

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
AUDITED FINANCIAL STATEMENTS AND OTHER INFORMATION
JUNE 30, 2023

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CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
SCHEDULE OF BOARD OF TRUSTEES AND MANAGEMENT (UNAUDITED)
JUNE 30, 2023

BOARD OF TRUSTEES

Ms. Thomasa Ross	Chair
Mr. Larry Richardson	Vice Chair
Mr. Frazier Allen	Treasurer
Ms. Linda Nichols	Secretary
Ms. Paige Adkins	Member
Mr. Dan Black	Member
Mr. Kell Black	Member
Ms. Christina Clark	Ex-Officio
Mr. Joe Creek	Ex-Officio
Mr. Kyong Dawson	Member
Mr. Jim Diehr	Member
Ms. Jamie Durrett	Member
Mr. Darwin Eldridge	Member
Mr. Lawson Mabry	Member
Ms. Deanna McLaughlin	Ex-Officio
Ms. Brendalyn Player	Member
Mr. Vondell Richmond	Member
Mr. Wes Sumner	Member
Ms. Eleanor Williams	Ex-Officio

MANAGEMENT

Mr. Frank Lott	Executive Director
Ms. Vicki Parker	Office Manager
Ms. Channing Grimes	Membership, Volunteer & Development Manager



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit 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, 2023, and the related notes to the financial statements, which collectively comprise the Museum's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Museum, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. 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 the Museum and to meet our other 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 the Museum's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government 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 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 and *Government 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.
- 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 the Museum'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 the Museum'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 internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary 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 accompanying schedules of changes in lease obligations

and schedule of lease obligations, principal, and interest requirements by fiscal year (the schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information as listed in the introductory section of the table of contents. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023, 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

December 8, 2023

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2023 AND 2022

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 through the years ended June 30, 2023 and 2022. Historical and non-financial information may also be presented to evaluate patterns related to the fiscal year results.

MISSION

The Museum is a public 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 2nd 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, 2023, the Museum employed fourteen full time and seven 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, 2023.

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 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.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
YEARS ENDED JUNE 30, 2023 AND 2022

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, 2023 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, 2023 and 2022. The Museum's *Statement of Net Position* and its *Statement of Revenue, Expenses and Changes in Net Position with budget to actual comparison* 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 decreased by \$1,757,468 compared to the year ended June 30, 2022. This is primarily due to decreases in restricted assets. The decrease in restricted assets is largely due to the Gracey Trust being donated to the Customs House Foundation in December 2022. Restrictions on the trust were lifted in July 2022, when the trust terminated, and the Museum's 14.5% of the trust became available for the Museum to gift to the Foundation. The Customs House Foundation is a separate legal entity created to help grow the investment as an endowment to continue to help the Museum financially in the future. The value at the time the investment was donated was \$1,552,411. The Museum collected pledges receivable related to improvements in the Model Train and Explorer's Landing areas of the Museum. Donor obligations were fulfilled by using the funds to help pay down the line of credit used to finance the project.

Current and long-term pledges receivable decreased by \$55,139 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 was completed in the fall of 2021, and the Museum created a line of credit to help finance the project. Pledges collected in 2022 helped the Museum make payments on the line of credit and programming and improvements to the model train and explorer's landing areas. This resulted in a reduction in restricted cash in the amount of \$12,504. The Museum also made many improvements to the alarm systems, flooring, and plumbing which resulted in an increase in leasehold improvements amounting to \$48,627. A new copy machine was leased in 2023, which resulted in the addition of a right-of-use asset account amounting to \$15,133. This also resulted in an increase in lease liability.

Liabilities

The Museum's total liabilities decreased \$42,711 compared to the fiscal year ended June 30, 2022. The primary reason this occurred is due to making payments on a line of credit to help finance the explorer's landing renovation project in the amount of \$28,794. This debt is due to be paid off by the middle of 2024 because of pledges from generous community sponsors helping to fund the project. There was also a reduction in the accounts payable related to Flying High, scheduled for August 2023, and payables are paid off by the month of the event each year and is currently on track to be another successful annual fundraiser. The Museum continues to maintain both positive short-term and long-term liquidity due to its success in fundraising since 2020. Long term debt is only incurred when there is a plan in place to raise funds to help cover the debt to protect the Museum's financial health for years to come. Increases in revenue have helped the Museum increase its current liabilities while also increasing current assets to help cover the additional costs incurred.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
YEARS ENDED JUNE 30, 2023 AND 2022

