museum uses a number of activities to generate revenue. Its primary funding is provided by the City of Clarksville, but other revenue streams also include grants, admissions, donations, fundraisers, sponsorships, gift shop sales, facility rentals, and income from the Gracey Trust investment. In addition, the Museum's mission could not be accomplished without its employees. During the year ended June 30, 2021, the Museum employed thirteen full time and five part time employees. The Museum is considered a component unit of the City of Clarksville.

GOVERNANCE

The Museum is governed by a Board of Trustees, which consisted of thirteen voting members and five ex-officio (non-voting) members during the year ended June 30, 2021.

OVERVIEW OF FINANCIAL STATEMENTS

The audited financial statements provide information on the health and activities of the Museum. The *Statement of Net Position* includes information on the assets, liabilities, and the net position of the organization. This states the value of the Museum's resources, any restrictions on resources, and the types of financial obligations that will need to be met by utilizing available resources. The *Statement of Revenues, Expenses, and Changes in Net Position* include all of the operating and non-operating revenues and expenses that impact the change in the Museum's net position. This helps provide an

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
YEARS ENDED JUNE 30, 2021, 2020, AND 2019

OVERVIEW OF FINANCIAL STATEMENTS (CONT'D)

overview of the types of revenue and types of expenses involved in the change in the Museum's net position, both in cash and non-cash items. The *Statement of Cash Flow's* purpose is to provide information regarding operating, investing, and financing activities of the Museum and the amount of cash that is provided and used in each activity, which affects cash and cash equivalent amounts that the Museum has at the end of the year. This report can be used to see how much cash the Museum is generating and how much cash is used during the year to pay its obligations. It is important to review all of the financial statements together to understand the Museum's financial health. Increases and decreases over time can be used as indicators of whether the Museum is improving or not improving financially.

RESULTS OF OPERATIONS AND PROGRAMS

This section of the MD&A provides a narrative for how the Museum's operations and programs during the year ended June 30, 2021 impacted the financial statements. The purpose is to provide an understanding of the primary causes of changes in the financial information between years ended June 30, 2021 and 2020. The Museum's *Statement on Net Position* and its *Budget to Actuals for Income/Expense FY 2020-2021* is also included. This information can help show how the Museum is budgeting for expected revenues and expenses, and how it is able to perform by either reaching or not reaching budgeted amounts. The Museum does not budget for depreciation, unrealized changes in market value for the Gracey Trust and donated use of property.

Assets

The Museum's total assets increased by \$178,228 compared to the year ended June 30, 2020. This is primarily due to increases in restricted assets and property and equipment. The increase in restricted assets is largely due to the market value of the Gracey Trust Investment. The trust increased \$138,975 during the fiscal year ending June 30, 2021. The Museum receives income from the trust annually, but the principal is restricted until 2022, when the Museum will receive 14.5% of the market value of the trust. The Museum's portion of the trust is currently valued at \$1,731,138 and is currently planned to continue to be restricted for programming. The stock market increased dramatically after the initial drop in the COVID-19 pandemic, however became more volatile as the year progressed. A conservative investment policy has adopted to help protect the remaining principal against further market volatility.

Current and long-term pledges receivable also increased by \$127,194 compared to the prior year due to generous pledges from the Clarksville community to help maintain the Museum's model train area and to remodel the explorer's landing educational area. The explorer's landing remodeling project is currently slated for completion by the end of the 2021 calendar year. The amount spent on the explorer's landing project at year-end is in the construction in progress account in Property and Equipment, equaling \$52,656. Property and equipment increased by \$212,006 primarily due to the explorer's landing remodeling project, but also largely due to the Grand Illumination Campaign, which raised over \$100,000 to help revitalize and restore the historic 1898 Customs House building, as well as provide high quality exterior lighting to the building roof, courtyard, and façade. This also reduced restricted cash compared to the prior year. A separate part of this campaign helped raise over \$40,000



CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
YEARS ENDED JUNE 30, 2021, 2020, AND 2019

Assets (Cont'd)

to help support Museum programming due to the cancellation of the Museum's largest annual fundraising event in 2020, Flying High, during the COVID-19 pandemic.

During the year ended June 30, 2021, the Museum replaced outdated HVAC and electrical systems with more energy efficient equipment. The Museum also expanded the Boehm Porcelain permanent exhibition with new displays and lighting. Flooring throughout the 2nd floor of the building was replaced, as well as a state-of-the-art video monitoring system that was installed throughout the Museum to help showcase new and exciting programming and community information to patrons. Funding for these projects was secured through a combination of revenue from the City of Clarksville, the Gracey Trust Investment, and private donors. Due to the increased fundraising and funding, this prevented a reduction in current assets. Current assets increased primarily due to accounts receivable related to fundraising for the 2021 Flying High fundraising event which was held in August 2021.

