

**GREAT VALLEY MUSEUM FOUNDATION**

**FINANCIAL STATEMENTS**

June 30, 2021

GREAT VALLEY MUSEUM FOUNDATION

FINANCIAL STATEMENTS  
June 30, 2021

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## 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 statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

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(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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 7, the Foundation restated their beginning net asset balances to correct a misstatement. Our opinion is not modified with respect to this matter.



Crowe LLP

Sacramento, California  
November 22, 2021

GREAT VALLEY MUSEUM FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
June 30, 2021

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	<u>2021</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 105,097
Prepaid expenses	267
Inventory	27,763
Investments	<u>572,868</u>
Total assets	<u><u>\$ 705,995</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 129,070
Due to Yosemite Community College District	<u>227,478</u>
Total liabilities	<u>356,548</u>
<b>NET ASSETS</b>	
Without donor restrictions	<u>349,447</u>
Total net assets	<u>349,447</u>
Total liabilities and net assets	<u><u>\$ 705,995</u></u>

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See accompanying notes to the financial statements.

GREAT VALLEY MUSEUM FOUNDATION  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2021

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	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>Revenue:</b>			
Contributions	\$ 63,426	\$ -	\$ 63,426
Nature shop	3,783	-	3,783
Fundraising events, net	2,575	-	2,575
Other revenue	168	-	168
Investment income, net	<u>87,614</u>	-	<u>87,614</u>
Total revenues and other support	<u>157,566</u>	<u>-</u>	<u>157,566</u>
<b>Functional expenses:</b>			
Program services	37,394	-	37,394
Management and general	<u>49,982</u>	-	<u>49,982</u>
Total functional expenses	<u>87,376</u>	<u>-</u>	<u>87,376</u>
<b>Change in net assets</b>	70,190	-	70,190
Net assets, July 1, 2020	243,778	122,475	366,253
Prior period adjustment (Note 7)	<u>35,479</u>	<u>(122,475)</u>	<u>(86,996)</u>
Net assets, July 1, 2020 (as restated)	<u>279,257</u>	<u>-</u>	<u>279,257</u>
<b>Net assets, end of year</b>	<u>\$ 349,447</u>	<u>\$ -</u>	<u>\$ 349,447</u>

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See accompanying notes to the financial statements.

GREAT VALLEY MUSEUM FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2021

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	Program Services		Total Program Services	Management and General	Total Expenses
	Museum	Nature Shop			
Salaries	\$ 14,040	\$ 17,160	\$ 31,200	\$ 46,800	\$ 78,000
Cost of goods sold	-	2,687	2,687	-	2,687
Repair and maintenance	-	-	-	3,182	3,182
Other expenses	3,507	-	3,507	-	3,507
Total	\$ 17,547	\$ 19,847	\$ 37,394	\$ 49,982	\$ 87,376

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See accompanying notes to the financial statements.

GREAT VALLEY MUSEUM FOUNDATION  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2021

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	<u>2021</u>
<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 70,190
Reconciliation of change in net assets to net cash (used in) provided by operating activities:	
Net realized and unrealized gain on investments	(79,647)
Changes in:	
Prepaid expenses	191
Inventory	1,832
Accounts payable	(59,606)
Due to Yosemite Community College District	<u>103,023</u>
Net cash provided by operating activities	<u>35,983</u>
<b>Cash flows from investing activities:</b>	
Purchases of investments	(344,630)
Proceeds from sale of investments	<u>268,219</u>
Net cash used in investing activities	<u>(76,411)</u>
<b>Net change in cash and cash equivalents</b>	(40,428)
Cash and cash equivalents – beginning of year	<u>145,525</u>
<b>Cash and cash equivalents – end of year</b>	<u><u>\$ 105,097</u></u>

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See accompanying notes to the financial statements.



GREAT VALLEY MUSEUM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**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, 2021, \$105,975 was 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. As of June 30, 2021, there were no net assets with donor restrictions.

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 30, 2021, 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.