Statements of Net Position

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2023	2022	Dollar Change 22 to 23	Percent Change 22 to 23
Current assets	\$ 339,779	\$ 305,720	\$ 34,059	11.14
Restricted assets	101,168	1,715,812	(1,614,644)	(94.10)
Subtotal	440,947	2,021,532	(1,580,585)	(78.19)
OTHER ASSETS				
Property and equipment (net of accumulated depreciation)	2,316,742	2,493,625	(176,883)	(7.09)
TOTAL ASSETS	2,757,689	4,515,157	(1,757,468)	(38.92)
Deferred outflows of resources	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,757,689	\$ 4,515,157	\$(1,757,468)	(38.92)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	2023	2022	Dollar Change 22 to 23	Percent Change 22 to 23
Current liabilities	\$ 82,061	\$ 134,308	\$ (52,247)	(38.90)
Long-term debt	9,536	-	-	-
TOTAL LIABILITIES	91,597	134,308	(42,711)	(31.80)
Deferred inflows of resources	-	-	-	-
NET POSITION				
Unrestricted	248,182	171,412	76,770	44.79
Restricted	101,168	1,715,812	(1,614,644)	(94.10)
Net Investment in capital assets	2,316,742	2,493,625	(176,883)	(7.09)
TOTAL NET POSITION	2,666,092	4,380,849	(1,714,757)	(39.14)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 2,757,689	\$ 4,515,157	\$(1,757,468)	(38.92)

Revenues

Total revenues equaled \$1,993,833, during the year ended June 30, 2023, an increase of \$75,551 or 3.94% compared to the year ended June 30, 2022. The primary reason for the increase in revenue is due increased funding from the City of Clarksville, amounting to \$131,860, a 14.96% increase from prior fiscal year. Earned revenue streams performed exceptionally well during the year ended June 30, 2023. Admissions, Membership, and Gift Shop sales all performed higher than budget and each had at least a 15% increase over the prior fiscal year's revenue. Increased marketing spending on advertising helped increase exposure to the Museum compared to the prior year. Improvements to the model train and explorer's landing areas, two of the most heavily visited areas of the Museum have helped provide new and improved activities for children and families

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
YEARS ENDED JUNE 30, 2023 AND 2022

Revenues (Cont'd)

resulting in greater attendance, membership, and foot traffic to help gift shop sales. The Museum's largest annual fundraiser, Flying High, event was held in the late summer of 2022 and helped the Museum secure funding critical to continuing its mission, while also providing a boost to cash and revenue during the year ended June 30, 2023.

Expenses

Total expenses equaled \$3,708,590 during the year ended June 30, 2023, an increase of \$1,689,839 or 83.71% compared to the year ended June 30, 2022. This is primarily due to the Museum donating its investments valued at \$1,552,411 to the Customs House Foundation in December 2022. Overall, budgeted expenses outside of the non-budgeted items, in-kind donated rent from the City of Clarksville and depreciation, were less than the prior year and \$116,518 or 5.97% under budget. The Museum experienced increases in repairs and maintenance and utilities due to the outsourcing of janitorial work to a 3rd party resulting in increased cleanliness of the facility for patrons and increased operating hours for special events. 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. Payroll also increased due to an increase in employees and bringing employees' salaries closer to industry market rates to help retain and attract a highly talented staff. Expenses stayed in line with increases in revenue to maintain cash flow consistent with operations.

Change in Net Position

Total net position decreased by \$1,714,757 from \$4,380,849 to \$2,666,092 at the end of June 30, 2023. This is primarily due to depreciation expenses related to HVAC replacements and remodeling explorer's landing and model train areas. The donation of \$1,552,411 to the Customs House Foundation and increased spending on fundraising, repairs and maintenance, and utilities are the primary factors leading to the decrease in net position.

