

**DE ETTE HOLDEN CUMMER  
MUSEUM FOUNDATION, INC.  
dba The Cummer Museum of Art & Gardens**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017 AND 2016**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
DeEtte Holden Cummer Museum Foundation, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of DeEtte Holden Cummer Museum Foundation, Inc. (a nonprofit organization), dba The Cummer Museum of Art & Gardens (the Foundation), which comprise the statement of financial position as of September 30, 2017, 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 Statement***

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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the 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 statement is 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 statement.

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 DeEtte Holden Cummer Museum Foundation, Inc. dba The Cummer Museum of Art & Gardens (the Foundation) as of September 30, 2017, 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.

***Prior Period Financial Statements***

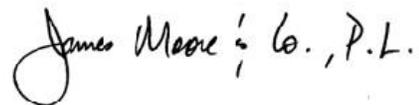
The financial statements of the Foundation as of September 30, 2016, were audited by other auditors whose report dated January 12, 2017, expressed an unmodified opinion on those statements.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of the source and status of funds received from the City of Jacksonville, Florida, are presented for purposes of additional analysis and are 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. The September 30, 2016 schedule of the source and status of funds received from the City of Jacksonville, Florida, was subjected to the auditing procedures applied in the September 30, 2016 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the September 30, 2016 financial statements as a whole.

***Other Reporting Required By Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2018 on our consideration of the Foundation's internal control over financial reporting and on 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 Foundation's internal control over financial reporting and compliance.



Daytona Beach, Florida  
January 9, 2018

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
 dba THE CUMMER MUSEUM OF ART & GARDENS  
 STATEMENTS OF FINANCIAL POSITION  
 September 30, 2017 and 2016

	2017	2016
<u>ASSETS</u>		
Current Assets		
Cash (Note 2)	\$ 143,022	\$ 179,569
Promises to give (Notes 2 and 5)	2,011,776	682,500
Other receivables	142,485	69,937
Inventory (Note 2)	143,376	141,971
Prepaid exhibition costs	138,632	115,029
Other prepaid expenses	76,755	111,478
Total current assets	2,656,046	1,300,484
Promises to give (Notes 2 and 5)	455,623	620,200
Beneficial interest in remainder trust (Note 6)	165,945	111,433
Property and equipment, net (Notes 2 and 7)	15,877,887	16,471,171
Investments (Notes 2 and 8)	31,995,179	27,455,259
Total assets	\$ 51,150,680	\$ 45,958,547
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 123,358	\$ 152,208
Accrued salaries and benefits	48,605	74,417
Other accrued expenses	42,077	21,904
Accrued demolition costs (Note 19)	-	305,949
Deferred revenue (Note 2)	167,691	172,886
Note payable (Note 11)	49,190	199,190
Total current liabilities	430,921	926,554
Net Assets		
Without donor restrictions (Note 2)	16,014,318	15,973,293
With donor restrictions (Notes 2 and 12)	34,705,441	29,058,700
Total net assets	50,719,759	45,031,993
Total liabilities and net assets	\$ 51,150,680	\$ 45,958,547

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

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
dba THE CUMMER MUSEUM OF ART & GARDENS  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
Contributions	\$ 1,149,412	\$ 4,001,165	\$ 5,150,577
Government contracts and grants (Note 13)	482,261	139,767	622,028
School tours and outreach	112,164	-	112,164
Admissions	229,240	-	229,240
Memberships	169,780	-	169,780
Gross special events revenue	426,378	-	426,378
Less cost of direct benefits to donors	(221,986)	-	(221,986)
Net special events revenue	204,392	-	204,392
Contributions in-kind (Note 2)	130,372	-	130,372
Museum shop revenue, net	48,097	-	48,097
Facility rental	172,016	-	172,016
Other income	33,938	-	33,938
Investment return, net of investment advisory expenses of \$105,889	83,583	3,319,727	3,403,310
Change in value of split-interest agreements	-	54,512	54,512
Net assets released from restrictions (Note 12)	1,876,708	(1,876,708)	-
<b>Total revenue, support and gains</b>	<b>4,691,963</b>	<b>5,638,463</b>	<b>10,330,426</b>
<b>EXPENSES AND LOSSES</b>			
Program expenses			
Exhibition, curatorial activities, and conservation	1,683,826	-	1,683,826
Education	935,160	-	935,160
Events	397,154	-	397,154
Supporting services			
Management and general	1,372,555	-	1,372,555
Fundraising and development	291,602	-	291,602
<b>Total expenses</b>	<b>4,680,297</b>	<b>-</b>	<b>4,680,297</b>
Change in net assets before other gains and losses	11,666	5,638,463	5,650,129
Loss from hurricane (Note 18)	(32,394)	-	(32,394)
Net recovery from insurance settlement (Note 18)	70,031	-	70,031
Change in net assets	49,303	5,638,463	5,687,766
Net assets, beginning of year	15,973,293	29,058,700	45,031,993
Transfers (to) from other funds	(8,278)	8,278	-
Net assets, end of year	<u>\$ 16,014,318</u>	<u>\$ 34,705,441</u>	<u>\$ 50,719,759</u>

