

**GREAT VALLEY MUSEUM FOUNDATION**

**FINANCIAL STATEMENTS**

June 30, 2019 and 2018

GREAT VALLEY MUSEUM FOUNDATION

FINANCIAL STATEMENTS  
June 30, 2019 and 2018

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION .....	3
STATEMENT OF ACTIVITIES – YEAR ENDED JUNE 30, 2019 .....	4
STATEMENT OF ACTIVITIES – YEAR ENDED JUNE 30, 2018 .....	5
STATEMENTS OF FUNCTIONAL EXPENSES .....	6
STATEMENTS OF CASH FLOWS .....	7
NOTES TO FINANCIAL STATEMENTS .....	8

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Great Valley Museum Foundation  
Modesto, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Great Valley Museum Foundation (the "Foundation") which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

---

(Continued)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Valley Museum Foundation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Foundation adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

**Crowe LLP**  
Crowe LLP

Sacramento, California  
May 22, 2019

GREAT VALLEY MUSEUM FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2019 and 2018

---

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 176,640	\$ 256,484
Accounts receivable	-	30,265
Prepaid expenses	446	434
Inventory	22,654	20,361
Collections	86,996	86,996
Investments	<u>424,711</u>	<u>315,157</u>
 Total assets	 <u>\$ 711,447</u>	 <u>\$ 709,697</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 170,664	\$ 119,575
Due to Yosemite Community College District	<u>154,464</u>	<u>183,062</u>
 Total liabilities	 <u>325,128</u>	 <u>302,637</u>
 <b>NET ASSETS</b>		
Without donor restrictions	264,488	286,356
With donor restrictions	<u>121,831</u>	<u>120,704</u>
 Total net assets	 <u>386,319</u>	 <u>407,060</u>
 Total liabilities and net assets	 <u>\$ 711,447</u>	 <u>\$ 709,697</u>

---

See accompanying notes to the financial statements.

GREAT VALLEY MUSEUM FOUNDATION  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2019

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Contributions	\$ 24,979	\$ -	\$ 24,979
Nature shop	32,539	-	32,539
Fundraising events, net	9,625	-	9,625
Other revenue	561	-	561
Investment income, net	9,842	1,298	11,140
Net assets released from restrictions	<u>171</u>	<u>(171)</u>	<u>          </u>
Total revenues and other support	<u>77,717</u>	<u>1,127</u>	<u>78,844</u>
Functional expenses:			
Program services	50,919	-	50,919
Management and general	<u>48,666</u>	<u>-</u>	<u>48,666</u>
Total functional expenses	<u>99,585</u>	<u>-</u>	<u>99,585</u>
Change in net assets	(21,868)	1,127	(20,741)
Net assets, beginning of year	<u>286,356</u>	<u>120,704</u>	<u>407,060</u>
Net assets, end of year	<u>\$ 264,488</u>	<u>\$ 121,831</u>	<u>\$ 386,319</u>

See accompanying notes to the financial statements.

GREAT VALLEY MUSEUM FOUNDATION  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2018

	2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Contributions	\$ 29,426	\$ -	\$ 29,426
Nature shop	26,923	-	26,923
Fundraising events, net	20,418	-	20,418
Other revenue	207	-	207
Investment income, net	10,873	1,253	12,126
Net assets released from restrictions	<u>2,442</u>	<u>(2,442)</u>	<u>          </u>
Total revenues and other support	<u>90,289</u>	<u>(1,189)</u>	<u>89,100</u>
Functional expenses:			
Program services	47,442	-	47,442
Management and general	<u>50,574</u>	<u>-</u>	<u>50,574</u>
Total functional expenses	<u>98,016</u>	<u>-</u>	<u>98,016</u>
Change in net assets	(7,727)	(1,189)	(8,916)
Net assets, beginning of year	<u>294,083</u>	<u>121,893</u>	<u>415,976</u>
Net assets, end of year	<u>\$ 286,356</u>	<u>\$ 120,704</u>	<u>\$ 407,060</u>

See accompanying notes to the financial statements.

GREAT VALLEY MUSEUM FOUNDATION  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 Year ended June 30, 2019 and 2018

---

	Program Services		Total Program Services	Management and General	Total Expenses
	Museum	Nature Shop			
<u>2019</u>					
Salaries	\$ 14,040	\$ 17,160	\$ 31,200	\$ 46,800	\$ 78,000
Cost of goods sold	-	16,222	16,222	-	16,222
Repair and maintenance	-	-	-	1,866	1,866
Other expenses	3,497	-	3,497	-	3,497
Total	\$ 17,537	\$ 33,382	\$ 50,919	\$ 48,666	\$ 99,585

	Program Services		Total Program Services	Management and General	Total Expenses
	Museum	Nature Shop			
<u>2018</u>					
Salaries	\$ 14,040	\$ 17,160	\$ 31,200	\$ 46,800	\$ 78,000
Cost of goods sold	-	12,816	12,816	-	12,816
Repair and maintenance	-	-	-	1,332	1,332
Other expenses	3,426	-	3,426	2,442	5,868
Total	\$ 17,466	\$ 29,976	\$ 47,442	\$ 50,574	\$ 98,016

---

See accompanying notes to the financial statements.