Capital Assets and Long-Term Debt

At the end of the year ended June 30, 2023, the Museum only had \$9,536 in long-term liabilities, related to its copy machine lease. This will continue to be paid down monthly with unrestricted cash assets. 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, 2023 AND 2022

Statements of Revenues, Expenses and Changes in Net Position

REVENUE	FY 2023 budget	FY 2023 actual	FY 2022 actual	Over (Under) Budget	Budget Variance
					%
Admissions	\$ 87,000	\$ 89,736	\$ 72,559	\$ 2,736	3.14
Ad Sales	40,000	33,650	39,775	(6,350)	(15.88)
City of Clarksville	1,013,340	1,013,340	881,480	-	-
Contributions/Donations*	30,000	31,848	48,033	1,848	6.16
Donated use of building	Non-Budgeted	330,644	330,644	330,644	-
Fundraising	255,000	258,683	273,999	3,683	1.44
Grants	-	-	229,338	-	-
Interest/Investment	85,000	77,920	85,063	(7,080)	(8.33)
Membership	98,000	103,080	79,080	5,080	5.18
Rental & Miscellaneous Inc.	17,500	9,340	27,717	(8,160)	(46.63)
Museum store sales	40,000	40,182	34,732	182	0.46
Unrealized gain (loss)	Non-Budgeted	5,410	(184,138)	5,410	-
TOTAL REVENUES	\$1,665,840	\$ 1,993,833	\$ 1,918,282	\$ 327,993	19.69
*includes in-kind donations					
EXPENSES				(Over) Under Budget	
Exhibits, Education, and Collections	\$ 81,899	\$ 55,178	\$ 80,468	\$ 26,721	32.63
Administrative and General, Supplies, Advertising, City Loan, Storage, Insurance, Printing, Professional Dues etc.	435,000	144,411	108,476	290,589	66.80
Amortization/Depreciation	Non-budgeted	258,210	237,300	(258,210)	-
Donation to Foundation	1,552,411	1,552,411	-	-	-
Fundraising	140,000	138,317	93,799	1,683	1.20
Payroll & Payroll Tax	847,000	835,552	797,375	11,448	1.35
Benefits (Health Insurance)	98,000	73,815	84,102	24,185	24.68
Accounting and Consulting Fees	70,000	67,698	66,382	2,302	3.29
Repairs and maintenance	141,220	109,037	93,887	32,183	22.79
Rent	Non-Budgeted	330,644	330,644	(330,644)	-
Utilities	110,000	109,643	96,365	357	0.32
Cost of Museum store sales	30,000	33,674	29,953	(3,674)	(12.25)
TOTAL EXPENSES	\$ 3,505,530	\$ 3,708,590	2,018,751	\$ (203,060)	(5.79)
CHANGE IN NET POSITION	(1,839,690)	(1,714,757)	(100,469)		
BEGINNING NET POSITION		\$ 4,380,849	\$ 4,481,318		
ENDING NET POSITION		\$ 2,666,092	\$ 4,380,849		

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
YEARS ENDED JUNE 30, 2023 AND 2022

CLOSING REMARKS

Overall, the Museum accomplished many aspects of its mission during the year ending June 30, 2023. The Flying High and 2nd & Commerce Magazine fundraising opportunities helped secure vital funding 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 the Clarksville-Montgomery County community. The Museum also utilized more of its restricted cash assets from prior years for projects related to explorer's landing and the model train area. Investment funds were used to improve technology, remodel parts of the building, cover programming costs, and donated to the Customs House Foundation to continue growing and helping the Museum achieve its mission. Operating support from the City of Clarksville continues to increase, which will help the Museum maintain a qualified and talented staff. With the pandemic over, 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 end of the COVID-19 pandemic, the Museum expects earned revenue and fundraising success to continue.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Clarksville- Montgomery County Museum	Component Unit - Foundation Note 11
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 226,383	\$ 98,420
Accounts receivable	63,595	-
Prepaid expenses	38,971	-
Inventory	10,830	-
Total current assets	<u>339,779</u>	<u>98,420</u>
<u>RESTRICTED ASSETS</u>		
Cash and cash equivalents	32,898	-
Current portion of pledges receivable	30,000	-
Long-term pledges receivable, net of discount	38,270	-
Total restricted assets	<u>101,168</u>	<u>-</u>
<u>PROPERTY AND EQUIPMENT</u>		
Leasehold improvements	5,540,422	-
Furniture and equipment	301,879	-
Intangible right-of-use lease - printer	15,133	-
Total property and equipment	<u>5,857,434</u>	<u>-</u>
Less: Accumulated depreciation and amortization	<u>(3,540,692)</u>	<u>-</u>
Net property and equipment	<u>2,316,742</u>	<u>-</u>
<u>OTHER ASSETS</u>		
Investments	<u>-</u>	<u>1,555,809</u>
Total assets	<u>2,757,689</u>	<u>1,654,229</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 2,757,689</u></u>	 <u><u>\$ 1,654,229</u></u>