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

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
dba THE CUMMER MUSEUM OF ART & GARDENS  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2016

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
Contributions	\$ 1,177,844	\$ 1,913,193	\$ 3,091,037
Government contracts and grants (Notes 12 and 14)	486,341	125,000	611,341
School tours and outreach	96,548	-	96,548
Admissions	221,035	-	221,035
Memberships	184,621	-	184,621
Gross special events revenue	452,865	-	452,865
Less cost of direct benefits to donors	(195,849)	-	(195,849)
Net special events revenue	257,016	-	257,016
Contributions in-kind (Note 2)	53,807	-	53,807
Museum shop revenue, net	51,244	-	51,244
Facility rental	158,001	-	158,001
Other income	33,876	-	33,876
Investment return, net of investment advisory expenses of \$104,065	-	2,421,123	2,421,123
Net assets released from restrictions (Note 11)	1,843,755	(1,843,755)	-
Total revenue, support and gains	4,564,088	2,615,561	7,179,649
<b>EXPENSES AND LOSSES</b>			
Program expenses			
Exhibition, curatorial activities, and conservation	1,464,204	-	1,464,204
Education	920,293	-	920,293
Events	571,850	-	571,850
Supporting services			
Management and general	1,389,598	-	1,389,598
Fundraising and development	500,936	-	500,936
Total expenses	4,846,881	-	4,846,881
Change in net assets before collection items not capitalized and losses	(282,793)	2,615,561	2,332,768
Collection items purchased (Note 2)	(364,844)	-	(364,844)
Loss on building disposal (Note 19)	(5,101,234)	-	(5,101,234)
Loss from casualty (Note 18)	(119,588)	-	(119,588)
Loss on uncollectable promises to give	-	(5,000)	(5,000)
Change in net assets	(5,868,459)	2,610,561	(3,257,898)
Net assets, beginning of year	21,853,087	26,436,804	48,289,891
Transfers (to) from other funds	(11,335)	11,335	-
Net assets, end of year	\$ 15,973,293	\$ 29,058,700	\$ 45,031,993

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

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
dba THE CUMMER MUSEUM OF ART & GARDENS  
STATEMENTS OF CASH FLOWS  
Years Ended September 30, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,687,766	\$ (3,257,898)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	786,078	792,457
Loss on building disposal	-	5,101,234
Loss on uncollectable promises to give	-	5,000
Transfers (to) from nonoperating activities	-	36,685
Contributions restricted for long-term purposes:		
Contributions	(2,285,364)	(1,076,973)
Promises to give	(1,849,100)	(946,000)
Change in discount on pledges receivable	(6,468)	(15,220)
Net realized and unrealized (gains) losses on investments	(2,644,425)	(1,768,029)
Interest and dividends restricted for long-term investments	(675,302)	(653,094)
Change in split-interest agreement	(54,512)	-
Acquisitions of art	-	364,844
(Increase) decrease in operating assets:		
Inventory	(1,405)	(51,846)
Receivables	(72,548)	(36,795)
Prepaid expenses	11,120	(24,132)
Increase (decrease) in operating liabilities:		
Accounts payable	(28,850)	(10,550)
Accrued expenses	(311,588)	300,227
Deferred revenue	(5,195)	(83,674)
Net cash used in operating activities	(1,449,793)	(1,323,764)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of art	-	(364,844)
Purchases of property and equipment	(192,794)	(118,202)
Proceeds from sale of property	-	232,914
Proceeds from sales of investments	7,941,074	5,611,488
Purchases of investments	(9,161,267)	(6,320,139)
Net cash used in investing activities	(1,412,987)	(958,783)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of contributions restricted for long-term purposes	2,300,931	1,360,913
Interest and dividends restricted for long-term purposes	675,302	653,094
Proceeds from line of credit	-	100,000
Payments on line of credit	(150,000)	(50,000)
Net cash provided by financing activities	2,826,233	2,064,007
Net decrease in cash	(36,547)	(218,540)
Cash, beginning of year	179,569	398,109
Cash, end of year	\$ 143,022	\$ 179,569
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest	\$ 1,817	\$ 1,534

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

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
 dba THE CUMMER MUSEUM OF ART & GARDENS  
 STATEMENT OF FUNCTIONAL EXPENSES  
 Year Ended September 30, 2017

