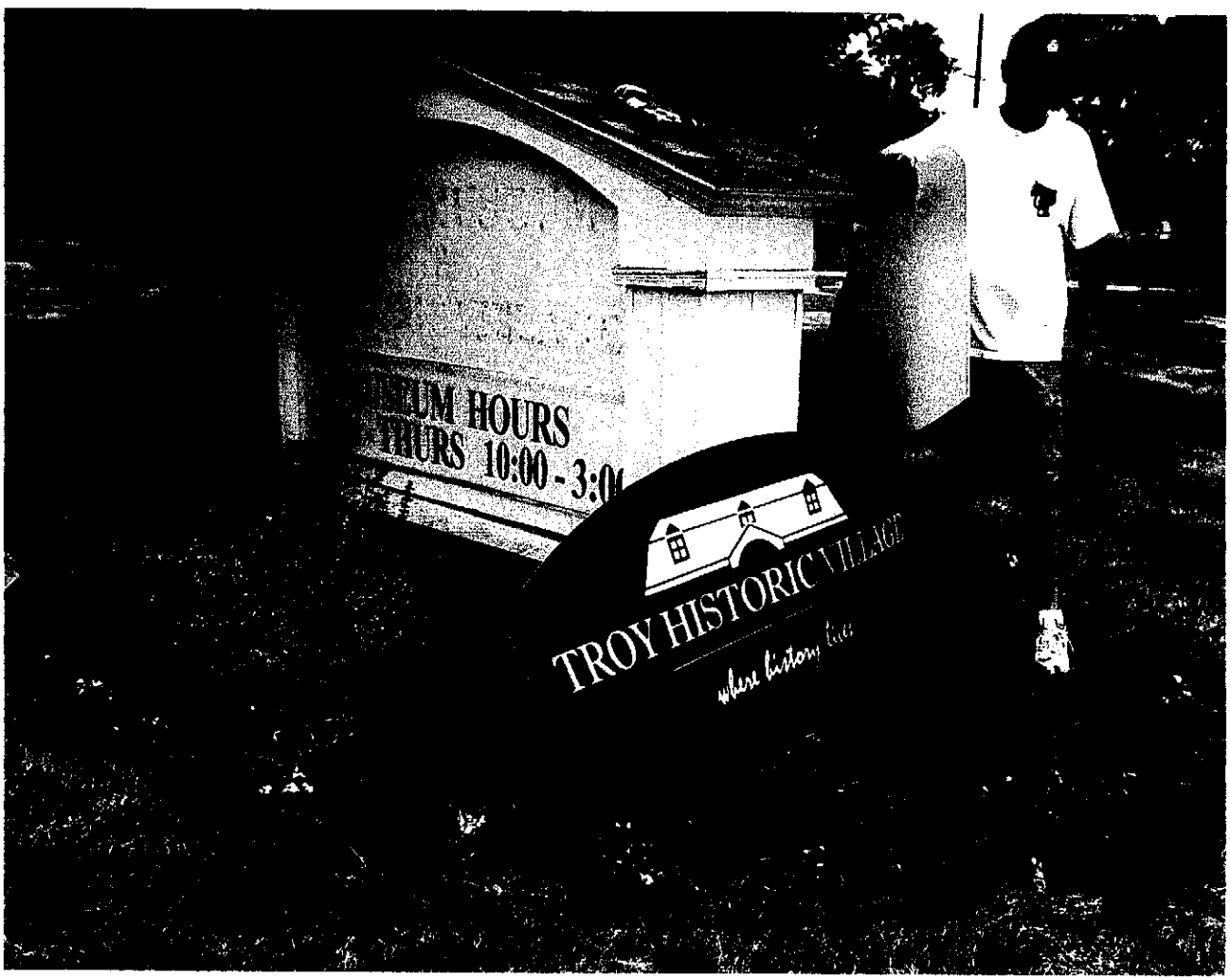
Troy Historical Society

Annual Report to the City of Troy

FY 2011/2012

Submitted February 10, 2013



Annual Report to the City of Troy
Troy Historical Society
July 1, 2011 – June 30, 2012

The Troy Historical Society has worked for 46 years to preserve the history of Troy – by relocating and restoring historic structures at the City's Historic Village, and maintaining the community's irreplaceable artifacts and archives – and to interpret that history for the education and enjoyment of residents and visitors. When the threat of serious budget shortfall led the City of Troy to decide, in 2010, that the City could no longer afford to keep the Troy Historic Village open to the public, the Historical Society determined to explore possible options for maximizing preservation of the City's historic district while continuing to make this resource accessible to the 20,000 visitors who enjoy it annually. After a process of assessment and planning, the Troy Historical Society offered to take on responsibility for operation of the Village through a five-year letter of agreement with the City of Troy.

