



# **LIBERTY BELL SHRINE OF ALLENTOWN**

## **REVIEW REPORT**

December 31, 2016 and 2015

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



LIBERTY BELL SHRINE OF ALLENTOWN  
DECEMBER 31, 2016 and 2015

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# Morey, Nee, Buck & Oswald, LLC

Certified Public Accountants and Advisors

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Liberty Bell Shrine of Allentown (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of December 31, 2016 and 2015, and the related statement of revenues, expenses, and other changes in net assets—modified cash basis for the years 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 reviews, 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.

*Morey, Nee, Buck & Oswald, LLC*

Morey Nee Buck & Oswald, LLC  
Spring House, Pennsylvania  
June 12, 2017

LIBERTY BELL SHRINE OF ALLENTOWN  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -  
MODIFIED CASH BASIS  
AS OF DECEMBER 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets:		
Cash and cash equivalents	\$ 90,384	\$ 83,320
Investment securities	103,235	103,129
Inventories	4,050	4,050
Property and equipment, net	<u>332,395</u>	<u>325,490</u>
Total assets	<u>\$ 530,064</u>	<u>\$ 515,989</u>
Liabilities:		
Payroll liabilities	\$ 154	\$ (58)
Due to Zion's Reformed United Church of Christ	<u>-</u>	<u>27,048</u>
Total liabilities	<u>154</u>	<u>26,990</u>
Net assets:		
Unrestricted	472,410	453,999
Temporarily restricted	<u>57,500</u>	<u>35,000</u>
Total net assets	<u>529,910</u>	<u>488,999</u>
Total liabilities and net assets	<u>\$ 530,064</u>	<u>\$ 515,989</u>

See independent accountant's review 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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Support and Revenue:			
Membership dues	\$ 1,706	\$ -	\$ 1,706
Gift shop	8,684	-	8,684
Contributions and grants	52,780	38,500	91,280
Investment income	5,106	-	5,106
Fundraising income	<u>1,377</u>	<u>45,000</u>	<u>46,377</u>
	69,653	83,500	153,153
Net assets released from donor restrictions-operating	<u>31,000</u>	<u>(31,000)</u>	<u>-</u>
Total support and revenue	<u>100,653</u>	<u>52,500</u>	<u>153,153</u>
Expenses:			
Program services	94,740	-	94,740
Supporting services:			
Management and general	13,777	-	13,777
Fund raising	<u>3,725</u>	<u>-</u>	<u>3,725</u>
Total expenses	<u>112,242</u>	<u>-</u>	<u>112,242</u>
Excess (deficiency) of support and revenue over expenses	(11,589)	52,500	40,911
Net assets released from donor restrictions-non-operating	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>
Change in net assets	18,411	22,500	40,911
Net assets, beginning of year	<u>453,999</u>	<u>35,000</u>	<u>488,999</u>
Net assets, end of year	<u>\$ 472,410</u>	<u>\$ 57,500</u>	<u>\$ 529,910</u>

See independent accountant's review 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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Support and Revenue:			
Membership dues	\$ 2,291	\$ -	\$ 2,291
Gift shop	6,005	-	6,005
Contributions and grants	127,854	5,000	132,854
Investment income	2,909	-	2,909
Fundraising income	<u>1,661</u>	<u>160,314</u>	<u>161,975</u>
	140,720	165,314	306,034
Net assets released from donor restrictions-operating	<u>14,631</u>	<u>(14,631)</u>	<u>-</u>
Total support and revenue	<u>155,351</u>	<u>150,683</u>	<u>306,034</u>
Expenses:			
Program services	79,752	-	79,752
Supporting services:			
Management and general	12,919	-	12,919
Fund raising	<u>3,553</u>	<u>-</u>	<u>3,553</u>
Total expenses	<u>96,224</u>	<u>-</u>	<u>96,224</u>
Excess deficiency of support and revenue over expenses	59,127	150,683	209,810
Net assets released from donor restrictions-non-operating	<u>247,114</u>	<u>(247,114)</u>	<u>-</u>
Change in net assets	306,241	(96,431)	209,810
Net assets, beginning of year	<u>147,758</u>	<u>131,431</u>	<u>279,189</u>
Net assets, end of year	<u>\$ 453,999</u>	<u>\$ 35,000</u>	<u>\$ 488,999</u>

See independent accountant's review report and accompanying footnotes.

