

CHATTANOOGA HISTORY CENTER

City of Chattanooga

FY 2014

Non-Profit Agency Funding Application

Submitted By:

Dr. Daryl Black

Executive Director

Chattanooga History Center

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CHATTANOOGA HISTORY CENTER

January 4, 2013

Randy Burns
Management Analyst
City Council Office
1000 Lindsay Street
Chattanooga, TN 37402

Dear Mr. Burns:

The Chattanooga History Center is pleased to submit a Non-Profit Agency Funding Application for consideration in the City of Chattanooga's FY 2014 budget. Funding from the City is essential to support the CHC's current programming and the expanded impact of its new interpretive center, which will open in fall 2013 on the Tennessee Aquarium Plaza.

Organization Address:

Chattanooga History Center
2 West Aquarium Way, Suite 200
Chattanooga, TN 37402

Grant Request Contact:

Marlene Payne, Deputy Director
423-265-3247 ext. 3
mp@chattanoogahistory.org

Mission: The mission of the Chattanooga History Center is to connect visitors to the past, present and future by exploring the land, rivers, and people of the Chattanooga region.

Request: The CHC requests \$28,000 to support its programming and operations. As outlined in the attached application documents, the CHC provides numerous programs and benefits for Chattanooga residents.

Thank you for your funding consideration.

Sincerely,



Dr. Daryl Black
Executive Director

EXECUTIVE SUMMARY

A. Purpose of Request and Benefits to City Residents: The Chattanooga History Center (CHC) is at a pivotal moment in our institution’s history. In fall 2013 we will open our doors to a new multi-media rich, interactive interpretive center located on Chattanooga’s historic riverfront that will serve as a cultural and educational hub for students, citizens, and visitors to the city. The 24,000 square foot center includes an interactive permanent exhibit with nine galleries, a state of the art storage facility for the CHC’s collection, an efficient administrative office space, and a network of flexible classroom and teaching spaces. The exhibits and programs that the new CHC will provide will use the region’s rich historical record as an object lesson in the stakes of civic engagement—a new model for regional history centers that helped us attract the nation’s leading museum design firm, Ralph Appelbaum Associates. The new center will be in the heart of nearly all of the historical sites depicted in its permanent exhibition: Ross’s Landing, where the Trail of Tears originated, the railroad tracks that were decisive to its growth, Civil War battle sites, markers of the early African-American community, some of Chattanooga’s early industrial factories, and more.

Serving as a cultural and educational resource for Chattanooga residents and the region is core to the CHC’s mission and has been a driving force in our current program offerings and the design of our new center. Operating as a museum without walls since 2008 during the construction of our new center, the CHC has continued to offer several programs that benefit City residents. When the new center opens, the CHC will expand to serve more than 69,000 people annually, which includes 15,000 K-12 students. The table below outlines key beneficiaries and the impact of the CHC on the residents of Chattanooga.

Chattanooga History Center: Key Beneficiaries and Impact	
K-12 Students	The CHC currently serves as an education resource for K-12 schools through classroom presentations, guest lectures, object studies, and walking tours. CHC staff also create K-12 lesson plans aligned with Tennessee content standards, many of which can be adapted to serve any grade level or the museum’s programming for the general public. The CHC partners closely with Normal Park Museum Magnet School to develop many of its lesson plans and will expand this museum magnet model to other schools when the new center opens. Staff also accept requests from teachers to design custom classroom lessons and activities, which drives constant and ongoing program expansion. When the new interpretive center opens, the CHC’s K-12 education impact will grow substantially to serve more than 15,000 students annually through ongoing outreach in area schools, exhibit tours, walking tours, summer camps, and targeted programs that help prepare local high school students for the challenges of college.
University Students	Through its cadre of programs (class lectures, history walking tours, special programs, and internships), the CHC serves dozens of university students annually from the University of Tennessee at Chattanooga, Chattanooga State and other regional institutions. The CHC has worked with UTC to develop an internship program in public history, which trains interns in the practice of presenting history to the public and provides practical experience in museum operations. The CHC internship program will grow and strengthen with the opening of the new interpretive center. In the long-term, the CHC and UTC will partner to create a certificate program in Public History that will provide a course of study at the undergraduate level that will give graduates an upper-hand in gaining employment in the museum and public history professions or in their application to graduate programs.
Life-long and Adult Learners	The CHC offers a variety of programs to the general public and regularly has full capacity for these offerings, which include tours, lectures, workshops, events, and film studies. The CHC’s most popular public programs include the lecture series “A Short History of Chattanooga,” the Nicely Tours (a series of walking tours based on Maury Nicely’s <i>Chattanooga Walking Tour and Historic Guide</i>), and Cherokee history and Civil War tours. The CHC also partners with UTC’s History Department on a number of projects, including hosting the annual East Tennessee History Day competition. The CHC has also partnered with the Hunter Museum of American Art for history and art gallery programs. The CHC’s impact on adult learners will grow tremendously when the new center opens by providing state-of-the-art, interactive learning experiences grounded in our region’s local history.

