

LIBERTY BELL SHRINE OF ALLENTOWN

December 31, 2018 and 2017

Morey Nee Buck & Oswald, LLC
Certified Public Accountants and Advisors



LIBERTY BELL SHRINE OF ALLENTOWN
DECEMBER 31, 2018 and 2017

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Morey, Nee, Buck & Oswald, LLC

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Board of Directors
Liberty Bell Shrine of Allentown
Allentown, Pennsylvania

Management is responsible for the accompanying financial statements of Liberty Bell Shrine of Allentown (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2018 and 2017, and the related statements of revenue, expenses and other changes in net assets– modified cash basis, and functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements in accordance with the modified-cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed the compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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.

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities – Presentation of Financial Statements of Not-for-Profit Entities as of and for the year ended December 31, 2018. The requirements of the ASU have been retroactively applied to 2017.

Morey, Nee, Buck & Oswald, LLC

Morey, Nee, Buck & Oswald, LLC
Spring House, Pennsylvania
May 21, 2019

LIBERTY BELL SHRINE OF ALLENTOWN
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and cash equivalents	\$ 170,241	\$ 76,547
Investment securities	120,393	123,144
Inventories	2,742	3,265
Property and equipment, net	<u>346,193</u>	<u>372,504</u>
Total assets	<u>\$ 639,569</u>	<u>\$ 575,460</u>
Liabilities:		
Payroll liabilities	<u>\$ 230</u>	<u>\$ 154</u>
Total liabilities	<u>230</u>	<u>154</u>
Net assets:		
Without donor restrictions	607,026	531,993
With donor restrictions	<u>32,313</u>	<u>43,313</u>
Total net assets	<u>639,339</u>	<u>575,306</u>
Total liabilities and net assets	<u>\$ 639,569</u>	<u>\$ 575,460</u>

See independent accountant's compilation report and accompanying footnotes.

LIBERTY BELL SHRINE OF ALLENTOWN
STATEMENT OF REVENUE, EXPENSES, AND
OTHER CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Support and Revenue:			
Membership dues	\$ 690	\$ -	\$ 690
Gift shop	7,584	-	7,584
Contributions and grants	125,803	6,000	131,803
Special events	9,808	-	9,808
Fundraising income	<u>9,394</u>	<u>-</u>	<u>9,394</u>
	153,279	6,000	159,279
Net assets released from donor restrictions-operating	<u>17,000</u>	<u>(17,000)</u>	<u>-</u>
Total support and revenue	<u>170,279</u>	<u>(11,000)</u>	<u>159,279</u>
Expenses:			
Program services	74,868	-	74,868
Supporting services:			
Management and general	15,302	-	15,302
Fund raising	<u>2,325</u>	<u>-</u>	<u>2,325</u>
Total expenses	<u>92,495</u>	<u>-</u>	<u>92,495</u>
Excess (deficiency) of support and revenue over expenses	77,784	(11,000)	66,784
Investment return	<u>(2,751)</u>	<u>-</u>	<u>(2,751)</u>
Change in net assets	75,033	(11,000)	64,033
Net assets, beginning of year	<u>531,993</u>	<u>43,313</u>	<u>575,306</u>
Net assets, end of year	<u>\$ 607,026</u>	<u>\$ 32,313</u>	<u>\$ 639,339</u>

See independent accountant's compilation report and accompanying footnotes.