	PROGRAM SERVICES			SUPPORTING SERVICES		Total
	Exhibition, Curatorial, and Conservation	Education	Events	Management and General	Fundraising and Development	
Compensation and related expenses						
Wages and salaries	\$ 385,930	\$ 388,820	\$ 135,870	\$ 385,081	\$ 157,552	\$ 1,453,253
Benefits	62,828	63,299	22,119	61,417	25,649	235,312
Payroll taxes	30,532	30,760	10,749	29,846	12,464	114,351
	<u>479,290</u>	<u>482,879</u>	<u>168,738</u>	<u>476,344</u>	<u>195,665</u>	<u>1,802,916</u>
Exhibition costs	277,399	-	-	-	-	277,399
Curatorial and conservation	63,406	-	-	-	-	63,406
Advertising and promotion	74,856	34,408	6,975	74,030	29,156	219,425
Bank fees	-	-	-	27,757	6,939	34,696
Information technology	24,033	22,656	11,896	20,941	7,925	87,451
Insurance	61,499	15,783	5,324	31,505	2,374	116,485
Interest	-	-	-	1,817	-	1,817
Maintenance and repairs	75,450	60,973	23,680	149,840	104	310,047
Postage	1,812	2,059	906	2,796	8,185	15,758
Professional development	5,315	5,531	-	10,415	5,315	26,576
Professional services	12,938	49,658	97,833	138,585	23,231	322,245
Security	108,627	14,484	10,923	21,725	-	155,759
Supplies	18,376	39,705	12,898	13,359	463	84,801
Telephone and utilities	136,684	46,597	15,532	108,726	3,106	310,645
Transportation	-	34,438	-	-	-	34,438
Other	999	2,800	3,456	21,761	1,340	30,356
Depreciation	343,142	123,189	38,993	272,954	7,799	786,077
	<u>343,142</u>	<u>123,189</u>	<u>38,993</u>	<u>272,954</u>	<u>7,799</u>	<u>786,077</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 1,683,826</u>	<u>\$ 935,160</u>	<u>\$ 397,154</u>	<u>\$ 1,372,555</u>	<u>\$ 291,602</u>	<u>\$ 4,680,297</u>

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

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
dba THE CUMMER MUSEUM OF ART & GARDENS  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended September 30, 2016

	PROGRAM SERVICES			SUPPORTING SERVICES		Total
	Exhibition, Curatorial, and Conservation	Education	Events	Management and General	Fundraising and Development	
Compensation and related expenses						
Wages and salaries	\$ 290,118	\$ 402,941	\$ 241,765	\$ 419,059	\$ 257,883	\$ 1,611,766
Benefits	41,230	57,264	34,358	59,554	36,649	229,055
Payroll taxes	22,576	31,356	18,814	32,610	20,067	125,423
	<u>353,924</u>	<u>491,561</u>	<u>294,937</u>	<u>511,223</u>	<u>314,599</u>	<u>1,966,244</u>
Exhibition costs	220,461	-	-	-	-	220,461
Curatorial and conservation	71,278	-	-	-	-	71,278
Advertising and promotion	49,228	19,889	58,060	39,288	86,253	252,718
Bank fees	-	-	-	32,822	8,205	41,027
Information technology	17,764	24,381	14,178	24,576	15,124	96,023
Insurance	64,415	17,513	6,720	36,586	3,064	128,298
Interest	-	-	-	1,534	-	1,534
Maintenance and repairs	119,200	40,115	41,495	197,852	1,862	400,524
Postage	-	-	-	4,124	17,845	21,969
Professional development	2,889	5,229	-	7,222	1,444	16,784
Professional services	7,579	21,981	62,746	72,454	36,544	201,304
Security	88,517	17,765	17,302	19,980	-	143,564
Supplies	21,363	50,869	2,185	11,482	2,292	88,191
Telephone and utilities	98,789	65,859	32,930	128,425	3,293	329,296
Transportation and travel	386	38,810	-	241	572	40,009
Other	2,377	2,338	1,975	26,535	1,975	35,200
Depreciation	346,034	123,983	39,322	275,254	7,864	792,457
	<u>346,034</u>	<u>123,983</u>	<u>39,322</u>	<u>275,254</u>	<u>7,864</u>	<u>792,457</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,464,204</u>	<u>\$ 920,293</u>	<u>\$ 571,850</u>	<u>\$ 1,389,598</u>	<u>\$ 500,936</u>	<u>\$ 4,846,881</u>

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

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES

The DeEtte Holden Cummer Museum Foundation, Inc. (the Foundation) doing business as The Cummer Museum of Art and Gardens (the Museum) is a nonprofit organization founded in 1961, and incorporated in 1982 under the laws of the state of Florida. The Foundation exists to engage and inspire individuals through the arts, gardens, and education. The Museum is the largest fine arts museum in North Florida with a permanent collection of nearly 5,000 objects, as well as loaned objects from other collections. Its historic riverfront gardens occupy 2.5 acres situated on the St. Johns River in Jacksonville, Florida. The Foundation's major sources of revenue are contributions, grants, and investment income.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingencies 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

Cash includes all currency on hand and demand deposits with banks or financial institutions which is neither held for nor restricted by donors for long-term purposes to be cash or cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Inventory

Gift shop inventory is stated at the lower of cost or net realizable value.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recognized as contribution revenue in the period received at net realizable value.