Goals for the first year of Troy Historical Society operation included the following:

- Maintain the same hours of access as the prior year (Tuesday through Thursday, 10:00 – 3:00)
- Maintain or increase public programming
- Maintain two public festivals annually, at Halloween and Christmas
- Increase earned and contributed revenue to help replace decreased support from the City of Troy.

The completion of the first year of joint operation saw these goals accomplished.

Increased Revenues

In order to increase earned revenue, staff and volunteers undertook a number of initiatives:

- Marketing, both inside Troy and to other communities, was increased and the perspective of programming was broadened to encompass the history and culture of southeast Michigan and;
- Outreach through the Troy Chamber of Commerce to Troy area businesses and organizations was increased, to market the Historic Village as an attractive place for community-building arts and cultural activities; as a result of this outreach, during the past year, the Village significantly increased site rentals for a wide variety of events, including weddings; baptisms; memorials; family, community and corporate picnics; photo shoots; and filming.
- In January 2012 the Troy Historic Village hosted our first rental event that included beer, wine and champagne service by a licensed caterer; the event was very successful and we anticipate that utilization of the Village for this type of rental will contribute to increased revenue.
- The Village also explored new mission-focused programming, included a *Civil War Candlelight Tour* in fall 2011 and *Summer in Time History Fun Camps* during summer 2012.

During the next year, the Troy Historical Society will continue to explore new programming initiatives. In addition, the Historical Society continues to explore opportunities to increase support of the Historic Village

through small business and corporate sponsorships, as well as individual donations. At the same time, representatives of the Troy Historical Society will meet with officials of the City of Troy to establish a yearly funding level that maximizes preservation and utilization of this unique City resource.

Improvements to the Troy Historic Village

The Troy Historical Society established a Buildings Committee to oversee needed building maintenance and restoration and to assist in completing small projects with volunteer labor. Staff and volunteers oversaw several significant improvements to the Historic Village during the past year. They included the following:

- Reorganized first floor areas in Old Township Hall to create an improved space for greeting visitors, an expanded Village Store, a meeting room, and updated office space.
- Installed new carpeting, donated by Creative Carpets, in the Pioneer Room and the Village Store.
- Installed exterior and interior signage, designed by Michael Nowosatko and incorporating the new Troy Historic Village logo and other branding elements
- Developed a five-year prioritized plan for capital projects to be integrated with the City's multi-year budgets. The report was approved and submitted to Mark Miller, Director of Economic & Community Development.
- Work on the Niles-Barnard House during this year focused on stabilizing the structure after its move to the Historic Village in 2010. Salvaged stone from the original foundation was installed against the new foundation. The site was graded and seeded, with a generous gift of $1,200 from the Troy Garden Club. And wireless smoke, burglar, and motion detectors were installed on all floors of the building.

In addition, Historical Society staff and volunteers oversaw the completion of two capital projects. Plans and budgets for these projects, which were paid for with funding from the City of Troy, were approved by Director of Economic & Community Development Mark Miller and Department of Public Works Director Tim Richnak.

- The first floor interior of Township Hall received much-needed interior painting;
- Town Hall was stripped and sanded, needed repairs were made to the wood, and the building was caulked and stained. Staining was chosen, rather than painting, because the use of stain reduces long-term maintenance costs.

Collections and Archives

In July 2011, in order to provide professional oversight of the preservation and management of the Historic Village collections, the Troy Historical Society hired a part-time Collections Consultant, Melissa Luberti. Ms. Luberti holds a Master of Arts in History and a Certificate in Archive Management from Wayne State University.

During the year, the Collections Consultant assessed the storage of the Village's collections and relocated some items to more appropriate storage environments. Ms. Luberti, Loraine Campbell and THS volunteers Ray Lucas and Pat Kaltwasser met with Pam Epple of the Oakland County Genealogical Society and Oakland County Historical Resources (OCHR) to participate in a project to digitize original Oakland County records from the period 1884-1894. The Village archive holds original tax assessment records and some school district records and the City Clerk has death records from that period. THS and THV websites will provide direct links to all the resources that are made digitally available through the project. Scanning began in August 2012. Ms. Luberti

also worked with the Troy Police Department to provide uniforms, badges and photos for a temporary police department exhibit at their 60th anniversary reception.

An annotated list of materials accessioned and de-accessioned during the year is attached to this report as *Appendix A*. Because funding for collections support is extremely limited, the Historic Village limited the acceptance of new items for the collection and archives this year. De-accessions were also limited; in general, items were de-accessioned only if they were identified as no longer appropriate for display, research or educational purposes. Since the collections are the property of the City of Troy, the annual list of accessions is formally accepted by the City Council.

