



TROY HISTORIC VILLAGE

where history lives

To: John Szerlag, City Manager
Mark Miller, Director of Economic & Community Development

From: Cheryl Barnard, President Troy Historical Society
John Lavender, Treasurer Troy Historical Society
Loraine Campbell, Director Troy Historic Village

Re: Progress of the City of Troy-Troy Historical Society Public-Private Partnership

Date: May 1, 2012

Attached please find the following financial records that you requested in response to inquiries by members of City Council:

1. The THS approved budget for FY2011/12. This is the first year the Troy Historical Society operated the Village.
2. The independent audits for the periods April 1, 2010-March 31, 2011 and April 1, 2011- June 30, 2011. Please note the Troy Historical Society changed its fiscal year to July 1-June 30 when they assumed operational management of the Troy Historic Village.
3. Copies of the Troy Historical Society's form 990-EZ for April 1, 2010-March 31, 2011 and April 1, 2011- June 30, 2011.

Troy Historical Society

Fiscal Year Budget

July 1, 2011 - June 30, 2012

Revenue

Admissions	6,500
Donations	9,000
Education Programs	96,850
Facilities Rentals	16,500
Fundraising Events	3,500
Grants	136,500
Interest Income	-
Memberships	6,000
Public Programs	10,720
Royalties	-
Sponsorships	15,000
Village Store	12,000
Buildings Maintenance - Troy	25,000
Grounds Maintenance - Troy	18,800
Insurance - City Liability - Troy	2,100
Security - Troy	1,500
Utilities - Troy	31,000

Total Revenue \$ 390,970

Expense

Salaries	164,412
Employment Taxes & Ins.	14,968
Consultants	62,421
Advertising	4,000
Audit	4,500
Bank & Credit Card Fees	1,200
Dues & Subscriptions	1,325
Evaluation	350
Fundraising Events	750
Insurance	1,000
Postage	900
Printing	2,640
Rentals & Technology	20,490
Services	6,950
Signage	3,558
Supplies	12,200
Travel	385
Village Store	7,000
Buildings Maintenance - Troy	25,000
Grounds Maintenance - Troy	18,800
Insurance - City Liability - Troy	2,100
Security - Troy	1,500
Utilities - Troy	31,000

Total Expense \$387,449

Notes:

1. As a budget for the first year of operation, this budget includes items of one-time revenue and items of one-time expense that are not expected in the next year of operation.
2. As stated in the THS operating agreement with the City of Troy, buildings maintenance, grounds maintenance, City liability insurance, security, and utilities are paid directly by the City of Troy. Because some grant applications request that a complete operating budget be submitted, these items are included in our budget as the amounts budgeted by the City. At the end of our fiscal year, our budget will be amended to show the actual amounts reported by the City as both budgeted revenue and expense.

TROY HISTORICAL SOCIETY
(a non-profit corporation)

FINANCIAL STATEMENTS – MODIFIED CASH BASIS

For the year ended March 31, 2011

TROY HISTORICAL SOCIETY

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS – MODIFIED CASH BASIS	
Statement of Assets, Liabilities, and Net Assets	2
Statement of Support, Revenue and Expenses and Changes in Net Assets	3
Statement of Functional Expenses	4
Notes to Financial Statements	5 - 9



Lazzara & Company, P.C.

Certified Public Accountants
Certified Valuation Analysts
Business Advisors & Consultants

"We're in the business of caring"

Michael J. Lazzara, CPA, MBA, CVA
Mary Ellen Taylor, CPA
David A. Lazzara, CPA

David H. Martin, CPA
Randall C. DiFalco, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Troy Historical Society
Troy, Michigan

We have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of Troy Historical Society (a non-profit corporation) as of March 31, 2011, and the related statements of support, revenue and expenses and changes in net assets – modified cash basis, and functional expenses – modified cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Troy Historical Society as of March 31, 2011, and its support, revenue, and expenses, for the year then ended, on the basis of accounting described in Note 2.

Lazzara & Company, P.C.

LAZZARA & COMPANY, P.C.
October 5, 2011

TROY HISTORICAL SOCIETY

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS

MARCH 31, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 64,368
Restricted cash for Heritage Campaign	52,070
Inventory	<u>13,563</u>

TOTAL ASSETS	\$ <u>130,001</u>
---------------------	--------------------------

NET ASSETS

NET ASSETS

Unrestricted	\$ 74,461
Temporarily restricted	<u>55,540</u>

TOTAL NET ASSETS	\$ <u>130,001</u>
-------------------------	--------------------------

The accompanying notes to financial statements are an integral part of the financial statements

TROY HISTORICAL SOCIETY

**STATEMENT OF SUPPORT, REVENUE AND EXPENSES
AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS**

FOR THE YEAR ENDED MARCH 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenue			
Donations	\$ 21,584	\$ 87,882	\$ 109,466
Program revenue	35,117	-	35,117
Fundraising	11,282	-	11,282
Merchandise sales	9,772	-	9,772
Increase in FMV of marketable securities	-	265	265
Interest	-	638	638
Other	2,119	-	2,119
Net assets released from restrictions	<u>207,543</u>	<u>(207,543)</u>	<u>-</u>
Total public support and revenue	<u>287,417</u>	<u>(118,758)</u>	<u>168,659</u>
Expenses			
Program services	340,134	-	340,134
Fundraising	2,274	-	2,274
Management and general	<u>10,441</u>	<u>-</u>	<u>10,441</u>
Total expenses	<u>352,849</u>	<u>-</u>	<u>352,849</u>
Change in Net Assets	(65,432)	(118,758)	(184,190)
Net Assets, April 1, 2010	<u>139,893</u>	<u>174,298</u>	<u>314,191</u>
Net Assets, March 31, 2011	<u>\$ 74,461</u>	<u>\$ 55,540</u>	<u>\$ 130,001</u>

