

MASSILLON MUSEUM
AUDITED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS

December 31, 2011 and 2010

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Dave Yost • Auditor of State

Board of Directors
Massillon Museum
121 Lincoln Way East
Massillon, Ohio 44646

We have reviewed the *Independent Auditor's Report* of the Massillon Museum, Stark County, prepared by Smith, Barta & Company, for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Massillon Museum is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 10, 2012

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Smith Barta & Company

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Massillon Museum
Massillon, Ohio

We have audited the accompanying statement of financial position of Massillon Museum (a not-for-profit corporation) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Museum's 2010 financial statements, and in our report dated June 20, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massillon Museum as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2012, on our consideration of Massillon Museum's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

Smith, Barta & Company
Certified Public Accountants

June 22, 2012

Canton, Ohio

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MASSILLON MUSEUM

STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

ASSETS

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 362,996	\$ 405,704
Investments - at fair value - NOTE B	208,465	192,405
Beneficial interest in assets of Stark Community Foundation - NOTE C	44,275	45,235
Accounts receivable	1,200	817
Government appropriations tax receivable - NOTE F	465,500	415,500
Inventory - museum shop	14,476	13,854
Collections	1,925	1,925
Property and equipment - NOTE D	2,302,790	2,237,584
Prepaid expenses	3,725	7,546
Other assets	97	97
	<u>97</u>	<u>97</u>
TOTAL ASSETS	<u>\$ 3,405,449</u>	<u>\$ 3,320,667</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 18,809	\$ 26,489
Accrued payroll and related liabilities	27,417	21,936
Commitments and contingent liabilities - NOTE H	-	-
	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	46,226	48,425

NET ASSETS

Unrestricted	3,155,612	3,029,927
Temporarily restricted - NOTE E	106,299	143,416
Permanently restricted - NOTE E	97,312	98,899
	<u>97,312</u>	<u>98,899</u>
TOTAL NET ASSETS	<u>3,359,223</u>	<u>3,272,242</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,405,449</u>	<u>\$ 3,320,667</u>

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

MASSILLON MUSEUM

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2011 with Comparative totals for 2010

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>
<u>REVENUES, GAINS AND OTHER SUPPORT</u>		
Contributions	\$ 15,855	\$ -
Government appropriation tax - NOTE F	585,926	-
In-kind contributions	1,946	-
Grants	189,624	47,135
Exhibitions	2,750	-
Membership of museum	29,236	-
Museum shop sales:		
Gross profit	11,587	-
Less cost of sales	(5,585)	-
Program and other fees	30,008	-
Fundraisers (revenue of \$3,014 and \$7,435 net of direct costs of \$448 and \$1,240 in 2011 and 2010, respectively)	2,566	-
Interest and dividends	7,330	-
Realized gain (loss) on sale of investments and beneficial interest	2,682	-
Unrealized gain (loss) on investments and beneficial interest	(8,716)	-
Miscellaneous	2,985	-
Lease income	5,000	-
Net assets released from restrictions:		
Satisfaction of donor or program restrictions	84,252	(84,252)
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>957,446</u>	<u>(37,117)</u>
<u>EXPENSES</u>		
Collection purchases	3,408	-
Program services	488,025	-
Fundraising	71,564	-
Management and general	268,764	-
TOTAL EXPENSES	<u>831,761</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	125,685	(37,117)
NET ASSETS AT BEGINNING OF YEAR	<u>3,029,927</u>	<u>143,416</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,155,612</u>	<u>\$ 106,299</u>

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

PERMANENTLY RESTRICTED	TOTAL	
	2011	2010
\$ -	\$ 15,855	\$ 45,818
-	585,926	642,052
-	1,946	1,820
-	236,759	572,788
-	2,750	16,802
-	29,236	20,220
-	11,587	18,822
-	(5,585)	(7,165)
-	30,008	36,366
-	2,566	6,195
-	7,330	6,097
-	2,682	(5,894)
(1,587)	(10,303)	21,431
-	2,985	1,020
-	5,000	3,000
-	-	-
<u>(1,587)</u>	<u>918,742</u>	<u>1,379,372</u>
-	3,408	325
-	488,025	484,931
-	71,564	29,443
-	268,764	243,032
-	<u>831,761</u>	<u>757,731</u>
(1,587)	86,981	621,641
<u>98,899</u>	<u>3,272,242</u>	<u>2,650,601</u>
<u>\$ 97,312</u>	<u>\$ 3,359,223</u>	<u>\$ 3,272,242</u>

MASSILLON MUSEUM

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2011 with Comparative totals for 2010