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Conditional promises to give are not recognized in the financial statements until the conditions on which they depend are substantially met and the promises become unconditional. Promises to give are written off when deemed uncollectable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management has examined promises to give and has determined that no allowance for doubtful accounts is necessary.

#### Art Collection

The Museum's collections are made up of paintings, prints, artifacts of historical significance, and other art objects that are held for educational, research and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. Collection items are subject to a policy that requires proceeds from their sales to be used to acquire other items for collections.

The value of the art objects in the permanent collection is not subject to reasonable estimation, and therefore, is excluded from the statements of financial position. Additions to the permanent collection are made either by gifts, bequests, or through purchases using the Foundation's acquisition funds. All works of art are held for public exhibition, education, or research in furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for, and preserved, and are subject to strict policies governing their use.

#### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for equipment and major repairs and replacements costing over \$1,000 are capitalized. Donated property and equipment are valued at estimated fair value at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

#### Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value. Donated investments are recorded at fair value

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

on the date received. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

The Foundation maintains master investment accounts for its donor-restricted endowments and other gifts. Pooling endowment funds for investment purposes has many benefits, including but not limited to spreading the total risk for each endowment fund and making the risk equal for all funds invested in the master investment accounts, enhancing the investment performance relative to that of an individual fund; and reducing management fees. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual donor funds based on the relationship of the fair value of each fund to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

#### Deferred Revenue

Deferred revenue includes membership dues, trustee support, exhibition underwriting, facility rental fees, school tour fees and fees for classes and other events paid in advance. Such dues, fees and support will be recognized as income in the period in which they are earned. Deferred revenue also includes grant funds received but not yet spent for the purpose specified by the grant agreement.

#### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) 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.

#### Revenue Recognition

Revenue is recognized when earned. Contributions, including unconditional promises to give, are recognized as revenue in the period received at their estimated fair values. All

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received without donor-imposed restrictions are reported as support that increases net assets without donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor-restricted support that increases net assets with donor restrictions.

Membership dues are recognized as revenue in the applicable membership period. Any unearned amounts are included in deferred revenue at the end of each accounting period.

Donated Services

The Foundation records in-kind professional services as contribution revenue. Contributed professional services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased if not provided by donation. The in-kind support reflected in the accompanying financial statements is included in contribution revenue and is offset by like amounts included in expenses.

A substantial number of unpaid volunteers have made significant contributions of their time in the furtherance of the Foundation's activities. Such services do not meet the criteria for recognition as a contribution as described above, and, therefore, their value is not reflected in the accompanying financial statements.

Reclassifications

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

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are as follows:

Cash	\$ 143,022
Promises to give	100,349
Other receivables	2,718
Endowment spending-rate distributions	681,900
Other investments appropriated for current use	<u>23,051</u>
	<u>\$ 951,040</u>

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

The Foundation's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. As described in Note 8, the endowment is subject to an annual spending rate of 5 percent.

NOTE 4 - INCOME TAX STATUS

The Foundation is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Foundation is also exempt from state income taxes on related income pursuant to Chapter 220 of the Florida Statutes. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

Management has evaluated the Foundation's tax positions for filings with the Internal Revenue Service and the State of Florida. It has been determined that its income tax filing positions will be sustained upon examination and no adjustments are anticipated that would result in a material adverse effect on the Foundation's financial condition, results of operations, or cash flows. Therefore, no provision or liability for income taxes, or related accruals for interest and penalties, for uncertain income tax positions as of September 30, 2017 or 2016 has been included in the financial statements. The Foundation's tax returns are generally subject to examination by the Internal Revenue Service for three years after they are filed.

NOTE 5 - PROMISES TO GIVE

Unconditional promises to give at September 30, 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>
Due in less than one year	\$ 2,011,776	\$ 682,500
Due in one to five years	474,900	645,945
Due in greater than five years	<u>-</u>	<u>-</u>
	2,486,676	1,328,445
Less discounts to net present value ranging from 2.41% and 2.91%	<u>(19,277)</u>	<u>(25,745)</u>
Net unconditional promises to give	<u>\$ 2,467,399</u>	<u>\$ 1,302,700</u>

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS

NOTE 6 - BENEFICIAL INTEREST IN TRUST HELD BY OTHERS

The Foundation is an irrevocable beneficiary of a charitable trust held and administered by independent trustees. The trust was created independently by a donor and is administered by outside agents designated by the donor. Therefore, the Foundation has neither possession nor control over the assets of the trusts.