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Clarksville- Montgomery County Museum	Component Unit - Foundation Note 11
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 28,957	\$ -
Accrued and withheld taxes	12,611	-
Accrued vacation	20,608	-
Line of credit	16,998	-
Current portion of lease liability	2,887	-
Total current liabilities	<u>82,061</u>	<u>-</u>
<u>LONG-TERM LIABILITIES</u>		
Lease liability	<u>9,536</u>	<u>-</u>
Total liabilities	<u>91,597</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>		
Net investment in capital assets	2,316,742	-
Restricted:		
Expendable: restricted for projects	32,898	-
Nonexpendable	68,270	-
Unrestricted	248,182	1,654,229
Total net position	<u>2,666,092</u>	<u>1,654,229</u>
 Total liabilities, deferred inflows of resources and net position	 <u><u>\$ 2,757,689</u></u>	 <u><u>\$ 1,654,229</u></u>

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	Clarksville- Montgomery County Museum	Component Unit - Foundation Note 11
<u>OPERATING REVENUES</u>		
City of Clarksville	\$ 1,013,340	\$ -
Donated use of building	330,644	-
Memberships	103,080	-
Donations	31,848	1,613,281
Admissions receipts	89,736	-
Fundraising	258,683	-
Advertising sales	33,650	-
Gift shop sales	40,182	-
Rental and miscellaneous income	9,340	-
Total operating revenues	<u>1,910,503</u>	<u>1,613,281</u>
<u>OPERATING EXPENSES</u>		
Administrative and general	3,610	-
Advertising	26,734	-
Amortization	3,197	-
Cost of gift shop sales	33,674	-
Depreciation	255,013	-
Dues and memberships	8,341	-
Employee benefits	73,815	-
Exhibits	41,533	-
Fees	14,558	-
Fundraising	138,317	-
Insurance	30,433	-
Legal, accounting and consulting fees	67,698	-
Other	24,283	-
Payroll taxes	56,813	-
Printing and reproduction	33,135	-
Rent	330,644	-
Repairs and maintenance	109,037	-
Salaries	778,739	-
Supplies	14,401	-
Support	-	57,869
Utilities	109,643	-
Total operating expenses	<u>2,153,618</u>	<u>57,869</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(243,115)</u>	<u>1,555,412</u>

(Continued)

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

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONT'D)
YEAR ENDED JUNE 30, 2023

	Clarksville- Montgomery County Museum	Component Unit - Foundation Note 11
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Investment income	76,366	23,190
Interest income	1,554	-
Unrealized gain	5,410	57,711
Investment fees	-	(5,537)
Interest expense	(2,561)	-
Contribution to Foundation	(1,552,411)	-
Total non-operating revenues (expenses)	<u>(1,471,642)</u>	<u>75,364</u>
 <u>CHANGE IN NET POSITION</u>	 (1,714,757)	 1,630,776
 <u>NET POSITION - BEGINNING</u>	 <u>4,380,849</u>	 <u>23,453</u>
 <u>NET POSITION - ENDING</u>	 <u>\$ 2,666,092</u>	 <u>\$ 1,654,229</u>

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	Clarksville- Montgomery County Museum	Component Unit - Foundation Note 11
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 232,998	\$ -
Cash received from contributors	1,362,671	1,613,281
Cash payments to suppliers of goods and services	(772,881)	(57,869)
Cash payments to employees for services	(775,567)	-
Net cash provided by operating activities	<u>47,221</u>	<u>1,555,412</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest received	1,554	-
Investments matured (purchased)	1,552,411	(1,498,098)
Contribution to Foundation	(1,552,411)	-
Investment fees	-	(5,537)
Investment income received	76,366	23,190
Net cash provided by (used in) investing activities	<u>77,920</u>	<u>(1,480,445)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>		
<u>ACTIVITIES</u>		
Net proceeds from (repayments of) line of credit	(28,794)	-
Net cash used in noncapital financing activities	<u>(28,794)</u>	<u>-</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>		
<u>FINANCING ACTIVITIES</u>		
Purchases of leasehold improvements and equipment	(66,194)	-
Payments of lease liability	(2,710)	-
Interest paid	(2,561)	-
Net cash used in capital and related financing activities	<u>(71,465)</u>	<u>-</u>
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	24,882	74,967
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>234,399</u>	<u>23,453</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u>\$ 259,281</u>	<u>\$ 98,420</u>