Liabilities

The Museum's total liabilities decreased \$95,522 compared to the fiscal year ended June 30, 2020. The primary reason this occurred is due to receiving forgiveness for a \$110,597 loan through the Small Business Administration's "Paycheck Protection Program". This provided funding to help cover payroll costs in the last quarter of the prior fiscal year, due to the Museum closing to the public for two and a half months, and cancelling its largest annual fundraiser, Flying High. Closing the facility and cancelling the fundraiser was a direct result of the COVID-19 pandemic, which created a period of economic uncertainty and lost revenue from admissions, membership, retail sales, fundraising, and facility rentals. The second primary reason for the decrease is due to the Museum paying off its \$400,000 loan provided by the City of Clarksville in 1996 to help pay for the building expansion during that year. Since the year ended June 30, 2017, the Museum has focused on paying off this long-term debt while simultaneously increasing its current assets. This is part of a focus on improving the short term and long-term sustainability of the organization through improving liquidity.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
YEARS ENDED JUNE 30, 2021, 2020, AND 2019

Statement of Net Position

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2021	2020	2019	Dollar Change 20 to 21	Percent Change 20 to 21
Current assets	\$ 273,831	\$ 253,470	\$ 212,967	\$ 20,361	8.03
Restricted assets	1,940,551	1,772,650	1,811,322	167,901	9.47
Subtotal	2,214,382	2,026,120	2,024,289	188,262	9.29
OTHER ASSETS					
Property and equipment (net of accumulated depreciation)	2,381,842	2,391,876	2,478,315	(10,034)	(0.42)
TOTAL ASSETS	4,596,224	4,417,996	4,502,604	178,228	4.03
Deferred outflows of resources	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,596,224	\$ 4,417,996	\$ 4,502,604	\$ 178,228	4.03

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	2021	2020	2019	Dollar Change 20 to 21	Percent Change 20 to 21
Current liabilities	\$ 114,906	\$ 99,831	\$ 55,025	\$ 15,075	15.10
Long-term debt	-	110,597	10,631	(110,597)	(100.00)
TOTAL LIABILITIES	114,906	210,428	65,656	(95,522)	(45.29)
Deferred inflows of resources	-	-	-	-	-
NET POSITION					
Unrestricted	158,925	156,629	178,704	2,296	1.46
Restricted	1,940,551	1,772,650	1,811,322	167,901	9.47
Net Investment in capital assets	2,381,842	2,278,289	2,446,922	103,553	4.54
TOTAL NET POSITION	4,481,318	4,207,568	4,436,948	273,750	6.50
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 4,596,224	\$ 4,417,996	\$ 4,502,604	\$ 178,228	4.03

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
YEARS ENDED JUNE 30, 2021, 2020, AND 2019

Revenues

Total revenues equaled \$2,006,013, during the year ended June 30, 2021, an increase of \$678,208 or 51.07% compared to the year ended June 30, 2020. The primary reason for the increase in revenue is due to multi-year pledges from generous donors to help remodel the explorer's landing area of the Museum. The Grand Illumination campaign also helped raise funds for remodeling the historic 1898 Customs House building and raise funds for programing. The campaign also brought in a \$25,000 community grant to help with the façade improvements. Fundraising revenue improved dramatically due to improvements with the COVID-19 pandemic, which helped the Museum schedule and begin fundraising for the Flying High fundraising event in August 2021. The Museum was also able to create two new events, Valentines In A Box and Jazz In June, which helped engage the community and bring in more donations. Grant revenue was considerably higher due to receiving a \$25,000 Cares Act Grant from the State of Tennessee, which helped cover operating cost increases due to the COVID-19 pandemic and retain staff. Investment income from the Gracey Trust amounted to \$76,761, a decrease of \$20,544 from the year ended June 30, 2020, however, the increase in the market value helped counteract the drop in income from the trust. Interest revenue from bank accounts also decreased. The Museum's membership program remained strong, despite the pandemic. The overall number of members and revenue did decrease, but the Museum began a successful campaign near the end of the fiscal year that has dramatically increased the number of museum members as well as an increase in revenue. The continued support of the City of Clarksville increased by \$85,300, which helped provide additional staffing, improved benefits, and additional hours for part time employees and replace an HVAC unit. The forgiveness of the SBA's Paycheck Protection Program loan also helped increase revenue from the prior year.

Expenses

Total expenses equaled \$1,732,263, during the year ended June 30, 2021, an increase of \$175,840 or 11.30% compared to the year ended June 30, 2020. This is primarily due to increases in operating costs and expenses tied to grant and fundraising obligations. Expenses related to the Grand Illumination campaign and the CARES Act Grant increased supplies, payroll and repairs and maintenance costs. The Museum experienced a substantial increase in repairs and maintenance due to the outsourcing of janitorial work to a 3rd party resulting in increased cleanliness of the facility for patrons. In addition, there were increased repairs on HVAC units that are necessary for continued operations, programming, and maintaining proper environmental controls for artifacts on exhibit or being processed for the Museum's permanent collection. Safety supplies and equipment due to COVID-19 resulted in higher than normal repairs and maintenance expenses as well. During the second half of the year staffing was increased due to improvements in the COVID-19 pandemic and funding from the City of Clarksville. Expenses stayed in line with increases in revenue to maintain cash flow consistent with operations.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
YEARS ENDED JUNE 30, 2021, 2020, AND 2019

