

AUDITED FINANCIAL STATEMENTS

CANTON MUSEUM OF ART

June 30, 2018 and 2017



HALL, KISTLER & COMPANY LLP  
CONSULTANTS AND CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Members  
Canton Museum of Art  
Canton, Ohio

We have audited the accompanying financial statements of Canton Museum of Art (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 audits. 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canton Museum of Art of June 30, 2018 and 2017, 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.

*Hall, Kistler & Company LLP*

Certified Public Accountants

Canton, Ohio  
September 17, 2018



STATEMENTS OF FINANCIAL POSITION

CANTON MUSEUM OF ART

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 295,895	\$ 239,245
Receivables:		
Grants	54,183	48,394
Other	8,612	8,150
Inventory	3,440	4,519
Prepaid expenses	19,180	50,184
TOTAL CURRENT ASSETS	<u>381,310</u>	<u>350,492</u>
Art collections (see Notes A and E)	-	-
<u>IMPROVEMENTS AND EQUIPMENT</u>		
Improvements	404,040	404,040
Office furniture, fixtures and equipment	197,545	197,119
	<u>601,585</u>	<u>601,159</u>
Less accumulated depreciation	517,152	506,779
	<u>84,433</u>	<u>94,380</u>
<u>OTHER ASSETS</u>		
Investments	3,726,100	4,168,533
Beneficial interest in assets held by Stark Community Foundation	355,273	334,609
	<u>4,081,373</u>	<u>4,503,142</u>
TOTAL ASSETS	<u>\$ 4,547,116</u>	<u>\$ 4,948,014</u>

See independent auditor's report and notes to financial statements.



STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	<u>2018</u>	<u>2017</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 23,896	\$ 65,933
Accrued expenses	37,787	41,573
TOTAL CURRENT LIABILITIES	<u>61,683</u>	<u>107,506</u>
<u>NET ASSETS</u>		
Unrestricted	3,145,448	3,177,043
Temporarily restricted	693,907	1,017,491
Permanently restricted	646,078	645,974
	<u>4,485,433</u>	<u>4,840,508</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,547,116</u>	<u>\$ 4,948,014</u>



STATEMENTS OF ACTIVITIES

CANTON MUSEUM OF ART

For the years ended June 30, 2018 and 2017

	2018			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<u>REVENUES, GAINS AND OTHER SUPPORT</u>				
Grants and contributions	\$ 395,967	\$ 193,918	\$ -	\$ 589,885
In-kind contribution - use of facilities	420,180	-	-	420,180
Memberships	41,636	-	-	41,636
Investment income:				
Interest and dividends	146,193	26,074	139	172,406
Net realized and unrealized	(24,252)	(5,360)	(35)	(29,647)
Special events and benefits	120,788	-	-	120,788
Educational fees and outreach programs	134,002	-	-	134,002
Admissions	19,545	-	-	19,545
Rent	14,643	-	-	14,643
Sale of books, prints and miscellaneous	45,419	-	-	45,419
Other	6,536	-	-	6,536
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>1,320,657</b>	<b>214,632</b>	<b>104</b>	<b>1,535,393</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>141,032</b>	<b>(141,032)</b>	<b>-</b>	<b>-</b>
<u>EXPENSES</u>				
Program services:				
Exhibits and general gallery	591,205	-	-	591,205
Education	346,726	-	-	346,726
Cost of sales	19,900	-	-	19,900
Fundraising	141,599	-	-	141,599
Supporting services:				
General and administrative	297,909	-	-	297,909
Operation and maintenance of facilities	95,945	-	-	95,945
<b>TOTAL EXPENSES</b>	<b>1,493,284</b>	<b>-</b>	<b>-</b>	<b>1,493,284</b>
<b>CHANGE IN NET ASSETS BEFORE COLLECTION OF ART NOT CAPITALIZED</b>	<b>(31,595)</b>	<b>73,600</b>	<b>104</b>	<b>42,109</b>
<u>COLLECTION OF ART NOT CAPITALIZED</u>				
Deaccession (accession) of art, net	-	(397,184)	-	(397,184)
<b>CHANGE IN NET ASSETS</b>	<b>(31,595)</b>	<b>(323,584)</b>	<b>104</b>	<b>(355,075)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>3,177,043</b>	<b>1,017,491</b>	<b>645,974</b>	<b>4,840,508</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,145,448</b>	<b>\$ 693,907</b>	<b>\$ 646,078</b>	<b>\$ 4,485,433</b>

See independent auditor's report and notes to financial statements.