In addition to the core areas of audience and program impact described in the table above, the CHC's new interpretive center will provide additional benefits to City residents and the community:

- **Discounted and Free Admission:** To ensure all City residents can fully benefit from and have access to the CHC's new interpretive center, the CHC will offer City residents discounted admission to the museum, as well as free admission on specified days/times each month (specific days/times to be determined as the CHC moves closer to its grand opening).
- **Story Center:** The exhibition will house a digital recording station that will be a repository for community memory. At the Story Center booth, CHC staff will help visitors document their oral histories, and visitors will be able to listen to existing records through headphones. Using the latest portable digital recording technology, the CHC staff and specially trained volunteers have already begun collecting stories from Chattanoogaans of all backgrounds and socio-economic levels in churches, homes, and community centers across the city. Through the Story Center, the CHC will contribute to the city's official record by capturing the voices of everyday people, who often disappear from historical documentation.
- **Learning Labs and Program Spaces:** The center will incorporate a series of learning labs and program spaces to support a range of education programs for students, teachers, and adult learners. Programming in these spaces will be ongoing and engage questions of history and contemporary community issues. The CHC will work with local partners to draw attention to the major issues confronting the city and promote discussions and initiatives that will lead to actionable solutions.
- **Technology Integration:** The new center will activate the latest museum technologies, which will permit visitors to not only engage deeply with areas within the exhibit they find compelling, but also allow visitors to download content that they can carry with them as they strike out on tours of the city's historic landscape.
- **Environmental Awareness:** As Tennessee's first LEED certified museum and one of only 26 LEED certified museums nationwide, the CHC will raise environmental awareness and encourage care for our natural surroundings.
- **Tourism Revenue:** By adding a new cultural destination to Chattanooga's riverfront, the CHC will impact tourism revenue in the City, as visitors may choose to remain longer in the city to take in all of the cultural attractions.
- **Partnerships:** The CHC will continue to partner with other local institutions in educational efforts to maximize effective use of all institutions, including the Hunter Museum, Creative Discovery Museum, Tennessee Aquarium, UTC, Association of Chattanooga Museum Educators, Bessie Smith Cultural Center, UTC, National Park Service, Convention and Visitors Bureau, and Tennessee Riverwalk.

b. Use of Funds: Funds appropriated by the City of Chattanooga will be used to support the programming and operations of the CHC, which is currently operating on a modest budget as it prepares for the opening of its new center in fall 2013.

c. Financial Assurances: By submitting this application and signing below, the CHC assures that it will provide a detailed accounting of how and for what purpose municipal funds were spent, prior to the close of the City of Chattanooga's fiscal budget year and at the close of each succeeding fiscal budget year until all municipal funds have been spent.

d. Annual Audit Assurance: The CHC has attached a copy of its current annual audit and assures that it will provide updated audits for each year that it spends funds appropriated by the City of Chattanooga.