Volunteers

In a typical year, the Historic Village provides opportunities for participation by a wide range of volunteers: members of the Board of Directors and committees; docents; traditional artists and artisans, including blacksmiths, printers, weavers and spinners; and ambassadors, who welcome visitors and help them get the most out of their time in the Village. However, this was far from a typical year. Board members contributed more than 2,500 hours of service to the community. Key Board members participated in *Capacity Building Detroit*, an intensive development program for nonprofit organizations, presented by the DeVos Institute. The Historical Society was able to participate as a result of our membership in *Culture Source* (formerly the Cultural Alliance of Southeastern Michigan). The Finance Committee oversaw the change from city operation to Historical Society responsibility – a major initiative.

Eighty seven additional Troy Historical Society volunteers gave more than 2,700 hours of their time, using their experience and skills to bring history alive at the Village. Ambassadors had to master a new cash register and many new procedures. The Village Store Committee expanded and diversified the merchandise available, creating a new focus on the work of local artists and artisans. The Community Relations and Development Committee assisted with increased marketing and sponsorship solicitation. A Building Committee assisted with planning, cleaning, painting and making repairs to Historic Village buildings.

In addition to the essential service of Historical Society volunteers, the Troy Historic Village also received significant benefits from the volunteer support of other community groups. In 2011, participants included the Troy Garden Club, Troop 1701 Boy Scouts of America, adults and youth from the Church of Jesus Christ of the Latter Day Saints, Middle School students participating in "Mission Possible" for the First United Methodist Church of Troy, and high school students from Project Lead and the National Honor Society.

Finances and Fundraising

The Troy Historical Society's first year of operating the Troy Historic Village produced several important financial and fundraising milestones. The Michigan Humanities Council awarded the Historical Society two major grants for programming in FY 2012 and 2013. The Historical Society also completed the second year of a Kresge Foundation Arts Support grant and applied for another two-year operations funding grant, which was awarded. The Historical Society expanded its Finance Committee, adding new community representatives who brought additional business and nonprofit experience.

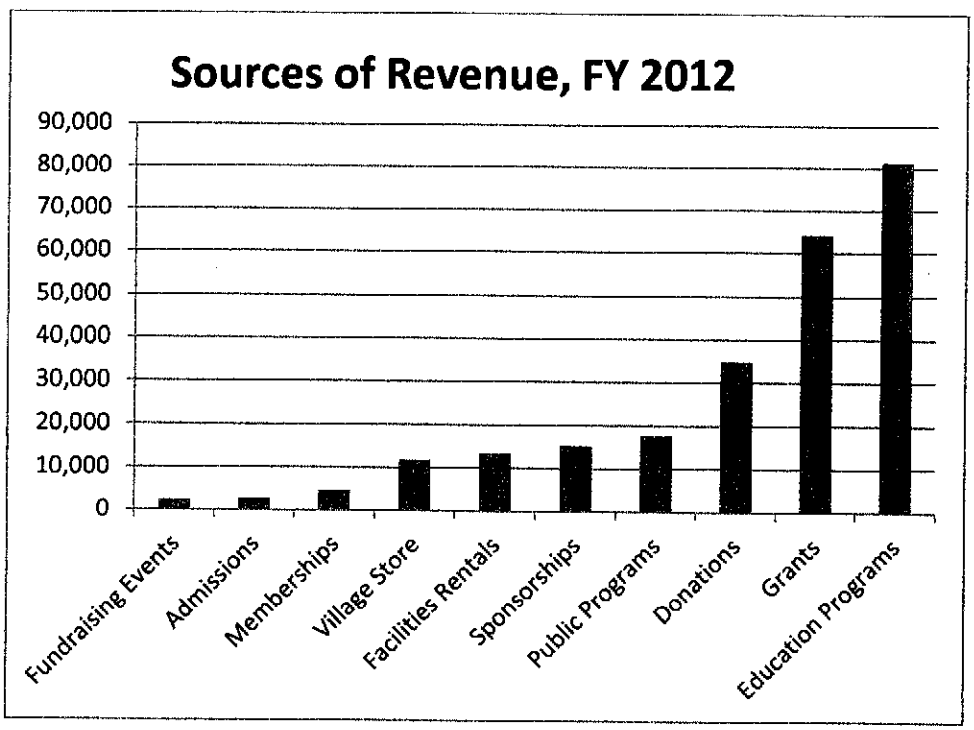
The Historical Society board of directors approved a first-year budget that staff had prepared based on the Historic Village's previous operation by the City. Although revenue did not reach projected levels, careful attention to costs kept revenues and expenses closely aligned. Revenue projections in the FY 2013 budget were modified to incorporate the experience and information gained from the Historical Society's first year of operating the Historic Village. The completed June 31, 2012 Audit is attached as *Appendix B*.