At the date notice of a beneficial interest was received, a contribution with donor restrictions was recorded in the statements of activities, and an estimate of future receipts was recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, the Foundation's beneficial interest in the trust is reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities. Upon receipt of distributions from the trust, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2017 and 2016:

	Estimated Useful Lives	<u>2017</u>	<u>2016</u>
Land		\$ 2,742,337	\$ 2,742,337
Grounds improvements	10 - 20	4,751,273	4,677,379
Buildings and improvements	10 - 40	15,387,099	15,292,518
Art activity center	7 - 10	1,354,352	1,351,425
Furnishings and equipment	5 - 10	<u>826,327</u>	<u>804,935</u>
		25,061,388	24,868,594
Less accumulated depreciation		<u>(9,183,501)</u>	<u>(8,397,423)</u>
		<u>\$ 15,877,887</u>	<u>\$ 16,471,171</u>

NOTE 8 - INVESTMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- a. quoted prices for similar assets or liabilities in active markets;
- b. quoted prices for identical or similar assets or liabilities in inactive markets;
- c. inputs other than quoted prices that are observable for the asset or liability;
- d. inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments in debt securities and equity securities with readily determinable fair values are carried at fair value. Mutual funds are valued at the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date. Governmental obligations are valued at the closing price reported on the active market on which the individual securities are traded.

Investments in debt and equity securities have readily determinable quoted prices in active markets and are stated at fair value in the statements of financial position. These fair value measures are Level 1 Inputs as defined by the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 820. As of September 30, investments consisted of:

	<u>2017</u>	<u>2016</u>
U.S. government securities	\$ 321,837	\$ 281,875
Corporate bonds	556,951	977,283
Equity (stock) funds	20,148,972	16,511,046
Fixed income (bond) funds	7,817,304	7,561,105
Money market funds restricted for long-term use	<u>3,150,115</u>	<u>2,123,950</u>
	<u>\$ 31,995,179</u>	<u>\$ 27,455,259</u>

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

The Foundation’s Statement of Investment Policies & Objectives recognizes the use of alternative investments as a strategy to potentially reduce the risk and/or enhance the expected return of the investment portfolio, and authorized the use of alternative investments. The Board acknowledges that the use of alternative investments can introduce unique types of risks due to the inherent structure and characteristics of many alternative investments which could include leverage, short sales, illiquidity and lack of transparency and regulation. The Board limits the use of alternative investments to 10% of the total investment assets and the allocation to any individual investment manager may not exceed 5% of the total investment assets. As of September 30, 2017 and 2016, the portfolio included no alternative investments.

Investment return for the years ended September 30 is composed of:

	<u>2017</u>	<u>2016</u>
Realized and unrealized gains (losses)	\$ 2,833,897	\$ 1,872,094
Interest and dividends	675,302	653,094
Fees	<u>(105,889)</u>	<u>(104,065)</u>
Total investment return	<u>\$ 3,403,310</u>	<u>\$ 2,421,123</u>

NOTE 9 - ENDOWMENT

The Foundation’s endowment consists of approximately 25 individual funds established by donors to provide annual funding for specific activities and general operations. The board of trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The goals of the Foundation’s investment policies are to: (a) provide funding for the operation and support of the Museum, (b) maintain purchasing power of the investment assets, (c) prudently manage the investment assets to provide additional funding for future operation and support, (d) pay all investment related expenses, (e) minimize risk and preserve capital, and (f) achieve a competitive rate of return.

The investment objectives include matching or exceeding the rate of return determined by the sum of the spending policy, inflation as measured by the consumer price index, and

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS

investment-related expenses. The operating spending policy allows up to 5.0% of the average fair value of the investments for the prior 12 quarters to be withdrawn annually.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At September 30, 2017, a fund with an original gift value of \$1,000,000 had a fair value of \$976,696, for a deficiency of \$23,304. At September 30, 2016, two funds with original gift values of \$1,232,000 had fair values of \$1,131,061, for a combined deficiency of \$100,939. Nearly all of the deficiencies in both years is attributable to one fund, and its donor has approved of the Foundation's continuing draw from the fund at the spending rate.

Changes in endowment net assets for the years ended September 30 are as follows:

	<u>2017</u>	<u>2016</u>
Endowment net assets, beginning of year	\$ 24,771,830	\$ 23,525,941
Reallocation of prior gifts	1,436,185	-
Investment return, net	3,314,278	2,309,703
Contributions	4,065,929	123,824
Appropriated for expenditure	<u>(1,253,181)</u>	<u>(1,187,639)</u>
Endowment net assets, end of year	<u>\$ 32,335,041</u>	<u>\$ 24,771,829</u>

NOTE 10 - STATE OF FLORIDA CULTURAL ENDOWMENT

In 1987 and 1997, the Foundation entered into cultural endowment program agreements with the State of Florida. The total endowment consists of a \$1.2 million corpus which was established with \$720,000 in local funds and \$480,000 in state matching funds. The state matching funds shall revert to the state if certain events occur. The state has a lien on the endowment that protects its investment in the event that the Foundation should declare bankruptcy. Earnings from the endowment are used for various cultural program services and related expenses.