The accompanying notes to financial statements are an integral part of the financial statements

TROY HISTORICAL SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2011

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Fundraising</u>	<u>Management and General</u>	
Contracted Services				
Contract services	\$ 322,981	\$ -	\$ 2,348	\$ 325,329
Utilities	1,383	-	-	1,383
Food and beverage	<u>295</u>	-	<u>30</u>	<u>325</u>
Total contracted services and expenses	<u>324,659</u>	-	<u>2,378</u>	<u>327,037</u>
Direct Program Expenses				
Program supplies	908	-	-	908
Lectures and exhibit fees	2,378	-	230	2,608
Entertainment	33	543	-	576
Merchandise and awards	<u>11,481</u>	<u>676</u>	<u>666</u>	<u>12,823</u>
Total direct program expenses	<u>14,798</u>	<u>1,219</u>	<u>896</u>	<u>16,913</u>
Occupancy Expenses				
General liability insurance	-	-	877	877
Rent and facilities expense	-	-	36	36
Telephone	-	<u>430</u>	-	<u>430</u>
Total occupancy expenses	-	<u>430</u>	<u>913</u>	<u>1,343</u>
Administrative Expenses				
Advertising	-	275	-	275
Office and postage	-	-	1,260	1,260
Professional fees	-	-	4,115	4,115
Bank service charges	<u>154</u>	-	<u>737</u>	<u>891</u>
Total administrative expenses	<u>154</u>	<u>275</u>	<u>6,112</u>	<u>6,541</u>
Other Expenses				
Sales tax	473	-	-	473
Miscellaneous expense	<u>50</u>	<u>350</u>	<u>142</u>	<u>542</u>
Total other expenses	<u>523</u>	<u>350</u>	<u>142</u>	<u>1,015</u>
Total functional expenses	<u>\$ 340,134</u>	<u>\$ 2,274</u>	<u>\$ 10,441</u>	<u>\$ 352,849</u>

The accompanying notes to financial statements are an integral part of the financial statements

TROY HISTORICAL SOCIETY
Notes to Financial Statements
March 31, 2011

Note 1 - Nature of Organization

Troy Historical Society (the Organization) is a non-profit corporation located in Troy, Michigan that promotes the knowledge and appreciation of local, state and national heritage among its citizens and school children. The Organization was formed in order to foster and encourage the collection and preservation of historical artifacts and to study and conduct historical research. The Organization's source of revenue is principally donations and program revenue.

The Troy Museum and Historic Village

Effective July 1, 2011 the City of Troy entered into a 5 year non-exclusive agreement with the Troy Historical Society that allows the Organization to occupy and use the Troy Museum and Historic Village buildings for the sole purpose of promoting the mission and vision of the City of Troy and the Troy Historical Society through mission and vision focused historical programs. Under this agreement the Organization is authorized to manage and operate the Troy Museum and will retain all revenues earned from the Museum operation (see note 3).

The Heritage Campaign

From 2006 to 2012 the Troy Historical Society has embarked on a major capital campaign to expand and improve the Troy Museum and Historic Village. The Campaign encompasses 5 projects: Relocation and rehabilitation of the Niles Barnard House; Reconstruction and rehabilitation of a Historic Barn; the 1927 Township Hall Adaptive Reuse; creation of a Gateway to the Village Green; and creation of an Endowment Maintenance Fund for the buildings and the Village Green (see note 3).

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the modified cash basis of accounting, revenues and the related assets are recognized when paid in cash rather than when earned, and expenses are recognized when paid in cash rather than when the obligations are incurred. Depreciation and amortization are recognized over the estimated useful life of the assets. Inventory is capitalized and recognized on the statement of activities and changes in assets when sold.

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations, which requires the Organization to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no permanently restricted net assets at March 31, 2011.

TROY HISTORICAL SOCIETY
Notes to Financial Statements
March 31, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Cash

The Organization places its temporary cash investments with high credit quality financial institutions. At March 31, 2011, the Organization maintained cash balances in regular checking accounts and money market accounts. One of the money market accounts and the cash accumulated by the certain book sales from the Troy Museum Guild Workshop is restricted for use by the Heritage Campaign.

Inventory

The museum store retail inventory is valued at the lower of cost or market. Certain books included in the inventory totaling \$3,470 and the future sales of these books are restricted to the Heritage Campaign.

Property and Equipment

Property and equipment are capitalized when the cost of an item is at least \$500 and depreciated using straight line depreciation. Property and equipment with a value of less than \$500 will be expensed in the year of purchase.

Classification of Net Assets

Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified as temporarily restricted, permanently restricted or unrestricted. Donor-imposed restrictions that expire with the passage of time, or that can be removed by meeting certain requirements, are classified as temporarily restricted net assets.