STATEMENTS OF ACTIVITIES (CONTINUED)

	2017			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
	<u>REVENUES, GAINS AND OTHER SUPPORT</u>			
Grants and contributions	\$ 660,112	\$ 210,502	\$ -	\$ 870,614
In-kind contribution - use of facilities	420,180	-	-	420,180
Memberships	40,303	-	-	40,303
Investment income:				
Interest and dividends	147,319	25,714	132	173,165
Net realized and unrealized	12,949	1,366	(10)	14,305
Special events and benefits	102,329	-	-	102,329
Educational fees and outreach programs	99,100	-	-	99,100
Admissions	26,418	-	-	26,418
Rent	14,872	-	-	14,872
Sale of books, prints and miscellaneous	64,018	-	-	64,018
Other	7,731	-	-	7,731
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>1,595,331</b>	<b>237,582</b>	<b>122</b>	<b>1,833,035</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>253,351</b>	<b>(253,351)</b>	<b>-</b>	<b>-</b>
<u>EXPENSES</u>				
Program services:				
Exhibits and general gallery	540,804	-	-	540,804
Education	317,154	-	-	317,154
Special events	34,818	-	-	34,818
Cost of sales	26,649	-	-	26,649
Fundraising	86,640	-	-	86,640
Supporting services:				
General and administrative	304,710	-	-	304,710
Operation and maintenance of facilities	96,511	-	-	96,511
<b>TOTAL EXPENSES</b>	<b>1,407,286</b>	<b>-</b>	<b>-</b>	<b>1,407,286</b>
<b>CHANGE IN NET ASSETS BEFORE COLLECTION OF ART NOT CAPITALIZED</b>	<b>441,396</b>	<b>(15,769)</b>	<b>122</b>	<b>425,749</b>
<u>COLLECTION OF ART NOT CAPITALIZED</u>				
Deaccession (accession) of art, net	-	(88,224)	-	(88,224)
<b>CHANGE IN NET ASSETS</b>	<b>441,396</b>	<b>(103,993)</b>	<b>122</b>	<b>337,525</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>2,735,647</b>	<b>1,121,484</b>	<b>645,852</b>	<b>4,502,983</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,177,043</b>	<b>\$ 1,017,491</b>	<b>\$ 645,974</b>	<b>\$ 4,840,508</b>





## STATEMENTS OF CASH FLOWS

### CANTON MUSEUM OF ART

Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (355,075)	\$ 337,525
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,373	13,426
(Deaccession) accession of art, net	397,184	88,224
Net realized and unrealized (gain) loss on investments	48,268	9,865
Net realized and unrealized (gain) loss on beneficial interest in assets held by Stark Community Foundation	(18,621)	(24,170)
Changes in assets and liabilities:		
Receivables	(6,251)	(7,321)
Inventory and prepaid expenses	32,083	(30,938)
Accounts payable and accrued expenses	(45,823)	14,863
Net cash provided by (used in) operating activities	<u>62,138</u>	<u>401,474</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of improvements and equipment	(426)	(11,136)
Deaccession (accession) of art, net	(397,184)	(88,224)
Purchase of investments	(89,334)	(450,781)
Purchase of beneficial interest in assets held by Stark Community Foundation	-	(310,000)
Proceeds from sale of investments	481,456	547,536
Net cash (used in) provided by investing activities	<u>(5,488)</u>	<u>(312,605)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>56,650</b>	<b>88,869</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>239,245</u></b>	<b><u>150,376</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 295,895</u></b>	<b><u>\$ 239,245</u></b>

See independent auditor's report and notes to financial statements.