Under the agreement, the Foundation is required to disclose the composition of investments held in the endowment fund. A summary of the account at September 30 is as follows:

	<u>2017</u>	<u>2016</u>
Corporate bonds	\$ 556,951	\$ 977,283
Government bonds	321,837	281,875
Money market funds	<u>409,629</u>	<u>42,395</u>
	<u>\$ 1,288,417</u>	<u>\$ 1,301,553</u>

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - NOTE PAYABLE

The Foundation has a secured financing agreement with Bank of America that permits multiple borrowings, at variable rates of interest, up to \$500,000. The agreement provides for interest, payable monthly, at a rate of LIBOR daily floating rate plus .65% per annum, and is payable in full upon demand. The note is collateralized by securities maintained in a brokerage account holding donor-restricted funds.

The initial purpose of the loan was to bridge cash flow pending receipt of pledge proceeds for renovations and equipment replacements. Subsequent borrowings for other purposes have been repaid.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended September 30:

	<u>2017</u>	<u>2016</u>
Satisfaction of purpose restrictions		
Art and art acquisitions	\$ 64,840	\$ 399,748
Capital expenditures	485,670	259,510
Conservation	48,000	-
Debt reduction	50,000	50,000
Garden reconstruction-hurricane damage	19,201	-
Education	5,606	600
Gardens	5,000	2,600
Other	14,250	-
Restricted-purpose spending-rate distributions and appropriations		
Art and art acquisitions	15,690	62,760
Exhibitions	138,521	67,572
Gardens	97,620	87,580
Education	138,920	128,428
Music	76,768	76,376
Professional development	11,600	10,000
Library	1,588	1,504
General use	<u>703,434</u>	<u>697,077</u>
Total net assets released from donor restrictions	<u>\$ 1,876,708</u>	<u>\$ 1,843,755</u>

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2017</u>	<u>2016</u>
Subject to expenditure for specified purpose:		
Building campaign	\$ 1,609,034	\$ 2,874,195
Art acquisition	-	-
Major campus repairs and equipment replacements	18,701	59,615
Education	21,242	21,177
Garden projects and programs	6,495	39,969
Other	30,768	34,599
Promises to give, the proceeds from which have been restricted by donors for:		
Building campaign	467,715	1,046,559
Debt reduction	50,000	98,824
Other	500	500
	<u>2,204,455</u>	<u>4,175,438</u>
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for:		
Art and art acquisitions	1,176,252	1,258,814
Museum floral decor	66,660	60,757
Other	10,089	10,703
	<u>1,253,001</u>	<u>1,330,274</u>
Subject to endowment spending policy:		
Exhibitions	1,347,081	1,243,031
Gardens	2,472,508	2,362,959
Education	3,264,195	3,074,397
Staff compensation	3,442,882	-
Music	1,644,123	1,514,873
Professional development	251,202	232,000
Library	33,442	30,839
General use	16,811,076	14,937,578
Unconditional promises to give, net - permanently restricted to general endowment	1,838,835	146,817
Underwater endowments	(23,304)	(100,939)
	<u>31,082,040</u>	<u>23,441,555</u>
Total Endowments	<u>32,335,041</u>	<u>24,771,829</u>
Not subject to spending policy or appropriation:		
Beneficial interest in assets held by others	<u>165,945</u>	<u>111,433</u>
	<u>\$ 34,705,441</u>	<u>\$ 29,058,700</u>

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS

NOTE 13 - GOVERNMENT CONTRACTS AND GRANTS

Revenue received from government contracts and grants for the years ended September 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Cultural Council of Greater Jacksonville	\$ 282,235	\$ 312,878
National Endowment for the Humanities	139,767	125,000
Florida Division of Cultural Affairs	82,105	78,967
Florida Division of Historical Resources	24,252	-
Duval County Public Schools	87,669	74,996
National Endowment for the Arts	-	10,000
City of Jacksonville	5,500	5,000
Florida Humanities Council	<u>500</u>	<u>4,500</u>
	<u>\$ 622,028</u>	<u>\$ 611,341</u>

NOTE 14 - STATE GRANTS

The Foundation received grant awards pursuant to the State of Florida Division of Cultural Affairs General Program Support Grant. The applicable contract period for utilizing the funds begins July 1 and ends June 30. The awards received and revenue recognized during the years ended September 30 are as follows:

<u>Award Period</u> Year Ended:	<u>Grant Award</u>	Amount of Award Recognized	
		<u>2017</u>	<u>2016</u>
June 30, 2016	\$74,225	\$ -	\$ 55,669
June 30, 2017	\$93,193	69,895	23,298
June 30, 2018	\$48,841	<u>12,210</u>	<u>-</u>
		<u>\$ 82,105</u>	<u>\$ 78,967</u>

During the year ended September 30, 2017, the Foundation also received grant funds from the State of Florida Division of Historical Resources in the amount of \$24,252, which supported the restoration of the garden folly.