Fiscal Year 2011/2012 Results

Troy Historical Society Revenue and Expense:

Revenue	248,740
Expense	292,598

Expense over revenue = $43,858 Troy Historic Village first year operating loss = $8,448
Additional expense in excess of revenue resulted from costs of moving the Niles-Barnard House. These costs were paid from Historical Society funds held for this purpose.



Outlook for the Coming Year

After completing a year of operating the Troy Historic Village, the Troy Historical Society anticipates a second year of incremental progress. Our increased outreach and marketing are introducing the Historic Village to first-time individual, family, school group, business and community organization visitors from Oakland,

Macomb, Lapeer and Wayne counties. New relationships with sponsors and foundations, as well as continued and increased support from well-established sponsors and grant makers, have taken us further along the road toward sustainability. Historical Society members and other community volunteers have played important roles in the transition from municipal to nonprofit management. Their continued support is essential if we are to continue an upward spiral of building awareness and support for the Village. Equally critical, is the continuing evolution of the relationship among the City of Troy, the Troy Historic Village and the Troy Historical Society.

During FY2013/14 the THS Board of Directors will update their Strategic Plan, attached as *Appendix C*, using the perspectives gained during the transition year to:

- Analyze the regional, tri-county arts and culture environment and the expectations of current and potential markets so that we may provide programs and services that respond to their needs;
- Evaluate and adjust the THS organizational and management structures to improve efficiencies, upgrade programs and services to meet the expectations of new users, and to adhere to best practices;
- Preserve City artifacts, archives, buildings and grounds and maximize their appropriate use and enjoyment by city residents, visitors, businesses, community organizations and the City of Troy;
- Maintain City expenses at the lowest level consistent with responsible stewardship of City resources;
- Review the agreement between the City and THS and identify and address areas that require clarification and/or modifications
- Provide predictable City support, to enable effective annual budgeting and long-term strategic planning for the Troy Historic Village.

The THS Board of Directors and the paid and unpaid staff of the Troy Historic Village anticipate real progress in the current fiscal year and in each successive year of our partnership with the City the Troy. We believe that with continued hard work, predictable monetary support, and vision the City of Troy and the Troy Historical Society will see their "local jewel" valued as a regional asset that contributes to the community's quality of life and economic vitality.

Next Steps

The Troy Historical Society will schedule meetings with appropriate City management to discuss:

- Budgets for Troy Historic Village core services, operations and Capital Improvement Program for the next and successive fiscal years
- Review of the agreement between the City and THS and identify and address areas that require clarification and/or modifications

Troy Historical Society Board of Trustees, 2011 - 2012

Last Name	*First Name*	*Officers*	*Affiliations*
Anderlie	Gloria		Long- time Oakland County resident
Barnard	Cheryl	President	Retail Associate, Ulta; Medical Transcriber for Great Lakes Medical Evaluations
Barnard	Richard		Quest Diagnostics
Iceman	Alison	Newsletter Editor	Environmental Services specialist, HealthCure
Iceman	Judy	Vice President	Administration and Sales, SunTel Services
Jackson	Sherrill		Retired Project Manager, EDS
Jarrait	James		Retired teacher
Kerwin	Mary		Former elected city official; faculty at Oakland University and the University of Michigan Institute for Local Government
Lavender	John	Treasurer	Retired Networking Consultant, IBM; President St. Augustine Lutheran Church and School Foundation
Lavender	Sue	Membership Chair	Retired bookkeeper; Recording Secretary State Board Lutheran Child and Family Service Auxiliary; Challenge Quilt Committee of Oakland County Quilt Guild
Nowosatko	Michael		Retired graphics designer; small business owner; Committee Chairman Troop 1701 Boy Scouts of America; Member of Men's Fellowship St. Elizabeth Ann Seton Catholic Church
Ogawa, M.D.	Cathy	Secretary	Dermatologist in private practice
Randol	Ward	Asst. Treasurer	Attorney, Dickinson Wright LLC; Member of Troy Downtown Development Authority 2011- present
Rounds	Fred		Retired engineer, General Motors
Siess	Judy		Retired teacher
Stewart	Cynthia		Community Affairs Director, City of Troy; Past President, Board of Directors Boys & Girls Club of Troy; Board of Directors Troy People Concerned; Board of Directors Troy Youth Assistance;
Young	Gerry		Long-time Oakland County Resident; Woman's Fire Auxiliary