## NOTES TO FINANCIAL STATEMENTS

### CANTON MUSEUM OF ART

June 30, 2018 and 2017

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#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization

Canton Museum of Art (Museum) is a non-profit entity organized under the laws of the State of Ohio and fully accredited by the American Alliance of Museums. The community-oriented Museum provides art services which include maintenance and exhibit of a permanent collection of fine art, presentation of a diversified schedule of both original and rental exhibitions, a wide variety of educational opportunities, and collaborations with many other community agencies.

##### Basis of Presentation

The Museum applies FASB ASC 958-205. Under FASB ASC 958-205, the Museum is required to report information regarding its financial position and activities according to three classes of net assets described as follows:

Unrestricted net assets – Net assets which are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Museum and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Museum. Generally, the donors of these assets permit the Museum to use all or part of the income earned on related investments for general or specific purposes.

##### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses including functional allocations during the reporting period. Actual results could differ from those estimates.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Concentration of Credit Risk

Financial instruments which potentially subject the Museum to concentrations of credit risk consist of cash, temporary investments, investment securities, and contributions receivable. The Museum places its cash and temporary investments with creditworthy, high quality financial institutions.

The Museum has significant investments in equity securities and other types of investments and is therefore subject to concentrations of credit risk. Investments are managed by investment advisors who are supervised by the Trustees. Though the market value of investments is subject to fluctuations on a year-to-year basis, the Trustees believe that the investment policy is prudent for the long-term welfare of the Museum.

#### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Museum considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Museum's cash accounts are maintained at high quality financial institutions and may at times exceed Federally insured amounts.

#### Grants and Contributions

Grants and contributions are recognized when the donor makes a promise to give to the Museum that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets, if the restrictions expire in the fiscal year in which the grants and contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of property and equipment are recorded as support at their estimated fair value. Such contributions are reported as unrestricted support unless the donor has restricted the contributed asset to a specific purpose. Assets contributed with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Grants and Contributions (Continued)

Absent donor stipulations regarding how long those contributed assets must be maintained, the Museum reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Museum reclassifies temporarily restricted net assets to unrestricted net assets at that time.

#### Inventory

Inventories of merchandise purchased for resale or used for classes are stated at lower of cost or market determined by the first-in, first-out (FIFO) method.

#### Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, based on quoted prices in active markets (all Level 1 measurements). The Museum's beneficial interest in the Stark Community Foundation pooled account (Level 3 measurement) is reported at fair value, based on reports by investment managers and the audited financial statements of the funds within the investment pool. The Museum believes this method provides a reasonable estimate of fair value. Interest and dividend income, and net realized or unrealized gains or losses on fair value of investments are included in the statement of activities and reported as increases or decreases within the appropriate class of net assets.

FASB ASC 820, established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value. The Museum's investments in certificates, equity securities, mutual funds and agency bonds are Level 1 inputs.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and include:



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments (Continued)

Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. The Museum had no Level 2 inputs.

Level 3 inputs are unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances. The Museum's beneficial interest in the Stark Community Foundation pooled account is a Level 3 input.

During the year ended June 30, 2017, the Museum funded a beneficial interest in assets held by the Stark Community Foundation, a community trust established to administer gifts or bequests for public charitable uses. All contributions are held, invested, and managed by the Stark Community Foundation as a permanent endowment fund for the benefit of the Museum in accordance with terms of the agreement. Income from the fund is available with the approval of the Museum's Board of Directors and the principal may be obtained with approval from the Museum's Board of Directors as well as the approval of the Stark Community Foundation's Board. Per the agreement with the Stark Community Foundation, if the Museum ceases to exist, its Board of Directors shall select another tax-exempt charitable organization as the designated beneficiary of the interest in the pooled account held at the Stark Community Foundation.

#### Improvements and Equipment

Improvements and equipment are recorded at cost or fair value in the case of donated property at the date of acquisition. Expenditures for maintenance and repairs are expensed as incurred, while expenditures for additions and improvements are generally capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation expense amounted to \$10,373 and \$13,426 for the years ended June 30, 2018 and 2017, respectively.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Donated Facilities and Services

The Museum entered into an agreement with Arts in Stark (formerly the Cultural Center for the Arts) (AIS) of Canton, Ohio for the use of facilities at 1001 Market Avenue North. The agreement is automatically renewed from year to year, unless notification to the contrary is made by either party 120 days prior to the end of the calendar year. Under the agreement, no rental payments are made to AIS. However, the Museum is responsible for maintenance and repair of the facilities, as well as its pro rata share of certain utility costs.