LIBERTY BELL SHRINE OF ALLENTOWN  
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals</u>
Salaries and wages	\$ 35,108	\$ 4,230	\$ 2,961	\$ 42,299
Payroll taxes	<u>3,213</u>	<u>387</u>	<u>271</u>	<u>3,871</u>
Total compensation	38,321	4,617	3,232	46,170
Cost of sales – gift shop	3,382	-	-	3,382
Rent	-	1,120	-	1,120
Telephone	378	42	-	420
Repairs and maintenance	1,141	127	-	1,268
Office supplies and expenses	422	492	493	1,407
Insurance	5,913	657	-	6,570
Dues	-	930	-	930
Professional fees and services	-	5,069	-	5,069
Miscellaneous	-	352	-	352
Advertising and promotion	3,799	-	-	3,799
Depreciation	20,144	-	-	20,144
Program exhibits and displays	21,240	-	-	21,240
Other	-	66	-	66
Bank charges	<u>-</u>	<u>305</u>	<u>-</u>	<u>305</u>
Totals	<u>\$ 94,740</u>	<u>\$ 13,777</u>	<u>\$ 3,725</u>	<u>\$ 112,242</u>

See independent accountant's review report and accompanying footnotes.



LIBERTY BELL SHRINE OF ALLENTOWN  
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program <u>Services</u>	Management <u>and General</u>	Fund <u>Raising</u>	<u>Totals</u>
Salaries and wages	\$ 32,367	\$ 3,900	\$ 2,730	\$ 38,997
Payroll taxes	<u>2,971</u>	<u>358</u>	<u>251</u>	<u>3,580</u>
Total compensation	35,338	4,258	2,981	42,577
Cost of sales – gift shop	2,054	-	-	2,054
Rent	-	819	-	819
Telephone	551	61	-	612
Repairs and maintenance	759	84	-	843
Office supplies and expenses	490	572	572	1,634
Insurance	5,459	607	-	6,066
Dues	-	1,002	-	1,002
Professional fees and services	-	3,005	-	3,005
Miscellaneous	-	1,996	-	1,996
Advertising and promotion	4,539	-	-	4,539
Depreciation	9,113	-	-	9,113
Program exhibits and displays	21,449	-	-	21,449
Other	-	75	-	75
Bank charges	<u>-</u>	<u>440</u>	<u>-</u>	<u>440</u>
Totals	<u>\$ 79,752</u>	<u>\$ 12,919</u>	<u>\$ 3,553</u>	<u>\$ 96,224</u>

See independent accountant's review report and accompanying footnotes.

LIBERTY BELL SHRINE OF ALLENTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015

**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**

**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 presentation follows the recommendations of the Financial Accounting Standards Board under which the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - not subject to donor-imposed restriction. Unrestricted net assets may be designated for specific purposes by the action of the Organization.

Temporarily Restricted Net Assets - subject to donor-imposed stipulations that may be fulfilled by the actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets - subject to donor-imposed stipulations that the principal is to be maintained permanently by the Organization however, unless restricted by the donor, the Organization may use all or part of the investment return of these net assets for undesignated purposes.

At December 31, 2016 and 2015, the Organization did not have any permanently restricted net assets.

**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. See independent accountant's compilation report.

See independent accountant's review report.

LIBERTY BELL SHRINE OF ALLENTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**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 temporarily restricted support. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets released from restrictions. Restricted contributions for which donor restrictions are met in the same period as received are reported as unrestricted revenue.

**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 unrestricted contributions 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 restricted contributions. 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. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight-line method.

**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.

See independent accountant's review report.