LIBERTY BELL SHRINE OF ALLENTOWN
STATEMENT OF REVENUE, EXPENSES, AND
OTHER CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>
Support and Revenue:			
Membership dues	\$ 829	\$ -	\$ 829
Gift shop	9,105	-	9,105
Contributions and grants	56,363	48,000	104,363
Special events	10,636	-	10,636
Investment return	19,909	-	19,909
Fundraising income	<u>7,795</u>	<u>-</u>	<u>7,795</u>
	104,637	48,000	152,637
Net assets released from donor restrictions-operating	<u>19,500</u>	<u>(19,500)</u>	<u>-</u>
Total support and revenue	<u>124,137</u>	<u>28,500</u>	<u>152,637</u>
Expenses:			
Program services	88,119	-	88,119
Supporting services:			
Management and general	15,500	-	15,500
Fund raising	<u>3,622</u>	<u>-</u>	<u>3,622</u>
Total expenses	<u>107,241</u>	<u>-</u>	<u>107,241</u>
Excess (deficiency) of support and revenue over expenses	16,896	28,500	45,396
Net assets released from donor restrictions-non-operating	<u>42,687</u>	<u>(42,687)</u>	<u>-</u>
Change in net assets	59,583	(14,187)	45,396
Net assets, beginning of year	<u>472,410</u>	<u>57,500</u>	<u>529,910</u>
Net assets, end of year	<u>\$ 531,993</u>	<u>\$ 43,313</u>	<u>\$ 575,306</u>

See independent accountant's compilation report and accompanying footnotes.

LIBERTY BELL SHRINE OF ALLENTOWN
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fund</u> <u>Raising</u>	<u>Totals</u>
Salaries and wages	\$ 20,749	\$ 2,500	\$ 1,750	\$ 24,999
Payroll taxes	<u>1,868</u>	<u>225</u>	<u>158</u>	<u>2,251</u>
Total compensation	22,617	2,725	1,908	27,250
Cost of sales – gift shop	3,911	-	-	3,911
Telephone	520	58	-	578
Repairs and maintenance	-	694	-	694
Facility fee	8,725	275	-	9,000
Office supplies and expenses	357	417	417	1,191
Insurance	3,900	433	-	4,333
Dues	-	795	-	795
Professional fees and services	-	7,443	-	7,443
Advertising and promotion	2,310	-	-	2,310
Depreciation	26,311	-	-	26,311
Program exhibits and displays	6,217	-	-	6,217
Other	-	2,116	-	2,116
Bank charges	<u>-</u>	<u>346</u>	<u>-</u>	<u>346</u>
Totals	<u>\$ 74,868</u>	<u>\$ 15,302</u>	<u>\$ 2,325</u>	<u>\$ 92,495</u>

See independent accountant's compilation report and accompanying footnotes.

LIBERTY BELL SHRINE OF ALLENTOWN
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fund</u> <u>Raising</u>	<u>Totals</u>
Salaries and wages	\$ 35,488	\$ 4,276	\$ 2,993	\$ 42,757
Payroll taxes	<u>3,257</u>	<u>392</u>	<u>275</u>	<u>3,924</u>
Total compensation	38,745	4,668	3,268	46,681
Cost of sales – gift shop	4,632	-	-	4,632
Telephone	512	57	-	569
Repairs and maintenance	1,188	132	-	1,320
Office supplies and expenses	303	354	354	1,011
Insurance	3,806	423	-	4,229
Dues	-	1,202	-	1,202
Professional fees and services	-	5,084	-	5,084
Miscellaneous	-	910	-	910
Advertising and promotion	3,586	-	-	3,586
Depreciation	27,141	-	-	27,141
Program exhibits and displays	8,206	-	-	8,206
Other	-	2,394	-	2,394
Bank charges	<u>-</u>	<u>276</u>	<u>-</u>	<u>276</u>
 Totals	 <u>\$ 88,119</u>	 <u>\$ 15,500</u>	 <u>\$ 3,622</u>	 <u>\$ 107,241</u>

See independent accountant's compilation report and accompanying footnotes.

LIBERTY BELL SHRINE OF ALLENTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

Organization and Purpose

The Organization, which was established in 1959, operates a museum with the affiliation of Zion's Reformed United Church of Christ in Allentown, Pennsylvania where the infamous Liberty Bell was once hidden from the British during the Revolutionary War. The museum educates the general public of the awareness of this historic event by offering tours of its facilities. The museum displays artifacts and sells books and memorabilia on the history of the Liberty Bell.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities – Presentation of Financial Statements of Not-for-Profit Entities. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Basis of Accounting

The financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, whereby revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when obligations are incurred. This basis differs from generally accepted accounting principles primarily because the Organization has not recognized accounts payable to vendors and its related effects on its net change in net assets in the accompanying financial statements. The Organization has elected to record its investments at fair market value.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its statement, Financial Statements of Not-for-Profit Organizations. Under the standard, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties; and net assets with donor restrictions, which are subject to donor stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the donor stipulations.