Unrestricted Net Assets - This portion of the Organization's net assets is available for general obligations and is not subject to any donor-imposed restrictions. Revenues earned, program services provided, unrestricted contributions and all operating expenses are reported in this category. The Organization records donor-restricted contributions, whose restrictions have been satisfied in the same reporting period, as unrestricted support in such year.

Temporarily Restricted Net Assets - This portion of the Organization's net assets is limited to use specified by donor-imposed restrictions. When donor restrictions expire, or the nature and purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities and changes in net assets - modified cash basis as net assets released from restrictions.

Income Taxes

The Organization is a private, non-profit organization operating in accordance with Section 501(c)(3) of the Internal Revenue Code.

TROY HISTORICAL SOCIETY
Notes to Financial Statements
March 31, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Functional Expenses

The costs of providing program and supporting services have been reported on a functional basis in the statement of activities and changes in net assets. Direct and indirect costs have been allocated between programs and general and administrative based on estimates from management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts. The majority of the program service expenses (contract services) for the year were related to moving the Barnard House for the Heritage Campaign; the costs associated with the move amounted to \$279,686 (see note 3).

Estimates

The preparation of financial statements in conformity with generally accepted 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Services

The Troy Historical Society has no paid employees and instead uses volunteers to manage and operate the Organization. Volunteer services are not treated as revenue or as an expense on these financial statements.

Subsequent Events

Subsequent events have been evaluated through October 5, 2011 which is the date the financial statements were available to be issued.

Note 3 – Contracts

Heritage Campaign - The Troy Historical Society has entered into an agreement with the City of Troy that requires both parties to work together in order to achieve the goal of completing the 5 projects as described as the Heritage Campaign (see note 1). The total cost estimate to complete the Heritage Campaign is approximately \$7,700,000. The Troy Historical Society's main commitment, called for in the contract, is to seek donations from corporations, foundations, governmental agencies and individuals in order to raise the required funds. The Society will also assist the City of Troy in other various administration duties related to the Heritage Campaign Projects.

TROY HISTORICAL SOCIETY
Notes to Financial Statements
March 31, 2011

Note 3 – Contracts (continued)

The Troy Museum and Historic Village – Effective July 1, 2011 the City of Troy entered into a 5 year non-exclusive agreement with the Troy Historical Society that allows the Organization to occupy and use the Troy Museum and Historic Village buildings for the sole purpose of promoting the mission and vision of the City of Troy and the Troy Historical Society through mission and vision focused historical programs. Under this agreement the Organization is authorized to manage and operate the Troy Museum and will retain all revenues earned from the Museum operation. The City of Troy will provide an annual operations appropriation to the Organization to cover the utilities, insurance, building maintenance, ground maintenance, and trash removal at least at the same level as incurred in the fiscal 2010-2011 period.

The Troy Museum and Historic Village (continued)

The City of Troy will maintain a separate \$50,000 capital fund for repairs and improvements which will be renewed to a balance of \$50,000 each year.

The Organization has agreed to pay \$3,481 each quarter to the City of Troy for the use of their telephone and internet service.

The City of Troy has agreed to transfer to the Troy Historical Society their remaining grant balance due from Kresge in the amount of \$14,906. These funds were received in August 2011 and are restricted to being used for Troy Museum operating expenses.

The City of Troy has agreed to fund the Troy Historical Society with up to \$50,000 to be used for consultants, purchase equipment and supplies on a "need" basis. No money had been received as of the reporting date of these financial statements. As of the issue date of these financial statements, \$33,778 has been received.

Cranbrook Institute of Science

The Troy Historical Society has entered into an agreement where the Cranbrook Institute of Science will provide consulting services, budgeting assistance, educational databases, web site development and other services and resources in exchange for \$25,000. The term of the contract is from April 1, 2011 through January, 2012.

Note 4 – Troy Museum Gift Shop

On April 1, 2009, the Troy Museum Guild Workshop (Gift Shop) became a standing committee of the Troy Historical Society. The Troy Historical Society plans to continue to operate the gift shop and any net proceeds will help contribute to the Organization's causes as described in its Operation Guidelines. The standing committee of the Troy Museum Guild Workshop, at its discretion, decides how its excess cash will be allocated between funding general operations and the Heritage Campaign.

TROY HISTORICAL SOCIETY
Notes to Financial Statements
March 31, 2011

Note 5 – Subsequent Events

The Organization has decided to change their fiscal year from March 31 to June 30 this year which will result in a short three month period from April 1, 2011 to June 30, 2011 for financial reporting purposes. Thereafter, the Organization will report on a twelve month period ending June 30th of each year.

New Changes to the Charitable Organization and Solicitation Act

Background Information - Effective March 30, 2011 amended provisions of the Michigan Charitable Organizations and Solicitations Act became effective that required charitable organizations to register to solicit donations rather than being licensed to solicit. Failure to follow the State of Michigan amended provisions could result in a fine of up to \$10,000 and certain violations are now considered felonies.

Until recently, Management felt that they were not required to register due to certain exemptions in the act. However, after reviewing the situation with the State of Michigan, it was determined that the Organization must register. The due date for this filing was October 31, 2011, and with extensions could have been extended to March 31, 2012. As no extension was filed, the Organization will be filing late. As of the issuance date of these financial statements, the Organization is in the process of complying with the act by properly registering with the State of Michigan; this process should be complete shortly after the issue date of these financial statements. Management feels that the registration process will be completed and that there will be no adverse action taken by the State of Michigan.

