

**Nevada County Depot and Museum
Prescott, Arkansas**

DALRYMPLE-CRAIN, P.A., LTD.
327 East 2nd Street South
Prescott, Arkansas 71857

**Nevada County Depot and Museum
Prescott, Arkansas**

Financial Statements
Years Ended December 31, 2000, 2001, and 2002
with
Reports of Public Accountants
on Financial and Compliance Examination

Dalrymple-Crain, P.A. Ltd.
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FINANCIAL SECTION

**Dalrymple
Accounting**



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Enrolled to Practice
Before the Internal
Revenue Service

Accredited in
Accountancy

Ronda Grimes
Office Manager

Member of . . .
National Society of
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Public Accountants

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Independent Auditors' Report

Board of Directors
Nevada County Depot and Museum
Prescott, Arkansas

We have audited the accompanying financial statements of Nevada County Depot and Museum as of December 31, 2000, 2001, and 2002, and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nevada County Depot and Museum as of December 31, 2000, 2001, and 2002, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 23, 2003 on our consideration of Nevada County Depot and Museum's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

September 23, 2003

Dalrymple-Crain, P.A., Ltd.

FINANCIAL STATEMENTS

**Nevada County Depot and Museum
Statement of Financial Position
December 31, 2000, 2001, & 2002**

	2000	2001	2002
Assets			
Current Assets:			
Cash and cash equivalents (See Note #1,E)	\$ 19,365.32	\$ 16,930.76	\$ 19,355.38
Prepaid Insurance	0.00	1,250.00	0.00
Investments (See Note #3)	8,248.36	8,711.18	6,396.65
Total Current Assets	27,613.68	26,891.94	25,752.03
Property and Equipment (See Note #4)	0.00	0.00	300.00
Total Assets	\$ 27,613.68	\$ 26,891.94	\$ 26,052.03
Liabilities and Net Assets			
Liabilities:			
Accounts Payable	274.70	87.20	84.18
Total Liabilities	274.70	87.20	84.18
Net Assets:			
Unrestricted (See Note #1,B)	27,338.98	26,804.74	25,967.85
Temporarily Restricted	0.00	0.00	0.00
Permanently Restricted	0.00	0.00	0.00
Total Net Assets	27,338.98	26,804.74	25,967.85
Total Liabilities and Net Assets	\$ 27,613.68	\$ 26,891.94	\$ 26,052.03

See Accompanying Notes to Financial Statements

Nevada County Depot and Museum
Statement of Activities
For Years Ended, December 31, 2000, 2001, and 2002

	2000	2001	2002
Revenues			
Donations (See Note #5)	\$ 4,069.00	\$ 5,000.00	\$ 5,430.00
Sale of Depot Compact Discs	0.00	406.00	80.00
Insurance	0.00	220.00	0.00
Interest & Dividends	1,345.83	1,056.16	389.28
Total Revenue	\$ 5,414.83	\$ 6,682.16	\$ 5,899.28
Expenses (See Note #7)			
Utilities & Telephone	1,827.22	1,861.69	1,358.56
Donated Rent Expense	4,000.00	4,000.00	4,000.00
Insurance	322.50	654.68	1,250.00
Consulting Fees	0.00	603.91	68.01
Office Supplies	214.75	96.12	59.60
Total Expenses	\$6,364.47	\$7,216.40	\$6,736.17
Increase (decrease) in net assets	(949.64)	(534.24)	(836.89)
Net Assets at beginning of year	28,288.62	27,338.98	26,804.74
Net Assets at end of year	\$27,338.98	\$26,804.74	\$25,967.85

See Accompanying Notes to Financial Statements

Nevada County Depot and Museum
Statement of Cash Flows
For Years Ended, December 31, 2000, 2001, 2002

	2000	2001	2002
Cash Flows from operating activities			
Change in Net Assets	\$ (949.64)	\$ (534.24)	\$ (836.89)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities			
Accounts Payable	274.70	(187.50)	(3.02)
Prepaid Insurance	0.00	(1,250.00)	1,250.00
Donated Computer Equipment	0.00	0.00	(300.00)
Net Cash Provided by operating activities	(674.94)	(1,971.74)	110.09
Cash Flows provided by (used for) investing activities			
Dividends and Interest	(405.92)	(462.82)	(185.47)
Transfers from Investments, net	0.00	0.00	2,500.00
Net Cash Provided by investing activities	(405.92)	(462.82)	2,314.53
Cash Flows provided by (used for) financing activities	0.00	0.00	0.00
Net Increase (decrease) in cash and cash equivalents	(1,080.86)	(2,434.56)	2,424.62
Cash and Cash Equivalents at beginning of year	20,446.18	19,365.32	16,930.76
Cash and Cash Equivalents at end of year	\$ 19,365.32	\$ 16,930.76	\$ 19,355.38
Supplemental disclosures of cash flow information:			
Cash paid during the period for interest expense	\$ 0.00	\$ 0.00	\$ 0.00