LIBERTY BELL SHRINE OF ALLENTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Use of Estimates**

The preparation of financial statements in conformity with modified cash basis accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of 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. These instruments include investments reported at net asset value per share with liquidity of 90 days or less.

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. These instruments include investments with a liquidity in excess of 90 days.

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, 2016 and 2015, the Organization did not have any Level 2 or Level 3 investments.

**Advertising Costs**

Advertising costs are expensed when incurred. During the year ended December 31, 2016, the organization incurred \$3,799 in advertising costs.

**Accounting for Uncertainty in Income Taxes**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

See independent accountant's review report.

LIBERTY BELL SHRINE OF ALLENTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015

**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>2016</u>	Quoted Prices in Active Markets (Level 1)	Total
Money Market	\$ 5,014	\$ 5,014
Large Cap Growth	32,086	32,086
Balanced Class A	34,659	34,659
Capital Income Builder	<u>31,476</u>	<u>31,476</u>
	<u>\$ 103,235</u>	<u>\$ 103,235</u>

<u>2015</u>	Quoted Prices in Active Markets (Level 1)	Total
Money Market	\$ 20,013	\$ 20,013
Large Cap Growth	31,217	31,217
Balanced Class A	31,910	31,910
Capital Income Builder	<u>19,989</u>	<u>19,989</u>
	<u>\$ 103,129</u>	<u>\$ 103,129</u>

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

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>2016</u>		<u>2015</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Interest and dividends	\$ 3,369	\$ -	\$ 5,064	\$ -
Realized/Unrealized gain (loss) on invest.	<u>1,737</u>	<u>-</u>	<u>(2,155)</u>	<u>-</u>
Total investment return	<u>\$ 5,106</u>	<u>\$ -</u>	<u>\$ 2,909</u>	<u>\$ -</u>

See independent accountant’s review report.

LIBERTY BELL SHRINE OF ALLENTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015

**Note 3 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Furniture, fixtures and displays	\$ 117,979	\$ 90,931
Building improvements and renovations	<u>358,250</u>	<u>358,250</u>
	476,229	449,181
Less – accumulated depreciation	<u>143,834</u>	<u>123,691</u>
Property and equipment, net	<u>\$ 332,395</u>	<u>\$ 325,490</u>

**Note 4 – DUE TO ZION'S REFORMED UNITED CHURCH OF CHRIST**

The Liberty Bell Shrine of Allentown conducted a capital campaign along with Zion's Reformed United Church of Christ to raise funds for planned renovations to their building. The Organization managed the campaign funds. The amount due to the Church represents monies contributed toward the campaign by members of the Church.

During the year ended December 31, 2015, approximately \$60,836 of the monies raised by the Church where used to fund approximately \$298,000 in repairs and improvements made to the building. The amount used for repairs and improvements in 2015 were reclassified as contribution income and the related liability was decreased by \$60,836.

The remaining monies raised by the Church were spent and used up during the year ended December 31, 2016. The Organization reclassified the remaining \$27,048 as contribution income in 2016.

**Note 5 – INVENTORY**

Inventory is comprised of souvenirs and books that are sold through the Museum gift shop. It is comprised of items relevant to the Revolutionary War era and other historically significant periods in United States history.

**Note 6 – TEMPORARILY RESTRICTED NET ASSETS**

All of the restrictions on net assets at the end of 2016 and 2015 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. Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Education program fund	\$ 12,500	\$ 5,000
Museum restoration fund	<u>45,000</u>	<u>30,000</u>
	<u>\$ 57,500</u>	<u>\$ 35,000</u>

See independent accountant's review report.

LIBERTY BELL SHRINE OF ALLENTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015

**Note 6 – TEMPORARILY RESTRICTED NET ASSETS, continued**

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

	<u>2016</u>	<u>2015</u>
Education program	\$ 31,000	\$ 14,631
Museum restoration	<u>30,000</u>	<u>247,114</u>
	<u>\$ 61,000</u>	<u>\$ 261,745</u>

**Note 7 – 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 8 – 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.

**Note 9 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 12, 2017, 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 review report.