(Continued)

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

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
STATEMENT OF CASH FLOWS (CONT'D)
YEAR ENDED JUNE 30, 2023

	Clarksville- Montgomery County Museum	Component Unit - Foundation Note 11
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>		
<u>TO NET CASH PROVIDED BY</u>		
<u>OPERATING ACTIVITIES</u>		
Operating income (loss)	\$ (243,115)	\$ 1,555,412
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Amortization	3,197	-
Discount accretion (net)	139	-
Depreciation	255,013	-
Changes in:		
Accounts receivable	(39,329)	-
Pledge receivable	55,000	-
Prepaid expense	37,338	-
Inventory	5,318	-
Accounts payable	(29,414)	-
Accrued and withheld taxes	(98)	-
Accrued vacation	3,172	-
	<u>\$ 47,221</u>	<u>\$ 1,555,412</u>
Net cash provided by operating activities		

Supplemental Disclosure of Non-Cash Activity

Contributed nonfinancial assets - rent from City of Clarksville	\$ 330,644
Leased printer	\$ 15,133

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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.

The Museum has one component unit which is discretely presented (see Note 11).

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2023

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

Cash and Cash Equivalents

The Museum considers all liquid investments purchased with an original 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 \$2,561 for the year ended June 30, 2023.

Pledges Receivable

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

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 year ended June 30, 2023.

Restricted Net Position

Restricted net position as of June 30, 2023, represented funds restricted for specific projects. 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.

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 year ended June 30, 2023.

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, 2020.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2023

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

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.

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, 2023, the Museum received approximately 732 hours of non-skilled and 573 hours of skilled volunteer services valued at approximately \$6,786 and \$14,475, respectively.

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.

Change in Accounting Principle

In June 2017, Government Accounting Standards Board issued Statement No. 87, Leases. The statement addresses the treatment of leases with terms longer than twelve months in an exchange or exchange-like transaction. The Museum implemented GASB 87 during the year ended June 30, 2023. The effect of implementation included recognizing an intangible right-of-use asset and associated lease liability for a printer lease entered into during 2023. See Note 8 for additional information.

Date of Management's Review

Subsequent events have been evaluated through December 8, 2023, 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 \$70,000 at June 30, 2023, discounted \$1,730 at the rate of 3.00%, to the present value of \$68,270. No allowance was considered necessary at June 30, 2023.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2023

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>
2024	1.0000	\$ 30,000	\$ 30,000	\$ -
2025	.9709	20,000	19,418	582
2026	.9426	20,000	18,852	1,148
		<u>\$ 70,000</u>	<u>\$ 68,270</u>	<u>\$ 1,730</u>

Pledges receivable at June 30, 2023 , were as follows:

Receivable in less than one year	\$ 30,000
Receivable in one to five years	<u>40,000</u>
Total receivable	70,000
Less: discounts to net present value	<u>(1,730)</u>
Net pledges receivable	<u>\$ 68,270</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.

At June 30, 2023, cash and other deposits included bank balances of \$252,256, of which all was insured by the FDIC or collateral was pledged by the State of Tennessee Bank Collateral Pool.

Total investment income (expense) of \$81,776 for the year ended June 30, 2023, consisted of investment earnings of \$76,366 for the year ended June 30, 2023, and a net increase (decrease) in fair value of investments of \$5,410.

