

**COMMUNICATION OF  
AUDIT RELATED MATTERS**

**STATE HISTORICAL SOCIETY OF MISSOURI**

**JUNE 30, 2025**

September 29, 2025

To the Board of Trustees of  
State Historical Society of Missouri

We have audited the financial statements of State Historical Society of Missouri (the Society) as of and for the year ended June 30, 2025, and have issued our report thereon dated September 29, 2025. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated July 29, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the Society solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control and other matters noted during our audit in a separate letter to you dated September 29, 2025.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Society is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates and Related Disclosures*

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are investments and depreciable lives of fixed assets. We evaluated the factors and assumptions used to develop the estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- Reclassifying adjustments were made to report net asset account balances according to restrictions placed on funds by donors, designations assigned by the Board, and funds without donor restrictions or designations.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Society's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in a separate letter dated September 29, 2025.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Society, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Society's auditors.

This report is intended solely for the information and use of the board of trustees and management of the Society and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service.

Sincerely,

A handwritten signature in black ink that reads "Williams - Keepers LLC". The script is cursive and fluid, with the letters "W", "K", and "L" being particularly prominent.

WILLIAMS KEEPERS LLC

**REPORT OF**  
**STATE HISTORICAL SOCIETY OF MISSOURI**  
**JUNE 30, 2025 AND 2024**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
State Historical Society of Missouri

### Opinion

We have audited the accompanying financial statements of the State Historical Society of Missouri (the Society), which comprise the statements of financial position – modified cash basis as of June 30, 2025 and 2024, the related statements of activities – modified cash basis, the statements of functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis statements of financial position of the Society as of June 30, 2025 and 2024, and the related statements of activities – modified cash basis for the years then ended in conformity with the modified cash basis of accounting.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis of Accounting

We draw attention to Note 1 of the financial statements, which describe the basis of accounting. The financial statements are prepared on 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 opinion is not modified with respect to this matter.

### Prior Period Adjustment

As discussed in Note 10 of the financial statements, the Society changed its accounting policy to no longer capitalize purchased collections as assets. As a result, purchased collections previously recognized as assets have been removed from the statements of financial position – modified cash basis, and a cumulative effect adjustment has been made to beginning net assets as of July 1, 2023. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable base for the preparation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for one year after the date that the financial statements are issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Report of Summarized Comparative Information

We have previously audited the Society's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2024. In our opinion, the summarized comparative information in the statements of activities – modified cash basis for the year ended June 30, 2024 is consistent, in all material respects, with the audit financial statements from which it has been derived.

*Williams - Keepers LLC*

Columbia, Missouri  
September 29, 2025



**STATE HISTORICAL SOCIETY OF MISSOURI**

**STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS**

**JUNE 30, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
Cash and cash equivalents	\$ 224,911	\$ 147,242
Investments	9,151,046	6,364,384
Fixed assets, net of accumulated depreciation	1,499,222	1,727,228
Total assets	<u>\$ 10,875,179</u>	<u>\$ 8,238,854</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Board designated	4,948,001	3,314,054
Invested in fixed assets	1,499,222	1,727,228
Undesignated	1,000,000	2,045,506
Total without donor restrictions	<u>7,447,223</u>	<u>7,086,788</u>
With donor restrictions	<u>3,427,956</u>	<u>1,152,066</u>
Total net assets	<u>\$ 10,875,179</u>	<u>\$ 8,238,854</u>

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

# STATE HISTORICAL SOCIETY OF MISSOURI

## STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS

Year Ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
REVENUES				
Membership dues	\$ 99,875	\$ -	\$ 99,875	\$ 94,175
Donations and dedicated funds	191,767	2,022,606	2,214,373	596,912
Grants	392,980	-	392,980	10,720
Merchandise sales	50,358	-	50,358	61,702
Fees	99,575	-	99,575	58,075
Reimbursed expenses	71,983	-	71,983	250,793
Miscellaneous	45,405	-	45,405	64,023
Investment income	574,279	253,284	827,563	781,276
Total revenues	1,526,222	2,275,890	3,802,112	1,917,676
Net assets released from restrictions:				
For expenditures that met donors' restrictions	-	-	-	-
Total revenues and other support	1,526,222	2,275,890	3,802,112	1,917,676
EXPENSES				
Program	597,088	-	597,088	538,204
General and administrative	568,699	-	568,699	519,782
Total expenses	1,165,787	-	1,165,787	1,057,986
Change in net assets	360,435	2,275,890	2,636,325	859,690
Net assets, beginning of year, as restated	7,086,788	1,152,066	8,238,854	7,379,164
Net assets, end of year	\$ 7,447,223	\$ 3,427,956	\$ 10,875,179	\$ 8,238,854