Required Signature for Assurances and Certification:



Dr. Daryl Black, CHC Executive Director

1/4/13

Date

Section II: City Council Questionnaire

1. **What other Chattanooga organizations have a mission similar to yours?** The CHC is the only institution of its kind in the region that provides a comprehensive history of Chattanooga. Since 2008, the CHC has focused on planning and creating a new multi-media rich, interactive interpretive center located on the Tennessee Aquarium Plaza that will serve as a cultural and educational hub for students, citizens, and visitors to the city. The CHC shares a similar overarching mission with the Hunter Museum of American Art, the Creative Discovery Museum, and the Tennessee Aquarium: to inspire and educate. When the new CHC opens in fall 2013, it will create a richer network of cultural institutions on the riverfront and help connect them all.

2. **What does your organizations do, supply, or perform that no other organization in Chattanooga addresses?** The mission of the Chattanooga History Center is to connect visitors to the past, present, and future by exploring the land, rivers, and people of the Chattanooga region. As described in our Executive Summary, the CHC provides multiple unique programs to benefit the City of Chattanooga and will expand its impact when the new interpretive center opens. Core programs and services include:
 - **Exhibition Gallery**: The CHC's interpretive center will house a permanent exhibition with nine galleries that take visitors on a historical journey that spans two centuries. The historical narrative begins with the Cherokee presence in Tennessee and moves through a series of tumultuous events: their expulsion via the Trail of Tears, the building of the rail, the Civil War, Reconstruction, industrial growth and racial segregation, civil rights and a pollution crisis, and finally, the city's renewal in recent decades. Stories told in the historical exhibition will employ the best in current scholarship, large-scale images and immersive film, and case studies and anecdotes that express the city's character. Thematically, the exhibits will demonstrate that life—in Chattanooga and everywhere—is a constant engagement with place, time, and fellow community members. The exhibits will foster an understanding that history is not a timeline of random occurrences but a series of human interactions that unfold according to the decisions that people make.

 - **K-12 History Programming**: The CHC will impact more than 15,000 K-12 students annually through museum tours, summer camps, guest lectures, walking tours, and other programs. By creating K-12 lesson plans for its new exhibition, the CHC will fill a major gap in curricula by providing a deep resource on which Social Studies and History teachers can draw to address state content standards and use the city's and region's rich historical record to illuminate American history. The CHC has tremendous potential to make the often abstract-seeming history of the nation local, manageable, and immediately relevant to students at all levels.

 - **University Programming and Internships**: The CHC will serve dozens of university students in Chattanooga and the region through class lectures, history walking tours, special programs, and internships. The CHC and UTC are partnering to create a certificate program in public history.

 - **Special Programs and Events**: The CHC offers a variety of programs to the general public and regularly has full capacity for these offerings, which include tours, lectures, workshops, special events, and film studies. The CHC will expand its special programs and events when the new interpretive center opens.

 - **Story Center**: The exhibition will house a digital recording station that will be a repository for community memory and contribute to the city's official record by capturing the voices of everyday people, who often disappear from historical documentation.

 - **Learning Labs and Program Spaces**: The center will incorporate a series of learning labs and program spaces to support education programs for students, teachers, and adult learners.

 - **Technology Integration**: The new center will activate the latest museum technologies, which will permit visitors to not only engage deeply with areas within the exhibit they find compelling, but also allow visitors to download content that they can carry with them as they strike out on tours of the city's historic landscape.

- **Environmental Awareness:** As Tennessee's first LEED certified museum and one of only 26 LEED certified museums nationwide, the CHC will raise environmental awareness and encourage care for our natural surroundings.

3. **What is your fiscal year?** June 1 – May 31

4. **List the previous years you have submitted requests to the City of Chattanooga, the amount of the requests, and the amounts granted?**

Year	Requested	Awarded
2012/13	\$28,000	\$15,200
2011/12	\$52,000	\$15,200
2010/11	\$22,000	\$15,200
2009/10	\$42,000	\$18,000
2008/09	\$42,000	\$24,000
2007/08	Not in files	\$24,000
2006/07	\$26,000	\$24,000
2005/06	\$28,000	\$24,000

5. **Describe your debt and expenses in ratio to revenue.** The History Center is currently not open to the public as it constructs and furnishes its new exhibit spaces. Because it is closed and receiving very little in operating revenue, the History Center's expenses are currently 3 times its operating revenues. It is anticipated that the History Center will be open for approximately half of its fiscal 2014 year and for that year it is anticipated that its operating expenses will be 99.5% of its operating revenue. It is also anticipated that the History Center will have debt service costs in fiscal 2014 that will represent 12.5% of its operating revenues.