*Change in Net Position*

Total net position increased by \$273,750 or 6.50% to \$4,481,318 at the end of June 30, 2021. This is primarily due to depreciation expenses related to HVAC replacements, the Grand Illumination campaign, and remodeling explorer's landing. The unrealized gain/loss with the market value of the Gracey Trust Investment also played a positive role in increasing the Museum's net position. The total net position without donor restrictions amounted to \$158,925, an increase of \$2,296 or 1.45% from the year ended June 30, 2020. Total net position with donor restrictions amounts to \$1,940,551 which primarily consists of the Gracey Trust principal and \$82,219 is restricted for projects and contingencies.

*Capital Assets and Long-Term Debt*

At the end of the year ended June 30, 2021, the Museum had no long-term debt due to meeting forgiveness criteria for the Small Business Administration's Paycheck Protection Program, which was awarded in the prior year. It is the goal of the Museum to keep long term debt minimal unless a primary funding source for the debt can be secured.

**CLARKSVILLE-MONTGOMERY COUNTY MUSEUM**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)**  
**YEARS ENDED JUNE 30, 2021, 2020, AND 2019**

<b>REVENUE</b>	<b>FY 2021 budget</b>	<b>FY 2021 actual</b>	<b>FY 2020 actual</b>	<b>Over (Under) Budget</b>	<b>Budget Variance</b>
					%
Admissions	\$ 24,000	\$ 22,303	\$ 35,636	\$ (1,697)	(7.07)
City of Clarksville	829,521	822,571	737,271	(6,590)	(.83)
City of Clarksville – capital budget	-	-	43,161	-	-
Contributions/Donations*	225,000	228,468	88,203	3,468	1.5
Donated use of building	Non-Budgeted	330,644	330,644	330,644	-
Fundraising	125,000	148,470	31,746	23,470	18.77
Grants	50,000	50,000	729	-	-
Interest/Investment	76,550	77,309	98,724	759	0.99
Membership	34,000	41,218	46,401	7,218	21.22
Rental & Miscellaneous Inc.	4,275	14,063	17,938	9,788	228.95
Museum store sales	21,000	21,395	24,941	395	1.88
Unrealized gain (loss)	Non-Budgeted	138,975	(127,589)	138,975	-
Gain on extinguishment of debt	110,597	110,597	-	-	-
<b>TOTAL REVENUES</b>	<b>\$1,499,943</b>	<b>\$ 2,006,013</b>	<b>\$ 1,327,805</b>	<b>\$ 506,070</b>	<b>33.73</b>
<u>*includes in-kind donations</u>					
<b>EXPENSES</b>				<b>(Over) Under Budget</b>	
Exhibits, Education, and Collections	\$ 63,525	\$ 31,503	\$ 30,916	\$ 32,022	50.41
Administrative and General, Supplies, Advertising, City Loan, Storage, Insurance, Printing, Professional Dues etc.	339,168	105,821	111,804	233,347	68.80
Depreciation	Non-budgeted	222,040	203,402	(222,040)	-
Fundraising	30,000	22,629	8,239	7,371	24.57
Payroll & Payroll Tax	665,000	664,103	523,254	897	0.13
Benefits (Health Insurance)	119,000	115,913	96,118	3,087	2.59
Accounting and Consulting Fees	50,000	48,152	66,068	1,848	3.69
Repairs and maintenance	125,000	100,092	81,007	24,908	19.92
Rent	Non-Budgeted	330,644	330,644	(330,644)	-
Utilities	87,000	80,521	83,885	6,479	7.44
Cost of Museum store sales	21,250	10,845	21,848	10,405	48.96
<b>TOTAL EXPENSES</b>	<b>\$ 1,499,943</b>	<b>\$ 1,732,263</b>	<b>\$ 1,557,185</b>	<b>\$ (232,320)</b>	<b>(15.48)</b>
CHANGE IN NET POSITION		273,750	(229,380)		
BEGINNING NET POSITION		\$ 4,207,568	\$ 4,436,948		
<b>ENDING NET POSITION</b>		<b>\$ 4,481,318</b>	<b>\$ 4,207,568</b>		

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)  
YEARS ENDED JUNE 30, 2021, 2020, AND 2019