NOTE 15 - MATCHING REQUIREMENTS

The contracts administering the awards from the State of Florida Division of Cultural Affairs General Program Support Grant require matching funds of equal amounts through cash and in-kind contributions. This requirement was met for years ended September 30, 2017 and

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

2016. The Florida Humanities Council grant also had matching requirements, which were met.

In December 2015, the Foundation received approval for a \$500,000 challenge grant from the National Endowment for the Humanities (NEH). The grant will be used to support the establishment of a Humanities Program Endowment for humanities-based public programming.

NEH will fund \$500,000 if the Foundation raises matching funds of \$1,500,000 over a 4-year period through July 31, 2019. To receive the full challenge grant award, the foundation must raise \$375,000 in qualified gifts by July 31<sup>st</sup> each year beginning in 2016. The matching funds may include in-kind gifts, earned income, and unrestricted gifts. During the current year, the Foundation successfully raised the necessary funds to receive \$139,767 in NEH funding which is included in revenue from contributions.

NOTE 16 - DEFINED CONTRIBUTION PLAN

The Foundation sponsors a defined contribution plan qualified under Section 403(b) of the Internal Revenue Code to enable employees to accumulate long-term savings for their retirement while benefiting from favorable tax treatment. The defined contribution plan provides eligible employees with a matching contribution up to 3% of participants' compensation. Total expenses for 2017 and 2016 were \$38,595 and \$40,524, respectively.

NOTE 17 - FUNCTIONAL EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 18 - LOSS FROM CASUALTY

In September 2017, Hurricane Irma struck Florida causing widespread damage. The Foundation's gardens sustained extensive damage from the hurricane, including the loss of equipment and plants. The loss of \$32,394 included in the statement of activities for the year ended September 30, 2017 relates to expenses paid and labor occurring before October 1, 2017. Because a reasonable and reliable estimate of the remaining costs to restore the gardens cannot be made, no amounts have been recorded in these financial statements.

In March 2016, damage to gallery floors occurred while repairs were being made to remedy underground soil erosion under the Museum's main building. Costs associated with the gallery restoration totaled \$258,089. Insurance claim proceeds received during the year

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

ended September 30, 2016 totaled \$138,501, resulting in a net loss for the year of \$119,588. Negotiations with the insurance company to discuss supplemental claim payments and a claim for losses from business interruption were finalized during the year ended September 30, 2017, and the net recovery after legal fees was \$70,031.

NOTE 19 - LOSS FROM BUILDING DISPOSAL

During 2015, termite infestation was discovered in one of the Foundation's buildings which was being refurbished. Because the infestation was determined by experts and consultants to be nearly impossible to eradicate, the board of trustees voted on February 18, 2016 to demolish the building. Demolition was completed before September 30, 2016. The loss on building disposal was \$5,101,234, including demolition fees of \$305,486 which is net of amounts received for materials salvaged and resold.

The Foundation received a \$500,000 State of Florida Cultural Facilities Grant in 2006 for renovations to this building. The grant agreement required filing of a restrictive covenant requiring the Foundation to own and maintain the building as a cultural facility for ten years. According to the agreement, violation of the restrictive covenant would require the Foundation to repay grant funds to the state according to an amortization schedule in the covenant documents. However, after consideration of the circumstances, the state waived the repayment provision, and no funds were required to be returned by the Foundation.

NOTE 20 - CONCENTRATIONS

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of bank and brokerage deposits. The Foundation maintains cash and cash equivalents with major financial institutions, which, at times, may exceed Federal Deposit Insurance Corporation limits. Management believes the Foundation is not exposed to any significant credit risk on cash balances.

NOTE 21 - RELATED PARTY TRANSACTIONS

Legal fees were paid to a law firm in which a board member is a partner in the amounts of \$29,463 and \$14,323 in the current and prior years, respectively.

NOTE 22 - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions for potential recognition or disclosure through January 9, 2018, the date the financial statements were available to be issued. Subsequent events occurring after January 9, 2018 have not been evaluated by management.

