

THE NEWARK MUSEUM ASSOCIATION

**Financial Statements and Supplemental Data
For the Year Ended December 31, 2010
With Single Audit Reports**

THE NEWARK MUSEUM ASSOCIATION
December 31, 2010

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REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
The Newark Museum Association

We have audited the accompanying statement of financial position of The Newark Museum Association (the Museum) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Museum'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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Museum's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Newark Museum Association as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2011, on our consideration of the Museum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* and should be considered when assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Museum taken as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of New Jersey Department of Treasury Circular 04-04 OMB, and are not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mitchell & Titus, LLP

May 9, 2011

THE NEWARK MUSEUM ASSOCIATION

Statement of Financial Position

As of December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
ASSETS				
Cash	\$ 5,868,633	\$ 1,270,090	\$ 114,763	\$ 7,253,486
Grants receivable	463,095	-	-	463,095
Contributions receivable, net	50,000	2,248,426	289,735	2,588,161
Prepaid expenses and other assets	786,722	-	-	786,722
Investments	30,011,822	1,589,558	12,178,142	43,779,522
Property and equipment, net	<u>21,403,317</u>	<u>-</u>	<u>-</u>	<u>21,403,317</u>
 Total assets	 <u><u>\$ 58,583,589</u></u>	 <u><u>\$ 5,108,074</u></u>	 <u><u>\$ 12,582,640</u></u>	 <u><u>\$ 76,274,303</u></u>
 LIABILITIES AND NET ASSETS				
<i>Liabilities</i>				
Accounts payable and accrued expenses	<u>\$ 772,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 772,405</u>
 Commitments				
<i>Net assets</i>				
Unrestricted	57,811,184	-	-	57,811,184
Temporarily restricted	-	5,108,074	-	5,108,074
Permanently restricted	<u>-</u>	<u>-</u>	<u>12,582,640</u>	<u>12,582,640</u>
 Total net assets	 <u>57,811,184</u>	 <u>5,108,074</u>	 <u>12,582,640</u>	 <u>75,501,898</u>
 Total liabilities and net assets	 <u><u>\$ 58,583,589</u></u>	 <u><u>\$ 5,108,074</u></u>	 <u><u>\$ 12,582,640</u></u>	 <u><u>\$ 76,274,303</u></u>

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

THE NEWARK MUSEUM ASSOCIATION

Statement of Activities

For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING ACTIVITIES				
<i>Operating revenues, gains, and other support</i>				
Governmental grants and appropriations	\$ 10,087,554	\$ -	\$ 15,273	\$ 10,102,827
Contributions and pledges	1,725,035	5,057,825	635,828	7,418,688
Membership dues	727,107	-	-	727,107
Educational and membership tours	562,725	-	-	562,725
Investment income	2,700,780	1,589,558	-	4,290,338
Other revenue	763,706	-	-	763,706
Net assets released from restriction	2,971,087	(2,971,087)	-	-
Total operating revenues, gains, and other support	<u>19,537,994</u>	<u>3,676,296</u>	<u>651,101</u>	<u>23,865,391</u>
 <i>Operating expenses</i>				
Salaries	7,442,009	-	-	7,442,009
Employee benefits an payroll taxes	2,526,902	-	-	2,526,902
Building operations	567,440	-	-	567,440
Electric, gas, and water	813,568	-	-	813,568
Display and programs	711,119	-	-	711,119
Other general and administrative	5,387,444	-	-	5,387,444
Depreciation	1,978,810	-	-	1,978,810
Total operating expenses	<u>19,427,292</u>	<u>-</u>	<u>-</u>	<u>19,427,292</u>
Change in net assets from operations	<u>110,702</u>	<u>3,676,296</u>	<u>651,101</u>	<u>4,438,099</u>
 NON-OPERATING ACTIVITIES				
Sale of collection items	3,869	-	-	3,869
Collections purchased	(1,416,634)	-	-	(1,416,634)
Total non-operating activities	<u>(1,412,765)</u>	<u>-</u>	<u>-</u>	<u>(1,412,765)</u>
Change in net assets	(1,302,063)	3,676,296	651,101	3,025,334
Net assets, beginning of year	<u>59,113,247</u>	<u>1,431,778</u>	<u>11,931,539</u>	<u>72,476,564</u>
Net assets, end of year	<u><u>\$ 57,811,184</u></u>	<u><u>\$ 5,108,074</u></u>	<u><u>\$ 12,582,640</u></u>	<u><u>\$ 75,501,898</u></u>