See independent accountant's compilation report.

LIBERTY BELL SHRINE OF ALLENTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

For purposes of the financial statements, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization places its cash in high credit quality institutions.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization that is not a private foundation under Section 509(a) (2).

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of assets, liabilities and net assets. Unrealized gains and losses are included in the change in net assets in the accompanying statement of revenue, expenses and other changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Investments are composed of publicly traded mutual funds and other equity securities and are carried at fair value.

Contributions

Contributions are recorded as revenue at their fair value in the period received. Amounts received that are designated for future periods or restricted by donor for specific purposes are reported as support with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets released from donor restrictions. Restricted contributions for which donor restrictions are met in the same period as received are reported as revenue without donor restrictions.

Property and Equipment

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the time of the donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Property and equipment is depreciated using the straight-line method over the assets' estimated useful lives.

See independent accountant's compilation report.

LIBERTY BELL SHRINE OF ALLENTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Expense Allocation

The costs of providing program service and other activities have been summarized on a functional basis in the statement of revenue, expenses and other changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited. Those expenses include payroll costs, depreciation, insurance and other various costs. Payroll costs are allocated based on time and efforts studies of the Organization's employees. Depreciation is allocated based on square footage estimates of their building of operations. Insurance is allocated based on the estimated effective usage of their policies. Other various costs are allocated based on estimates or actual use across each of the three classifications.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three levels to measure and report instruments.

Level 1 inputs consist of quoted prices in active markets for identical assets as of the reporting date. These instruments include listed equity and debt securities publicly traded.

Level 2 consists of pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 consists of pricing inputs that are unobservable and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

Fair value standards require an entity to maximize the use of observable inputs, such as quoted prices, and minimize the use of unobservable inputs, such as appraisals or other valuation methods, to determine fair value. The Organization used these valuation techniques based on the available inputs to measure the fair value of its investments. As of December 31, 2018 and 2017, the Organization did not have any Level 2 or Level 3 investments.

See independent accountant's compilation report.

LIBERTY BELL SHRINE OF ALLENTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Advertising Costs

Advertising costs are expensed when incurred. During the years ended December 31, 2018 and 2017, the Organization incurred \$2,310 and \$3,586, respectively, in advertising costs.

Accounting for Uncertainty in Income Taxes

The preparation of the financial statements in conformity with the modified-cash basis requires the Organization to report information regarding its exposure to various tax positions taken. Management has performed their evaluation and believes there are no unrecognized tax positions that are required to be disclosed. The Organization’s policy is to classify income tax related interest and penalties, if any, in interest expense and other expenses, respectively.

Note 2 – INVESTMENTS

The Organization measures its investments on a recurring basis at fair value. These items were measured using the following inputs as of December 31:

<u>2018</u>	Quoted Prices in Active Markets <u>(Level 1)</u>	<u>Total</u>
Money Market	\$ 5,065	\$ 5,065
Large Cap Growth	42,959	42,959
Balanced Class A	38,940	38,940
Capital Income Builder	<u>33,429</u>	<u>33,429</u>
	<u>\$ 120,393</u>	<u>\$ 120,393</u>
<u>2017</u>	Quoted Prices in Active Markets <u>(Level 1)</u>	<u>Total</u>
Money Market	\$ 5,018	\$ 5,018
Large Cap Growth	42,145	42,145
Balanced Class A	40,023	40,023
Capital Income Builder	<u>35,958</u>	<u>35,958</u>
	<u>\$ 123,144</u>	<u>\$ 123,144</u>

Mutual funds are values at the net asset value (“NAV”) of shares held by the Organization at year end.

See independent accountant’s compilation report.