COPY

OMB No. 1545-1150

2010

Open to Public Inspection

Form 990-EZ

Short Form Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)
Sponsoring organizations of donor advised funds, organizations that operate one or more hospital facilities, and certain controlling organizations as defined in section 512(b)(13) must file Form 990 (see instructions).
All other organizations with gross receipts less than \$200,000 and total assets less than \$500,000 at the end of the year may use this form.
The organization may have to use a copy of this return to satisfy state reporting requirements.

Department of the Treasury Internal Revenue Service

A For the 2010 calendar year, or tax year beginning April 1, 2010, and ending March 31, 2011

B Check if applicable: Address change, Name change, Initial return, Terminated, Amended return, Application pending
C Name of organization: Troy Historical Society
D Employer identification number: 38-6116182
E Telephone number: 248.524-3570
F Group Exemption Number

G Accounting Method: [X] Cash [] Accrual [] Other (specify)
H Check [] if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

I Website: www.troyhistory.org

J Tax-exempt status (check only one) - [X] 501(c)(3) [] 501(c)() (insert no.) [] 4947(a)(1) or [] 527

K Check [] if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$50,000. A Form 990-EZ or Form 990 return is not required though Form 990-N (e-postcard) may be required (see instructions). But if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, line 25, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ. \$ 174,726

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I.)
Check if the organization used Schedule O to respond to any question in this Part I [X]

Table with 21 rows and 2 columns. Rows include Revenue (1-9), Expenses (10-17), and Net Assets (18-21). Values range from 0 to 184,190.

Part V Other Information (Note the statement requirements in the instructions for Part V.)
Check if the organization used Schedule O to respond to any question in this Part V

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O		<input checked="" type="checkbox"/>
34	Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O (see instructions)		<input checked="" type="checkbox"/>
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, explain in Schedule O why the organization did not report the income on Form 990-T.		
a	Did the organization have unrelated business gross income of \$1,000 or more or was it a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements?		<input checked="" type="checkbox"/>
b	If "Yes," has it filed a tax return on Form 990-T for this year (see instructions)?		
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N		<input checked="" type="checkbox"/>
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶ 37a 0		
b	Did the organization file Form 1120-POL for this year?		<input checked="" type="checkbox"/>
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?		<input checked="" type="checkbox"/>
b	If "Yes," complete Schedule L, Part II and enter the total amount involved	38b N/A	
39	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on line 9	39a N/A	
b	Gross receipts, included on line 9, for public use of club facilities	39b N/A	
40a	Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955 ▶ 0		
b	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year, or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		<input checked="" type="checkbox"/>
c	Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ 0		
d	Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax on line 40c reimbursed by the organization ▶ 0		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T.		<input checked="" type="checkbox"/>
41	List the states with which a copy of this return is filed. ▶ Michigan		
42a	The organization's books are in care of ▶ John Lavender, Treasurer Telephone no. ▶ 248-879-0293 Located at ▶ 5849 Patterson, Troy, MI ZIP + 4 ▶ 48085-3968		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		<input checked="" type="checkbox"/>
	If "Yes," enter the name of the foreign country: ▶ N/A		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
c	At any time during the calendar year, did the organization maintain an office outside of the U.S.?		<input checked="" type="checkbox"/>
	If "Yes," enter the name of the foreign country: ▶ N/A		
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 43 <input type="checkbox"/>		
44a	Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ		<input checked="" type="checkbox"/>
b	Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ		<input checked="" type="checkbox"/>
c	Did the organization receive any payments for indoor tanning services during the year?		<input checked="" type="checkbox"/>
d	If "Yes" to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

- 45 Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)?

	Yes	No
45		✓
- a Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule R may need to be completed instead of Form 990-EZ (see instructions)

45a		✓
-----	--	---
- 46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

46		✓
----	--	---

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only. All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 47-49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI

- 47 Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II

47		✓
----	--	---
- 48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

48		✓
----	--	---
- 49a Did the organization make any transfers to an exempt non-charitable related organization?

49a		✓
-----	--	---
- b If "Yes," was the related organization a section 527 organization?

49b		
-----	--	--
- 50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
None				

f Total number of other employees paid over \$100,000 ▶ 0

- 51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
Frank Rewold and Son, Inc. 333 E. Second, Rochester, MI 48307	Building move/construction	202,515

d Total number of other independent contractors each receiving over \$100,000 ▶ 0

- 52 Did the organization complete Schedule A? **Note:** All section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A ▶ Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here *Ward Randol* Feb. 15, 2012
 Signature of officer Date
 Ward Randol, Asst. Treasurer
 Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶		Phone no.	
Firm's address ▶				

May the IRS discuss this return with the preparer shown above? See instructions ▶ Yes No

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization
Troy Historical Society

Employer identification number
38-6116182

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III—Functionally integrated d Type III—Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
 - (ii) A family member of a person described in (i) above?
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s).