Troy Historical Society Committee Members, 2011 - 2012

Community Relations Committee

Rosemary Kornacki
Judy Holmberg
Cindy Stewart
Mike Nowosatko

Development Committee

Cheryl Barnard, President
Ginny Czerwinski
Sherrill Jackson
Judy Holmberg
Mary Kerwin
Rosemary Kornacki

Finance Committee

John Lavender, Treasurer
Ward Randol, Assistant Treasurer
Jim Crandall
Jeff Lambrecht
Fred Rounds

Human Relations Committee

Judy Iceman, Vice President
John Lavender

Village Store Committee

Judy Davey, Chair
Barb Chambers, Chair
Kathy Briscoe
Mary Cornelius
Helen Gach
Jo Grindem
Janet Marshall
Kay McFarland
Jean Shedik

Troy Historical Society Board of Trustees, 2012 - 2013

Last Name	***First Name***	***Officers***	***Affiliations***
Anderlie	Gloria		Long- time Oakland County resident
Barnard	Cheryl	President	Retail Associate, Ulta; Medical Transcriber for Great Lakes Medical Evaluations
Iceman	Alison	Newsletter Editor	Environmental Services specialist, HealthCure
Iceman	Judy	Vice President	Administration and Sales, SunTel Services
Jackson	Sherrill		Retired Project Manager, EDS
Jarrait	James		Retired teacher
Kerwin	Mary		Former elected city official; faculty at Oakland University and the University of Michigan Institute for Local Government
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Nowosatko	Michael		Retired graphics designer; small business owner; Committee Chairman Troop 1701 Boy Scouts of America; Member of Men's Fellowship St. Elizabeth Ann Seton Catholic Church
Randol	Ward	Asst. Treasurer	Attorney, Dickinson Wright LLC; Member of Troy Downtown Development Authority 2011- present
Rounds	Fred		Retired engineer, General Motors
Siess	Judy		Retired teacher
Stewart	Cynthia		Community Affairs Director, City of Troy; Past President, Board of Directors Boys & Girls Club of Troy; Board of Directors Troy People Concerned; Board of Directors Troy Youth Assistance;
Strong	Jonathan		Certified Financial Planner, UBS, active boy Scout leader, and local homeowners association
Toth	Anne		Middle School teacher, Holy Name Catholic School, active in Troy Boys and Girls Club
Zuza	David	Strategic Planning Chairman	Independent Distributor, LIFEVANTAGE, member of Troy Chamber of Commerce, business experience as a strategic planner.

Appendix A

Collections Report

Museum Collection Report:

Fiscal Year 2011-2012

Notable Activities, Projects and Events:

- Melissa Luberti was hired as a Collections Consultant in July 2011.
- Archives – removed artifacts and documents from top of shelves and temporary space for them on the shelves.
- Began processing the archival backlog.
- Hosted an exhibit on a piece of the World Trade Center that highlighted the role of Troy firefighters who assisted in the rescue efforts.
- Curated an exhibit for the Troy Police Department to celebrate National Police Week.
- Currently working with the Oakland County Genealogical Society to digitize tax rolls, death records and school records from the 1880s to the 1890s.
- Currently working with Matthew Hackett on creating the History Mysteries summer camp where children get hands on experience working with artifacts.

2011-2012 Accessioned Donations

- Doll
  - -dress is probably a reproduction.
  - -cotton-sewn body.
  - -needle-point face.
  - -gingham and lace dress.
  - -used for educational purposes.
- Milk can from Dealers Dairy Products Co.
  -used at the Niles House the property was owned by Glenn Hadden.
- Flax breaker
  - -used for educational purposes.
- Flour sifter
  - -used for educational purposes.
- Topographic survey of 3150 N. Adams Rd, 1968.
- Photographs of Poppleton schoolchildren, ca. 1938.
- Nine J. L. Hudson Co. menus, 1930.
  - -four from the Georgian Room.
  - -two from the Early American Room.
  - -two from the Pine Room.
  - -one children's menu.

