

# SCHROEDER TOWNSHIP - REQUEST FOR SUPPORT FORM

**Date of Request** \_\_\_\_ February 1, 2022 \_\_\_\_

**Name of Organization** \_\_\_\_ Schroeder Area Historical Society \_\_\_\_

**Address** \_\_ 7932 W. Highway 61, PO Box 337 \_\_\_\_

**City** \_\_\_\_ Schroeder \_\_\_\_ **State** \_\_\_\_ MN \_\_\_\_ **Zip Code** \_\_\_\_ 55613 \_\_\_\_

**Website** \_\_ www.crossriverheritage.org \_\_\_\_ **Tax ID#** \_\_ 31-1639622 \_\_\_\_

## Contact

**Name** \_\_\_\_ Steve Schug \_\_\_\_ **Title** \_\_\_\_ President \_\_\_\_

**Telephone** \_\_ 218-370-8662 \_\_\_\_ **Email** \_\_ sschug56@gmail.com \_\_\_\_

## Applicant (if different than Contact)

**Name** \_\_\_\_ **Title** \_\_\_\_

**Telephone** \_\_\_\_ **Email** \_\_\_\_

## Request

Financial Support - \_\_\_\_ \$5,000 \_\_\_\_

Letter of Support

Other – Explain

## Timeframe - Start and end dates:

January 1, 2023 through December 31, 2023.

## Organization History - Please include a mission statement. If requesting funds, include the most recent financial statement and proposed budget.

The Schroeder Area Historical Society (SAHS) formed August 1996. The Cross River Heritage Center (CRHC) building was transferred from the MNDOT to Schroeder Township in 1999 and then leased to the SAHS.

The mission of the Schroeder Area Historical Society, located in the Cross River Heritage Center, is to research, document, record, preserve, and provide education regarding the unique history, art, and culture of the Schroeder area and the North Shore of Lake Superior.

A full SAHS mission statement, most recent financial statement, and proposed budget are attached.

**Support Description** - Please describe your project, program for which you are receiving support, and include the following:

1. Identify the Minnesota statute that allows Schroeder Township to provide support to you.

Minnesota Statute 138.053

2. Explain how you meet any additional conditions that are specified in the statute.

The SAHS has been documenting and preserving the history of Schroeder Township since 1996 when it incorporated. The SAHS is affiliated with and approved by the Minnesota Historical Society.

3. Identify how many Schroeder Township residents make use of your services.

The SAHS operates the CRHC public museum (with an average of 8,000 annual visitors) and archives which are open to all township residents. Many current and former township residents and families participate in events, volunteer, and donate material artifacts and oral histories to the SAHS. We actively request local community involvement. The actual number of Schroeder Township residents that make use of our services is unknown.

4. Provide any other information that would help Schroeder Township residents and the Town.

The SAHS is appreciative of our relationship with Schroeder Township. We are excellent stewards of the CRHC building. Our efforts of the last 25 years in providing a showcase presence in Schroeder should be important to our community and community leaders. We collaborate with Explore Minnesota and Visit Cook County to promote local businesses.

**Evaluation** - Describe how this will benefit Schroeder Township and how it will be measured.

Schroeder Township will benefit because funding to the SAHS will be used for the promotion of historical work and to aid in defraying the expenses of carrying on the historical work in Schroeder. This benefit will be measured by data, observations, public comments, surveys, and SAHS Board analysis.

**Recognition** - Explain how Schroeder Township will be recognized for this support.

We will recognize Schroeder Township for this support in our publications and will promote Schroeder as the gateway to Cook County with many opportunities for visitors. We will communicate that the township owns the building (noted on the township website where the lease is posted). The common history of the SAHS and Schroeder Township will be identified at the Center.

**Attachments:** SAHS Financial Statements – Years Ended Dec. 31, 2020 & 2019  
SAHS 2022 Budget  
SAHS Vision, Mission, Goals

SCHROEDER AREA HISTORICAL SOCIETY

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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SCHROEDER AREA HISTORICAL SOCIETY  
SCHROEDER, MINNESOTA

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Independent Accountant's Review Report

February 26, 2021

To the Board of Directors  
Schroeder Area Historical Society  
Schroeder, Minnesota

We have reviewed the accompanying financial statements of Schroeder Area Historical Society (a Minnesota corporation organized not-for-profit), which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusions**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Licari, Larsen & Co. CPAs*

SCHROEDER AREA HISTORICAL SOCIETY  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