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2009 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test—2009. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	38,303	195,373	154,026	67,701	109,817	565,220
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	54,573	43,870	49,213	29,265	64,006	240,927
3 Gross receipts from activities that are not an unrelated trade or business under section 513	0	0	0	0	0	0
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf	0	0	0	0	0	0
5 The value of services or facilities furnished by a governmental unit to the organization without charge	0	0	0	0	0	0
6 Total. Add lines 1 through 5	92,876	239,243	203,239	96,966	173,823	806,147
7a Amounts included on lines 1, 2, and 3 received from disqualified persons	0	0	0	0	0	0
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year	0	0	0	0	74,460	74,460
c Add lines 7a and 7b	0	0	0	0	74,460	74,460
8 Public support (Subtract line 7c from line 6.)						731,687

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6	92,876	239,243	203,239	96,966	173,823	806,147
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	4,816	7,844	4,262	2,158	903	19,983
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975	0	0	0	0	0	0
c Add lines 10a and 10b	4,816	7,844	4,262	2,158	903	19,983
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on	0	0	0	0	0	0
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	0	0	0	0	0	0
13 Total support. (Add lines 9, 10c, 11, and 12.)	97,692	247,087	207,501	99,124	174,726	826,130
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f))	15	88.6 %
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	97.0 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2010 (line 10c, column (f) divided by line 13, column (f))	17	2.4 %
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	3.0 %

- 19a** 33 1/3% support tests—2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶
- b** 33 1/3% support tests—2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶
- 20** Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

2010

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

Name of the organization
Troy Historical Society

Employer identification number
38-6116182

Part I, line 8, Other revenue:

Refunds received	28
Honorarium for research by volunteer	20
City of Troy reimbursement for Museum supplies	490
Troy Chamber of Commerce Non-Profit Network activities	600
Total line 8	1,138

Part I, line 16, Other expenses:

Museum store inventory purchases	2,712
Fundraisers, indirect expenses	1,994
Admissions remittances to City of Troy	1,528
1837 Niles-Barnard house pre-move utilities & security	1,420
Museum Public Program supplies	906
Bank and ACH charges	890
Insurance premiums	877
Sales tax and licenses	606
Advertising and promotion	575
Internal transfers	545
Telephone	430
Miscellaneous expenses	5,409
Total line 16	17,892

Name of the organization

Troy Historical Society

Employer identification number

38-6116182

Part II, line 24, Other assets: Museum store inventory

Part III, line 31, Other program services: Antiques & Collectibles Appraisal Fair

Part V, line 35: All income from business activities was program/mission-related, and it did not include any unrelated business income.

TROY HISTORICAL SOCIETY
(a non-profit corporation)

FINANCIAL STATEMENTS – MODIFIED CASH BASIS

For the three months ended June 30, 2011



Lazzara & Company, P.C.

Certified Public Accountants
Certified Valuation Analysts
Business Advisors & Consultants

"We're in the business of caring"

Michael J. Lazzara, CPA, MBA, CVA
Mary Ellen Taylor, CPA
David A. Lazzara, CPA

David H. Martin, CPA
Randall C. DiFalco, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Troy Historical Society
Troy, Michigan

We have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of Troy Historical Society (a non-profit corporation) as of June 30, 2011, and the related statements of support, revenue and expenses and changes in net assets – modified cash basis, and functional expenses – modified cash basis for the three months then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Troy Historical Society as of June 30, 2011, and its support, revenue, and expenses, for the three months then ended, on the basis of accounting described in Note 2.

Lazzara & Company, P.C.

LAZZARA & COMPANY, P.C.
October 5, 2011

TROY HISTORICAL SOCIETY

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS – MODIFIED CASH BASIS	
Statement of Assets, Liabilities, and Net Assets	2
Statement of Support, Revenue and Expenses and Changes in Net Assets	3
Statement of Functional Expenses	4
Notes to Financial Statements	5 - 9

TROY HISTORICAL SOCIETY
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS
JUNE 30, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 118,644
Restricted cash for Heritage Campaign	19,442
Inventory	<u>14,691</u>

TOTAL ASSETS	<u>\$ 152,777</u>
---------------------	--------------------------

NET ASSETS

NET ASSETS

Unrestricted	\$ 129,865
Temporarily restricted	<u>22,912</u>

TOTAL NET ASSETS	<u>\$ 152,777</u>
-------------------------	--------------------------

The accompanying notes to financial statements are an integral part of the financial statements

TROY HISTORICAL SOCIETY

**STATEMENT OF SUPPORT, REVENUE AND EXPENSES
AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS**

FOR THE THREE MONTHS ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenue			
Donations	\$ 5,779	\$ 37,222	\$ 43,001
Program revenue	31,109	-	31,109
Merchandise sales	2,068	-	2,068
Interest	-	8	8
Other	2,977	-	2,977
Net assets released from restrictions	<u>69,858</u>	<u>(69,858)</u>	<u>-</u>
Total public support and revenue	<u>111,791</u>	<u>(32,628)</u>	<u>79,163</u>
Expenses			
Program services	49,387	-	49,387
Fundraising	199	-	199
Management and general	<u>6,801</u>	<u>-</u>	<u>6,801</u>
Total expenses	<u>56,387</u>	<u>-</u>	<u>56,387</u>
Change in Net Assets	55,404	(32,628)	22,776
Net Assets, April 1, 2011	<u>74,461</u>	<u>55,540</u>	<u>130,001</u>
Net Assets, June 30, 2011	<u>\$ 129,865</u>	<u>\$ 22,912</u>	<u>\$ 152,777</u>

The accompanying notes to financial statements are an integral part of the financial statements