2011-2012 Unaccessioned Donations

- One pair of roller skates.
- Two petticoats.
- Christening gown.
- Photograph of a baby wearing the gown.
- Two children's gowns.
- Bay vest.
- Cap.
- Lace cloth.
- Fourteen photographs.
  -Big Beaver School District No. 6, 1915.
  -Two photographs of the Jesse and Lima King burial plot at Troy Union Cemetery.
  -Two photographs of the World War II Troy Honor Roll.
  -Postcard photograph of the Troy Methodist Episcopal Church.
  -Hill House on John R.
  -Wanda Moalis on the front porch of Mrs. Brand's store.
  -Airplane, possibly on Big Beaver strip.
  -House on Cecile St along John R, south of 17 Mile Rd.
  -John R. farm between 16 and 17 Mile Rds.
  -House on the eastside of Crooks Rd, north of Square Lake Rd.
  -Two storey house with a small child in front, unidentified.
  -Building with a bell on top, unidentified.
- Undated Troy street map.
- Article from the Eccentric on the Poppleton School, 1969.
- Photograph of Troy Police Chief David Gratopp on a snowmobile.
- Camisole with a lace-like top and elastic bottom.
- Webster's Encyclopedia and World Atlas, 1898.
- Chatterbox book, 1894.
- McGuffey's New Sixth Reader, 1867.

Total number of donated items: 46.

Appendix B

FY 2012 Audit

TROY HISTORICAL SOCIETY
(a non-profit corporation)

FINANCIAL STATEMENTS – MODIFIED CASH BASIS

For the year ended June 30, 2012

TROY HISTORICAL SOCIETY

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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, 2012, 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 ended 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, 2012, 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 16, 2012

16010 Nineteen Mile Road, Suite 102, Clinton Township, MI 48038
Phone 586.263.1000 Fax 586.263.1005
www.lazzaracpa.com

TROY HISTORICAL SOCIETY

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

JUNE 30, 2012

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 93,242
Restricted cash for Heritage Campaign	2,378
Inventory	14,777
TOTAL CURRENT ASSETS	110,397
PROPERTY AND EQUIPMENT	
Office equipment	1,770
Less: accumulated depreciation	(211)
PROPERTY AND EQUIPMENT, NET	1,559
TOTAL ASSETS	$ 111,956

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Payroll tax withholding	$ 3,037
NET ASSETS	
Unrestricted	103,044
Temporarily restricted	5,875
TOTAL NET ASSETS	108,919
TOTAL LIABILITIES AND NET ASSETS	$ 111,956

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 JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue			
Donations	$ 33,234	$ 1,200	$ 34,434
Program revenue	98,938	-	98,938
Admissions	2,712	-	2,712
Merchandise sales	10,978	449	11,427
Memberships	4,660	-	4,660
Rental income	14,040	-	14,040
Sponsorships	12,250	3,000	15,250
Grants	20,145	44,131	64,276
Fundraising	2,383	-	2,383
Interest	19	-	19
Other	601	-	601
Net assets released from restrictions	65,817	(65,817)	-
Total public support and revenue	265,777	(17,037)	248,740
Expenses			
Program services	187,645	-	187,645
Fundraising	15,481	-	15,481
Management and general	89,472	-	89,472
Total expenses	292,598	-	292,598
Change in Net Assets	(26,821)	(17,037)	(43,858)
Net Assets, July 1, 2011	129,865	22,912	152,777
Net Assets, June 30, 2012	$ 103,044	$ 5,875	$ 108,919

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 JUNE 30, 2012

	Program Services	Supporting Services: Fundraising	Supporting Services: Management and General	Total
Contracted Services				
Contract services	$ 51,754	516	$ 12,964	$ 65,234
Food and beverage	319	-	69	388
Total contracted services and expenses	52,073	516	13,033	65,622
Direct Program Expenses				
Payroll and related expenses	104,931	-	-	104,931
Lectures and exhibit fees	2,631	-	-	2,631
Supplies	12,298	-	-	12,298
Merchandise and awards	7,502	-	-	7,502
Total direct program expenses	127,362	-	-	127,362
Occupancy Expenses				
General liability insurance	-	-	1,345	1,345
Administrative Expenses				
Advertising	3,906	5,956	901	10,763
Payroll and related expenses	-	7,585	33,277	40,862
Rental expenses	2,830	-	15,100	17,930
Office, printing and postage	1,310	532	3,209	5,051
Insurance	-	-	683	683
Professional fees	-	-	6,903	6,903
Supplies	-	-	3,458	3,458
Repairs and maintenance	-	-	7,645	7,645
Depreciation	-	-	211	211
Bank service charges	-	-	875	875
Total administrative expenses	8,046	14,073	72,262	94,381
Other Expenses				
Travel	164	-	-	164
Miscellaneous expense	-	892	2,832	3,724
Total other expenses	164	892	2,832	3,888
Total functional expenses	$ 187,645	$ 15,481	$ 89,472	$ 292,598

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

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 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 Historic Village and its 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 Village and will retain all revenues earned from the Village 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 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 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash

The Organization places its temporary cash investments with high credit quality financial institutions. At June 30, 2012, 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 Historic Village Store (Village Store) is restricted for use by the Heritage Campaign.