6. **List any debt over \$10,000, and when that debt will be satisfied.** The History Center currently has a note payable in the amount of \$1,743,000 that is being amortized over twenty years with a maturity date of January 1, 2016. The History Center has been granted a 24-month waiver on principal and interest payments on this note beginning July 1, 2013. The History Center also has a \$2 million revolving line of credit secured by pledges to its Capital Campaign. Current borrowings on the line of credit are less than \$50,000 and the line of credit expires on June 1, 2014. Current pledges receivable are approximately \$1,898,000. The History Center also has a \$500,000 unsecured note payable that matures on December 1, 2016.

7. **What percentage of your budget dedicated to salaries vs. percentage of budget dedicated to client programs or benefits?** Since the History Center is currently closed to the public, very little of its costs are dedicated to client programs or benefits. Its current costs, including salaries, are primarily for administration and fundraising as it continues its Capital Campaign. With the anticipated half-year of operations in fiscal 2014, 42% of the History Center's costs will be for salaries and benefits.

8. **What cost savings initiatives did your organization undertake during the preceding year?** The CHC has operated on a very stringent budget since the sale of its former facility in 2008. It has made no purchases for its operations in the past year beyond bare necessities, and there have been no salary increases for its staff. The CHC has also partnered with the Tennessee Aquarium for shared accounting and payroll services, which has allowed the CHC to be more efficient and cost-effective in its business operations.

9. List travel expenses over the last three years and how the travel benefited your organization.

Travel expenses have been for development of staff through attendance at conferences held by professional museum associations. Travel costs are as follows:

2010	\$2,000
2011	\$1,006
2012	\$1,571

10. If membership-based organization:

- a. **What is the fee structure?** Visitors to the Chattanooga History Center’s new center will be able to pay general admission rates for a single visit or choose to become a member of the CHC. The CHC offers two basic membership levels:

CHC Basic Membership Levels and Benefits	
Individual Membership (\$50/year)	Unlimited admission for one person, subscription to the CHC’s newsletter, and a 10% discount at the CHC gift shop and on most CHC programs.
Family Membership (\$75/year)	Unlimited admission for four people, subscription to the CHC’s newsletter, and a 10% discount at the CHC gift shop and on most CHC programs.

General admission: Adults – \$12 (\$10 discounted rate for City residents) or Children – \$6 (\$5 discounted rate for City residents). K-12 school groups will receive a group discount rate.

In addition to our basic membership and general admission rates, the CHC offers several membership levels within its Annual Fund campaign, which provide additional benefits beyond the basic membership levels. The CHC launched a membership drive in October 2012 with a goal to enroll at least 6,000 individuals and families by opening day in fall 2013. Our Annual Fund is a critical component of the CHC’s long-term fundraising strategy. The table below outlines the Annual Fund membership categories and levels.

CHC Annual Fund Membership Levels and Benefits	
Chattanooga Club (\$100-\$1,000)	Family membership benefits; exclusive invitation to members-only events; free or discounted admission to most CHC programs; recognition in the CHC newsletter; and commemorative gift. Levels include: Bronze (\$100); Silver (\$250); Gold (\$500); and Platinum (\$1,000). Additional benefits are provided for each level, such as free one-time guest passes, reciprocal membership with other history museums for free/discounted admission, permanent recognition with plaque, or private tour of museum.
Chief John Ross Society (\$3,000-\$100,000)	Designed as a corporate membership opportunity, benefits include: corporate passes to the CHC; invitation to member-only events; public recognition on CHC donor plaques, CHC website and newsletters; private guided tours of the CHC; and half-price coupons and annual membership discounts for employees during Corporate Appreciation Days. Levels include: Bronze (\$3,000); Silver (\$5,000); Gold (\$10,000); Platinum (\$25,000); Diamond (\$50,000); and Benefactor (\$100,000)
Society of 1816 (\$10,000-\$250,000)	Exclusive invitation to members-only events; free admission to most CHC programs; free guest passes; reciprocal membership with other history museums; permanent recognition in museum with plaque; recognition in the CHC newsletter and website; commemorative gift; access to private tours; and family membership benefits. Levels include: Bronze (\$10,000); Silver (\$25,000); Gold (\$50,000); Platinum (\$100,000); and Diamond (\$250,000).