TROY HISTORICAL SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

FOR THE THREE MONTHS ENDED JUNE 30, 2011

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Fundraising</u>	<u>Management and General</u>	
Contracted Services				
Contract services	\$ 33,125	\$ -	\$ -	\$ 33,125
Food and beverage	-	-	26	26
<u>Total contracted services and expenses</u>	<u>33,125</u>	<u>-</u>	<u>26</u>	<u>33,151</u>
Direct Program Expenses				
Program supplies	4,282	-	-	4,282
Lectures and exhibit fees	10,863	-	195	11,058
Entertainment	-	199	-	199
Merchandise and awards	1,114	-	-	1,114
<u>Total direct program expenses</u>	<u>16,259</u>	<u>199</u>	<u>195</u>	<u>16,653</u>
Occupancy Expenses				
General liability insurance	-	-	682	682
Administrative Expenses				
Advertising	-	-	3,152	3,152
Office and postage	-	-	428	428
Bank service charges	3	-	221	224
<u>Total administrative expenses</u>	<u>3</u>	<u>-</u>	<u>3,801</u>	<u>3,804</u>
Other Expenses				
Miscellaneous expense	-	-	2,097	2,097
<u>Total functional expenses</u>	<u>\$ 49,387</u>	<u>\$ 199</u>	<u>\$ 6,801</u>	<u>\$ 56,387</u>

The accompanying notes to financial statements are an integral part of the financial statements

TROY HISTORICAL SOCIETY
Notes to Financial Statements
June 30, 2011

Note 1 - Nature of Organization

Troy Historical Society (the Organization) is a non-profit corporation located in Troy, Michigan that promotes the knowledge and appreciation of local, state and national heritage among its citizens and school children. The Organization was formed in order to foster and encourage the collection and preservation of historical artifacts and to study and conduct historical research. The Organization's source of revenue is principally donations and program revenue.

The Troy Museum and Historic Village

Effective July 1, 2011 the City of Troy entered into a 5 year non-exclusive agreement with the Troy Historical Society that allows the Organization to occupy and use the Troy Museum and Historic Village buildings for the sole purpose of promoting the mission and vision of the City of Troy and the Troy Historical Society through mission and vision focused historical programs. Under this agreement the Organization is authorized to manage and operate the Troy Museum and will retain all revenues earned from the Museum operation (see note 3).

The Heritage Campaign

From 2006 to 2012 the Troy Historical Society has embarked on a major capital campaign to expand and improve the Troy Museum and Historic Village. The Campaign encompasses 5 projects: Relocation and rehabilitation of the Niles Barnard House; Reconstruction and rehabilitation of a Historic Barn; the 1927 Township Hall Adaptive Reuse; creation of a Gateway to the Village Green; and creation of an Endowment Maintenance Fund for the buildings and the Village Green (see note 3).

Note 2 - Summary of Significant Accounting Policies

Fiscal Year Change

The Organization has decided to change their fiscal year from March 31 to June 30 this year which has resulted in the preparation of these, short period, three month financial statements. Hereinafter, the Organization will report on a twelve month period ending June 30th of each year.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the modified cash basis of accounting, revenues and the related assets are recognized when received in cash rather than when earned, and expenses are recognized when paid in cash rather than when the obligations are incurred. Depreciation and amortization are recognized over the estimated useful life of the assets. Inventory is capitalized and recognized on the statement of activities and changes in assets when sold.

TROY HISTORICAL SOCIETY
Notes to Financial Statements
June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations, which requires the Organization to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no permanently restricted net assets at June 30, 2011.

Cash

The Organization places its temporary cash investments with high credit quality financial institutions. At June 30, 2011, the Organization maintained cash balances in regular checking accounts and money market accounts. One of the money market accounts and the cash accumulated by the certain book sales from the Troy Museum Guild Workshop is restricted for use by the Heritage Campaign.

Inventory

The museum store retail inventory is valued at the lower of cost or market. Certain books included in the inventory totaling \$3,470 and the future sales of these books are restricted to the Heritage Campaign.

Property and Equipment

Property and equipment are capitalized when the cost of an item is at least \$500 and depreciated using straight line depreciation. Property and equipment with a value of less than \$500 will be expensed in the year of purchase.

Classification of Net Assets

Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified as temporarily restricted, permanently restricted or unrestricted. Donor-imposed restrictions that expire with the passage of time, or that can be removed by meeting certain requirements, are classified as temporarily restricted net assets.

Unrestricted Net Assets - This portion of the Organization's net assets is available for general obligations and is not subject to any donor-imposed restrictions. Revenues earned, program services provided, unrestricted contributions and all operating expenses are reported in this category. The Organization records donor-restricted contributions, whose restrictions have been satisfied in the same reporting period, as unrestricted support in such year.

TROY HISTORICAL SOCIETY
Notes to Financial Statements
June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

Temporarily Restricted Net Assets - This portion of the Organization's net assets is limited to use specified by donor-imposed restrictions. When donor restrictions expire, or the nature and purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities and changes in net assets - modified cash basis as net assets released from restrictions.

Income Taxes

The Organization is a private, non-profit organization operating in accordance with Section 501(c)(3) of the Internal Revenue Code.

Functional Expenses

The costs of providing program and supporting services have been reported on a functional basis in the statement of activities and changes in net assets. Direct and indirect costs have been allocated between programs and general and administrative based on estimates from management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts. The majority of the program service expenses (contract services) for the this reporting period were related to moving the Barnard House for the Heritage Campaign; the costs associated with the move amounted to \$32,625 (see note 3).