Inventory

The Village Store retail inventory is valued at the lower of cost or market. Certain books included in the inventory totaling $3,228 and the future sales of these books are restricted to the Heritage Campaign.

Property and Equipment

Property and equipment are recorded at cost when purchased and at fair market value when contributed. Maintenance and repairs are charged to current operations as incurred, whereas major improvements are capitalized. Office equipment is depreciated on a straight line basis over a useful life of 7 years.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 this reporting period were related to historical programs put on by the Organization during the year and moving the Barnard House for the Heritage Campaign; the costs associated with the Barnard House move amounted to $35,606 (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 Organization generally pays for services requiring specific expertise and employs a combination of part-time and full time employees. Many individuals volunteer their time and perform a variety of tasks that assist in the administration and operations of the Organization, consequently; no amounts have been reflected in the financial statements for donated services.

Subsequent Events

Subsequent events have been evaluated through October 16, 2012 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.

The Troy 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 Historic Village and its 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 Village and will retain all revenues earned from the Village 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 through June 30, 2013.

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

Under this agreement, the City of Troy 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 year ended June 30, 2012, $31,125 is being reported on the statement of support, revenue and expenses as temporarily restricted donations. As of June 30, 2012 all funds have been received from the City of Troy.

Cranbrook Institute of Science

The Troy Historical Society entered into an agreement where the Cranbrook Institute of Science was to provide consulting services, budgeting assistance, educational databases, web site development and other services and resources in exchange for $21,000 per year. This amount was modified down during the year to $12,500. The contract expired on November 1, 2011.

Note 4 – Troy Historical Village Store

On April 1, 2009, the Troy Museum Guild (Gift Shop) became a standing committee of the Troy Historical Society and in July 2011 was renamed "The Village Store." The Troy Historical Society plans to continue to operate the store and any net proceeds will help contribute to the Organization's causes as described in its Operation Guidelines. The standing committee of the Village Store, at its discretion, decides how its excess cash will be allocated between funding general operations and the Heritage Campaign.

Note 5 – Leases

The Organization has entered into various lease obligations as described below:

The Organization has entered into an agreement with the City of Troy that provides phones, computers and the internet to the Organization for $3,481 per quarter. This contract is valid for one year and can be renewed each year thereafter at a mutually agreed upon amount.

The Organization has entered into a 3 year agreement for office equipment with monthly payments of $74. This agreement ends in November, 2014.

Future lease payments are as follows:

June 30, 2013	$14,812
June 30, 2014	888
June 30, 2015	666

Note 6 - Fair Value of Financial Instruments

The financial position of the Organization at June 30, 2012 includes certain financial instruments that may have a fair value that is different from the value currently reflected in the financial statements. In reviewing the financial instruments of the Organization, certain assumption and methods were used to determine the fair value of each category of financial instruments for which it is practical to estimate that value.

Note 7 – Concentration of Revenue

Two grants accounted for approximately 18% of the total revenue received by the Organization during the year.

Note 8 – Subsequent Events

Subsequent events have been evaluated through October 16, 2012 which is the date the financial statements were available to be issued.

On August 6, 2012, the City of Troy made a $75,000 grant to the Organization that is to be used for operations.

On October 15, 2012 the Kresge Foundation made a grant to the organization of $15,000 to be used for the Museum operations. The Kresge Foundation also agreed to pay an additional $15,000 on October 15, 2013, as long as, the Troy Historical Society changes their current basis of accounting to the accrual basis under Generally Accepted Accounting Principles.

The board approved the change of the Organization's basis of accounting from the modified cash basis to the accrual basis under Generally Accepted Accounting Principles accepted in the United States of America. The change will take effect for the next fiscal period beginning July 1, 2012 and ending June 30, 2013.

Appendix C

Strategic Plan

Troy Historical Society
Strategic Plan
For the Sustainable Operation of
The Troy Historic Village
2012-2015

Mission: We learn from the past to understand the present and build a better future.

Vision: We will be an outstanding cultural destination and resource in southeast Michigan that emphasizes learning by interaction among staff, volunteers and visitors and that stimulates curiosity, awareness, and appreciation of regional history, arts and culture.

Values:

1. The Troy Historic Village is a welcoming place where historic interpreters, structures, images, and objects stimulate the process of learning, sharing and understanding the past which provides context for our lives today and insights for creating a better future.

2. History, art and heritage are essential components of cultural identity. When we express our identity, share our stories, and learn from and with each other we build vigorous communities, which are greater than the sum of their constituent parts.

3. The Troy Historic Village will be a resource for public, private and homeschool educators and it will serve as an extension of the classroom that provides immersive and engaging experiences that use arts and culture to reinforce and expand classroom curriculum.