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

THE NEWARK MUSEUM ASSOCIATION

Statement of Cash Flows

For the Year Ended December 31, 2010

OPERATING ACTIVITIES

Change in net assets	\$ 3,025,334
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>	
Permanently restricted gifts	(651,101)
Depreciation and other non-cash charges	4,053,274
Present value discount on contributions receivable	211,176
Realized and unrealized gains on investments	(3,312,167)
Purchases and sales of collections, net	1,412,765
<i>Changes in operating assets and liabilities</i>	
Grants receivable	858,126
Contributions receivable	(1,765,364)
Prepaid expenses and other assets	(46,004)
Accounts payable and accrued expenses	(344,945)
Advances	(765,450)
Net cash provided by operating activities	<u>2,675,644</u>

INVESTING ACTIVITIES

Purchase of property and equipment	(4,096,893)
Purchase of securities	(18,403,983)
Proceeds from sale of securities	19,638,693
Purchase of collections	(1,416,634)
Proceeds from sale of collections	3,869
Net cash used in investing activities	<u>(4,274,948)</u>

FINANCING ACTIVITIES

Permanently restricted gifts	811,288
Payment of loan	(20,249)
Net cash provided by financing activities	<u>791,039</u>

Net increase in cash	(808,265)
Cash, beginning of year	<u>5,987,287</u>
Cash, end of year	<u><u>\$ 5,179,022</u></u>

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

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 1 THE MUSEUM

Since its founding in 1909 by pioneering museologist, John Cotton Dana, the Newark Museum (the Museum) has embraced the richness of world cultures and has made education, access, and civic service central to its mission. The Museum is renowned for its thoughtful approach to collecting and presentation, connecting objects in its collections to the cultural needs of its communities, producing interdisciplinary projects in the humanities and sciences, and making important connections across traditional collecting areas. The largest in New Jersey, the Museum is home to extraordinary encyclopedic collections in the arts. A century after its founding, the Museum is now custodian to over 110,000 objects in the departments of American Art, Asian Art, African Art, Decorative Arts, Ancient Mediterranean Art, Numismatics and the largest Natural Science collection in the state of New Jersey.

The Museum's goals and objectives are guided by its mission, which mandates that:

The Newark Museum operates, as it has since its founding, in the public trust as a museum of service, a leader in connecting objects, and ideas to the needs and wishes of its constituencies. We believe that our art and science collections have the power to educate, inspire, and transform individuals of all ages, and the local, regional, national, and international communities that we serve. In the words of the founding director John Cotton Dana, "A good museum attracts, entertains, arouses curiosity, leads to questioning—and thus promotes learning."

Dedicated to artistic excellence, education, and community engagement, the Museum has evinced a historic commitment to broadening, deepening and diversifying arts participation. The Museum accomplishes this mission through exhibitions, educational and public programs, publications, and art reference library. By collaborating with other public and private educational, social, cultural, business and governmental institutions, the Museum achieves a broad impact.

The Museum devotes a substantial portion of its facilities to youth, family, and school programs and ensures that its educational resources, collections, and facilities are readily accessible to a broad audience representing diverse interests, ages, and backgrounds. Nearly two out of three members of its annual audience are engaged by an educational program. The Museum has been cited consistently for excellence in exhibition and education initiatives by government authorities, national funding sources, and professional associations, and received its most recent re-accreditation by the American Association of Museums in 2008.

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 1 THE MUSEUM *(continued)*

The Museum's distinguished collections are presented in 80 galleries housed on a seven-acre campus of seven buildings in the center of one of America's oldest cities. The campus encompasses the Ballantine House (a National Historic Landmark), the Dreyfuss Memorial Garden, the Newark Fire Museum, and the 1784 Lyons Farms Schoolhouse.

The operating activities of the Museum are supported by a diversified funding base, a significant portion of which is government funding from the City of Newark and the State of New Jersey. Consequently, decreases in government funding will have an adverse impact on the Museum. The Board of Trustees of the Museum is working, as it has since its founding, to continue to assure that resources are available to carry out the mission of the Museum.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Museum have been prepared on the accrual basis.

Net Asset Classification

The Museum's net assets have been presented and classified as unrestricted, temporarily restricted, and permanently restricted based on the existence or absence of donor-imposed restrictions.

Unrestricted—Consist of resources that are fully available at the discretion of management and the Board of Trustees (the Board), for use for activities within the Museum's charter and mission. As discussed in Notes 7 and 10, the Board has designated a portion of the Museum's unrestricted net assets for various purposes.

Temporarily restricted—Consist of funds that the Museum may use, in accordance with donors' restrictions, for specific purposes or upon the passage of time (see Note 8).