	PROGRAM SERVICES	FUNDRAISING	MANAGEMENT AND GENERAL	TOTAL	
				2011	2010
Salaries	\$ 122,306	\$ 37,551	\$ 74,197	\$ 234,054	\$ 190,344
Employee benefits	9,891	4,970	8,109	22,970	25,314
Payroll taxes	9,952	3,055	6,037	19,044	15,654
TOTAL PAYROLL AND RELATED BENEFITS	142,149	45,576	88,343	276,068	231,312
Advertising	-	-	5,493	5,493	9,459
Auto expense	2,181	-	385	2,566	3,972
Banking fees	-	-	3,426	3,426	3,616
Collection care	1,380	-	-	1,380	4,546
Conferences and meeting expense	-	-	3,405	3,405	3,316
Dues and subscriptions	-	-	3,114	3,114	2,647
Educational expenses	36,860	-	-	36,860	18,497
Employee welfare	-	-	400	400	374
Equipment purchases	-	-	2,467	2,467	1,961
Equipment rental	726	-	6,590	7,316	7,453
Exhibitions	32,881	-	-	32,881	44,274
Grant expenditures	47,830	-	-	47,830	81,875
Insurance	300	92	8,810	9,202	8,733
Investment fees	-	-	683	683	1,976
Licenses and permits	562	-	188	750	-
Membership expense	-	5,184	-	5,184	-
Miscellaneous expense	270	1,126	4,718	6,114	4,537
Office supplies	-	-	5,484	5,484	8,542
Outside services	34,951	2,725	17,187	54,863	66,220
Postage	6,706	1,118	3,353	11,177	14,519
Printing and publishing	27,268	4,544	13,633	45,445	20,062
Professional fees	11,595	-	-	11,595	6,145
Repairs and maintenance	2,347	205	26,042	28,594	35,760
Special events	14,807	372	-	15,179	10,474
Supplies	-	-	3,154	3,154	2,638
Taxes	524	-	224	748	1,127
Telephone	-	-	4,776	4,776	4,333
Travel and entertainment	3,216	-	2,268	5,484	10,424
Utilities	55,132	4,821	29,329	89,282	61,713
TOTAL EXPENSES BEFORE DEPRECIATION	421,685	65,763	233,472	720,920	670,505
Depreciation	66,340	5,801	35,292	107,433	86,901
TOTAL EXPENSES	\$ 488,025	\$ 71,564	\$ 268,764	\$ 828,353	\$ 757,406

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

MASSILLON MUSEUM

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 86,981	\$ 621,641
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	107,433	86,901
Realized (gain) loss on sale of investments and beneficial interest	(2,682)	5,894
Unrealized (gain) loss on investments and beneficial interest	10,303	(21,431)
Increase in accounts receivable	(383)	(62)
Increase in government appropriations tax receivable	(50,000)	(50,000)
Increase in inventory - museum shop	(622)	(5,111)
Decrease in prepaid expenses	3,821	11,511
Decrease in accounts payable	(7,680)	(61,615)
Increase in accrued payroll and related liabilities	5,481	4,779
	<u>152,652</u>	<u>592,507</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	152,652	592,507
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(172,639)	(627,838)
Purchases of investments - net	(22,721)	(1,564)
	<u>(195,360)</u>	<u>(629,402)</u>
NET CASH USED BY INVESTING ACTIVITIES	(195,360)	(629,402)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(42,708)	(36,895)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>405,704</u>	<u>442,599</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 362,996</u>	<u>\$ 405,704</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash paid during the year for:		
Interest	\$ -	\$ 513

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

MASSILLON MUSEUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Massillon Museum (the Museum), an Ohio not-for-profit corporation, engages in the traditional museum functions of collecting, exhibiting, conserving, and educating. The Museum collects and exhibits local and regional art, including local historical artifacts.

USE OF ESTIMATES

The preparation of financial statements in conformity with 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 during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking and savings accounts.

INVESTMENTS

As required by the Accounting for Certain Investments Held by Not-for-Profit Organizations topic of FASB ASC, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

BENEFICIAL INTEREST IN ASSETS HELD BY STARK COMMUNITY FOUNDATION

The Museum carries the beneficial interest in assets held by Stark Community Foundation at fair market value. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

INVENTORY

Inventory is stated at the lower of cost or market using the average cost method, which approximates the first-in, first-out (FIFO) method.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed for financial statement purposes principally on the straight-line method over the estimated useful lives of the related assets. The Museum capitalizes all property and equipment with a cost of \$500 or more.