	<u>Assets</u>	<u>2020</u>	<u>2019</u>
<u>Current Assets:</u>			
Cash and cash equivalents		\$ 104,425	\$ 107,740
Certificates of deposit		71,600	50,864
Inventory		7,334	7,195
Total Current Assets		183,359	165,799
 <u>Property and Equipment:</u>			
Fixed Assets		867,565	867,565
Accumulated depreciation		419,431	397,699
Net Property And Equipment		448,134	469,866
Total Assets		\$ 631,493	\$ 635,665
 <u>Liabilities And Net Assets</u>			
<u>Current Liabilities:</u>			
Accrued payroll taxes		\$ 1,404	\$ 389
Accrued sales tax		-	102
Total Current Liabilities		1,404	491
 <u>Net Assets:</u>			
Without donor restrictions		604,528	619,613
With donor restrictions		25,561	15,561
Total Net Assets		630,089	635,174
Total Liabilities And Net Assets		\$ 631,493	\$ 635,665

See accompanying notes.

(2)

SCHROEDER AREA HISTORICAL SOCIETY  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Net Assets Without Donor Restrictions</u>		
<u>Public Support And Revenues:</u>		
<u>Public Support:</u>		
Contributions	\$ 59,340	\$ 79,415
Total Public Support	<u>59,340</u>	<u>79,415</u>
<u>Revenues:</u>		
Sales, net of costs	905	6,736
Rental Income	-	50
Miscellaneous	-	120
PPP loan forgiveness	8,535	-
Investment income	997	953
Total Revenues	<u>10,437</u>	<u>7,859</u>
Total Public Support/Revenues	<u>69,777</u>	<u>87,274</u>
Net assets released from restrictions	<u>15,000</u>	<u>-</u>
<u>Expenses:</u>		
Program expenses	79,166	94,752
Fundraising	7,999	6,971
Management and general	12,697	14,672
Total Expenses	<u>99,862</u>	<u>116,395</u>
Increase (Decrease) In Net Assets Without Donor Restrictions	<u>\$ (15,085)</u>	<u>\$ (29,121)</u>
<u>Net Assets With Donor Restrictions:</u>		
Contributions	25,000	15,000
Net assets released from restrictions	<u>(15,000)</u>	<u>-</u>
Increase In Net Assets With Donor Restrictions	<u>10,000</u>	<u>15,000</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(5,085)</b>	<b>(14,121)</b>
<u>Net Assets:</u>		
Begining of year	<u>635,174</u>	<u>649,295</u>
End of year	<u>\$ 630,089</u>	<u>\$ 635,174</u>

See accompanying notes.

(3)

SCHROEDER AREA HISTORICAL SOCIETY  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			Total 2020
	Program Services	Fundraising	Management And General	
Payroll, taxes	\$ 31,151	\$ 1,983	\$ 7,933	\$ 41,067
Total Compensation	31,151	1,983	7,933	41,067
Advertising	2,587	-	-	2,587
Bank & credit card fees	26	-	-	26
Depreciation	20,907	-	825	21,732
Insurance	2,897	-	1,241	4,138
Legal & professional	3,200	-	-	3,200
Miscellaneous	232	-	-	232
Museum expense	25	-	-	25
Office expense	2,006	6,016	-	8,022
Repairs & maintenance	9,823	-	1,091	10,914
Supplies	154	-	154	308
Travel	348	-	-	348
Utilities	5,810	-	1,453	7,263
Total Functional Expenses	<u>\$ 79,166</u>	<u>\$ 7,999</u>	<u>\$ 12,697</u>	<u>\$ 99,862</u>

See accompanying notes.

(4)



SCHROEDER AREA HISTORICAL SOCIETY  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2019			Total 2019	2020 Over 2019 Increase (Decrease)
	Program Services	Fundraising	Management And General		
Payroll, taxes	\$ 30,698	\$ 2,048	\$ 8,193	\$ 40,939	\$ 128
Total Compensation	30,698	2,048	8,193	40,939	128
Advertising	7,546	-	-	7,546	(4,959)
Bank & credit card fees	1,008	-	-	1,008	(982)
Depreciation	21,047	-	853	21,900	(168)
Insurance	4,320	-	1,844	6,164	(2,026)
Legal & professional	3,125	-	-	3,125	75
Miscellaneous	(631)	-	-	(631)	863
Museum expense	3,714	-	-	3,714	(3,689)
Office expense	1,468	4,923	-	6,391	1,631
Repairs & maintenance	15,169	-	1,685	16,854	(5,940)
Supplies	664	-	664	1,328	(1,020)
Travel	891	-	-	891	(543)
Utilities	5,733	-	1,433	7,166	97
 Total Functional Expenses	 <u>\$ 94,752</u>	 <u>\$ 6,971</u>	 <u>\$ 14,672</u>	 <u>\$ 116,395</u>	 <u>\$ (16,533)</u>

See accompanying notes.

