

TALES 'N' TRAILS MUSEUM
FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020



TALES 'N' TRAILS MUSEUM

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Accountant's Review Report | 1 |
| Financial Statements: | |
| Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis | 2 |
| Statement of Support, Revenue, and Expenses – Modified Cash Basis | 3 |
| Statement of Functional Expenses – Modified Cash Basis | 4 |
| Notes to Financial Statements | 5 - 8 |



Independent Accountant's Review Report

Board of Directors
Tales 'N' Trails Museum
Wichita Falls, Texas

We have reviewed the accompanying financial statements of Tales 'N' Trails Museum (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2020, and the related statements of support, revenue, and expenses – modified cash basis, and functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

MWA Group, P.C.

MWH GROUP, P.C.

Wichita Falls, Texas
July 19, 2021

TALES 'N' TRAILS MUSEUM

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS DECEMBER 31, 2020

ASSETS

Assets

| | |
|-----------------------------|---------------------|
| Cash and cash equivalents | \$ 106,921 |
| Other assets | 10,985 |
| Property and equipment, net | <u>1,117,992</u> |
| Total assets | <u>\$ 1,235,898</u> |

LIABILITIES AND NET ASSETS

Liabilities

| | |
|-----------------------|-------------|
| Payroll taxes payable | <u>\$ -</u> |
| Total liabilities | <u>-</u> |

Net Assets

| | |
|----------------------------------|---------------------|
| With donor restrictions | 17,825 |
| Without donor restrictions | <u>1,218,073</u> |
| Total net assets | <u>1,235,898</u> |
| Total liabilities and net assets | <u>\$ 1,235,898</u> |

See accompanying notes and independent accountant's review report.

TALES 'N' TRAILS MUSEUM

STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|-------------------------------|----------------------------|--------------|
| Support and revenue: | | | |
| Program income: | | | |
| Membership dues | \$ 8,657 | \$ - | \$ 8,657 |
| Admissions | 1,017 | - | 1,017 |
| Contributions | 71,468 | 5,100 | 76,568 |
| Interest income | 13 | - | 13 |
| Fundraising, net of direct expenses | 15,129 | - | 15,129 |
| Framing income | 7,139 | - | 7,139 |
| Gift shop sales | 10,272 | - | 10,272 |
| Rental income | 14,450 | - | 14,450 |
| Hotel/motel tax income | - | 12,725 | 12,725 |
| Payroll Protection Program | 1,500 | - | 1,500 |
| Economic Injury Disaster Loan | 2,000 | - | 2,000 |
| Miscellaneous | 1,705 | - | 1,705 |
| Net assets released from restrictions | 25,302 | (25,302) | - |
| Total support and revenue | 158,652 | (7,477) | 151,175 |
| Expenses: | | | |
| Program | 103,271 | - | 103,271 |
| Fundraising | - | - | - |
| General & administrative | 6,456 | - | 6,456 |
| Total expenses | 109,727 | - | 109,727 |
| Change in net assets | 48,925 | (7,477) | 41,448 |
| Net assets at beginning of year | 1,169,148 | 25,302 | 1,194,450 |
| Net assets at end of year | \$ 1,218,073 | \$ 17,825 | \$ 1,235,898 |

See accompanying notes and independent accountant's review report.

TALES 'N' TRAILS MUSEUM

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2020

| | Program | Fundraising | General & administrative | Total |
|---------------------|-------------------|-------------|-----------------------------|-------------------|
| Cost of sales | \$ 10,108 | \$ - | \$ - | \$ 10,108 |
| Payroll and related | 6,975 | - | 775 | 7,750 |
| Contract services | 2,255 | - | 3,900 | 6,155 |
| Advertising | 1,878 | - | - | 1,878 |
| Facilities | 4,938 | - | 549 | 5,487 |
| Insurance | 14,186 | - | - | 14,186 |
| Operations | 1,781 | - | - | 1,781 |
| Supplies | 7,754 | - | - | 7,754 |
| Travel | 207 | - | - | 207 |
| Utilities | 10,804 | - | 1,200 | 12,004 |
| Depreciation | 42,093 | - | - | 42,093 |
| Other expenses | 292 | - | 32 | 324 |
| | <u>\$ 103,271</u> | <u>\$ -</u> | <u>\$ 6,456</u> | <u>\$ 109,727</u> |
| Total expenses | <u>\$ 103,271</u> | <u>\$ -</u> | <u>\$ 6,456</u> | <u>\$ 109,727</u> |

See accompanying notes and independent accountant's review report.

TALES 'N' TRAILS MUSEUM

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Tales 'N' Trails Museum (TNT) is a nonprofit organization whose mission is built on the belief that the legacy of the past enhances and enriches the lives of current and future generations by preservation and interpretation of our history through exhibits, programs, and archives that evoke our appreciation of past heritage.