**INDEPENDENT AUDITORS' 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**

To the Board of Trustees of  
DeEtte Holden Cummer Museum Foundation, Inc.:

We have audited 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, the financial statements of DeEtte Holden Cummer Museum Foundation, Inc. (a nonprofit organization), dba The Cummer Museum of Art & Gardens (the Foundation), which comprise the statement of financial position as of September 30, 2017, 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 January 9, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation'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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 a 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 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described below:

**Time Sheet Approval Documentation** – During our testing of payroll internal controls, we noted that supervisor approval for hourly employee time worked was not available for 5 paychecks out of 40 selected for testing on 2 different payroll periods, 19 of which were hourly employees. No issues were noted for any of the 21 salary employees’ paychecks tested as pay period time sheets are not mandatory for salary employees, only monthly attendance cards. Documentation of the hourly employees’ time was inaccessible due to three supervisors approving time via email and those emails not being maintained either electronically or via hard copy and personnel were unable to obtain proof of supervisor approval. The availability of records and documentation can be critical to an organization in the event of an audit by a government agency, other grantors, a lawsuit or other litigation claim, or any number of other circumstances. Therefore, we recommend that the time sheet approval process or the email retention policy be reviewed to determine if there is a way to document and maintain approval of employee time sheets, as appropriate, for a sufficient period of time to ensure accuracy of employee pay as well as to maintain sufficient documentation.

*Management’s Response to Finding* – As a result of the audit finding, we immediately implemented a policy requiring supervisors to approve timecards directly through the online payroll system. Also, a checklist is now used during payroll processing which includes steps to help ensure proper authorization of timecards. A report is generated from the payroll system which reflects the approval status of the timecards and any exceptions are forwarded to the appropriate supervisor for correction and for approval of the timecard. The Director of Operations will continue to compare the results of each payroll processing period to her budget, which is maintained by employee and pay period.

## **Compliance and Other Matters**

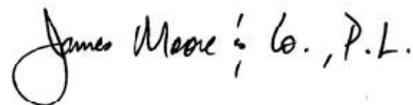
As part of obtaining reasonable assurance about whether the Foundation’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

## **The Foundation’s Response to Findings**

The Foundation’s response to the finding identified in our audit is described above. The Foundation’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Daytona Beach, Florida  
January 9, 2018

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE SOURCE AND STATUS OF FUNDS  
 RECEIVED FROM THE CITY OF JACKSONVILLE, FLORIDA  
 Year Ended September 30, 2017

City of Jacksonville - Cultural Services Operating Grant  
 Contract Period: 10/1/16 - 9/30/17  
 Amount of Award: \$ 282,235

	<u>Award Budget</u>	<u>Actual</u>	<u>Budget Remaining</u>
Cash receipts	\$ 282,235	\$ 282,235	\$ -
Cash disbursements			
Administrative salaries	111,000	111,000	-
Artistic salaries	109,000	109,000	-
Administrative payroll taxes and benefits	31,235	31,235	-
Artistic payroll taxes and benefits	<u>31,000</u>	<u>31,000</u>	<u>-</u>
Cash receipts in excess of cash disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Jacksonville - Environmental Protection Board  
 Contract Period: 10/1/16  
 Amount of Award: \$ 5,000

	<u>Award Budget</u>	<u>2016 Actual</u>	<u>Budget Remaining</u>
Cash receipts	\$ 5,000	\$ 5,000	\$ -
Cash disbursements			
Envirofest Support	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Cash receipts in excess of cash disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

At September 30, 2017 and 2016 no receivables were due from the City. City funds are held in a separate bank account.

DeETTE HOLDEN CUMMER MUSEUM FOUNDATION, INC.  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE SOURCE AND STATUS OF FUNDS  
 RECEIVED FROM THE CITY OF JACKSONVILLE, FLORIDA  
 Year Ended September 30, 2016

City of Jacksonville - Cultural Services Operating Grant  
 Contract Period: 10/1/15 - 9/30/16  
 Amount of Award: \$ 312,878

	<u>Award Budget</u>	<u>Actual</u>	<u>Budget Remaining</u>
Cash receipts	\$ 312,878	\$ 312,878	\$ -
Cash disbursements			
Administrative salaries	102,025	102,025	-
Artistic salaries	128,975	128,975	-
Administrative payroll taxes and benefits	30,475	30,475	-
Artistic payroll taxes and benefits	38,525	38,525	-
Contracted fees and services	<u>12,878</u>	<u>12,878</u>	<u>-</u>
Cash receipts in excess of cash disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Jacksonville - Environmental Protection Board  
 Contract Period: 10/3/2015  
 Amount of Award: \$ 5,000

	<u>Award Budget</u>	<u>2016 Actual</u>	<u>Budget Remaining</u>
Cash receipts	\$ 5,000	\$ 5,000	\$ -
Cash disbursements			
Envirofest Support	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Cash receipts in excess of cash disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>