CLOSING REMARKS

Overall, the Museum accomplished many aspects of its mission during the year ending June 30, 2021. The Grand Illumination campaign helped secure vital funding in the middle of the COVID-19 pandemic to help provide educational programming, exhibits, and protecting the Museum's historical collection. Over fifteen temporary exhibits were hosted, which ranged from award-winning, national artists to revisiting the historical relevance of car racing in the exhibition "Start Your Engines". The Museum also utilized more of its restricted cash assets from prior years for projects related to explorer's landing and the Boehm Porcelain Gallery. Gracey Trust funds were used to improve technology, remodel parts of the building, and cover programming costs. Operating support from the City of Clarksville continues to increase, which will help the Museum maintain a qualified and talented staff. As the COVID-19 pandemic improves, the Museum will be able to raise more funds and provide an even greater variety of programming. The ability to have major fundraising events will also help the Museum continue to reach the community it serves and raise funds vital to fulfilling its mission. With the remodeling of the heavily visited explorer's landing area and neighboring exhibit areas and improvements with the COVID-19 pandemic, the Museum is set up to have another positive financial year ahead.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 182,912	\$ 187,340
Accounts receivable	52,408	26,159
Prepaid expenses	22,050	25,000
Inventory	16,461	14,971
Total current assets	<u>273,831</u>	<u>253,470</u>
<u>RESTRICTED ASSETS</u>		
Cash and cash equivalents	82,219	180,487
Investments	1,731,138	1,592,163
Current portion of pledges receivable	30,000	-
Long-term pledges receivable, net of discount	97,194	-
Total restricted assets	<u>1,940,551</u>	<u>1,772,650</u>
<u>PROPERTY AND EQUIPMENT</u>		
Leasehold improvements	5,108,015	4,987,028
Furniture and equipment	266,353	227,990
Construction in progress	52,656	-
Total property and equipment	<u>5,427,024</u>	<u>5,215,018</u>
Less: Accumulated depreciation	<u>(3,045,182)</u>	<u>(2,823,142)</u>
Net property and equipment	<u>2,381,842</u>	<u>2,391,876</u>
Total assets	4,596,224	4,417,996
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 4,596,224</u></u>	 <u><u>\$ 4,417,996</u></u>

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2021</u>	<u>2020</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 95,816	\$ 70,669
Accrued and withheld taxes	4,861	8,261
Accrued vacation	14,229	17,911
Current portion of long-term debt	-	2,990
Total current liabilities	<u>114,906</u>	<u>99,831</u>
<u>LONG-TERM DEBT</u>		
Note payable	<u>-</u>	<u>110,597</u>
Total liabilities	<u>114,906</u>	<u>210,428</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>		
Net investment in capital assets	2,381,842	2,278,289
Restricted:		
Expendable: restricted for projects	82,219	180,487
Nonexpendable	1,858,332	1,592,163
Unrestricted	158,925	156,629
Total net position	<u>4,481,318</u>	<u>4,207,568</u>
 Total liabilities, deferred inflows of resources and net position	 <u><u>\$ 4,596,224</u></u>	 <u><u>\$ 4,417,996</u></u>



CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>OPERATING REVENUES</u>		
City of Clarksville	\$ 822,571	\$ 780,432
Federal grants	25,000	729
Local grants	25,000	-
Donated use of building	330,644	330,644
Memberships	41,218	46,401
Donations and contributions	228,468	88,203
Admissions receipts	22,303	35,636
Fundraising	148,470	31,746
Gift shop sales	21,395	24,941
Rental and miscellaneous income	14,063	17,938
Total operating revenues	<u>1,679,132</u>	<u>1,356,670</u>
<u>OPERATING EXPENSES</u>		
Administrative and general	4,863	8,489
Advertising	12,277	15,093
Cost of gift shop sales	10,845	21,848
Depreciation	222,040	203,402
Dues and memberships	6,347	5,453
Education	496	247
Employee benefits	115,913	96,118
Exhibits	31,007	30,669
Fees	7,231	7,933
Fundraising	22,629	8,239
Insurance	34,458	23,289
Legal, accounting and consulting fees	48,152	66,068
Other	20,796	27,987
Payroll taxes	48,111	37,069
Printing and reproduction	11,187	13,639
Rent	330,644	330,850
Repairs and maintenance	100,092	81,007
Salaries	615,992	486,185
Supplies	8,662	8,953
Utilities	80,521	83,885
Total operating expenses	<u>1,732,263</u>	<u>1,556,423</u>
<u>OPERATING LOSS</u>	<u>(53,131)</u>	<u>(199,753)</u>

(Continued)

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

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONT'D)  
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Gain on extinguishment of debt	110,597	-
Investment income	76,761	97,305
Interest income	548	1,419
Unrealized gain (loss)	138,975	(127,589)
Interest expense	-	(762)
Total non-operating revenues (expenses)	<u>326,881</u>	<u>(29,627)</u>
<u>CHANGE IN NET POSITION</u>	273,750	(229,380)
<u>NET POSITION - BEGINNING</u>	<u>4,207,568</u>	<u>4,436,948</u>
<u>NET POSITION - ENDING</u>	<u>\$ 4,481,318</u>	<u>\$ 4,207,568</u>