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, 2023 is as follows:

<u>Property and Equipment</u>	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Leasehold improvements	\$ 5,491,795	\$ 48,627	\$ -	\$ 5,540,422
Furniture and equipment	269,748	17,567	-	287,315
Vehicles	14,564	-	-	14,564
Right-to-use lease – printer	-	15,133	-	15,133
Total property and equipment	<u>\$ 5,776,107</u>	<u>\$ 81,327</u>	<u>\$ -</u>	<u>\$ 5,857,434</u>

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2023

5. Property and Equipment (Cont'd)

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<u>Accumulated Depreciation/Amortization</u>				
Leasehold improvements	\$ 3,069,229	\$ 237,715	\$ -	\$ 3,306,944
Furniture and equipment	198,688	17,298	-	215,986
Vehicles	14,565	-	-	14,565
Right-of-use lease – printer	-	3,197	-	3,197
Total accumulated depreciation/ amortization	<u>\$ 3,282,482</u>	<u>\$ 258,210</u>	<u>\$ -</u>	<u>\$ 3,540,692</u>

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 the year ended June 30, 2023 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.

7. Endowment Fund

A significant bequest was made to the Museum in fiscal year 1991 from the Estate of Finley Gracey. During the year ended June 30, 2023, the Museum received \$18,500 of investment income from the trust established under this bequest. The trust matured during the year ended June 30, 2023. The Museum received 14.5% of the accrued income and principal, which amounted to \$1,552,411. The Museum's Board voted to contribute the proceeds in its entirety to the Custom House Museum Foundation, Inc. (the Foundation).

8. Leasing Activities

Due to the implementation of GASB Statement No. 87, the agreement for a printer lease met the criteria of a lease and was therefore required to be recorded. As of June 30, 2023, the Museum has recorded an intangible right-of-use asset of \$15,133 related to this lease. This asset will be amortized over the remaining lease term of 47 months since this is shorter than the useful life and the Museum is not taking ownership of the printer at the conclusion of the lease. At June 30, 2023, the book value of the leased asset was \$11,936. The lease will end May 2027. A summary of the principal and interest amounts for the remainder of the lease is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,887	\$ 701
2025	3,074	514
2026	3,274	314
2027	<u>3,188</u>	<u>101</u>
	<u>\$ 12,423</u>	<u>\$ 1,630</u>

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2023

9. Line of Credit

The Museum has an unsecured \$100,000 line of credit, of which \$83,002 was unused at June 30, 2023. Interest payments are due quarterly and are calculated on a variable rate of interest which was 8.25% at June 30, 2023.

Changes in line of credit during the year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>
Line of Credit	\$ <u>45,792</u>	\$ <u>-</u>	\$ <u>28,794</u>	\$ <u>16,998</u>

10. 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.

11. Component Unit

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. Although the Museum does not control the timing or amount of receipts from the Foundation, all of the resources the Foundation holds are restricted for Museum purposes. Because these resources can only be used by or for the benefit of the Museum, the Foundation is considered a component unit of the Museum. The Foundation has voted to disburse no less than 5 percent of total assets held by the Foundation, with payments being made quarterly.

Complete financial statements for the Foundation can be obtained from the Treasurer, Customs House Foundation, Inc., 324 Franklin Street, Clarksville, Tennessee 37040.

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
YEAR ENDED JUNE 30, 2023

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2022</u>	<u>Issued During Period</u>	<u>Paid or Forgiven During Period</u>	<u>Outstanding June 30, 2023</u>
<u>LEASE LIABILITIES</u>								
Printer	\$ 15,133	6.310%	7/1/2022	5/31/2027	\$ -	\$ 15,133	\$ 2,710	\$ 12,423
Total lease liabilities					<u>\$ -</u>	<u>\$ 15,133</u>	<u>\$ 2,710</u>	<u>\$ 12,423</u>

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL,
INTEREST REQUIREMENTS BY FISCAL YEAR
JUNE 30, 2023

	Printer Lease	
	Principal	Interest
2024	\$ 2,887	\$ 701
2025	3,074	514
2026	3,274	314
2027	<u>3,188</u>	<u>101</u>
	<u>\$ 12,423</u>	<u>\$ 1,630</u>



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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, 2023, and the related notes to the financial statements, which collectively comprise the Museum's basic financial statements, and have issued our report thereon dated December 8, 2023. The financial statements of the Customs House Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable compliance associated with the Customs House Foundation, Inc.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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

December 8, 2023

CLARKSVILLE-MONTGOMERY COUNTY MUSEUM
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

There were no prior year findings reported.