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

# STATE HISTORICAL SOCIETY OF MISSOURI

## STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Membership dues	\$ 94,175	\$ -	\$ 94,175
Donations and dedicated funds	281,924	314,988	596,912
Grants	10,720	-	10,720
Merchanise sales	61,702	-	61,702
Fees	58,075	-	58,075
Reimbursed expenses	250,793	-	250,793
Miscellaneous	64,023	-	64,023
Investment income	728,241	53,035	781,276
Total revenues	1,549,653	368,023	1,917,676
Net assets released from restrictions:			
For expenditures that met donors' restrictions	2,037,618	(2,037,618)	-
Total revenues and other support	3,587,271	(1,669,595)	1,917,676
EXPENSES			
Program	538,204	-	538,204
General and administrative	519,782	-	519,782
Total expenses	1,057,986	-	1,057,986
Change in net assets	2,529,285	(1,669,595)	859,690
Net assets, beginning of year, as restated	4,557,503	2,821,661	7,379,164
Net assets, end of year	\$ 7,086,788	\$ 1,152,066	\$ 8,238,854

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

# STATE HISTORICAL SOCIETY OF MISSOURI

## STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

Year Ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

	Program	General and Administrative	Total 2025	Total 2024
Depreciation	\$ -	\$ 290,030	\$ 290,030	\$ 282,901
Reimbursed expenses	260,579	-	260,579	215,600
Professional development, services and memberships	84,896	41,190	126,086	139,362
Supplies	71,631	19,901	91,532	55,431
Miscellaneous	4,956	59,989	64,945	32,010
Printing	43,310	9,430	52,740	62,472
Travel and meetings	33,451	13,594	47,045	5,392
Awards and fellowships	30,005	15,050	45,055	36,787
Accounting and legal	-	41,437	41,437	24,996
Insurance	-	37,809	37,809	-
Information technology	24,420	2,136	26,556	27,588
Advertising	22,230	3,059	25,289	9,255
Annual meeting	-	24,973	24,973	21,584
Postage and shipping	8,092	6,587	14,679	41,200
Purchases	12,693	-	12,693	95,505
Utilities	480	2,775	3,255	4,006
Bank fees	345	739	1,084	3,897
	<u>\$ 597,088</u>	<u>\$ 568,699</u>	<u>\$ 1,165,787</u>	<u>\$ 1,057,986</u>

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

# STATE HISTORICAL SOCIETY OF MISSOURI

## STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

Year Ended June 30, 2024

	Program	General and Administrative	Total
Depreciation	\$ -	\$ 282,901	\$ 282,901
Reimbursed expenses	215,600	-	215,600
Professional development, services and memberships	92,277	47,085	139,362
Purchases	46,781	48,724	95,505
Printing	52,160	10,312	62,472
Supplies	33,422	22,009	55,431
Postage and shipping	34,044	7,156	41,200
Awards and fellowships	28,312	8,475	36,787
Miscellaneous	6,829	25,181	32,010
Information technology	21,292	6,296	27,588
Accounting and legal	-	24,996	24,996
Annual meeting	-	21,584	21,584
Advertising	7,007	2,248	9,255
Travel and meetings	-	5,392	5,392
Utilities	480	3,526	4,006
Bank fees	-	3,897	3,897
	<u>\$ 538,204</u>	<u>\$ 519,782</u>	<u>\$ 1,057,986</u>

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

# STATE HISTORICAL SOCIETY OF MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

*Nature of activities:* The State Historical Society of Missouri (the Society) is a nonprofit organization established for the general purpose of collecting, preserving, publishing, exhibiting, and making available materials related to all aspects and periods of Missouri history. The Society is a trustee of the State of Missouri, and the state legislature appropriates funds based on annual budgets to offset operating expenses of the Society. The Society receives additional funding through donations, memberships, publications, seminars, fees, and grants.

*Modified cash basis of accounting:* Except for the modifications mentioned below, the financial statements of the Society have been prepared on the cash basis of accounting. Consequently, revenues are recognized when received rather than when earned and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present the Society's financial position, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles. The modifications to the cash basis include the reporting of investments at fair value and the capitalization and depreciation of fixed assets.

*Basis of presentation:* 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 that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society. These net assets may be used at the discretion of the Society's management and the Board of Trustees.