- b. **When have you increased membership fees?** The CHC's membership fees remained the same for many years (\$35 individual and \$50 family). However, with the expanding size of our exhibition, programming and benefits available to members, the CHC has increased its membership dues to the current rate (\$50 individual and \$75 family) beginning in October 2012. These rates are comparable to other educational and cultural institutions in the city. We anticipate maintaining these membership levels for the first few years of operations but will review rates annually to determine if incremental rate adjustments are necessary.
- c. **What is your plan for growing membership?** Since 2008, the CHC has been operating as a "museum without walls" and has experienced a steady decline in memberships, since patrons have not had a physical space or gift shop to visit (the primary benefits of membership). The CHC expects to grow its membership levels substantially within its first year of operations in the new center. The CHC launched a membership campaign in October 2012 to begin to build its membership base and support the capital campaign and currently has 263 members. This campaign is supported by a marketing plan and campaign to broaden awareness and build excitement in the community for the CHC's opening date in fall 2013. The CHC's pro forma projects 6,000 members in its first year of operations (5,000 individual and 1,000 family).
- d. **What are your membership numbers from the last three years?** Membership numbers for the CHC have dropped over the last few years due to the CHC's current status as a "museum without walls". However, since implementing a new membership campaign in October 2012 we have seen our membership begin to grow steadily, and we now have 263 members and expect to reach 2,000 members by May 31, 2013 (the end of our fiscal year). We anticipate reaching our annual membership goal of 6,000 by opening day in fall 2013.
- 2012-13: 2,000 members (anticipated total by 5/31/13)
 - 2011-12: 130 members
 - 2010-11: 195 members

11. Do your clients pay anything for your services, products, programs? If so, explain. As described in Question #10, the CHC will charge an admission fee for visitors to the museum, which will be discounted for City residents and for K-12 school groups. In addition, the CHC offers several public programs, which are free and open to the public on a pre-registration basis (to ensure space is available). Small fees are charged for public walking tours, and fees for other public programs are set solely by out-of-pocket cost recovery.

12. What is your strategic plan to become independent of City funding?

The CHC has developed a strong pro forma (see below) for operation at its new facility on the Tennessee Aquarium Plaza, which is based on its current business plan (developed by museum consulting firm, LaPaglia & Associates) and a study completed by the Chattanooga Area Convention & Visitors Bureau for the Tennessee Aquarium to gauge expected visitation.

This pro forma has been vetted with the Aquarium's chief financial officer and with two banks. It has been judged sound and very conservative by all who have seen it. It is supported further by an innovative exhibit plan designed for active engagement of visitors. By employing the services of the nation's premier museum design firm, Ralph Appelbaum Associates (RAA), the CHC has brought to this project a skilled specialist who embodies the ideals that drive the CHC. RAA is creating a core interpretive exhibit, temporary gallery space, and teaching labs that will provide the physical plant necessary to engage CHC patrons and support the long-term sustainability of the CHC.

The CHC, though it has a bright future ultimately, has a very difficult present and immediate future. Since the sale of its old home at 4th and Chestnut Streets was necessary to help finance the new project, the institution had to let go of its admissions and gift shop income with the building. The move to an interim location while it planned, designed and produced its new facility entailed the additional, significant expense of rent on office and collection storage space. Though the CHC was

able to move into its administrative office space in the new building in July 2011, operating without revenue from museum admissions is an ongoing challenge. The CHC will be dependent to a large extent on grants received from the City, Allied Arts and other sources for operating funds over the next year. At that point, with the new facility up and running, the pro forma below should apply, and the institution should no longer be dependent on the City for annual operating grant funds.