Estimates

The preparation of financial statements in conformity with generally accepted 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Services

The Troy Historical Society has no paid employees and instead uses volunteers to manage and operate the Organization. Volunteer services are not treated as revenue or as an expense on these financial statements.

Subsequent Events

Subsequent events have been evaluated through October 5, 2011 which is the date the financial statements were available to be issued.

TROY HISTORICAL SOCIETY
Notes to Financial Statements
June 30, 2011

Note 3 – Contracts

Heritage Campaign - The Troy Historical Society has entered into an agreement with the City of Troy that requires both parties to work together in order to achieve the goal of completing the 5 projects as described as the Heritage Campaign (see note 1). The total cost estimate to complete the Heritage Campaign is approximately \$7,700,000. The Troy Historical Society's main commitment, called for in the contract, is to seek donations from corporations, foundations, governmental agencies and individuals in order to raise the required funds. The Society will also assist the City of Troy in other various administration duties related to the Heritage Campaign Projects.

The Troy Museum and Historic Village – Effective July 1, 2011 the City of Troy entered into a 5 year non-exclusive agreement with the Troy Historical Society that allows the Organization to occupy and use the Troy Museum and Historic Village buildings for the sole purpose of promoting the mission and vision of the City of Troy and the Troy Historical Society through mission and vision focused historical programs. Under this agreement the Organization is authorized to manage and operate the Troy Museum and will retain all revenues earned from the Museum operation. The City of Troy will provide an annual operations appropriation to the Organization to cover the utilities, insurance, building maintenance, ground maintenance, and trash removal at least at the same level as incurred in the fiscal 2010-2011 period.

The City of Troy will maintain a separate \$50,000 capital fund for repairs and improvements which will be renewed to a balance of \$50,000 each year.

The Organization has agreed to pay \$3,481 each quarter to the City of Troy for the use of their telephone and internet service.

The City of Troy has agreed to transfer to the Troy Historical Society their remaining grant balance due from Kresge in the amount of \$14,906. These funds were received in August 2011 and are restricted to being used for Troy Museum operating expenses.

The City of Troy has agreed to fund the Troy Historical Society with up to \$50,000 to be used for consultants, purchase equipment and supplies on a "need" basis. For the three months ended June 30, 2011, \$21,000 is being reported on the statement of support, revenue and expenses as temporarily restricted donations. As of the issue date of these financial statements an additional \$12,778 has been received.

Cranbrook Institute of Science

The Troy Historical Society has entered into an agreement where the Cranbrook Institute of Science will provide consulting services, budgeting assistance, educational databases, web site development and other services and resources in exchange for \$25,000 per year. The term of the contract is from April 1, 2011 through January, 2012.

TROY HISTORICAL SOCIETY
Notes to Financial Statements
June 30, 2011

Note 4 – Troy Museum Gift Shop

On April 1, 2009, the Troy Museum Guild Workshop (Gift Shop) became a standing committee of the Troy Historical Society. The Troy Historical Society plans to continue to operate the gift shop and any net proceeds will help contribute to the Organization's causes as described in its Operation Guidelines. The standing committee of the Troy Museum Guild Workshop, at its discretion, decides how its excess cash will be allocated between funding general operations and the Heritage Campaign.

Note 5 – Subsequent Events

New Changes to the Charitable Organization and Solicitation Act

Background Information - Effective March 30, 2011 amended provisions of the Michigan Charitable Organizations and Solicitations Act became effective that required charitable organizations to register to solicit donations rather than being licensed to solicit. Failure to follow the State of Michigan amended provisions could result in a fine of up to \$10,000 and certain violations are now considered felonies.

Until recently, Management felt that they were not required to register due to certain exemptions in the act. However, after reviewing the situation with the State of Michigan, it was determined that the Organization must register. The due date for this filing was October 31, 2011, and with extensions could have been extended to March 31, 2012. As no extension was filed, the Organization will be filing late. As of the issuance date of these financial statements, the Organization is in the process of complying with the act by properly registering with the State of Michigan; this process should be complete shortly after the issue date of these financial statements. Management feels that the registration process will be completed and that there will be no adverse action taken by the State of Michigan.

CHANGE OF ACCOUNTING PERIOD

COPY

Form **990-EZ**

Short Form
Return of Organization Exempt From Income Tax

OMB No. 1545-1150

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)
▶ Sponsoring organizations of donor advised funds, organizations that operate one or more hospital facilities, and certain controlling organizations as defined in section 512(b)(13) must file Form 990 (see instructions). All other organizations with gross receipts less than \$200,000 and total assets less than \$500,000 at the end of the year may use this form.
▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2011 calendar year, or tax year beginning April 1, 2011, and ending June 30, 20 11

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization: Troy Historical Society
 Number and street (or P.O. box, if mail is not delivered to street address) Room/suite: 80 W. Wattles Road
 City or town, state or country, and ZIP + 4: Troy, MI 48098-4640

D Employer identification number: 38-6116182
E Telephone number: 248.524-3570
F Group Exemption Number: ▶

G Accounting Method: Cash Accrual Other (specify) ▶ _____

H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

I Website: www.troyhistory.org

J Tax-exempt status (check only one) -- 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

K Check if the organization is not a section 509(a)(3) supporting organization or a section 527 organization and its gross receipts are normally not more than \$50,000. A Form 990-EZ or Form 990 return is not required though Form 990-N (e-postcard) may be required (see instructions). But if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, line 25, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ \$ 79,157