Net assets with donor restrictions: Net assets that are 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 permanent in nature, where the donor stipulates those resources be maintained in perpetuity. Permanent restrictions are those donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Society. Such stipulations generally specify that the donor gifts are to be invested and that the earnings, or a portion thereof, are either unrestricted or donor restricted as to purpose or time period for use. Accordingly, the classification of such earnings as either unrestricted or donor restricted depends upon the presence or absence of such donor stipulations. 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.

*Contribution revenue recognition:* Contributions to the Society are recognized as revenues at their fair value in the period received and are considered available for the general mission of the Society unless specifically restricted by the donor. The Society recognizes gifts as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor's restriction expires, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that may be met in the same year in which the contributions, if any, are received are classified as contributions without donor restrictions.

*Donated services:* In accordance with the modified cash basis of accounting, the accompanying financial statements do not include the value of donated goods and services. A substantial number of volunteers donate significant amounts of time to the Society's projects, and the University of Missouri provides the Society with space, program, and administrative support. Management has not attempted to determine the value of these items.

*Cash and cash equivalents:* The Society maintains checking accounts at a financial institution which are insured by the Federal Deposit Insurance Corporation (FDIC). Depending upon the level of insurance in effect, these account balances periodically exceed the FDIC insurance limit. The Society considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents, except for cash funds in the investment portfolio.

*Investments:* Investments in debt and equity securities are reported in the financial statements at fair value as of the end of the fiscal year. Fair value is determined by quoted market prices for securities listed on national exchanges or over-the-counter markets. Realized and unrealized gains and losses, along with investment income, net of fees, for net assets with and without donor restrictions, are reported as investment income (loss), net in the statement of activities. Investments which have been donated to the Society are recorded at fair value at the date of the gift.

*Fixed assets:* Fixed assets are recorded at cost if purchased or fair value if contributed. Assets with an original cost of more than \$1,000 are capitalized and depreciated over their estimated useful lives, ranging from 5-15 years, using the straight-line method. Depreciation expense of \$290,030 and \$282,901 was recorded for the year ended June 30, 2025 and 2024, respectively.

*Income taxes:* The Society is exempt from Federal income tax as an organization under Internal Revenue Code Section 501(c)(3). The Society is not a private foundation pursuant to Section 509(a) of the code.

*Functional allocation of expenses:* The costs of program and general and administrative expenses have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited, primarily based on estimates of the Society staff's time spent on various activities.

*Use of estimates:* The preparation of financial statements in conformity with the modified cash basis of accounting which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The primary estimates affecting the Society's financial statements are the valuation of investments and depreciable lives of fixed assets.

*Subsequent events:* Events that have occurred subsequent to June 30, 2025, have been evaluated through September 29, 2025, which represents the date the Society's financial statements were approved by management and therefore were available to be issued.

## 2. LIQUIDITY AND AVAILABILITY

The Society receives contributions with donor restrictions to be used in accordance with the associated purpose or time restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs, preserve and maintain collections, and for various other donor-directed purposes. The Society also receives gifts with no donor restrictions that the Society's Board of Trustees has designated for specific purposes. Donor restricted funds, perpetual endowments, and board designated net assets are not available for general expenditures.

General expenditures include administrative and general expenses, and grant and program commitments expected to be paid in the subsequent year. The Society's financial assets available within one year from June 30 to meet cash needs for general expenditures consists of the following:

	2025	2024
Cash and cash equivalents	\$ 224,911	\$ 147,242
Investments	9,151,046	6,364,384
Total financial assets	9,375,957	6,511,626
Funds subject to donor-imposed restrictions	(3,427,956)	(1,152,066)
Net financial assets after donor-imposed restrictions	5,948,001	5,359,560
Other limitations:		
Board designated funds	(4,948,001)	(3,314,054)
Net financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,000,000</u>	<u>\$ 2,045,506</u>

## 3. INVESTMENTS

The Society's investments are reported at fair value. The unrealized increase in market value during the year is reported in the statement of activities. The Society's policy is to include cash and cash equivalents held by the broker in a managed portfolio as investments. Investments consist of the following at June 30:

	2025		2024	
	Cost or Donated Fair Value	Carrying Amount	Cost or Donated Fair Value	Carrying Amount
Equity funds	\$ 2,021,070	\$ 3,425,873	\$ 1,850,593	\$ 2,978,130
Fixed income funds	2,884,965	2,871,748	1,818,773	1,757,466
Money market funds	1,056,115	1,056,115	586,758	586,758
Commodities	676,193	1,070,858	526,149	660,604
Mutual funds	703,647	726,452	392,864	381,426
Total investments	<u>\$ 7,341,990</u>	<u>\$ 9,151,046</u>	<u>\$ 5,175,137</u>	<u>\$ 6,364,384</u>