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 84,916	\$ 106,978
Cash received from contributors	1,109,563	922,249
Cash payments to suppliers of goods and services	(539,814)	(496,435)
Cash payments to employees for services	(619,674)	(476,751)
Net cash provided by operating activities	<u>34,991</u>	<u>56,041</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest received	548	1,419
Investment income received	76,761	97,305
Net cash provided by investing activities	<u>77,309</u>	<u>98,724</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u> <u>ACTIVITIES</u>		
Proceeds from long-term debt	-	110,597
Net cash provided by noncapital financing activities	<u>-</u>	<u>110,597</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u> <u>FINANCING ACTIVITIES</u>		
Purchases of leasehold improvements and equipment	(212,006)	(116,963)
Payments on long-term debt	(2,990)	(28,403)
Interest paid	-	(762)
Net cash used in capital and related financing activities	<u>(214,996)</u>	<u>(146,128)</u>
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	(102,696)	119,234
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>367,827</u>	<u>248,593</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u>\$ 265,131</u>	<u>\$ 367,827</u>

(Continued)

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

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
STATEMENTS OF CASH FLOWS (CONT'D)  
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>RECONCILIATION OF OPERATING LOSS</u>		
<u>TO NET CASH PROVIDED BY</u>		
<u>OPERATING ACTIVITIES</u>		
Operating loss	\$ (53,131)	\$ (199,753)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Discount accretion (net)	2,806	-
Depreciation	222,040	203,402
Changes in:		
Accounts receivable	(26,249)	(6,233)
Grants receivable	-	10,000
Pledge receivable	(130,000)	-
Prepaid expense	2,950	(21,017)
Inventory	(1,490)	7,064
Accounts payable	25,147	47,769
Accrued and withheld taxes	(3,400)	5,375
Accrued vacation	(3,682)	9,434
	<u>\$ 34,991</u>	<u>\$ 56,041</u>
Net cash provided by operating activities		
	<u>\$ 34,991</u>	<u>\$ 56,041</u>
 <u>Supplemental Disclosure of Non-Cash Activity</u>		
Paycheck Protection Program loan forgiveness	\$ 110,597	\$ -
In-kind rent from City of Clarksville	\$ 330,644	\$ 330,644

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies

Reporting Entity

In November 1982, the Clarksville-Montgomery County Museum (the Museum) was established to collect, preserve, and interpret significant historic, political, social, intellectual, and technological achievements of Clarksville and Montgomery County and further the understanding of the historical development of Clarksville and Montgomery County from the beginning to the present.

The Museum is a component unit of the City of Clarksville, Tennessee (the City), which is the principal reporting entity and primary government. The City is responsible for appointing the majority of the Museum's board of trustees and provides its primary funding support.

Use of Estimates

The Museum's financial statements are presented in accordance with accounting principles generally accepted in the United States of America which require the use of management's estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from estimates in the near term and variances could have a material effect on the financial statements.

Concentration of Credit Risk

Financial instruments that potentially subject the Museum to significant concentrations of credit risk consist principally of cash, accounts receivable, and pledges receivable. Custodial credit risk for the Museum's deposits is the risk that the Museum's deposits may not be returned in the event of a bank failure. As required by state statutes, the Museum's policy is to require that financial institutions holding its deposits be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. The collateral is required to be held by the Museum or its agent in the Museum's name. With respect to accounts receivable, credit risk is dispersed across a few customers who are geographically concentrated in the service area of the Museum. With respect to pledges receivable, credit risk is dispersed across contributors who are geographically concentrated in the Clarksville, Tennessee service area. Consequently, the Museum's ability to collect the pledges due from contributors is affected by economic and other conditions in this geographic area. The Museum does not obtain collateral for accounts receivable or pledges receivable.

Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, to

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (Cont'd)

Uncertainties (Cont'd)

include any estimate of loss or impairment of assets that may result. Such changes may occur rapidly and be substantial.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements of the Museum have been prepared using the economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

Cash and Cash Equivalents

The Museum considers all liquid investments purchased with a maturity of 90 days or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash payments for interest were \$-0- and \$762 for the years ended June 30, 2021 and 2020, respectively.

Pledges Receivable

Pledges receivable are recognized in the period the pledge is received. Pledges receivable are expected to be collected over a three- to five-year period.

Uncollectible Accounts

Bad debts are charged to the related revenue account using the direct-write-off method, which is not materially different from the allowance-for-bad-debt method. Bad debt expense charged to the related revenue accounts was \$-0- for the years ended June 30, 2021 and 2020.

Restricted Net Position

Restricted net position represents funds restricted for specific projects and the corpus of the endowment fund (see Note 7). When both restricted and unrestricted resources are available for use, it is the Museum's policy to use restricted resources first, then unrestricted resources as needed.

Inventories

Inventories are stated at lower of cost or market value and are determined by the moving average inventory method. A perpetual inventory is maintained with a physical inventory being taken annually.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (Cont'd)

Property and Equipment

Property and equipment are valued at cost for assets purchased. All assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years are capitalized. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The Museum's collections are comprised of private documents such as letters, diaries, business ledgers, and other artifacts that shed light on the history of the region. All collections are donated to the Museum and are not recorded because the value of such items is not readily determinable. Upon deaccession, items of collection are returned to the donor or destroyed if they are no longer of value. Donated collections are never sold. The Museum deaccessioned no items during the years ended June 30, 2021 and 2020.

