

**MASSILLON MUSEUM
STARK COUNTY
Regular Audit
For the Year Ended December 31, 2013**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Directors
Massillon Museum
121 Lincoln Way E.
Massillon, Ohio 44646

We have reviewed the *Independent Auditor's Report* of the Massillon Museum, Stark County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2013. 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 24, 2014

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**MASSILLON MUSEUM
STARK COUNTY**

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INDEPENDENT AUDITOR'S REPORT

September 10, 2014

Massillon Museum, Stark County
121 Lincoln Way E.
Massillon, Ohio 44646

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of **Massillon Museum** (a not-for-profit corporation), Stark County, Ohio (the Museum), which comprise the statement of financial position as of December 31, 2013, 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 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 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 Museum'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 Museum'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 evident 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 Massillon Museum as of December 31, 2013, 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.

Report on Summarized Comparative Information

The financial statements of the Museum as of and for the year ended December 31, 2012 were audited by a predecessor auditor. An unmodified opinion was issued September 30, 2013 by the predecessor auditor. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2014, on our consideration of the Museum's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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* in considering the Museum's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

MASSILLON MUSUEM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 311,788	\$ 343,803
Investments - at fair value - NOTE B	265,315	234,857
Beneficial interest in assets of Stark Community Foundation - NOTE C	56,343	48,734
Accounts receivable	2,875	1,198
Government appropriations tax receivable - NOTE F	480,000	480,000
Inventory - Museum shop	7,837	13,085
Collections	1,925	1,925
Property and equipment, net - NOTE D	2,121,630	2,192,359
Prepaid assets	4,430	4,070
Other assets	97	97
	<u>3,252,240</u>	<u>3,320,128</u>
TOTAL ASSETS	<u>\$ 3,252,240</u>	<u>\$ 3,320,128</u>
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 6,193	\$ 13,422
Accrued payroll and related liabilities	18,935	23,812
	<u>25,128</u>	<u>37,234</u>
TOTAL LIABILITIES	<u>25,128</u>	<u>37,234</u>
 Net assets:		
Unrestricted	3,008,334	3,065,577
Temporarily restricted - NOTE E	110,163	115,918
Permanently restricted - NOTE E	108,615	101,399
	<u>3,227,112</u>	<u>3,282,894</u>
TOTAL NET ASSETS	<u>3,227,112</u>	<u>3,282,894</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,252,240</u>	<u>\$ 3,320,128</u>

The accompanying notes are an integral part of these Financial Statements.

MASSILLON MUSEUM
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

				TOTAL	
				2013	2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES, GAINS AND OTHER SUPPORT					
Contributions	\$ 28,249	\$ -	\$ -	\$ 28,249	\$ 38,607
Government appropriations tax - NOTE F	480,468	-	-	480,468	538,585
In-kind contributions	55,711	-	-	55,711	3,356
Grants	64,422	109,676	-	174,098	107,127
Exhibitions	4,015	-	-	4,015	6,843
Membership of Museum	40,011	-	-	40,011	40,196
Museum Shop sales					
Gross profit	12,039	-	-	12,039	11,401
Less cost of sales	(13,366)	-	-	(13,366)	(7,274)
Programs and other fees	48,357	-	-	48,357	36,407
Fundraisers (revenue of \$10,398 and \$3,555 net of direct costs of \$6,094 and \$2,206)	4,304	-	-	4,304	1,349
Interest and dividends	12,223	533	-	12,756	8,417
Realized gain (loss) on sale of investments and beneficial interest	(396)	-	7,216	6,820	(1,471)
Unrealized gain (loss) on investments and beneficial interest	16,325	-	-	16,325	19,411
Miscellaneous	9,245	-	-	9,245	9,221
Lease income	6,725	-	-	6,725	7,065
Net assets released from restrictions:					
Satisfaction of donor or program restrictions	115,964	(115,964)	-	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	884,296	(5,755)	7,216	885,757	819,240
EXPENSES					
Program services	558,386	-	-	558,386	520,928
Fundraising	51,450	-	-	51,450	60,920
Management and general	331,703	-	-	331,703	313,721
Total expenses	941,539	-	-	941,539	895,569
Increase (decrease) in net assets	(57,243)	(5,755)	7,216	(55,782)	(76,329)
Net assets, beginning of year	3,065,577	115,918	101,399	3,282,894	3,359,223
Net assets, end of year	\$ 3,008,334	\$ 110,163	\$ 108,615	\$ 3,227,112	\$ 3,282,894