GREAT VALLEY MUSEUM FOUNDATION  
 STATEMENTS OF CASH FLOWS  
 Year Ended June 30, 2019 and 2018

---

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (20,741)	\$ (8,916)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(4,146)	(325)
Changes in:		
Accounts receivable	30,265	(6,263)
Prepaid expenses	(12)	125
Inventory	(2,293)	(2,497)
Accounts payable	51,089	(13,818)
Due to Yosemite Community College District	<u>(28,598)</u>	<u>(1,986)</u>
Net cash (used in) provided by operating activities	<u>25,564</u>	<u>(33,680)</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments	226,226	(133,265)
Proceeds from sale of investments	<u>(331,634)</u>	<u>99,481</u>
Net cash used in investing activities	<u>(105,408)</u>	<u>(33,784)</u>
Net change in cash and cash equivalents	(79,844)	(67,464)
Cash and cash equivalents, beginning of year	<u>256,484</u>	<u>323,948</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 176,640</u>	<u>\$ 256,484</u>

---

See accompanying notes to the financial statements.

GREAT VALLEY MUSEUM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

---

**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization: Great Valley Museum Foundation (the “Foundation”) is a nonprofit public benefit corporation whose specific and primary purpose is the procurement and extension of financial support toward the maintenance and modification of the Great Valley Museum of Natural History’s (the “Museum’s”) facilities which includes a nature gift shop.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: The Foundation has adopted the provisions of Codification Topic 958-605, *Accounting for Contributions Received and Contributions Made*, and Codification Topic 958-205, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets not subject to donor-imposed stipulations. As of June 30, 2019 and 2018, \$105,975 and \$105,975, respectively, were designated by the Board of the Foundation for a Board-designated endowment.
- *Net Assets With Donor Restrictions* – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restriction on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents: The Foundation considers cash and cash equivalents to include cash in commercial checking accounts and demand deposits in money market funds that are used for operational purposes with original maturity dates of three month or less. The Foundation at times may include in its depository account cash that has been restricted as to its use by donors. Cash and cash equivalent balances, at times, may be in excess of the Federal Deposit Insurance Corporation insurance limit of \$250,000. At June 2019 and 2018, cash did not exceed the federally insured limits.

Investments: Investments are carried at fair value. Net change in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) of those investments, is reported in the statement of activities. Investment income is accrued as earned.

Collections: The Foundation capitalized its collections. Accessions are capitalized at cost, if purchased and at appraised or fair value, at date of accession if received by donation. Gains and losses on deaccessions of donated collections are recorded based on the presence or absence of donor restrictions placed on items at the date of donation.

Accounts Receivable: The Foundation utilizes the allowance method of accounting for uncollectible accounts receivable. No allowance was necessary at June 30, 2019 and 2018.

Inventory: Inventory is stated at cost and consists of items available for resale in the nature shop of the Museum.

---

(Continued)

GREAT VALLEY MUSEUM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

---

**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Contributions:** Contributions are recognized as revenues in the period received. Unconditional promises to give (pledges) are recognized as revenue when the commitment is communicated to the Foundation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**Functional Allocation of Expenses:** The costs of providing the various activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Endowment Assets:** The Board of Directors of the Foundation has interpreted UPMIFA (under applicable California statutes) as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds with donor restrictions absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. As of the years ending June 30, 2019 and 2018, all endowments are board-designated endowment funds.

The Foundation follows adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain purchasing power of the endowment assets.

The investment objective is to optimize earnings on all invested funds, while maintaining the preservation of capital. Risk will be minimized by investing in high quality fixed income instruments. To the extent that corporate obligations are purchased, those purchases will be diversified in terms of issuer and industry sector.

**Income Taxes:** The Foundation is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and Section 23701(d) of the *California Revenue and Taxation Code*. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(2). The Foundation has not entered into any activities that would jeopardize its tax-exempt status. Accordingly, no provision for income taxes is required.

The Foundation files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2014 and beyond, and the California returns for tax years 2013 and beyond, remain subject to examination by the taxing authorities.

The Foundation adopted FASB ASC 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in the Foundation's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return.

The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Interest and penalties on tax assessments are classified as income tax expense when incurred. For the years ended June 30, 2019 and 2018, the Foundation did not incur any interest or penalties.

---

(Continued)

GREAT VALLEY MUSEUM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

---

**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

Adoption of New Accounting Standard: In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which revises the not-for profit financial reporting model. ASU 2016-14 provides for additional disclosure requirements and modifies net asset reporting. The standard requires the Foundation to reclassify its net assets (i.e., unrestricted, temporarily restricted, and permanently restricted) into two categories; net assets without donor-imposed restrictions and net assets with donor-imposed restrictions, among other requirements. The Foundation adopted ASU 2016-14 for its fiscal year ending June 30, 2019 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, except for the liquidity disclosure, as permitted. The implementation of this ASU did not have a material effect on amounts previously presented.