Basis of Presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, TNT has not recognized accounts receivable, pledges receivable from donors, accounts payable, or their related effects on the change in net assets in the accompanying financial statements.

TNT reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of TNT's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TNT or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

TALES 'N' TRAILS MUSEUM

NOTES TO FINANCIAL STATEMENTS (CONT'D) DECEMBER 31, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Cash and Cash Equivalents

TNT considers all investments with an original maturity of three months or less to be cash equivalents.

Cash Deposits

At December 31, 2020, the carrying amounts of TNT's deposits (cash and interest-bearing savings accounts) were fully insured by the FDIC.

Collections

Collection items consist of art objects that are held for educational and curatorial purposes. Each of the items is cataloged, preserved, and care for, and kept unencumbered, and activities verifying their existence and assessing their condition are performed continuously. Collection items acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as decreases in unrestricted net assets if purchased with unrestricted assets and as decreases in temporarily restricted or permanently restricted net assets if purchased with donor-restricted assets. Contributions of collection items are not recognized in the Statement of Activities based on the absence or existence and nature of donor-imposed restrictions. If collection items are sold, the proceeds from the sale are used to purchase additional collection items.

Contributed Goods and Services

TNT receives goods and services donated by volunteers in carrying out its activities. No amounts have been reflected in the financial statements for those goods and services since they do not meet the criteria for recognition under accounting standards.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of 10 to 40 years for the building and improvements and 10 years for furniture and equipment.

Routine maintenance and repairs are charged to operations when incurred. Improvements are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Support and Revenue

TNT records program income, contributions, and grants when they are received. Contributions received are recorded as increases in net assets with donor restrictions, and net assets without donor restrictions, depending on the existence and/or nature of donor restrictions. Restricted contributions whose restrictions are met in the period the contributions are received are reported as unrestricted contributions.

TALES 'N' TRAILS MUSEUM

NOTES TO FINANCIAL STATEMENTS (CONT'D) DECEMBER 31, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Support and Revenue (cont'd)

When the restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Expenses

TNT allocates its expenses on a functional basis among its various programs, fundraising activities, and support services. Expenses that can be identified with a specific program, fundraising event, or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on management's judgment.

Income Taxes

TNT is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes is provided for in the accompanying financial statements

Inventories

Inventories pertain to items for sale in the gift shop and are stated at the lower of cost or market.

Subsequent Events

We have evaluated subsequent events through July 19, 2021, the date the financial statements were available to be issued.

Note 2 - 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, comprise the following:

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | <u>\$ 106,921</u> |
|---------------------------|-------------------|

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments and money market funds.

TALES 'N' TRAILS MUSEUM

NOTES TO FINANCIAL STATEMENTS (CONT'D) DECEMBER 31, 2020

Note 3 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2020:

| | |
|--|------------------|
| Subject to expenditure for a specific purpose: | |
| Highway sign | \$ 2,600 |
| Capital improvements and tourism | 12,725 |
| Cattle exhibit | <u>2,500</u> |
| | <u>\$ 17,825</u> |

Note 4 - NET ASSETS RELEASED FROM RESTRICTIONS

The sources of net assets released from temporary restrictions by of incurring expenditures satisfying the restricted purpose during the year December 31, 2020 was as follows:

| | |
|----------------------------------|------------------|
| Emergency exit door | \$ 2,500 |
| Highway signs | 11,000 |
| Capital improvements and tourism | <u>11,802</u> |
| | <u>\$ 25,302</u> |

Note 5 - PROPERTY AND EQUIPMENT

At December 31, 2020, property and equipment consists of the following:

| | Cost | Current Year Depreciation | Accumulated Depreciation | Net |
|---------------------------|---------------------|------------------------------|-----------------------------|---------------------|
| Land | \$ 59,900 | \$ - | \$ - | \$ 59,900 |
| Building and improvements | 1,303,891 | 35,574 | (250,881) | 1,053,010 |
| Furniture and equipment | <u>65,192</u> | <u>6,519</u> | <u>(60,110)</u> | <u>5,082</u> |
| | <u>\$ 1,428,983</u> | <u>\$ 42,093</u> | <u>\$ (310,991)</u> | <u>\$ 1,117,992</u> |

Note 6 - CONCENTRATIONS

TNT operates in Nocona, Texas. Therefore, support and revenue are dependent on economic conditions in that area.

Note 7 - RISKS AND UNCERTAINTIES

The COVID-19 outbreak in the United States has created economic uncertainties that may impact future operations. The extent of the impact on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on Organization's customers, donors, and employees, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.