Permanently restricted—Funds where donor-imposed restrictions stipulate that the resources be maintained permanently. Income earned on permanently restricted net assets is available to be used in the unrestricted or temporarily restricted net asset class, based on stipulations by the donors (see Note 9).

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of Estimates

The preparation of financial statements in accordance with U.S. 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 amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Government Grants and Appropriations

Government grants are recognized as revenue as expenses are incurred based on the terms of the grants. Government appropriations are recorded as unrestricted revenue in the period they are received by the Museum.

No allowance for non-collectability was required on grants receivable as of December 31, 2010.

Contributions

All unconditional contributions are recorded as revenue when received at their fair value. Commencing in 2009, the fair value of long-term contributions receivable is measured based on the present value of future cash flows, with consideration of expectation about possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. The fair value measurements also consider donors' credit risk. Long-term contributions received prior to 2009 are measured at fair value based on the present value of cash flows utilizing risk-free discount rates. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. The Museum records contributions as permanently restricted if the donor stipulates that the resources be held in perpetuity or, as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or by the passage of time. When donor restrictions expire (i.e., when a purpose or time restriction is fulfilled), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Museum's policy is to record temporarily restricted contributions and investment returns thereon that are received and expended in the same accounting period in the unrestricted net asset category.

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Legacies and bequests are recognized when the right to the gift has been established by the probate court and the proceeds are measurable.

Membership Dues

Membership dues are assessed and recognized as revenue on a calendar year basis.

Contributed Services

A substantial number of volunteers have made significant contributions of their time in support of the Museum's mission. The value of contributed services is not recorded in the accompanying financial statements as these services do not require specialized skills and are not susceptible to objective measurement or valuation.

Collection Items

Collections, which consist of art objects and other display items (coin collections, antiques, etc.), whether purchased or donated, are not included in the accompanying statement of financial position. The Museum's policy is to exclusively utilize restricted acquisition funds to acquire new objects for its collections. All acquisitions for collections are expensed in the year purchased.

Expense Allocations

The Museum presents its expenses in the statement of activities by natural classification. Expenses that are not attributable directly to program services or supporting services are allocated as functional expenses by the Museum based on various allocation factors including square footage, number of programs, and cost drivers. Program services include exhibition, education and public programs, and registrar and curatorial activities. Support services consist of general management and administration and fundraising. See Note 11 for the functional classification of expenses.

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Investments and Investment Income

Investments in mutual funds and equity and fixed income securities are carried at fair values, which are based on published unit values or quoted market prices. Investments in cash equivalents, consisting of money market funds, are carried at cost, which approximates fair value. Alternative investments, consisting primarily of equity in a limited partnership, are carried at fair value based on the net asset value per share of the class of the Museum's investments in the partnership, as determined by the partnership's investment manager. The Museum evaluates these valuations in a number of ways, including but not limited to, verifying unit values or quoted market prices to published data, assessing the valuation methodologies employed by the fund's investment manager and, where applicable, comparing net asset value to the fund's audited financial statements.

Income earned from investments, including realized and unrealized gains and losses, is recorded in the net asset class owning the assets, except for permanently restricted net assets. Income earned from permanently restricted investments, including realized and unrealized gains and losses, is recorded as unrestricted or temporarily restricted based on donor stipulations.

Property and Equipment

The land on which the Museum Campus is located (see Note 1) was acquired from the City of Newark in a prior year for a de minimus amount and the values of the original buildings were fully depreciated. Accordingly, the value of such land and buildings are not reflected in the accompanying financial statements.

The Museum capitalizes all building improvements and other property and equipment expenditures or additions in excess of \$1,000, which are recorded at cost or, if donated, at fair value as of the date of receipt. Major renewals and betterments are capitalized. Maintenance and repairs, which do not extend the lives of the respective assets, are expensed. Depreciation is computed on a straight-line basis over the estimated useful life of the asset (see Note 6).

When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected as an increase or decrease in unrestricted net assets.

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tax Status

The Museum qualifies as a charitable organization as defined by Internal Revenue Code (IRC) Section 501(c)(3) and, accordingly, is exempt from federal income tax under IRC Section 501(a). Additionally, since the Museum is publicly supported, contributions to the Museum qualify for the maximum charitable contribution deduction under the IRC.