The accompanying notes are an integral part of these Financial Statements.

MASSILLON MUSEUM
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

	Program		Management	Total	
	Services		Fundraising	and General	2013
Salaries	\$ 123,015	\$ 29,222	\$ 71,931	\$ 224,168	\$ 234,698
Employee benefits	14,945	3,532	8,695	27,172	27,592
Payroll taxes	10,082	2,383	5,865	18,330	19,366
Total Payroll and Related Benefits	148,042	35,137	86,491	269,670	281,656
Advertising	69,230	-	600	69,830	3,845
Auto expense	4,126	-	728	4,854	5,192
Banking fees	-	-	3,935	3,935	3,784
Collection care	8,196	-	-	8,196	10,463
Conferences and meetings	-	-	2,080	2,080	2,248
Dues and subscriptions	-	-	2,895	2,895	3,298
Educational expenses	11,094	-	-	11,094	9,589
Employee welfare	-	-	216	216	208
Equipment purchases	-	-	9,615	9,615	3,430
Equipment rental	-	-	6,765	6,765	9,039
Exhibitions	43,273	-	-	43,273	43,633
Grant expenditures	12,580	-	-	12,580	28,263
Insurance	708	118	10,978	11,804	10,430
Investment fees	-	-	2,294	2,294	1,927
Licenses and permits	562	-	188	750	460
Membership expenses	-	313	-	313	518
Miscellaneous expenses	-	-	11,571	11,571	9,553
Office supplies	-	-	5,376	5,376	4,334
Outside services	-	-	-	-	107,265
Postage	356	-	12,398	12,754	19,115
Printing and publishing	19,514	2,331	9,471	31,316	34,825
Professional fees	71,605	3,665	44,794	120,064	6,350
Repairs and maintenance	-	-	51,936	51,936	53,387
Special events	28,966	-	-	28,966	23,775
Supplies	-	-	-	-	6
Taxes	682	-	253	935	848
Telephone	-	-	2,409	2,409	4,956
Travel and entertainment	18,044	30	860	18,934	7,627
Utilities	48,960	4,013	27,289	80,262	90,186
Total expenses before depreciation	485,938	45,607	293,142	824,687	780,210
Depreciation	72,448	5,843	38,561	116,852	115,359
Total expenses	\$ 558,386	\$ 51,450	\$ 331,703	\$ 941,539	\$ 895,569

The accompanying notes are an integral part of these Financial Statements.

MASSILLON MUSEUM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (55,782)	\$ (76,329)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	116,852	115,359
Realized (gain) loss on sale of investments and beneficial interest	(6,820)	1,471
Unrealized (gain) loss on investments and beneficial interest	(16,325)	(19,411)
(Increase) decrease in:		
Accounts receivable	(1,677)	2
Government appropriations tax receivable	-	(14,500)
Inventory	5,248	1,391
Prepaid expenses	(360)	(345)
Increase (decrease) in:		
Accounts payable	(7,229)	(5,387)
Accrued payroll and related liabilities	(4,877)	(3,605)
	<u>29,030</u>	<u>(1,354)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(46,123)	(4,928)
Purchase of investments - net	(14,922)	(12,911)
	<u>(61,045)</u>	<u>(17,839)</u>
Increase (decrease) in cash and cash equivalents	(32,015)	(19,193)
Cash and cash equivalents, beginning of year	<u>343,803</u>	<u>362,996</u>
Cash and cash equivalents, end of year	<u><u>\$ 311,788</u></u>	<u><u>\$ 343,803</u></u>

The accompanying notes are an integral part of these Financial Statements.