Contributed facility income and expense for the special purpose facilities has been reflected in the financial statements under the heading "In-kind contribution – use of facilities" and within various expenses, respectively, in the amount of \$420,180 for the years ended June 30, 2018 and 2017.

The value of contributed services is not included in the financial statements since no objective method of measuring their value is available. However, there are a number of volunteers who have donated a considerable amount of time to the Museum's programs and activities.

#### Art Collections

The Museum's art collections, which were purchased or donated, are not included as assets in the statement of financial position. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sales to be used to acquire other items for collections. Purchases of collection items are recorded as decreases in net assets in the year in which the items are acquired. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions are reflected as increases in net assets.

#### Functional Allocation of Costs

Costs of providing various programs and other activities have been summarized on the statement of activities on a functional basis as determined by management.

#### Advertising Costs

Advertising costs, which are expensed as incurred, totaled \$96,020 and \$97,309 for the years ended June 30, 2018 and 2017, respectively.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Income Taxes

The Museum is a non-profit entity and has been granted an exemption from income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

*Uncertain Tax Positions.* The Museum complies with the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The provisions prescribe a two-step process for recognizing and measuring income tax uncertainties. First, a threshold condition of “more likely than not” should be met to determine whether any of the benefit from an uncertain tax position should be recognized in the financial statements. If the recognition threshold is met, FASB ASC 740-10 provides additional guidance on measuring the amount of the uncertain tax position. The Museum may recognize a tax benefit from an uncertain tax position under FASB ASC 740-10 only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefit recognized in the financial statements from an uncertain position should be measured under FASB ASC 740-10 based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. FASB ASC 740-10 also provides guidance on derecognition, classification, transition and increased disclosure of uncertain tax positions. The Museum recognized no liability for unrecognized tax benefits resulting from FASB ASC 740-10 as of June 30, 2018 and 2017.

#### Subsequent Events

The Museum has evaluated subsequent events through September 17, 2018, the date which the financial statements were available to be issued.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE B - INVESTMENTS**

Investments and beneficial interests stated at fair value at June 30, 2018 are summarized as follows:

Asset Category	Fair Value at June 30, 2018	Level 1	Level 2	Level 3
Money funds	\$ 115,921	\$ 115,921	\$ -	\$ -
Certificates	-	-	-	-
Common stocks	2,891,749	2,891,749	-	-
Corporate bonds and notes	195,670	195,670	-	-
Mutual funds	522,760	522,760	-	-
Investment in beneficial interest in a pooled account	355,273	-	-	355,273
	<u>\$ 4,081,373</u>	<u>\$ 3,726,100</u>	<u>\$ -</u>	<u>\$ 355,273</u>

Investments stated at fair value at June 30, 2017 are summarized as follows:

Asset Category	Fair Value at June 30, 2017	Level 1	Level 2	Level 3
Money funds	\$ 142,914	\$ 142,914	\$ -	\$ -
Certificates	353,167	353,167	-	-
Common stocks	3,056,636	3,056,636	-	-
Corporate bonds and notes	141,326	141,326	-	-
Mutual funds	474,490	474,490	-	-
Investment in beneficial interest in a pooled account	334,609	-	-	334,609
	<u>\$ 4,503,142</u>	<u>\$ 4,168,533</u>	<u>\$ -</u>	<u>\$ 334,609</u>





NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE B - INVESTMENTS (CONTINUED)**

Fair value measurements using significant unobservable inputs (Level 3) at June 30, 2018:

Beginning balance	\$ 334,609
Transfer into Level 3	-
Total gains or losses for the period	18,621
Total other earned income	4,032
Management fees paid	<u>(1,989)</u>
Ending balance	<u>\$ 355,273</u>

Fair value measurements using significant unobservable inputs (Level 3) at June 30, 2017:

Beginning balance	\$ -
Transfer into Level 3	310,000
Total gains or losses for the period	24,170
Total other earned income	1,655
Management fees paid	<u>(1,216)</u>
Ending balance	<u>\$ 334,609</u>

**NOTE C - GRANTS RECEIVABLE**

Grants receivable are expected to be collected in:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 54,183	\$ 48,394
One to five years	<u>-</u>	<u>-</u>
	<u>\$ 54,183</u>	<u>\$ 48,394</u>

**NOTE D - OPERATING LEASE**

The Museum leases office equipment under five-year noncancelable operating leases expiring in June 2023. Future minimum rental payments required under the leases amount to \$5,524 per year through June 30, 2022 and \$5,068 for year end June 30, 2023. Lease expenses amount to \$8,102 and \$3,577 for the years ended June 30, 2018 and 2017, respectively.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE E - ART COLLECTIONS**

The Museum's collections are made up of art objects that are held for educational and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their condition are performed continuously.

The cost of all objects purchased or repaired, less the proceeds from deaccessions of objects, is reported as a separate program expense. Purchased accessions amounted to \$405,347 and \$100,336 for the years ended June 30, 2018 and 2017, respectively. Sold deaccessions were \$8,163 and \$12,112 for the years ended June 30, 2018 and 2017, respectively.

The estimated fair value of the collection for insurance purposes was approximately \$33,153,680 and \$21,282,695 at June 30, 2018 and 2017, respectively. The Permanent Collection is broken down into six (6) categories: 3D, Ceramics, Drawings, Oils, Prints & Watercolors. Each category of artwork is appraised once every ten (10) years, as suggested by professional appraisers.

**NOTE F - RESTRICTIONS ON NET ASSETS**

Restrictions on net assets as of June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Temporarily restricted net assets are available for the following purposes:		
Purchase of art, conservation, and exhibits	\$ 412,739	\$ 812,353
Scholarships and education	31,969	20,187
Other	249,199	184,951
	<u>\$ 693,907</u>	<u>\$ 1,017,491</u>

Restrictions on net assets as of June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Permanently restricted net assets, income restricted to:		
Operations	\$ 586,444	\$ 586,354
Purchase of art	38,388	38,383
Education	21,246	21,237
	<u>\$ 646,078</u>	<u>\$ 645,974</u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**NOTE G - RETIREMENT ANNUITY PLAN**

The Museum has in effect a defined contribution retirement annuity plan covering substantially all of the Museum's full-time employees. Under the plan, contributions made by the employees through salary reduction agreements are matched by the Museum. Since the annuities are owned individually, each participant is fully vested. The expense to the Museum was \$9,877 and \$8,312 for the years ended June 30, 2018 and 2017, respectively.



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INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees and Members  
Canton Museum of Art  
Canton, Ohio

We have audited the financial statements of Canton Museum of Art as of and for the years ended June 30, 2018 and 2017, and have issued our report thereon dated September 17, 2018, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of supporting service expenses is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hall, Kistler & Company LLP*

Certified Public Accountants

Canton, Ohio  
September 17, 2018



SCHEDULES OF SUPPORTING SERVICE  
EXPENSES

CANTON MUSEUM OF ART

(See independent auditor's report on other financial information.)

Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>GENERAL AND ADMINISTRATIVE</u>		
Salaries and wages	\$ 90,620	\$ 87,113
Office supplies	6,814	6,050
Telephone	690	621
Postage	2,746	3,266
Advertising and promotion	96,020	97,309
Potters guild	10,253	8,954
Subscription service and membership	6,026	6,744
Legal and accounting	15,400	15,320
Investment fees	29,722	29,343
Insurance	5,190	4,535
Computer expenses	566	5,802
Payroll taxes and employee benefits	19,571	17,754
Depreciation	10,373	13,426
Miscellaneous	3,918	8,473
	<u>\$ 297,909</u>	<u>\$ 304,710</u>
<u>OPERATION AND MAINTENANCE OF FACILITIES</u>		
Contributed use of facilities	\$ 73,532	\$ 73,532
Utilities and maintenance	20,363	21,058
Supplies and material	2,050	1,921
	<u>\$ 95,945</u>	<u>\$ 96,511</u>