Expenditures for major renewals and betterments which extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

COLLECTION ITEMS

In accordance with the Accounting for Contributions Received and Contributions Made topic of the FASB ASC, the Museum does not capitalize donated or purchased collections. Such donations and acquisitions need not be recognized since they are added to collections that are held for public exhibition, education, and research in furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for, and preserved; and are subject to a policy that requires the proceeds from sales of deaccessioned collection items to be used to acquire other items for collections.

FEDERAL INCOME TAXES

The Museum qualifies under Section 501(c)(3) of the Internal Revenue Code as an organization exempt from Federal income taxes.

MASSILLON MUSEUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

UNCERTAIN TAX POSITIONS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Museum to report information regarding its exposure to various tax positions taken by the Museum. The Museum has determined whether any tax positions have met the recognition threshold and has measured the Museum's exposure to those tax positions. Management believes that the Museum has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Museum would be recorded in operating expenses. No interest or penalties from Federal or state tax authorities were recorded in the accompanying financial statements.

CONCENTRATION OF CREDIT RISK

On December 31, 2010, the Federal Deposit Insurance Corporation (FDIC) established the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) under which all non-interest bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account for all participating banks. This program will remain in effect until December 31, 2012. For both years ending December 31, 2011 and 2010, the Museum's non-interest bearing accounts were fully insured.

The Museum also maintains interest bearing accounts with cash balances in excess of \$250,000 in certain financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2011 and 2010, the Museum's interest bearing accounts were fully insured.

FINANCIAL STATEMENT PRESENTATION

As required by the Financial Statements of Not-for-Profit Organizations topic of FASB ASC, the Museum is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Museum is required to present a statement of cash flows.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

DONATED SERVICES

A large number of people have contributed significant amounts of time to the activities and administration of the Museum without compensation. The financial statements do not reflect the value of those contributed services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

FUNCTIONAL EXPENSES

Expenses are charged directly to program, fundraising or management in general categories based on specific identification. Indirect expenses have been allocated based on management judgment.

MASSILLON MUSEUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

ADVERTISING

The Museum participates in various advertising and marketing programs. All costs related to marketing and advertising the Museum's products are expensed in the period incurred. Advertising costs charged to operations were \$5,493 and \$9,459 in 2011 and 2010, respectively.

RECLASSIFICATION

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

SUBSEQUENT EVENT

Subsequent events have been evaluated through June 22, 2012, which is the date the financial statements were available to be issued

NOTE B - INVESTMENTS

Investments are stated at fair value and are as follows:

	December 31, 2011		
	Amortized Cost	Fair Value	Unrealized Gain/(Loss)
Cash and cash equivalents - restricted	\$ 11,003	\$ 11,003	\$ -
Certificate of deposit	5,154	5,154	-
Equities	104,782	102,225	(2,557)
Mutual funds	85,963	90,083	4,120
	<u>\$ 206,902</u>	<u>\$ 208,465</u>	<u>\$ 1,563</u>
	December 31, 2010		
	Amortized Cost	Fair Value	Unrealized Gain
Cash and cash equivalents - restricted	\$ 24,146	\$ 24,146	\$ -
Certificate of deposit	5,146	5,146	-
Equities	57,201	67,661	10,460
Mutual funds	95,005	95,452	447
	<u>\$ 181,498</u>	<u>\$ 192,405</u>	<u>\$ 10,907</u>

MASSILLON MUSEUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE C - BENEFICIAL INTEREST IN ASSETS OF STARK COMMUNITY FOUNDATION

The Museum placed certain funds with the Stark Community Foundation (Foundation), a community trust established to administer gifts or bequests for public charitable uses. The Museum specified that the Foundation is to distribute the income from this fund, after payment of expenses, to the Museum to be used in their operations. The principal may be obtained for use by the Museum upon approval of the Foundation's board.

The fair value of investments held in trust by the Foundation for the benefit of the Museum was \$44,275 and \$45,235 at December 31, 2011 and 2010, respectively.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classifications as follows:

	2011	2010
Land	\$ 7,093	\$ 7,093
Building	2,128,108	2,128,108
Building improvements	1,015,571	845,805
Furniture and equipment	180,314	177,442
	<u>3,331,086</u>	<u>3,158,448</u>
Less accumulated depreciation	1,028,296	920,864
	<u>\$ 2,302,790</u>	<u>\$ 2,237,584</u>

NOTE E - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following purposes:

	2011	2010
Jean Baptiste Massillon project	\$ 91,253	\$ 94,417
Stark Community Foundation income account	3,013	4,324
Hoover Foundation	-	5,927
IMLS Grant	-	8,358
NEA Modernism	-	30,390
Jennings Foundation - Artful Living	1,023	-
Aultman Foundation - Artful Living	3,152	-
Flowers Foundation - Busing of students	4,858	-
J.W. Mahoney Foundation - Archives/Storage fund	3,000	-
	<u>\$ 106,299</u>	<u>\$ 143,416</u>

Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income from which is expendable to support program services. These consist of:

	2011	2010
Stark Community Foundation - principal	\$ 41,261	\$ 42,848
GAR Fund	44,003	44,003
Other	12,048	12,048
	<u>\$ 97,312</u>	<u>\$ 98,899</u>

MASSILLON MUSEUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE F - GOVERNMENT APPROPRIATIONS TAX

The taxing authority of the Council of the City of Massillon, Stark County, Ohio certifies a copy of Council's resolution requesting the Stark County Auditor to certify to the City of Massillon the total current tax valuation of the subdivision and the amount of revenue that would be provided by one mill, to levy a tax outside the ten mill limitation for the purpose of providing a free Museum of Art and History that is maintained and operated by a private, not-for-profit organization as authorized by the Ohio Revised Code Section 5705.19(AA). If the tax levy collection drops, it would have a significant effect on the Museum's activities.

NOTE G - EMPLOYEE BENEFIT PLAN

The Museum has a SIMPLE IRA retirement plan covering all eligible employees. Employees may contribute a percentage of compensation, but not in excess of the maximum allowed under the Internal Revenue Code. The plan provides for a matching contribution by the Museum up to 3%, at the discretion of the board of directors. The Museum's contributions to the plan for 2011 and 2010, amounted to \$5,596 and \$5,064, respectively.

NOTE H - COMMITMENTS AND CONTINGENT LIABILITIES

LINE-OF-CREDIT

The Museum had an available line-of-credit of \$100,000 with a bank at December 31, 2011. At December 31, 2011 and 2010, there was no outstanding balance. The line-of-credit is secured by property and bears interest at the bank's prime rate.

OPERATING LEASE

The Museum leases a copier under a sixty-three month non-cancelable agreement which expires in September 2014. The following is a schedule of future minimum rental payments required under the above operating lease as of December 31:

2012	\$	5,088
2013		5,088
2014		3,816
	\$	<u>13,992</u>

Total rent expense for the copier was \$5,088 and \$3,204 for 2011 and 2010, respectively.

MASSILLON MUSEUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE I - FAIR VALUE MEASUREMENT

The Museum uses various inputs in determining the fair value of its investments and measures these assets on a recurring basis. Financial assets recorded at fair value in the statements of financial condition are categorized by the level of objectivity associated with the inputs used to measure their fair value. Authoritative guidance provided by the FASB defines the following levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these financial assets.

- Level 1 - quoted prices in active markets for identical investments
- Level 2 - other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.)
- Level 3 - significant unobservable inputs (including the Museum's own assumptions in determining the fair value of investments)

The inputs of methodology used for valuing securities are not necessarily an indication of the credit risk associated with investing in those securities. The following table provides the fair value measurements of applicable Museum financial assets that are measured at fair value on a recurring basis according to the fair value levels defined by authoritative guidance from the Financial Accounting Standards Board.

Financial Assets at Fair Value as of December 31, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short-term investments	<u>\$ 252,740</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments	<u><u>\$ 252,740</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

There were no unrealized gains or losses included in earnings resulting from long-term investments associated with Level 3 financial assets during the year ended December 31, 2011.

OTHER REPORTS



Smith Barta & Company

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Massillon Museum
Massillon, Ohio

We have audited the financial statements of Massillon Museum (a not-for-profit corporation) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 22, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Massillon Museum's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Massillon Museum's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control over financial reporting.

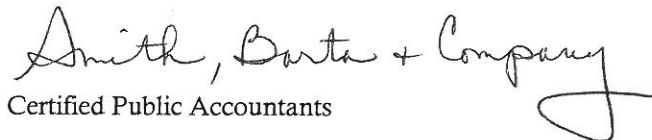
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Museum's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Massillon Museum's financial statements are free of 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 determination of financial statement amounts. 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.

This report is intended solely for the information and use of the board of directors, audit committee, and management and is not intended to be, and should not be, used by anyone other than these specified parties.


Certified Public Accountants

June 22, 2012

Canton, Ohio

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Dave Yost • Auditor of State

MASSILLON MUSEUM

STARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 20, 2012**