**MASSILLON MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 estimated.

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 the 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 capitalized 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 Internal Revenue Code as an organization exempt from Federal income taxes.

**MASSILLON MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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 and 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. The Museum's Federal Return of Organization Exempt from Income Tax (federal Form 990) for 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

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 transactions 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, 2013. For both years ending December 31, 2013 and 2012, the Museum's non-interest bearing accounts were fully insured. The Museum also maintains interest bearing accounts with cash balances less than \$250,000 in certain financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2013 and 2012, 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 flow.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted 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 declassified 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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

ADVERTISING

The Museum participated 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 \$69,830 and \$3,845 in 2013 and 2012 respectively.

SUMMARIZED PRIOR YEAR COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

NOTE B - INVESTMENTS

Investments are stated at fair value and are as follows:

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
December 31, 2013	\$ 240,306	\$ 265,315	\$ 25,009
December 31, 2012	\$ 218,564	\$ 234,857	\$ 16,293

NOTE C - BENEFICIAL INTEREST IN ASSET 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 \$56,343 and \$48,734 at December 31, 2013 and 2012, respectively.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classifications as follows:

	<u>2013</u>	<u>2012</u>
Land	\$ 7,093	\$ 7,093
Building	2,136,030	2,128,108
Building improvements	1,047,078	1,020,498
Furniture and equipment	191,935	180,314
Total Cost	<u>3,382,136</u>	<u>3,336,013</u>
Less accumulated depreciation	<u>1,260,506</u>	<u>1,143,654</u>
Net Total	<u>\$ 2,121,630</u>	<u>\$ 2,192,359</u>

**MASSILLON MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE E - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Jean Baptiste Massillon project	\$ 73,792	\$ 89,049
Stark Community Foundation income account	3,779	3,386
Jennings Foundation - Artful Living	5,161	-
Aultman Foundation - Artful Living	4,000	-
Flowers Foundation - Busing of students	2,647	4,390
J. W. Mahoney Foundation -Archives/Storage fund	6,000	3,000
Eagles #190 Educational Programs	2,611	4,960
Warhol Exhibit	-	6,573
Fragile Waters	7,484	-
Target Educational Outreach	2,000	2,000
Other	<u>2,689</u>	<u>2,560</u>
Total	<u>\$ 110,163</u>	<u>\$ 115,918</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:

	<u>2013</u>	<u>2012</u>
Stark Community Foundation - principal account	\$ 52,564	\$ 45,348
GAR Fund	44,003	44,003
Other	<u>12,048</u>	<u>12,048</u>
Total	<u>\$ 108,615</u>	<u>\$ 101,399</u>

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 2013, 2012 and 2011 amounted to \$5,971, \$5,964 and \$5,596, respectively.

**MASSILLON MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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, 2013. At December 31, 2013 and 2012, 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 leased a copier under a sixty-three month non-cancelable agreement which expires in June of 2017. The following is a schedule of future minimum lease payments required under the above operating lease as of December 31:

2014	\$ 6,632
2015	6,632
2016	6,632
2017	<u>2,746</u>
Total	<u>\$ 22,642</u>

Total rent expense for the copier was \$6,632 and \$4,852 for 2013 and 2012, respectively.

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 position 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, 2013:

	<u>Level 1</u>	<u>Level2</u>	<u>Level3</u>
Short-term investments	<u>\$ 265,315</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments	<u>\$ 265,315</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 December 31, 2013.

Perry & Associates

Certified Public Accountants, A.C.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

September 10, 2014

Massillon Museum
Stark County
121 Lincoln Way E.
Massillon, Ohio 44646

To the Board of Directors:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Massillon Museum** (the Museum) (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 10, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Museum's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Museum's internal control. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Museum's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Museum's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, 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
OCTOBER 7, 2014**