Subsequent Events: In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and investment results of the Foundation could be materially adversely affected. The extent to which the coronavirus may impact Foundation activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

**NOTE 2 – INVESTMENTS**

Following is a summary of investments held for the year ended June 30 as follows:

	<u>2019</u>	<u>2018</u>
Investments:		
Equity securities	\$ 219,233	\$ 154,539
Debt and fixed income securities	<u>205,478</u>	<u>160,618</u>
 Total investment	 <u>\$ 424,711</u>	 <u>\$ 315,157</u>

The Foundation accounts for certain assets and liabilities in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*. The Foundation measures some assets at fair value on a recurring basis as described in note 1. The Foundation may be required, from time to time, to measure certain assets and liabilities at fair value on a non-recurring basis. The Foundation had no assets or liabilities that were required to be measured on a non-recurring basis as of June 30, 2019 and 2018.

---

(Continued)

GREAT VALLEY MUSEUM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

**NOTE 2 – INVESTMENTS** (Continued)

The Foundation classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement.

Valuations within the hierarchy levels are based upon the following:

*Level 1:* Quoted market prices for identical instruments traded in active exchange markets.

*Level 2:* Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

*Level 3:* Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Foundation's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation which may be significant.

The Foundation is required or permitted to record the following assets at fair value on a recurring basis:

<u>Description</u>	<u>Fair Value</u>	<u>June 30, 2019</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment securities:				
Equity securities	\$ 219,233	\$ 219,233	\$ -	\$ -
Debt and fixed income securities	<u>205,478</u>	<u>205,478</u>	<u>-</u>	<u>-</u>
Total investment securities	<u>\$ 424,711</u>	<u>\$ 424,711</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Description</u>	<u>Fair Value</u>	<u>June 30, 2018</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment securities:				
Equity securities	\$ 154,539	\$ 154,539	\$ -	\$ -
Debt and fixed income securities	<u>160,618</u>	<u>160,618</u>	<u>-</u>	<u>-</u>
Total investment securities	<u>\$ 315,157</u>	<u>\$ 315,157</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2019 and 2018.

*Equity Securities* – Equity securities are valued at the closing price reported on the active market on which the individual securities are traded (Level 1).

*Debt and Fixed Income Securities* – Corporate and municipal bonds and other debt and fixed income securities are valued at the closing price reported on the active market on which the individual securities are traded (Level 1).

(Continued)

GREAT VALLEY MUSEUM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

---

**NOTE 2 – INVESTMENTS** (Continued)

Following is a summary of investment income for the year ended June 30 as follows:

	<u>2019</u>	<u>2018</u>
Dividends, interest and fees	\$ 6,994	\$ 11,801
Net realized/unrealized gain (losses)	<u>4,146</u>	<u>325</u>
Total	<u>\$ 11,140</u>	<u>\$ 12,126</u>

**NOTE 3 – ENDOWMENTS**

The Foundation accounts for endowments under the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted in California and its own governing documents. All endowments are board-designated endowment funds. See note 1, Net Assets for more details on the use and investment of those funds.

The endowment net asset composition as of June 30, 2019, and the related activity during the year then ended consists of the following:

	<u>Board- Designated with Donor Restricted</u>
Endowment balance, beginning of year	\$ 105,975
Income	1,866
Net appreciation (depreciation) (realized and unrealized)	-
Appropriation of endowment assets for expenditure	<u>(1,866)</u>
	<u>\$ 105,975</u>

The endowment net asset composition as of June 30, 2018, and the related activity during the year then ended consists of the following:

	<u>Board- Designated with Donor Restriction</u>
Endowment balance, beginning of year	\$ 105,975
Income	1,485
Net appreciation (depreciation) (realized and unrealized)	-
Appropriation of endowment assets for expenditure	<u>(1,485)</u>
	<u>\$ 105,975</u>

---

(Continued)

GREAT VALLEY MUSEUM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

---

**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30, consisted of the following:

	<u>2019</u>	<u>2018</u>
Capital projects	\$ 62,996	\$ 62,996
Collections	24,000	24,000
Water Access	6,876	6,654
Periodic Table	<u>27,959</u>	<u>27,054</u>
Total net assets with donor restrictions	<u>\$ 121,831</u>	<u>\$ 120,704</u>

**NOTE 5 – ADMINISTRATIVE EXPENSES**

The District provides certain administrative and fiscal services to the Foundation in a service and advisory capacity.

For the fiscal years ending June 30, 2019 and 2018, the Foundation has a financial agreement with the District to cover operating costs of the Museum. This agreement requires the Foundation to reimburse \$78,000 to the District, payable in semi-annual installments of \$39,000. The \$78,000 is an estimate of the expenses required to operate the Museum. The Foundation records amounts due to the District on the statement of financial position for payments made by the District on-behalf of the Foundation.

**NOTE 6 – LIQUIDITY AND AVAILABILITY**

The Foundation's financial assets available within one year of June 30, 2019 to meet general expenditures are approximately as follows:

Financial assets at year-end:

Cash and cash equivalents	\$ 176,640
---------------------------	------------