Accrued Compensated Absences

Vacation benefits are accrued as earned and charged to salaries.

Tax-Exempt Status

The Museum is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Museum is not subject to federal income tax except on unrelated trade or business income under Section 511 of the Internal Revenue Code. However, the Museum does file the information returns required by the Internal Revenue Service (the IRS). The Museum has not been determined to be a private foundation by the IRS. The Museum is no longer subject to federal or state income tax examinations by tax authorities for fiscal years ended before June 30, 2018.

Revenues and Support

Operating income includes revenues and expenses related to the primary, continuing operations. Operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Contributions are generally available for unrestricted use in the current fiscal year unless specifically restricted by the donor. Unconditional promises to give are recorded as received.

Grants and other contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. To ensure observance of limitations and restrictions placed on the use of resources available to the Museum, separate general ledger accounts of the Museum are maintained for each distinct donor restriction.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (Cont'd)

Revenues and Support (Cont'd)

The endowment fund is the Museum's portion of a trust, which is restricted for thirty years from its inception in 1991. These funds are considered to be restricted. The earnings that are distributed from the trust are not restricted as to their use and are recorded, as allowed by state law, as unrestricted assets available for expenditure.

Contributions of noncash assets and the use of facilities (see Note 6) are recognized as economic resources and are recorded at their fair values in the period received. During the year ended June 30, 2021, the Museum received approximately 582 hours of non-skilled and 449 hours of skilled volunteer services valued at approximately \$5,395 and \$12,590, respectively. During the year ended June 30, 2020, the Museum received 712 hours of non-skilled and 859 hours of skilled volunteer services valued at approximately \$6,600 and \$22,345, respectively. None of these services were recognized as income or expense in these financial statements.

Budgets and Budgetary Accounting

The Museum follows these procedures in establishing its budgetary data (not reflected in the financial statements):

- (1) The budget document is approved by the board of trustees. The primary planning tool used is the actual revenues and expenditures of the immediately preceding year. The budget is approved by line item and not by broad category.
- (2) Unused budgetary appropriations lapse at the end of the year.

Date of Management's Review

Subsequent events have been evaluated through September 22, 2021, which is the date the financial statements were available to be issued.

2. Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Museum had pledges receivable of \$130,000 at June 30, 2021, discounted \$2,806 at the rate of 0.75%, to the present value of \$127,194. No allowance was considered necessary at June 30, 2021.



CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2021 AND 2020

2. Pledges Receivable (Cont'd)

The present value was calculated in the following manner:

<u>Year</u>	<u>Present Value Calculation</u>	<u>Pledges Receivable Amount</u>	<u>Total Present Value</u>	<u>Present Value Discount</u>
2022	1.0000	\$ 30,000	\$ 30,000	\$ -
2023	.9877	30,000	29,631	369
2024	.9755	30,000	29,265	735
2025	.9634	20,000	19,268	732
2026	.9515	20,000	19,030	970
		<u>\$ 130,000</u>	<u>\$ 127,194</u>	<u>\$ 2,806</u>

Pledges receivable at June 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 30,000	\$ -
Receivable in one to five years	<u>100,000</u>	<u>-</u>
Total receivable	130,000	-
Less: discounts to net present value	<u>(2,806)</u>	<u>-</u>
Net pledges receivable	<u>\$ 127,194</u>	<u>\$ -</u>

3. Investments and Other Deposits

Investments and other deposits are restricted by state law to deposits with financial institutions and certain obligations guaranteed by the United States government, while investments and other deposits received by bequest and held in the endowment fund are not subject to such restrictions. Investments and other deposits are stated at fair value based on quoted market prices. No information is available on derivatives, if any, held in mutual funds.

Following is a schedule of the Museum's investments and other deposits at June 30, 2021:

	<u>Fair Value/ Carrying Value</u>	<u>Cost</u>	<u>Average Credit Quality/Rating</u>	<u>Percent of Total</u>
Common stocks	\$ 1,549,500	\$ 1,222,613	n/a	89.51
Money market fund	<u>181,638</u>	<u>181,638</u>	n/a	<u>10.49</u>
	<u>\$ 1,731,138</u>	<u>\$ 1,404,251</u>		<u>100.00</u>

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2021 AND 2020

3. Investments and Other Deposits (Cont'd)

Following is a schedule of the Museum's investments and other deposits at June 30, 2020:

	<u>Fair Value/ Carrying Value</u>	<u>Cost</u>	<u>Average Credit Quality/Rating</u>	<u>Percent of Total</u>
Common stocks	\$ 1,372,754	\$ 1,243,767	n/a	86.22
Money market fund	<u>219,409</u>	<u>219,409</u>	n/a	<u>13.78</u>
	<u>\$ 1,592,163</u>	<u>\$ 1,463,176</u>		<u>100.00</u>

At June 30, 2021 and 2020, cash and other deposits included bank balances of \$275,167 and \$367,963, respectively, all of which was insured by the FDIC or collateral was pledged by the State of Tennessee Bank Collateral Pool.