LIBERTY BELL SHRINE OF ALLENTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

Note 2 – INVESTMENTS, continued

The following schedule summarizes the investment return and its classification in the statement of revenue, expenses and other changes in net assets for the years ended December 31:

	<u>2018</u>		<u>2017</u>	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Interest and dividends	\$ 7,487	\$ -	\$ 5,363	\$ -
Unrealized gain/(loss) on investments	<u>(10,238)</u>	<u>-</u>	<u>14,546</u>	<u>-</u>
Total investment return	<u>\$ (2,751)</u>	<u>\$ -</u>	<u>\$ 19,909</u>	<u>\$ -</u>

Note 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Furniture, fixtures and displays	\$ 117,979	\$ 117,979
Building improvements and renovations	<u>425,498</u>	<u>425,498</u>
	543,477	543,477
Less – accumulated depreciation	<u>197,284</u>	<u>170,973</u>
Property and equipment, net	<u>\$ 346,193</u>	<u>\$ 372,504</u>

Note 4 – INVENTORY

Inventory is comprised of souvenirs and books that are sold through the Museum gift shop and is valued at the lower of cost or net realizable value. The inventory is comprised of items relevant to the Revolutionary War era and other historically significant periods in United States history.

See independent accountant’s compilation report.

LIBERTY BELL SHRINE OF ALLENTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

Note 5 –NET ASSETS WITH DONOR RESTRICTIONS

All of the restrictions on net assets at the end of 2018 and 2017 are related to funds raised through either the Museum Development Campaign, a drive to raise funds to restore certain areas of the Museum, or grants received for the education program. Net assets with donor restrictions are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Education program fund	\$ 5,000	\$ 16,000
Museum restoration fund	<u>27,313</u>	<u>27,313</u>
	<u>\$ 32,313</u>	<u>\$ 43,313</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Education program	\$ 17,000	\$ 19,500
Museum restoration	<u>-</u>	<u>42,687</u>
	<u>\$ -</u>	<u>\$ 62,187</u>

Note 6 – CONTRIBUTED SERVICES

A number of unpaid volunteers have made significant contributions of their time to develop the Organization’s ideas, principally in development and organizational duties. No amounts have been recognized in the accompanying statement of revenue, expenses and other changes in net assets because the criteria for recognition of such volunteer effort has not been satisfied.

Note 7 – RISKS AND UNCERTAINTIES

The Organization invests in various investment funds. These investment funds are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is a least reasonably possible that changes in the values of investment funds will occur in the near term and that such changes could materially affect the amounts reported in the statement of assets, liabilities and net assets.

A significant amount of the Organization’s revenue and support is provided by the general public in the form of donations. It is always considered reasonably possible that benefactors, grantors or contributors may be lost in the near term.

See independent accountant’s compilation report.

LIBERTY BELL SHRINE OF ALLENTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

Note 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the statement of assets, liabilities and net asset date for general expenditures are as follows:

Cash and cash equivalents	\$ 170,241
Inventories	<u>2,742</u>
	<u>\$ 332,342</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts from revenue items.

The Organization's has a long-term investment plan and its investments would only be available to cover general expenditures on an emergency basis.

The Organization's donor-restricted net assets are not available for general expenditures.

Note 9 - RELATED ORGANIZATION

A related tax-exempt organization, Zion Reformed UCC which is a religious organization, has members of its congregation on the Board of Directors of Liberty Bell Shrine of Allentown. Currently bylaws of Liberty Bell Shrine of Allentown require that 50% of its members are from the congregation.

The Organization is located in the lower level of Zion Reformed UCC and it reimburses the Church for office expenses and facility fees for museum programming that takes place using church rooms. The expenses are approved on an annual basis subject to prospective usage of the facilities.

During the year ended December 31, 2018, the facility fees \$9,000 and is included in the statement of functional expenses as a facility fee.

Note 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 21, 2019, which is the date the financial statements were available for issuance and has determined there were no subsequent events that require adjustments to or disclosure in the financial statements.

See independent accountant's compilation report.