The Museum is also exempt from state and local income taxes. Management believes that the Museum has not taken any uncertain tax positions that should be accounted for in the accompanying financial statements.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

Due in one year (net of allowance for doubtful accounts of \$20,000)	\$	991,180
Due between one year and five years (net of present value discount of \$211,176 at rates averaging approximately 6% a year)		<u>1,596,981</u>
Total	\$	<u>2,588,161</u>

NOTE 4 INVESTMENTS

The Museum's investments, carried at fair value, consist of the following:

Cash equivalents		\$	3,376,794
Equity securities			
<i>U.S. equities</i>			
Large capitalization	\$	13,654,266	
Midsize capitalization		3,248,510	
Small capitalization		552,596	
International (developed)		2,138,481	
Emerging markets		<u>287,497</u>	19,881,350
Mutual funds			334,019
<i>Fixed income securities</i>			
U.S. Treasury securities		4,305,995	
Corporate bonds		6,817,250	
Collateralized mortgage obligations		<u>3,751,185</u>	14,874,430
Alternative investments			<u>5,312,929</u>
Total			<u>\$ 43,779,522</u>

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 4 INVESTMENTS (continued)

The components of the Museum's investment income are as follows:

Dividends and interest	\$ 978,171
Net realized and unrealized gains on investments	<u>3,312,167</u>
Total	<u>\$ 4,290,338</u>

Investment expense, which is presented within other general and administrative expense, amounted to \$277,122.

NOTE 5 FAIR VALUE MEASUREMENTS

The Museum accounts for fair value measurements under the accounting standard that establishes a hierarchy for the inputs used to measure fair value based on the nature of the data input, which generally ranges from quoted prices for identical instruments in a principal trading market (Level 1) to estimates determined using related market data (Level 3). Multiple inputs may be used to measure fair value.

Level 1: Measurements that are most observable are based on quoted prices of identical instruments obtained from principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity.

Level 2: Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risks, and others.

Level 3: Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

The following table provides the fair value hierarchy of The Museum's financial instruments as of December 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash (interest-bearing accounts)	\$ 18,136	\$ -	\$ -	\$ 18,136
Investments (see Note 4)				
Cash equivalents	3,376,794	-	-	3,376,794
Equities	19,881,350	-	-	19,881,350
Mutual funds	334,019	-	-	334,019
Fixed income securities	-	14,874,430	-	14,874,430
Alternative investments	-	-	5,312,929	5,312,929
Total investments	<u>23,592,163</u>	<u>14,874,430</u>	<u>5,312,929</u>	<u>43,779,522</u>
Total	<u>\$ 23,610,299</u>	<u>\$ 14,874,430</u>	<u>\$ 5,312,929</u>	<u>\$ 43,797,658</u>

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 5 FAIR VALUE MEASUREMENTS *(continued)*

The alternative investments consist primarily of the Museum's equity in a limited partnership managed by a third-party investment manager (the Fund). The Fund's objective is to achieve maximum total return by investing primarily in equity securities, as well as other securities. The fair value of the alternative investments is based on the net asset value per share applicable to the equity class of the Museum's investments in the partnership as determined by the investment manager and reported in the partnership's audited financial statements as of December 31, 2010.

The changes in fair value of investments measured with Level 3 inputs follow:

Balance, beginning of year	\$ 4,727,238
Unrealized gain	<u>585,691</u>
Balance, end of year	<u>\$ 5,312,929</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Cost and Accumulated Depreciation	Estimated Useful Life (Years)	Depreciation Expense
Building improvements	\$ 46,738,674	15 to 25	\$ 1,748,518
Furniture, fixtures, and equipment	<u>2,385,771</u>	7	<u>230,292</u>
	49,124,445		<u>\$ 1,978,810</u>
<i>Less: Accumulated depreciation</i>	<u>34,483,932</u>		
	14,640,513		
Signature Project	<u>6,762,804</u>		
Total property and equipment	<u>\$ 21,403,317</u>		

The costs associated with the design, construction, and other asset acquisition activities related to the Signature Project are capitalized. When distinct elements of the project are completed and placed in service, their related costs will be reclassified to the appropriate asset categories and depreciated over their estimated useful lives.

NOTE 7 UNRESTRICTED BOARD-DESIGNATED NET ASSETS

Unrestricted Board-designated net assets consist of endowments within the Museum's institutional funds that are not required by donors to be held in perpetuity, proceeds from sale of deaccessioned collections and related investment income or asset appreciation, that have been designated by the Board of Trustees for the purchase of collections and other purposes (see Note 10).