(5)

SCHROEDER AREA HISTORICAL SOCIETY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<u>Cash Flows From Operating Activities:</u>		
Increase (decrease) in net assets	\$ (5,085)	\$ (14,121)
<u>Adjustments to reconcile to net cash flows from operating activities:</u>		
Depreciation	21,732	21,900
<u>Other:</u>		
<u>(Increase) decrease in:</u>		
Inventory/prepays	(139)	7,737
<u>Increase (decrease) in:</u>		
Deferred revenue	-	(9,241)
Accounts payable/accruals	913	133
Net Cash Flows From Operating Activities	17,421	6,408
<u>Cash Flows From Investing Activities:</u>		
Purchase of certificates of deposit	(20,042)	-
Reinvested interest income	(694)	(752)
Net Cash Flows From Investing Activities	(20,736)	(752)
NET INCREASE IN CASH AND CASH EQUIV.	(3,315)	5,656
Cash and cash equiv., beginning of year	107,740	102,084
Cash and cash equiv., end of year	\$ 104,425	\$ 107,740
 <u>Supplementary Information:</u>		
In-kind Contributions	\$ -	\$ 1,295

See accompanying notes.

(6)

SCHROEDER AREA HISTORICAL SOCIETY

SCHROEDER, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES

Nature of Activities

The Schroeder Area Historical Society was formed on October 4, 1996. The mission of the Society, located in the Cross River Heritage Center, is to research, document, preserve and provide education regarding the unique history, art and culture of the Schroeder area and the North Shore of Lake Superior.

Our goals are to collect local artifacts and oral histories and preserve them appropriately; develop and present exhibits that will inform and engage visitors; provide insight and reference for future generations; build community; partner with other local organizations; ensure financial solvency; and promote the arts and cultural heritage.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Net assets and changes therein are classified and reported as follows:

***Net Assets Without Donor Restrictions*** – Net assets available for use in general operations and not subject to donor restrictions.

***Net Assets With Donor Restrictions*** – Net asset subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Society considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

SCHROEDER AREA HISTORICAL SOCIETY

SCHROEDER, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)

Inventory

Inventory consists of merchandise for sale. Inventory is valued at the lower of cost or market using the first-in, first-out method.

Volunteers

During the years ended December 31, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Contributions

Contributions are recognized when the donor makes a promise to give to the Society that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment

Purchased assets are stated at cost, with normal repairs and maintenance charged to operating expenses when incurred. Donated assets are capitalized at their estimated fair market value when received. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the property.

Investments

Investments consist of long-term certificates of deposit which management intends to hold to maturity. Certificates of deposit are reported in the financial statements at original cost plus accrued interest.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimated that are used.

SCHROEDER AREA HISTORICAL SOCIETY

SCHROEDER, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)

Functional Expenses

Expenses incurred specifically for program services or management and general are charged directly to that function. Other expenses are allocated among the programs benefited.

Advertising

The Society expenses advertising costs as incurred.

Income Taxes

The Society is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and under similar provisions of the Minnesota Income Tax Act.

Subsequent Events

Management has evaluated subsequent events through February 26, 2021, the date on which the financial statements were available to be issued.

NOTE B – CERTIFICATES OF DEPOSIT

The Organization has certificates of deposit maturing in June of 2021 and November of 2022 as follows:

	<u>2020</u>	<u>2019</u>
Grand Marais State Bank	\$ 10,017	\$ -
Grand Marais State Bank	10,025	-
North Shore Federal Credit Union	51,558	50,864
	<u>\$ 71,600</u>	<u>\$ 50,864</u>

SCHROEDER AREA HISTORICAL SOCIETY

SCHROEDER, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a twelve month period, the Organization considers all expenditures for programming and general expenditures without restriction. The Organization's goal is to operate with a balanced budget before depreciation and anticipates collecting sufficient revenue to cover general expenditures. The Organization invests excess available cash in bank savings.

Financial assets available for general expenditures without donor restriction, within one year of the date of the statement of financial position, comprise the following:

	<u>2020</u>	
Cash and cash equivalents	\$ 104,425	
Certificates of deposit	71,600	
Less - net assets with donor restrictions	<u>(25,561)</u>	
Financial assets available within one year to meet cash needs for expenditures	<u>\$ 150,464</u>	

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 840,541	\$ 840,541
Land improvements	1,786	1,786
Equipment	<u>25,238</u>	<u>25,238</u>
	\$ 867,565	\$ 867,565
Accumulated depreciation	<u>419,431</u>	<u>397,699</u>
	<u>\$ 448,134</u>	<u>\$ 469,866</u>

Depreciation expense was \$21,732 and \$21,900 in 2020 and 2019, respectively.