Itemized Income Projections: 1st Year of Operationⁱ

Income Category	Amount	Number	TOTAL
ADMISSIONS			
Adult	\$10.00	31,000	\$310,000
Children	\$5.00	11,000	\$55,000
Family (up to 4)	\$21.00	5,100	\$107,100
Tour groups	\$6.00	5,100	\$30,600
Students	\$4.00	15,000	\$60,000
Free Day Patrons ⁱⁱ	\$0.00	1,800	\$0.00
		69,000 (subtotal)	\$562,700 (subtotal)
GIFT SHOP	\$3.00	69,000	\$207,000
		SUBTOTAL	\$769,700
ANNUAL MEMBERSHIPⁱⁱⁱ			
Individual	\$50.00	5,000	\$250,000
Family	\$100.00	1,000	\$100,000
		SUBTOTAL	\$350,000
NEIGHBORHOOD SPONSORS			
Level 1	\$250.00	1	\$250
Level 2	\$500.00	6	\$3,000
Level 3	\$1,000	9	\$9,000
Level 4	\$2,500	2	\$5,000
Level 5	\$5,000	1	\$5,000
		SUBTOTAL	\$22,250
NAMED PROGRAM SPONSORSHIPS			
History Maker	\$50,000 (five years)	1	\$10,000
Named Lecture Series	\$25,000 (five years)	1	\$5,000
Named Walking Tours	\$15,000 (five years)	1	\$3,000
Named Bus Tours	\$15,000 (five years)	1	\$3,000
		SUBTOTAL	\$21,000
ADDITIONAL INCOME			
Programs	\$10,000		\$10,000
Special Events	\$5,000		\$5,000
Annual Giving	\$30,000		\$30,000
History Makers Luncheon	\$50,000		\$50,000
Allied Arts	\$45,000		\$45,000
City/County	\$56,000		\$56,000
		SUBTOTAL	\$196,000
YEAR 1 - TOTAL PROJECTED INCOME			\$1,333,950

Proforma Projections: Years 1 - 5

	1st Year	2nd Year	3rd Year	4th Year	5th Year
REVENUES					
Admission ^{iv}	562,700	506,340	531,657	547,606	564,034
Gift Shop	207,000	189,007	198,457	204,410	210,533
Membership ^v	325,000	292,500	307,125	316,338	325,828
Named Program	21,000	21,000	21,000	21,000	21,000

Sponsorship ^{vi}					
Neighborhood Sponsorship	22,250	22,917	23,605	24,313	25,042
Special Events	5,000	6,000	7,500	7,500	7,500
Programs	10,000	10,300	10,609	10,927	11,254
History Makers	50,000	50,000	50,000	50,000	50,000
Annual Giving	30,000	30,000	30,000	40,000	40,000
Allied Arts	45,000	45,000	45,000	45,000	45,000
City/County	56,000	56,000	56,000	56,000	56,000
TOTAL REVENUE	1,333,950	1,229,064	1,280,953	1,323,094	1,356,191
EXPENSES					
Personnel ^{vii}	310,000	325,500	341,275	358,338	376,254
Marketing ^{viii}	50,000	50,000	60,000	60,000	70,000
Development ^{ix}	25,000	25,750	26,522	27,317	28,136
Exhibits ^x	40,000	41,200	42,436	43,709	45,020
CAM	97,500	100,425	103,437	106,540	109,736
Cost of Goods	70,000	65,000	75,000	70,000	70,000
Education	10,000	10,300	10,609	10,927	11,254
Administration ^{xi}	90,000	92,700	95,481	98,345	101,295
Mortgage	158,184	158,184	158,184	158,184	158,184
Endowment ^{xii}	50,000	50,000	50,000	50,000	50,000
TOTAL EXPENSES	900,684	919,059	962,944	983,360	1,019,879
FINAL CASH POSITION^{xiii}	433,266	310,005	318,009	339,734	336,312

ⁱ Projections from the CHC Business Plan (2006) proforma conducted by LaPaglia and Associates and confirmed by an independent study conducted by the Chattanooga Convention and Visitors Bureau (2009), indicate the CHC will draw 69,000 visitors annually. This level of visitation puts the CHC on par with the Hunter's 55,000 (estimated). Though the projections are less than half of the Creative Discovery Museum's 199,000 (accurate), the similar educational missions promise a strong educational and curriculum based partnership. The projections compare favorably to other regional museums such as the East Tennessee History Center in Knoxville, TN, 60,200; Atlanta History Center in Atlanta, GA 152,000; N.C. Transportation Museum in Spencer, NC, 120,000. With the upcoming sesquicentennial of the Civil War, opportunities for well positioned history institutions to grow their visitorship are significant.