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Signature Project		\$ 2,104,136
Exhibitions		763,100
Other program services		651,280
<i>Unappropriated investment income of permanently restricted net assets:</i>		
Science and humanities	\$ 1,215,125	
Signature Project	178,382	
Trustees' room maintenance	110,341	
Collections	85,710	<u>1,589,558</u>
Total		<u>\$ 5,108,074</u>

Net assets were released from donor restrictions (by incurring expenses satisfying the restrictions) as follows:

Signature Project	\$ 1,926,525
Exhibitions	167,202
Other program services	<u>877,360</u>
Total	<u>\$ 2,971,087</u>

NOTE 9 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets, classified by purpose for which the income thereon is available for use, are as follows:

Science and humanities programs	\$ 9,147,251
Signature Project	2,062,964
Trustees' room maintenance	772,425
Collections	<u>600,000</u>
Total	<u>\$ 12,582,640</u>

Accumulated income and appreciation of assets underlying permanently restricted net assets that have not yet been appropriated by the Board of Trustees for expenditure amounted to \$1,589,558 as of December 31, 2010 (see Notes 8 and 10).

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 10 ENDOWMENTS

The Museum's endowment consists of approximately 100 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds, as well as funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

On June 10, 2009, the State of New Jersey enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to funds existing on or established after that date and to decisions made and actions taken after that date. The Museum has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA. In making a determination to appropriate or accumulate, the Museum considers the following factors:

- The duration and preservation of the endowment fund
- Purposes of the Museum and the endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Museum
- The investment policy of the Museum

The primary objective of the Museum's investment and spending strategies is to provide a stable stream of funds to support its operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of the donor-restricted funds that the Museum must hold in perpetuity or for donor-specific periods as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that ensures safety through diversification and produces a real return, net of inflation and investment management costs, of approximately 5% annually. Actual returns in any given year may vary from this amount.

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 10 **ENDOWMENTS** *(continued)*

As discussed in Note 8, the investment income on donor-restricted endowment funds is available for science and humanities programs, the Signature Project, trustees' room maintenance and collections. Appropriation of endowment assets in any given year will not exceed the target rate of return on investment of 5% per year.

The following table summarizes the changes in the endowment funds during the year ended December 31, 2010:

	Unrestricted Board Designated (Note 7)	Temporarily Restricted (Note 8)	Permanently Restricted (Note 9)	Total
Endowment net assets, beginning of year	\$ 30,117,225	\$ -	\$ 11,481,617	\$ 41,598,842
Contributions received	93,653	-	811,288	904,941
Reclassification of investment income	(1,086,574)	1,086,574	-	-
Investment income	3,748,484	502,984	-	4,251,468
Appropriations	<u>(3,001,996)</u>	<u>-</u>	<u>-</u>	<u>(3,001,996)</u>
Endowment net assets, end of year	<u>\$ 29,870,792</u>	<u>\$ 1,589,558</u>	<u>\$ 12,292,905</u>	<u>\$ 43,753,255</u>

Unexpended investment income amounting to \$1,086,574 related to permanently restricted net assets were reclassified from unrestricted to temporarily restricted net assets to comply with the requirements of UPMIFA.

NOTE 11 **FUNCTIONAL EXPENSES**

The Museum's expenses are classified by function as follows:

<i>Program services</i>	
Exhibitions	\$ 7,260,231
Education and public programs	3,183,775
Registrar and curatorial	<u>2,577,718</u>
Total program services	<u>13,021,724</u>
<i>Supporting services</i>	
General and administrative	2,962,232
Fundraising	<u>3,443,336</u>
Total supporting services	<u>6,405,568</u>
Total	<u>\$ 19,427,292</u>

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 12 RETIREMENT PLANS

The Museum is a participant in the multi-employer benefit plans (collectively, the Plans) administered by The Cultural Institutions Retirement System (CIRS).

Pension Plan

The Museum participates in The Cultural Institutions Pension Plan (Pension Plan), a multi-employer defined benefit plan funded by the participating employers. To be eligible under this Plan, employees must be over 21 years of age and be employed for a one year minimum. Participants become 100% vested after five years of service. There are no partial vesting provisions.

The recently concluded collective bargaining negotiations governing the Museum's Pension Plan with CIRS resulted in a change to the early retirement reduction factors that apply to benefits earned after June 30, 2010. This change has no impact on benefits attributable to Creditable Service (defined in the Pension Plan) earned prior to July 1, 2010. This change also has no impact on employees who may qualify for an unreduced benefit under the Rule of 85 for regular or disability retirement under the Pension Plan.

This change will only affect benefits if an employee chooses to begin their pension before age 62. The CIRS Plan's normal retirement age is 62 with five years of service (or age 64 regardless of service).

The employer contribution rate for 2010 remains unchanged.

CIRS is responsible for administering all aspects of the pension plan, including investments of the pension plan assets.