Total investment income (expense) of \$215,736 and \$(30,284) for the years ended June 30, 2021 and 2020, respectively, consisted of investment earnings of \$76,761 and \$97,305 for the years ended June 30, 2021 and 2020, respectively, and a net increase (decrease) in fair value of investments of \$138,975 and \$(127,589), respectively. As described in Note 7, substantially all of the Museum's investments are held by a trustee and are not registered in the name of the Museum.

4. Funding Sources

The Museum's operating expenses are primarily funded by transfers of funds from the City of Clarksville. Other funding sources include grants, donations, endowments, memberships, gift shop sales, and fundraising projects. A major reduction in funding by the City of Clarksville could have a significant effect on the future operations of the Museum's programs and activities.

5. Property and Equipment

A summary of changes in property and equipment for the year ended June 30, 2021 is as follows:

<u>Property and Equipment</u>	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
Leasehold improvements	\$ 4,987,028	\$ 120,987	\$ -	\$ 5,108,015
Furniture and equipment	213,426	38,363	-	251,789
Vehicles	14,564	-	-	14,564
Construction in progress	<u>-</u>	<u>52,656</u>	<u>-</u>	<u>52,656</u>
Total property and equipment	<u>\$ 5,215,018</u>	<u>\$ 212,006</u>	<u>\$ -</u>	<u>\$ 5,427,024</u>

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2021 AND 2020

5. Property and Equipment (Cont'd)

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<u>Accumulated Depreciation</u>				
Leasehold improvements	\$ 2,639,789	\$ 208,503	\$ -	\$ 2,848,292
Furniture and equipment	168,788	13,537	-	182,325
Vehicles	14,565	-	-	14,565
Total accumulated depreciation	<u>\$ 2,823,142</u>	<u>\$ 222,040</u>	<u>\$ -</u>	<u>\$ 3,045,182</u>

A summary of changes in property and equipment for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
<u>Property and Equipment</u>				
Leasehold improvements	\$ 4,880,544	\$ 106,484	\$ -	\$ 4,987,028
Furniture and equipment	202,947	10,479	-	213,426
Vehicles	14,564	-	-	14,564
Total property and equipment	<u>\$ 5,098,055</u>	<u>\$ 116,963</u>	<u>\$ -</u>	<u>\$ 5,215,018</u>

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
<u>Accumulated Depreciation</u>				
Leasehold improvements	\$ 2,445,517	\$ 194,272	\$ -	\$ 2,639,789
Furniture and equipment	159,658	9,130	-	168,788
Vehicles	14,565	-	-	14,565
Total accumulated depreciation	<u>\$ 2,619,740</u>	<u>\$ 203,402</u>	<u>\$ -</u>	<u>\$ 2,823,142</u>

Construction in progress is not depreciated until placed in service.

6. Related Party Transactions

The building which houses the Museum was leased from the City of Clarksville for \$1 per year for 25 years beginning May 1, 2008. The warehouse which houses the Museum's artifacts was leased from the City of Clarksville for \$1 per year for 10 years beginning June 1, 2008. The lease has been continued on a month-to-month basis. The fair rental value of the building and warehouse was \$330,644 for each of the years ended June 30, 2021 and 2020 and was recognized as rent expense. The fair rental value of the building and warehouse was determined by considering the age and condition of the buildings and the cost of rental space for property in the same vicinity. The Museum has completed significant renovation of the building with funds from various grants.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2021 AND 2020

7. Endowment Fund

A significant bequest was made to the Museum in fiscal year 1991 from the Estate of Finley Gracey. During the years ended June 30, 2021 and 2020, the Museum received \$76,761 and \$97,305, respectively, of investment income from the trust established under this bequest. The Museum will receive 14.5% of the annual income from the trust for thirty years. After thirty years, the same percentage of accrued income and principal will be distributed to the Museum. The Museum's portion of the funded principal balance of the trust at June 30, 2021 and 2020, was \$1,731,138 and \$1,592,163, respectively. This amount represents 14.5% of the fair value of the assets of the trust.

Endowment fund investments were composed of the following at June 30:

<u>2021</u>	<u>Cost</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>
Common stocks	\$ 1,222,613	\$ 326,887	\$ -	\$1,549,500
Money market fund	<u>181,638</u>	<u>-</u>	<u>-</u>	<u>181,638</u>
	<u>\$ 1,404,251</u>	<u>\$ 326,887</u>	<u>\$ -</u>	<u>\$1,731,138</u>
 <u>2020</u>	 <u>Cost</u>	 <u>Unrealized Gain</u>	 <u>Unrealized Loss</u>	 <u>Fair Value</u>
Common stocks	\$ 1,243,767	\$ 137,277	\$ 8,290	\$1,372,754
Money market fund	<u>219,409</u>	<u>-</u>	<u>-</u>	<u>219,409</u>
	<u>\$ 1,463,176</u>	<u>\$ 137,277</u>	<u>\$ 8,290</u>	<u>\$1,592,163</u>

8. Long-Term and Other Debt

On April 29, 2020, the Museum received loan proceeds in the amount of \$110,597 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period. The loan in its entirety was forgiven on January 26, 2021.