ⁱⁱ To ensure broad access to the community, the CHC will offer free admission two days each month and is projecting a conservative number of patrons for Free Day Admissions: 150 per month (1,800 annually).

ⁱⁱⁱ Although our objective is to enroll 25,000 new members, we believe it prudent to estimate income based on meeting only a portion of that goal. By doing so, we will ensure that our projections provide a conservative but solid base of operational funds to support long-term sustainability.

^{iv} Attendance projections include a 10% reduction in attendance for the second year; a 5% increase for the third; and 3% increases for the fourth and fifth years.

^v Membership numbers follow the same decline and increase pattern as attendance.

^{vi} Based on five year commitments.

^{vii} Personnel expenses include, Director, Deputy Director, Curator of Collections, Curator of Education, Director of Visitor Services, part-time front desk worker(s) to perform 60 hours work per week, part-time gift shop manager; Salary expenses include 5% annual increase

^{viii} Marketing expenses include firm retainer and hard costs associated with producing promotional materials.

^{ix} Includes all expenses associated with the Annual History Makers program

^x Includes all costs included in updating permanent exhibit

^{xixi} Administration costs include bookkeeping, cleaning, supplies, collections maintenance, collections storage, Connor Toll House expenses, telephone, service contracts, equipment purchases, equipment repair and maintenance, professional dues and subscriptions, mileage reimbursement, parking, conference and continuing education, insurance, office supplies, bank and credit card fees, license and permits, miscellaneous, depreciation expenses.

^{xii} An endowment equal to at least 100% of operating expenses will be created to establish long term viability.

^{xiii} Final cash position reflects an undesignated reserve equal to 25% of total operating income.

Attachment A: Program Outcome Information

Agency Mission and Description: The mission of the Chattanooga History Center (CHC) is to connect visitors to the past, present and future by exploring the land, rivers, and people of the Chattanooga region. Since 2008, the CHC has focused on planning and creating a new multi-media rich, interactive interpretive center located on the Tennessee Aquarium Plaza that will serve as a cultural and educational hub for students, citizens, and visitors to the city. The new CHC represents a critical next step for the CHC and the city, which has been at a crossroads where some of the most crucial intersections of the nation's history have met. Opening in fall 2013, the CHC—to be Tennessee's first LEED certified museum—will bring to the reborn Chattanooga Riverfront a compelling, contemporary place where teachers and students, leaders, and community members can come together to explore how past communities have charted futures and draw inspiration to become agents in making new futures. The CHC will activate the latest museum technologies, which will permit visitors to engage deeply with areas in the exhibit they find compelling and download content to guide them on tours of the city's historic landscape. The center will also incorporate flexible learning labs to support educational programs for students, teachers, and adult learners. Serving **more than 69,000 visitors annually**, the center will benefit more than 15,000 K-12 students, over 125 K-12 teachers, dozens of university students, and thousands of adult learners.

Program Goal: Our program goal is to inform, engage, and connect our community.

Serving as a cultural and educational resource for Chattanooga residents and the region is core to the CHC's mission and has been a driving force in the design of our current program offerings and a new, state-of-the-art, interactive interpretive center. Although we are currently operating as a "museum without walls," we offer outreach activities and customized programming for area schools and the general public. The rationale and impact of our program goal is outlined below and within the Executive Summary.

The Chattanooga History Center informs:

- *Students, grades K-12:* The CHC offers classroom presentations, tours, lectures, and lesson plans designed to enhance Tennessee state curriculum standards.
- *University students:* The CHC provides classroom instruction in public history, walking tours, special programs, and practical internships for university students.
- *Life-long learners:* The CHC offers classes about movies, events, and the region to engage our community in examining who we are, how we came to be, and what avenues lie ahead.
- *Students, scholars, hobbyists.* The CHC provides scheduled staff time for searching the collection to answer specific questions from the public.