Investment income consists of the following at June 30:

	2025	2024
Interest income	\$ 62,423	\$ 63,393
Dividends	136,935	101,819
Unrealized gains (losses)	621,041	675,215
Realized (losses)	46,914	(29,295)
Taxes and fees	(39,750)	(29,856)
Net investment income	<u>\$ 827,563</u>	<u>\$ 781,276</u>

#### 4. FAIR VALUE OF INVESTMENTS

A fair value hierarchy is used that prioritizes the inputs to valuation techniques used to measure fair value of balances that are required or permitted to be measured at fair value for reporting in financial statements. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to the unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1	Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the Society has the ability to access at the measurement date.
Level 2	Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
Level 3	Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, because there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The Society's assets measured at fair value at June 30, 2025 and 2024, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows:

2025	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Equity funds:				
U.S. large-cap stocks	\$ 2,439,262	\$ 2,439,262	\$ -	\$ -
U.S. small/mid-cap stocks	51,519	51,519	-	-
Emerging market funds	295,513	295,513	-	-
International developed funds	451,429	451,429	-	-
Hedged equity funds	188,150	188,150	-	-
Total equity funds	3,425,873	3,425,873	-	-
Fixed income funds	2,871,748	2,871,748	-	-
Money market funds	1,056,115	1,056,115	-	-
Commodities	1,070,858	1,070,858	-	-
Mutual funds	726,452	726,452	-	-
Total investments	\$ 9,151,046	\$ 9,151,046	\$ -	\$ -
2024	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Equity funds:				
U.S. large-cap stocks	\$ 2,194,409	\$ 2,194,409	\$ -	\$ -
U.S. small/mid-cap stocks	336,000	336,000	-	-
Emerging market funds	186,916	186,916	-	-
International developed funds	184,856	184,856	-	-
Hedged equity funds	75,949	75,949	-	-
Total equity funds	2,978,130	2,978,130	-	-
Fixed income funds	1,757,466	1,757,466	-	-
Money market funds	586,758	586,758	-	-
Commodities	660,604	660,604	-	-
Mutual funds	381,426	381,426	-	-
Total investments	\$ 6,364,384	\$ 6,364,384	\$ -	\$ -

## 5. FIXED ASSETS

The following is a schedule of fixed assets and accumulated depreciation at June 30:

	2025	2024
Furniture, fixtures, and equipment	\$ 2,894,514	\$ 2,832,490
Less: accumulated depreciation	(1,395,292)	(1,105,262)
Fixed assets, net	\$ 1,499,222	\$ 1,727,228

## 6. COLLECTIONS

The Society maintains collections of works of art that are held for public exhibition, education, and research, rather than financial gain. The collections are protected, preserved, and cared for, and the Society's policy requires that proceeds from the sale of collection items, if any, be used exclusively to acquire other items for the collections.

In accordance with ASC 958-360, Not-for-Profit Entities—Collections, the Society does not capitalize its collections in the accompanying financial statements.

## 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2025	2024
William Guitar Little endowment	\$ 2,193,619	\$ -
Miller Nichols expansion	552,551	552,551
WHMC	163,119	148,721
SHSMO endowment	148,241	120,157
National women in media collection	71,694	65,366
Stilley endowment	57,408	52,341
Missouri militia endowment	49,046	44,717
Burns endowment and income fund	48,732	41,868
Webber Missouri history day teacher award	40,675	37,086
William Little art donation	30,110	27,452
Eagleton-Waters fund	28,837	26,292
Columbia Tribune digitization project	18,066	16,471
Federal judges collection	12,044	10,981
McDaniel foundation	5,775	5,775
Cory photograph collection	4,436	-
Connett endowment	3,574	2,259
MFS trust	29	29
	<u>\$ 3,427,956</u>	<u>\$ 1,152,066</u>

Net assets of \$0 and \$2,037,618 were released from donor restrictions by satisfying the restriction specified by the donors during the years ended June 30, 2025, and 2024, respectively.

## 8. ENDOWMENT FUNDS

The Society's endowment at June 30, 2025, consists of four individual donor-restricted endowment funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported in the financial statements based on the existence or absence of donor-imposed restrictions.

### *Interpretation of Relevant Law*

A version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) is the law governing the management of donor-restricted endowment funds in Missouri. UPMIFA provides guidance for investment management and expenditure decisions related to endowment funds.