Following are the changes in long-term debt for the year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Estimated Amount Due Year Ending June 30, 2022</u>
Notes payable	\$ 113,587	\$ -	\$ 113,587	\$ -	\$ -

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2021 AND 2020

8. Long-Term and Other Debt (Cont'd)

Following are the changes in long-term debt for the year ended June 30, 2020:

	Balance			Balance	Estimated Amount Due Year Ending
	July 1, 2019	Increases	Decreases	June 30, 2020	June 30, 2021
Note payable	\$ 31,393	\$ 110,597	\$ 28,403	\$ 113,587	\$ 2,990

9. Line of Credit

The Museum has an unsecured \$100,000 line of credit, all of which was unused at June 30, 2021. Interest payments are due quarterly and are calculated on a variable rate of interest which was 3.25% at June 30, 2021.

10. Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Museum has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2021 AND 2020

10. Fair Value Measurements (Cont'd)

Level 1 Fair Value Measurements: The fair value of the endowment fund is based on quoted net asset values of the shares held by the Museum at year end.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Museum's assets at fair value as of June 30, 2021:

		Assets at Fair Value			
		Level 1	Level 2	Level 3	Total
Common stocks		\$ 1,549,500	\$ -	\$ -	\$ 1,549,500
Total		\$ 1,549,500	\$ -	\$ -	\$ 1,549,500

The following table sets forth by level, within the fair value hierarchy, the Museum's assets at fair value as of June 30, 2020:

		Assets at Fair Value			
		Level 1	Level 2	Level 3	Total
Common stocks		\$ 1,372,754	\$ -	\$ -	\$ 1,372,754
Total		\$ 1,372,754	\$ -	\$ -	\$ 1,372,754

11. Commitments and Contingencies

The Museum's exposure to property loss and general liability is handled through the purchase of commercial insurance. Insurance coverage was adequate to cover settlements for the past three fiscal years.

12. Related Entity

The Museum is supported by the Customs House Foundation, Inc. (the Foundation), a Tennessee nonprofit corporation which is recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation was founded in 2012 and is managed by a board of directors which is autonomous from the Museum board of trustees. The Foundation's board members are nominated and elected by the Foundation board. The Museum's director and finance committee chair serve as ex-officio (nonvoting) members of the Foundation's board. The Museum has no legal responsibility for or authority over the Foundation's finances. Accordingly, the Foundation does not meet the requirements for inclusion as a component unit of the Museum.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2021 AND 2020

13. Subsequent Events

In July 2021, the Museum was awarded a \$79,339 Shuttered Venue Operators Grant to be used for payroll costs.

In August 2021, the Museum was awarded a \$150,000 grant from a local nonprofit to be used for a new exhibit.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

<u>Grantor/Program Title</u>	<u>Grant Number Or Pass Through Grantor's Contract Number</u>	<u>Federal CFDA Number</u>	<u>Accrued Receivable July 1, 2020</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Accrued Receivable June 30, 2021</u>
Tennessee Community Cares Program	CARES	21.09	\$ -	\$ 25,000	\$ 25,000	\$ -
Total expenditures of federal awards			<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>



CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2021 AND 2020

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the State of Tennessee, Department of Audit, Audit Manual. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE  
YEAR ENDED JUNE 30, 2021

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2020	Issued During Period	Paid or Forgiven During Period	Outstanding June 30, 2021
<u>LONG-TERM DEBT</u>								
City of Clarksville	\$ 400,000	4.250	4/1/1996	12/31/2020	\$ 2,990	\$ -	\$ 2,990	\$ -
Payment Protection Program	\$ 110,597	1.000	4/29/2020	1/26/2021	110,597	-	110,597	-
Total long-term debt					<u>\$ 113,587</u>	<u>\$ -</u>	<u>\$ 113,587</u>	<u>\$ -</u>



STONE,  
RUDOLPH  
& HENRY, PLC

Accounting • Tax • Consulting • Technology

Certified  
Public  
Accountants

[www.srhcpas.com](http://www.srhcpas.com)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees  
Clarksville-Montgomery County Museum  
Clarksville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Clarksville-Montgomery County Museum (the Museum), a component unit of the City of Clarksville, Tennessee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents, which collectively comprise the Museum's basic financial statements, and have issued our report thereon dated September 22, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Museum's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Museum's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Museum's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Stone Rudolph & Henry, PLC*

Clarksville, Tennessee

September 22, 2021

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

There were no prior year findings reported.