4. We will participate in initiatives that enhance community outreach and expand cross-cultural understanding through the integrated use of primary sources, and the contributions and collaborations of artists and artisans, musicians and vocalists, actors and re-enactors, humanities professionals and those who pursue art with personal enthusiasm.

5. We will adhere to best practices as historians, collections managers, educators and museum professionals.

Goal:

1. ***Develop a three-year calendar of new program development for student groups and for the general public that:***
   a. ***Increases regional outreach and cross-cultural participation***
   b. ***Provides opportunities to build new regional partnerships and collaborations***
   c. ***Engages artists and creators of culture***
   d. ***Supports teachers and enhances students' learning experiences***

Objectives:

1. Recruit regional Education Advisory Board to provide suggestions, insights and evaluations for existing and new education programs. This board will also assist the Troy

Historical Society in building new relationships within the educational community in Metropolitan Detroit.

2. Meet with K-12 teachers to review the Common Core State Academic Standards for language arts and math and the Michigan Citizenship Collaborative Curriculum (MC^3) for social studies. Discuss topics and benchmarks that can be developed into immersive, interactive programs.
3. Adapt and expand existing programs:
   a. Evaluate 2012 ***Summer-in-Time History Fun-Camps*** and identify activities that can be modified and used in other education programs.
   b. Develop ***Folklore and Fairytale Story Hours*** into preschool heritage and literacy outreach for preschools.
   c. Develop badge programs for scouts
4. Develop new school programs specifically for underused months of January and February. Investigate the best grade levels and appropriate topics for this period.
5. Expand resources for Civil War Days and regional marketing to expand program from five to ten days.
6. Revise existing classroom supplement and develop and market new supplements. (Note: these are excellent projects for qualified interns.)
   a. Update Our Community: Troy (for 2nd grade)
   b. Develop Our Community: Southeast Michigan (for 2nd grade)
   c. Develop Hands on Michigan (for 3rd grade)
7. Three- year plan for enrichment programs. Concepts include:
   a. By Hand: Art, Music and Craftsmanship
   b. Contemporary issues with roots in the past
   c. Community oral history project focused on 20th century immigrants
   d. Commemorate War of 1812 (investigate field trip to see Privateer Lynx in 2013)
   e. Young adult programs that blend social interaction and cultural enrichment
   f. Develop Village walking and exercise path in cooperation with health care professionals

Goal:

2. Develop and implement effective programmatic and institutional marketing plans that build regional recognition of the Troy Historic Village as a destination and resource for cultural heritage.

Objectives:

1. Develop new visitor guide, membership brochure and education program brochure. Each piece will incorporate new logo and branding developed in 2011 and approved by the THS Board. Develop standardized templates for flyers, inserts and ads that reinforce branding. Seek individuals to translate visitor guide into other languages.
2. Review and improve website. Link with other cultural organizations in Metro Detroit.
3. Improve and expand on-line presence and social networking:
   a. Troy Patch
   b. Director's blog
   c. Facebook
   d. Twitter
   e. Provide on-line classroom primary resource collections

f. Link with Oakland County Genealogical Society and Oakland County Resource Library

4. Provide outreach through regional hotels, restaurants, senior centers, churches and community organizations.
5. Develop promotional calendar to maximize impact of paid advertising
6. Evaluate curb-side appeal
   a. Signage and landscaping
   b. Niles-Barnard House exterior restorations
   c. Improve welcoming and way-finding

Goal:

3. Adjust the organizational structure of the Troy Historical Society so that the operational management of the Troy Historic Village is:
   a. Efficient
   b. Transparent
   c. Sustainable

Objectives

1. Increase cultural diversity and regional representation on Board of Trustees. Work with and through Cultural Alliance of Southeastern Michigan, regional educational, civic and arts and culture organizations, and Chambers of Commerce.
2. Improve volunteer management and the efficiency and effectiveness of volunteer corps
   a. Revise Volunteer Handbook
   b. Identify and retain Volunteer Coordinator. Investigate options:
      i. Collaboration with Troy Nature Society
      ii. Culture Volunteer (Cultural Alliance of Southeastern Michigan)
      iii. Direct hire
3. Complete written policies and procedures for Village management
4. Implement database for collecting school reservations and statistics
5. Revise school invoicing procedures to comply with new school district policies
6. Complete and implement Resource Development Plan
   a. Organize and implement membership drive that attracts:
      i. 21-41 year olds and families
      ii. More culturally diverse membership that is representative of our community
   b. Establish two annual appeals each year
   c. Recruit and cultivate organizational and program sponsors
   d. Develop Legacy Giving materials. Provide to financial planners.
   e. Coordinate grant and program development calendars.