The Board of Trustees of the Society has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as described above is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Society and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effects of inflation and deflation
- (5) The expected total return from income and the appreciation (depreciation) of investments
- (6) Other resources of the Society

### *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2025 or 2024.

### *Return Objectives and Risk Parameters*

The Society withdraws funds from the endowment assets in an attempt to provide a predictable stream of funding to programs supported by its endowment. Under this policy, the endowment assets are invested in a prudent manner through a broadly diversified approach, unless otherwise specified by the donor, that is intended to produce income to be used to carry out the purposes and objectives of the donor fund and the Society, as well as to allow growth within the endowment funds. The Society expects its endowment funds, over time, to provide an average rate of return that will meet or exceed investment costs, inflation, and spending.

### *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### *Endowment Financial Information*

Changes in the endowment for the year ended June 30, 2025 was as follows:

Balance, June 30, 2024	\$ 259,083
Investment income, net	220,400
Contributions	<u>2,017,562</u>
Balance, June 30, 2025	<u><u>\$ 2,497,045</u></u>

## **9. BOARD DESIGNATIONS**

The Board of Directors of SHSMO have designated net assets without donor restrictions for the following purposes as of June 30:

	2025	2024
SHSMO Quasi-Endowment	\$ 4,172,860	\$ 2,900,948
Brownlee fund	344,316	320,724
Gary R. Kremer Center for Missouri Studies Fellowship	330,140	-
Missouri History Book Awards	48,176	43,924
Missouri Historical Review Article Award	23,266	21,962
German Heritage Prize	12,044	10,981
Teachers Award fund	9,356	8,530
Neth fund	<u>7,843</u>	<u>6,985</u>
Total	<u><u>\$ 4,948,001</u></u>	<u><u>\$ 3,314,054</u></u>

## 10. PRIOR PERIOD ADJUSTMENT

The Society changed its accounting policy for collections and no longer capitalizes collections as assets. The cumulative effect of this change, \$507,366, has been reported as an adjustment to beginning net assets as of July 1, 2023. This change was made to better reflect the Society's financial position under the modified cash basis of accounting.

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, July 1, 2023, as previously reported	\$ 7,594,154	\$ 1,152,066	\$ 8,746,220
Cumulative effect of change in accounting principle:			
Removal of collections from assets	(507,366)	-	(507,366)
Net assets, July 1, 2023, as restated	<u>\$ 7,086,788</u>	<u>\$ 1,152,066</u>	<u>\$ 8,238,854</u>

**MANAGEMENT LETTER**  
**STATE HISTORICAL SOCIETY OF MISSOURI**  
**JUNE 30, 2025**

September 29, 2025

To the Board of Trustees of  
The State Historical Society of Missouri

In planning and performing our audit of the financial statements of The State Historical Society of Missouri (the Society) for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Society's internal control over financial reporting (internal control) as a basis for designing 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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 Society'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.



### **PRIOR YEAR CONTINUING RECOMMENDATION**

#### ***Tracking of revenue received with donor-imposed restrictions (significant deficiency)***

Consistent with prior audits, the accounting treatment of funds received with donor-imposed restrictions was inadequate for financial statement reporting purposes. The recording of revenue transactions related to specific restricted or board-designated funds was improper. There were several instances of revenues received that were allocated directly to the respective net asset fund, rather than being recorded as restricted or board-designated revenue.

We continue to recommend the Society refine the tracking mechanism to record revenue received with restriction and subsequent expenses that meet the donor-imposed restrictions of the funds.

*Management's response:* The Society agrees with the audit recommendations. The Society will continue to refine procedures to maintain a workbook to track receipt and use of donor restricted and board designated funds.

### **PRIOR YEAR RECOMMENDATION IMPLEMENTED**

#### ***Reconciliation and review of account balances (material weakness)***

During prior audits, turnover of personnel, inaccurate data entry, and review of the Society's financial records resulted in instances of account balances that were not reconciled. During our prior audit procedures, we noted errors in the calculation of certain account balances or unreconciled differences in account balances. These errors resulted from a lack of adequate review of the accounting work performed by staff and understanding of the functionality of the Society's accounting software.

During our current year audit, we did not identify instances of account balances not being reconciled. Additionally, in June 2025, the Society hired a Senior Business Operations Associate to oversee the accounting function.

This communication is intended solely for the information and use of management, the Board of Trustees and appropriate employees within the Society and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Williams-Keepers LLC". The signature is written in a cursive, flowing style.

WILLIAMS-KEEPERS LLC