Savings Plan

The Museum also participates in The Cultural Institutions Savings Plan (Savings Plan), a CIRS administered Section 401(k) defined contribution plan. Under the plan, employees make contributions to the Savings Plan and direct the investment of their funds, based on the investment options offered by the Savings Plan. To be eligible under this plan, employees must be over 21 and employed for a minimum of three months. Employees are eligible for matching contributions from their employers up to a percentage of salary, which is 2% for the Museum employees.

CIRS is responsible for administering all aspects of the 401(k) Plan, including the selection of investment providers for the Savings Plan.

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 12 RETIREMENT PLANS *(continued)*

Group and Life and Welfare Plan

The Museum also participants in The Cultural Institutions Group Life and Welfare Plan (Group Life and Welfare Plan), administered by CIRS. The premiums and costs of administration of the Group Life and Welfare Plan are paid by the participating employers. The premiums provide a death benefit payable through the insurance carrier to designated beneficiaries upon the death of a member. Coverage is determined by the member's basic annual salary and years of service. The benefit is 200% of salary for members with 10 or more years of service and 100% of salary for members with less than 10 years of service. The life insurance is subject to a maximum of \$500,000. At ages 70, 75, and 79, a member's amount of insurance is reduced.

The Museum's total contributions to the CIRS plans in 2010 totaled \$628,236, consisting of \$477,200 for the Pension Plan, \$56,664 for the Savings Plan, \$25,917 for Group Life and Welfare Plan, and \$68,455 for plan administration.

NOTE 13 COMMITMENTS

Line of Credit

The Museum maintains a line of credit in the aggregate amount of \$2,000,000 from JPMorgan Chase Bank, N.A., expiring on December 31, 2011. Borrowings under the line of credit are available in the form of advances intended to be used to meet normal short-term working capital needs. The advances are collateralized by the Museum Property as defined in the line of credit and will bear interest at a rate generally based on the London-interbank offered rate as calculated under the terms of the line of credit. There were no advances and interest expense paid in 2010 on the line of credit.

Leases

Annual minimum future rental payments under non-cancelable operating leases as of December 31, 2010 are as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2011	\$ 53,720
2012	50,555
2013	47,640
2014	47,640
2015	44,295
	<u>\$ 243,850</u>

Total rent expense in 2010 amounted to \$96,201.

THE NEWARK MUSEUM ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2010

NOTE 14 CONCENTRATIONS OF CREDIT AND MARKET RISKS

Financial instruments, which potentially subject the Museum to concentrations of credit and market risk, primarily include cash and cash equivalents and investments, which are carried at fair value. Cash and cash equivalents are maintained within three banking institutions. At times during the years, the balances in these institutions exceed the FDIC insurance level. Generally, these deposits may be redeemed upon demand, therefore, bear minimal risk. One of these institutions is the custodian of approximately \$38.1 million of the Museum's investments. Another major financial institution manages its alternative investments of approximately \$5.3 million. The Museum places its investments in equity and debt securities at the direction of the Board of Trustees, while it monitors the credit risks associated with these institutions on an ongoing basis.

Grants receivable are due from governmental funding agencies and pledges receivable are primarily with corporations and individuals.

NOTE 15 SUBSEQUENT EVENTS

The Museum has evaluated subsequent events through May 9, 2011, the date the financial statements were approved for issuance. There were no subsequent events that should be accounted for or require disclosure in the accompanying financial statements.

SUPPLEMENTAL SCHEDULE

THE NEWARK MUSEUM ASSOCIATION
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Federal Grantor/Program Title	CFDA Number	Grant Number	Grant Period		Grant Amount	Expenditures
			From	To		
National Aeronautics and Space Administration (NASA) Planetarium Digitization	43.NNX09AQ18G	NNX09AQ18G	10/1/2009	9/30/2010	\$ 500,000	<u>\$ 439,800</u>
National Endowment for Humanities (NEH) Promotion of the Humanities-Professional Development "American Visions" a Picturing America School Colloration Project	45.163	AP-500-11-09	4/1/2009	9/30/2010	344,978	<u>225,910</u>
National Endowment for the Arts (NEA) Promotion of the Arts - Grants to Organizations and Individuals Arts and the American Recovery & Reinvestment Act of 2009 (ArtsWorkshop)	45.024	09-4488-7127	9/1/2009	8/31/2010	50,000	50,000
Conservation and Exhibition of a Complete Set of Tibetan Scroll Paintings	45.024	10-4400-7108	6/1/2010	8/31/2012	50,000	<u>40,835</u>
Total National Endowment for the Arts (NEA)						<u>90,835</u>
Institute of Museum and Library Services (IMLS) Museums for America Collections Stewardship (Paper Collection Inventory Project)	45.301	MA-05-08-0140-08	8/1/2008	5/30/2011	111,700	<u>100,998</u>
Department of Housing and Urban Development (HUD) <i>City of Newark (Pass through)</i> Community Development Block Grants: Physical Rehabilitation-Polhemus House and Exterior Renovation and Restoration-Ballantine Carriage House	14.218	7R3-K(AS)020310	5/1/2008	2/15/2010	803,377	<u>293,585</u>
Total expenditures of federal awards						<u>\$ 1,151,128</u>

The accompanying notes are an integral part of this schedule.