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

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 or explicitly waived by the donor.

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(Continued)

GREAT VALLEY MUSEUM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

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 and for the year ending June 30, 2021, 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 2017 and beyond, and the California returns for tax years 2016 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 year ended June 30, 2021, the Foundation did not incur any interest or penalties.

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.

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(Continued)

GREAT VALLEY MUSEUM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

Accounting Pronouncements Adopted: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Foundation implemented this guidance for the year ended June 30, 2021 using a full retrospective method of application to contracts. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

Coronavirus Implications: In December 2019, a novel strain of coronavirus surfaced and 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. In response to the pandemic and in compliance with various state and local ordinances, the Foundation has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for its people. During fiscal year ending June 30, 2021, the negative impact on the Foundation's operations and financial results has not been significant. Management moved the operations to become fully remote.

**NOTE 2 – INVESTMENTS**

Following is a summary of investments held for the year ended June 30, 2021 as follows:

	<u>2021</u>
Equity securities	\$ <u>572,868</u>
Total investments	\$ <u><u>572,868</u></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, 2021.

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.

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(Continued)

GREAT VALLEY MUSEUM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 2 – INVESTMENTS** (Continued)

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:

	June 30, 2021			
<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investment securities:				
Equity securities	\$ 572,868	\$ 572,868	\$ -	\$ -
Total investments	<u>\$ 572,868</u>	<u>\$ 572,868</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, 2021.

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

Following is a summary of investment income for the year ended June 30, 2021 as follows:

	<u>2021</u>
Dividends, interest, and fees	\$ 7,967
Net realized/unrealized gains	<u>79,647</u>
Total	<u>\$ 87,614</u>

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(Continued)

GREAT VALLEY MUSEUM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**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 board designated endowment net asset composition as of June 30, 2021 and the related activity during the year then ended consists of the following:

	<u>2021</u>
Endowment net assets, beginning of year	\$ 105,975
Net appreciation (depreciation) realized and unrealized	-
Income	3,182
Appropriation of endowment assets for expenditure	<u>(3,182)</u>
Endowment net assets, end of year	<u>\$ 105,975</u>

**NOTE 4 – ADMINISTRATIVE EXPENSES**

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

For the fiscal year ending June 30, 2021, 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 5 – LIQUIDITY AND AVAILABILITY**

The Foundation's financial assets available within one year of June 30, 2021 to meet general expenditures are approximately as follows:

	<u>2021</u>
Financial assets at year end:	
Cash and cash equivalents	\$ 105,097
Investments	<u>572,868</u>
Total financial assets	<u>677,965</u>
Less amounts not available to be used for general expenditures:	
Board designated endowment	<u>(105,975)</u>
Total financial assets available to meet cash needs for general expenditures	<u>\$ 571,990</u>

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(Continued)

GREAT VALLEY MUSEUM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 6 - SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to June 30, 2021 to determine the need for any adjustments or disclosures to the audited financial statements for the year ended June 30, 2021. Management has performed their analysis through November 22, 2021, the date the financial statements were available to be issued.

**NOTE 7 - RESTATEMENT**

In accordance with generally accepted accounting principles, an entity shall consider whether a contribution includes a donor-imposed restriction, which includes the consideration about how broad or narrow the purpose of the agreement is and whether the resources can be used only after a specified date. During the fiscal year ending June 30, 2021, the Foundation researched historical net asset classifications and identified amounts previously recorded as with donor restriction totaling \$122,475 that did not have evidence of donor intent that the funds be held restricted for purposes beyond the Foundation's general operations. Therefore, this amount was released from restriction. In addition, the Foundation identified certain collection assets held with donor restriction totaling \$86,996 that were the legal property of Modesto Junior College and not the Foundation.

The restatement resulted in a net increase of \$35,479 to beginning net assets without donor restrictions, and a decrease of \$122,475 to net assets with donor restrictions. The beginning net assets decreased \$86,996 in total, which equates to the amount conveyed to Modesto Junior College.