SCHROEDER AREA HISTORICAL SOCIETY

SCHROEDER, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE E – LEASES

The Society is located in a building for the purpose of housing a museum and Society offices. The land on which the building was constructed is owned by the Town of Schroeder, Minnesota. The Society leases the land for a total of \$1. The lease expires in 2098.

NOTE F – DEFERRED REVENUE

During calendar year ended December 31, 2018, the Society received donated art inventory that is being held for resale and included in deferred revenue. During 2019, that inventory was returned and removed from assets and deferred revenue.

NOTE G – FUNCTIONAL EXPENSES

Operating expenses are allocated between program, fundraising and management and general. Program expenses provide research, documentation and preservation of the Schroeder area and the North Shore of Lake Superior. Expenses are allocated based on their direct relationship to providing the program activities described above.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization maintains accountability for each line item expense and allocates each expense to the various programs accordingly.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Veterans Memorial Fund	\$ 561	\$ 561
Lloyd K. Johnson Foundation	16,000	-
Cook County Community Fund	4,000	-
Arrowhead Regional Arts Council	5,000	-
Restricted for maintenance of the museum	-	15,000
	<u>\$ 25,561</u>	<u>\$ 15,561</u>

SCHROEDER AREA HISTORICAL SOCIETY

SCHROEDER, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE I – REVENUE RECOGNITION

The FASB has issued an Accounting Standards Update (ASU 2014-09) – *Revenue from Contracts with Customers*. The core principle of the new pronouncement is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance as of January 1, 2019 as required by the standard. The Organization applied this standard on a modified retrospective basis and elected the practical expedient provided in the standard, under which an entity need not restate contracts that begin and are completed within the same annual reporting period. There was no change to reported assets, liabilities, net assets, revenues, expenses, or net income for 2019 and 2020 and no cumulative adjustment for prior periods as a result of adopting this standard.

We have analyzed the provisions of the new accounting standard, ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new standard. Revenues from grants and contributions are recognized when there is a commitment of grant funds and a distinction is made as to whether there are any grant amounts that have restrictions that will be met in a future period.

NOTE J – COVID – 19 IMPACT

The COVID-19 pandemic first became known in the spring of 2020 and is having a broad and negative impact on commerce around the world. Operational and financial performance of the Organization in 2020 has not been adversely affected by the pandemic. The extent to which the pandemic may impact the financial position of the Organization is uncertain and the financial statements include no adjustments relating to the effects of the pandemic.



SAHS 2022 Budget

Approved January 27, 2022

**EXPENSES**

Accounting	3400
Advertising	1500
Alarm System, Fire, Elevator	800
Annual Meeting	200
Archiving	100
Building Supplies	150
Cleaning	1500
Computer Expenses	1000
Credit Sales Fees	300
Dues - MNHS, MCN, MALHM	300
Electricity	2100
Exhibits	500
Fuel	4000
Fundraising	200
Garbage & Snow Plowing	1000
Gift Shop Inventory	7000
Insurance	5000
Internet Access	1000
Janitor Supplies	100
Kitchen Accessories	50
Landscaping	100
Mileage	300
Museum Events	300
Office Supplies	2000
Oral Histories	100
Payroll - Administration	60000
Payroll - Receptionists	17000
Postage	500
Printing & Publication	1500
Programs	400
Repairs & Maintenance	1500
Seminars	300
Telephone	1400
<u>Website</u>	<u>400</u>

**Total Expenses 116000**

**INCOME**

Admissions	2500
Donations - Jar	500
Donations - Friends	15000
Donations - Memorials	300
Gift Shop Sales	13000
Consignment Sales 35%	500
Visit Cook County	10000
Cook County	15000
Schroeder Township	5000
Trillium Grant	5000
<u>Interest</u>	<u>500</u>
<b>Total Income</b>	<b>67300</b>
<b><u>Total Expenses</u></b>	<b><u>-116000</u></b>
<b>Net</b>	<b>&lt;48700&gt;</b>

## SAHS Vision, Mission, Goals

Approved 10-20-2020

### SAHS Vision:

“Draw from the past, bring to life in the present, prepare for the future”

### SAHS Mission:

The mission of the Schroeder Area Historical Society, located in the Cross River Heritage Center, is to research, document, record, preserve, and provide education regarding the unique history, art, and culture of the Schroeder area and the North Shore of Lake Superior.

### SAHS Goals:

- Collect local artifacts and oral histories and preserve them appropriately
- Develop and present exhibits that will inform and engage visitors
- Provide insight and reference for future generations
- Build community
- Partner with other local organizations
- Ensure financial solvency
- Maintain a strong corps of active volunteers
- Promote the arts and cultural heritage