NEWARK MUSEUM ASSOCIATION
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2010

<u>State Grantor/Program Title</u>	<u>Award or State Project Number</u>	<u>Award Period</u>		<u>Award Amount</u>	<u>Expenditures</u>
		<u>From</u>	<u>To</u>		
New Jersey State Council on the Arts (NJSCA)					
General Operating Support	10COTA999ALI	7/1/2009	6/30/2010	\$ 2,187,000	\$ 1,093,500
General Operating Support	1105XLINewa	7/1/2010	6/30/2011	2,187,000	1,093,500
General Operating Support	1005X010047	7/1/2009	6/30/2010	146,802	<u>146,802</u>
Total New Jersey State Council on the Arts					<u>2,333,802</u>
New Jersey Cultural Trust (NJCT)					
Cultural Endowment	09CULT804ACD	Endowment		15,273	15,273
Capital Projects: Polhemus House (abatement of hazardous materials)	10CULT505ACP	1/20/2010	11/30/2011	50,000	<u>12,500</u>
Total New Jersey Cultural Trust					<u>27,773</u>
New Jersey Council for Humanities (NJCH)					
Constructive spirit	2009-33	1/13/2010	5/16/2010	10,000	<u>10,000</u>
New Jersey Historical Commission (NJHC)					
Conservation: 1904 Gilt Bronze Doors	10HIST403APR	1/5/2010	3/1/2010	11,600	<u>9,280</u>
New Jersey Historic Trust (NJHT)					
Capital projects: Polhemus House Historic Structure Report	2007.0050	9/6/2008	9/6/2011	50,000	<u>50,000</u>
Total expenditures of state awards					<u><u>\$ 2,430,855</u></u>

The accompanying notes are an integral part of this schedule.

THE NEWARK MUSEUM ASSOCIATION
Notes to Schedules of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended December 31, 2010

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance of Newark Museum Association (the Museum) have been prepared in the format required under OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of New Jersey Department of Treasury Circular 04-04-OMB. The purpose of these schedules is to present a summary of those activities of the Museum for the year ended December 31, 2010, which have been financed, in part, by the federal and state governments. For purposes of these schedules, federal awards and state financial assistance include any assistance provided by a federal or state agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations, and other non-cash assistance. The Museum follows the accrual basis of accounting in preparing these schedules. This method is consistent with the preparation of the Museum's financial statements. Because the schedules present only a selected portion of the Museum's activities, these are not intended to and do not present changes in net assets, revenues, expenditures, and other changes in the financial statements under U.S. generally accepted accounting principles.

NOTE 2 RELATIONSHIP TO THE FINANCIAL STATEMENTS

The amounts presented in the accompanying schedules of expenditures of federal awards and state financial assistance are included in various accounts in the Museum's financial statements, as follows:

Federal awards:

<u>Grantor or Program</u>	<u>Amount of Award or Expenditure</u>	<u>Financial Statement Account</u>
NASA	\$ 439,800	Property and equipment, net
NEH	225,910	Operating expenses other than depreciation
NEA	90,835	Operating expenses other than depreciation
IMLS	100,998	Operating expenses other than depreciation
HUD	293,595	Property and equipment, net

THE NEWARK MUSEUM ASSOCIATION
Notes to Schedules of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended December 31, 2010

NOTE 2 **RELATIONSHIP TO THE FINANCIAL STATEMENTS** *(continued)*

State financial assistance:

<u>Grantor or Program</u>	<u>Amount of Award or Expenditure</u>	<u>Financial Statement Account</u>
NJSCAP	\$ 2,333,802	Operating expenses other than depreciation
NJCT – Endowment	15,273	Investment to be held in perpetuity
NJCT – Capital projects	12,500	Property and equipment, net
NJCH	10,000	Operating expenses other than depreciation
NJHC	9,280	Operating expenses other than depreciation
NJHT	50,000	Property and equipment, net

SUPPLEMENTAL REPORTS

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Trustees
The Newark Museum Association

We have audited the financial statements of The Newark Museum Association (the Museum) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Museum is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Museum's internal control over financial reporting as a basis for designing our auditing procedures for the purpose expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described under item 2010-01 in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance as to whether the Museum's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management in a separate letter dated May 9, 2011.