See Accompanying Notes to Financial Statements

**Nevada County Depot and Museum
Prescott, Arkansas**

**Notes to the Financial Statements
December 31, 2002**

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

- A. Organization - The entity is organized as a non-profit corporation for the purpose of obtaining, categorizing, and displaying historical items relating to Prescott, Nevada County, and Southwest Arkansas. The entity solicits memberships, public and private contributions, as well as federal and state grants.
- B. Basis of Preparation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Revenue whose restrictions are met in the same year are classified as part of Unrestricted Net Assets. This policy is followed consistently. Assets are considered Temporarily restricted when the revenue is not expended during the same year. In 2000, 2001, and 2002, there were no Temporarily Restricted Net Assets.
- C. Income Taxes - The entity is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). The entity is not a private foundation.
- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.
- E. Cash and Cash Equivalents - The entity defines cash to include money market funds, savings accounts, and demand deposits. Consequently, the cost, carrying value, and market value are equivalent.
- F. Donated Services - The entity records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and property are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. The value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

As of December 31st, 2000, 2001, and 2002, there were no significant concentrations of credit risk related to cash and cash equivalents.

NOTE 3 - INVESTMENTS

Investments as of December 31, 2000, 2001, and 2002 are summarized as follows:

Dec. 31, 2000	Certificate of Deposit – Unrestricted:	\$8,248.36
Dec. 31, 2001	Certificate of Deposit – Unrestricted:	8,711.18
Dec. 31, 2002	Certificate of Deposit – Unrestricted:	6,396.65

NOTE 4 - PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Property and equipment acquisitions and leasehold improvements are recorded at actual costs. Donated Equipment items are capitalized at fair market value at time of donation. Depreciation on these assets is recognized on the straight line method over estimated useful lives of 5 to 10 years for equipment and 10 years for leasehold improvements. Routine equipment maintenance costs and items of nominal costs are not capitalized by the entity. In December 2002, a used computer valued at \$300 was donated to the Nevada County Depot and Museum.

In compliance with Statement of Financial Accounting Standards 116, the Nevada County Depot and Museum has elected not to capitalize contributed items that are added to its collections. These collection items meet the criteria that allow them to be treated as such. They 1) are held for exhibition to the public, for educational purposes, or for research in furtherance of public service and not financial gain; 2) are protected, cared for, and preserved; 3) are subject to a policy requiring any proceeds from the sale of collection items to be reinvested in other collection items. These collections are made up of items that have some measure of historical significance to Southwest Arkansas that have been contributed or loaned to the Nevada County Depot and Museum. At the time of contribution, a form is filled out with information pertaining to the contributor and the item. These items are then arranged, categorized, and periodically placed on display for the public. The museum has temperature-controlled storage facilities on-site at the depot, as well as an off-site storage location.

The following is a summary of capitalized property, equipment, and leasehold improvements as of Dec. 31, 2002.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Leasehold Improvements	\$ 0.00	\$ 0.00	\$ 0.00
Property and Equipment	300.00	0.00	300.00
Totals	<u>\$ 300.00</u>	<u>\$ 0.00</u>	<u>\$ 300.00</u>

NOTE 5 - DONATED OFFICE SPACE

The value of donated office space included in the financial statements and the corresponding expenditures for the years ended December 31, 2000, 2001, and 2002 is as follows:

Revenue:	
Donated office space	<u>\$ 4,000.00</u>
Expense:	
Rent	<u>\$ 4,000.00</u>

NOTE 6 - RELATED PARTY TRANSACTIONS

Danny Stewart was elected as the President of the Nevada County Depot and Museum in November of 2002 and serves on the Board of Directors. During the time-frame of this audit (January 1, 2000 through December 31, 2002), the depot has paid \$671.92 to Danny Stewart Consulting, of which \$68.01 was paid after Mr. Stewart took office as president.

NOTE 7 - FUNCTIONAL ALLOCATION OF EXPENSES

Due to the relatively small amount of expense items for years ended December 31, 2000, 2001, and 2002, the costs of providing the various programs and activities have not been summarized on a functional basis in the statement of activities. As the level of activity increases and the number of expense items increases accordingly, this summary may be performed during later years.

NOTE 8 - CONTINGENCIES

The entity is subject to possible examinations made by federal and state regulators who determine compliance with terms, conditions, laws, and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal and state grantors.

NON-FINANCIAL SECTION

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**Report on Compliance and Internal Control over Financial Reporting in Accordance with
Government Auditing Standards**

Board of Directors
Nevada County Depot and Museum
Prescott, Arkansas

We have audited the financial statements of Nevada County Depot and Museum as of and for the years ended December 31, 2000, 2001, and 2002, and have issued our report thereon dated September 23, 2003. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Nevada County Depot and Museum's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Nevada County Depot and Museum's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected with a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting that we consider material weaknesses.

This report is intended for the information of the Board of Directors and management. However, this report is a matter of public record and its distribution is not limited.

September 23, 2003

Dalrymple - Crain P.A., Ltd.
Dalrymple-Crain, P.A., Ltd.