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I.)
 Check if the organization used Schedule O to respond to any question in this Part I

		1	2	3	4	5a	5b	5c	6a	6b	6c	6d	7a	7b	7c	8	9	10	11	12	13	14	15	16	17	18	19	20	21		
Revenue	1	Contributions, gifts, grants, and similar amounts received		43,791																											
	2	Program service revenue including government fees and contracts		32,945																											
	3	Membership dues and assessments		0																											
	4	Investment income		8																											
	5a	Gross amount from sale of assets other than inventory	5a	0																											
	b	Less: cost or other basis and sales expenses	5b																												
	c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c		0																										
	6	Gaming and fundraising events																													
	a	Gross income from gaming (attach Schedule G if greater than \$15,000)	6a		0																										
	b	Gross income from fundraising events (not including \$ 0 of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b		345																										
c	Less: direct expenses from gaming and fundraising events	6c		0																											
d	Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d		345																											
7a	Gross sales of inventory, less returns and allowances	7a		2,068																											
b	Less: cost of goods sold	7b		1,383																											
c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c		685																											
8	Other revenue (describe in Schedule O)	8		0																											
9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8	9		77,774																											
Expenses	10	Grants and similar amounts paid (list in Schedule O)	10		0																										
	11	Benefits paid to or for members	11		0																										
	12	Salaries, other compensation, and employee benefits	12		0																										
	13	Professional fees and other payments to independent contractors	13		43,604																										
	14	Occupancy, rent, utilities, and maintenance	14		0																										
	15	Printing, publications, postage, and shipping	15		373																										
	16	Other expenses (describe in Schedule O)	16		11,021																										
17	Total expenses. Add lines 10 through 16	17		54,998																											
Net Assets	18	Excess or (deficit) for the year (Subtract line 17 from line 9)	18		22,776																										
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19		130,001																										
	20	Other changes in net assets or fund balances (explain in Schedule O)	20		0																										
	21	Net assets or fund balances at end of year. Combine lines 18 through 20	21		152,777																										

Part V Other Information (Note the Schedule A and personal benefit contract statement requirements in the instructions for Part V.) Check if the organization used Schedule O to respond to any question in this Part V

Table with columns for question number, question text, and Yes/No checkboxes. Rows include questions 33 through 45b regarding organizational activities, financials, and governance.

46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

	Yes	No
46		✓

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only. All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 47-49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI

47 Did the organization engage in lobbying activities or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II

	Yes	No
47		✓

48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

	Yes	No
48		✓

49a Did the organization make any transfers to an exempt non-charitable related organization?

	Yes	No
49a		✓

b If "Yes," was the related organization a section 527 organization?

	Yes	No
49b		✓

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation
None				

f Total number of other employees paid over \$100,000 0

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
None		

d Total number of other independent contractors each receiving over \$100,000 0

52 Did the organization complete Schedule A? Note: All section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

	<u>Oct. 15, 2012</u>
Signature of officer	Date
Ward Randol, Asst. Treasurer	
Type or print name and title	

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name	Firm's EIN		Phone no.	
Firm's address				

May the IRS discuss this return with the preparer shown above? See instructions Yes No

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization Troy Historical Society	Employer identification number 38-6116182
--	---

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III—Functionally integrated d Type III—Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		
 - (ii) A family member of a person described in (i) above?
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f))	14		%
15 Public support percentage from 2010 Schedule A, Part II, line 14	15		%
16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>			
b 33 1/3% support test—2010. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>			
17a 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>			
b 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>			
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>			

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	195,373	154,026	67,701	109,817	43,791	570,708
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	43,870	49,213	29,265	64,006	35,358	221,712
3 Gross receipts from activities that are not an unrelated trade or business under section 513	0	0	0	0	0	0
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf	0	0	0	0	0	0
5 The value of services or facilities furnished by a governmental unit to the organization without charge	0	0	0	0	0	0
6 Total. Add lines 1 through 5	239,243	203,239	96,966	173,823	79,149	792,420
7a Amounts included on lines 1, 2, and 3 received from disqualified persons	0	0	0	0	0	0
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year	0	0	0	74,460	0	74,460
c Add lines 7a and 7b	0	0	0	74,460	0	74,460
8 Public support (Subtract line 7c from line 6.)						717,960

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6	239,243	203,239	96,966	173,823	79,149	792,420
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	7,844	4,262	2,158	903	8	15,175
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975	0	0	0	0	0	0
c Add lines 10a and 10b	7,844	4,262	2,158	903	8	15,175
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on	0	0	0	0	0	0
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	0	0	0	0	0	0
13 Total support. (Add lines 9, 10c, 11, and 12.)	247,087	207,501	99,124	174,726	79,157	807,595
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	88.9 %
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	88.6 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f))	17	1.9 %
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	2.4 %

- 19a 33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶
- b 33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶
- 20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

Department of the Treasury
Internal Revenue Service

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

2011

**Open to Public
Inspection**

Name of the organization
Troy Historical Society

Employer identification number
38-6116182

Part I, line 16, Other expenses:

Program supplies	4,282
Advertising and promotion	3,152
Insurance premiums	682
Education/training	650
Admissions remittances to City of Troy	384
Miscellaneous expenses	1,871
Total line 16	11,021

Part II, line 24, Other assets: Museum store inventory