The Museum's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Museum's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees and management of The Newark Museum Association, federal awarding agencies, state funding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



May 9, 2011

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE OF NEW JERSEY
DEPARTMENT OF TREASURY CIRCULAR LETTER 04-04 OMB**

The Board of Trustees
The Newark Museum Association

Compliance

We have audited the The Newark Museum Association's (the Museum) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of New Jersey Department of Treasury Circular 04-04 OMB (New Jersey Circular 04-04) that could have a direct and material effect on each of the Museum's major federal and state programs, respectively, for the year ended December 31, 2010. The Museum's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Museum's management. Our responsibility is to express an opinion on the Museum's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments*. Those standards, OMB Circular A-133 and the New Jersey Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal and state programs occurred. An audit includes examining, on a test basis, evidence about the Museum's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Museum's compliance with those requirements.

In our opinion, The Newark Museum Association complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2010.

Internal Control over Compliance

Management of the Museum is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Museum's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the New Jersey Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the Board of Trustees and management of The Newark Museum Association, federal awarding agencies, state funding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



June 30, 2011

THE NEWARK MUSEUM ASSOCIATION
 Schedule of Findings and Questioned Costs
 December 31, 2010

SECTION I—SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of independent auditors’ report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified not considered
to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified not considered
to be material weakness(es)? yes X none reported

Type of auditors’ report issued on compliance
for major programs Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Circular A-133
Section 510(a)? yes X no

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal and State Program</u>
43.NNX09AQ18G	Planetarium Digitization

Auditee qualified as low-risk auditee? X yes no

Dollar threshold used to distinguish between Type A
and Type B programs \$300,000

THE NEWARK MUSEUM ASSOCIATION
Schedule of Findings and Questioned Costs
December 31, 2010

PART II—SCHEDULE OF FINANCIAL STATEMENT FINDINGS

Finding 2010-01

Criteria or specific requirement:

An effective financial statement closing process fosters the effective preparation of the Museum's financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Condition:

The findings that were noted and corrected during the audit of the Museum's 2010 financial statements include the following: (a) non-application of accounting standards on fair value measurements and institutional funds, and (b) misapplication of GAAP in the accounting for certain revenues and expenses. In addition, there was a lack of contemporaneous documentation to support certain accounting conclusions, such as board designations of unrestricted net assets, treatment of certain contributions as permanently restricted, accounting for leases of equipment, assumptions underlying certain accounting estimates and revenue recognition policies.

Context and effect:

As a result of the findings noted, adjustments to the financial statements and modifications to the accounting disclosures were made in order to present them in accordance with GAAP. The adjustments and disclosures and the determination of reasonableness of accounting for other transactions extended the audit process and the completion of the financial statements and auditors' report thereon.

Cause:

The Museum's financial statement closing process needs enhancements to contemplate the impact of current financial accounting standards, as well as ensuring that documentation of critical accounting policies and conclusions is complete.

THE NEWARK MUSEUM ASSOCIATION
Schedule of Findings and Questioned Costs
December 31, 2010

PART II—SCHEDULE OF FINANCIAL STATEMENT FINDINGS *(continued)*

Finding 2010-01 *(continued)*

Recommendations:

The following recommendations are presented to assist the Museum in its remediation of the conditions described above:

- Performance of a thorough assessment of the financial statement closing process to ensure the preparation of the Museum’s financial statements in accordance with GAAP and implementing measures for improvement
- Performance of a detailed analysis of the Museum’s accounts and ensuring the adequacy and availability of accounting documentation on sensitive or complex areas.

Views of responsible officials and planned corrective action:

- The Museum notes the auditors recommendations on the closing process and will review the existing procedures on closing and the GAAP compliance check list for improvement
- The Museum also notes the recommendations of the auditors and will perform a detailed analysis of its accounts and ensure adequacy and availability of accounting documentation of transactions.

Conclusion:

Management will undertake the planned corrective actions as outlined above.

PART III—SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

Federal Awards

There were no reportable instances of non-compliance noted.

State Financial Assistance

There were no reportable instances of non-compliance noted.

THE NEWARK MUSEUM ASSOCIATION
Schedule of Prior Audit Findings
December 31, 2010

Financial Statements

None reported.

Federal Awards

Not applicable; no expenditures of federal awards are reported.

State Financial Assistance

None reported.