The Chattanooga History Center uses the following to engage people:

- *Objects:* Artifacts place us in the real space of the past, and they affect the people who interact with them. In objects, well interpreted, we find meaning.
- *Space:* CHC provides a place for people to congregate, experience, and discuss our shared past and possible futures.
- *Professional staff:* Knowledgeable and well trained staff help history come alive through programming and historically accurate interpretation.

The Chattanooga History Center connects with people with the following tools:

- *Tours:* Guided walks and bus tours take people to historic places and animate our historic landscapes.
- *Technology:* Younger learners depend on advanced video and audio to engage. Our use of new and emerging technologies in our new center will make the collection and staff-produced interpretation portable and engaging for a tech savvy consumer.
- *Activities and staff interpretation:* Opportunities to participate in interpretive activities and games bring people of all ages to a better understanding of "how it used to be".

Impact Areas: The Chattanooga History Center’s program goal and outcomes address the following impact and priority area for the City of Chattanooga:

- **Invest in Children and Youth:** The CHC is the region’s primary local history institution. In this capacity, the Center promotes humanistic inquiry and provides teachers and learners of all ages and backgrounds the opportunity to explore what it means to be a person in time through the lens of their own community. During the past year, the CHC successfully developed programs that meet the specific curricular needs of local schools and has implemented them through outreach programs, guest lectures, object studies, and walking tours. The CHC has also developed programming relationships with local partners, including the National Park Service, Bessie Smith Cultural Center, and the Hunter Museum of American Art.

In addition to addressing the educational needs of youth, the CHC’s education impact extends to all segments of the community, providing university students and adult learners with engaging content to explore the past and engage with the future. Because of our location we are able to seamlessly take history into the streets and teach in engaging, entertaining, and historically significant neighborhoods – through these programs, the landscape and the cityscape become constant reminders of the ways that people have acted on the region’s dramatic surroundings.

The CHC also serves as a hub for exploring contemporary issues facing the city and has hosted a variety of roundtable discussions. As we move into an operational mode, these programs will be expanded with a special focus on monthly “commitment portfolio” meetings, which will be facilitator-led, roundtable discussions that will help prioritize community-wide objectives and energize inclusive discussions about inspiring community participation, change, and renewal. These “commitment portfolio” meetings draw on Chattanooga’s history of public participation in community planning projects such as the Moccasin Bend Task Force, Chattanooga Venture, Vision 2000, and the recently launched cultural plan Imagine Chattanooga 20/20.

Intended Outcomes: The CHC’s core intended outcome areas are detailed below.

Outcome Objective 1: *Primary and Secondary students: Serve at least 15,000 K-12 students and 125 K-12 teachers during the first year of operations of the new center.*

The CHC offers programs integrated with the Tennessee State Board of Education’s curriculum standards for grades K-12. School programs are presented to teachers with descriptions and precise statements about which curriculum standards they match. Staff meets with all the teachers at Normal Park Upper and Lower Schools every nine weeks to plan exactly how Center programs can fit into the upcoming curriculum map. Staff also happily accepts requests from teachers for specific programs that are not on the roster and designs a class or activity customized especially for them. Many programs originally designed for schools have been adapted to adult level and incorporated into the general programming. Production of programs on demand is driving constant and ongoing program expansion, often resulting in programs and activities which would not have been created otherwise. K-12 education programs will expand significantly when the new center opens, offering students and teachers an interactive exhibition to study and explore the history of our region.

Outcome Objective 2: *College and University students: Serve at least 500 university students annually through lectures, internships and special programs.*

In addition to conducting programs that bolster the local primary and secondary schools, CHC Director, Dr. Daryl Black, has taught a Seminar in Public History (History 499), Civil War and Reconstruction (History 335) and developed an internship program through the University of Tennessee at Chattanooga History Department that integrates UTC history curriculum into documenting and interpreting local

history. The Center works in a like manner with interns from Southern Adventist University. Such connections to higher education in the region have been bolstered by history teachers at UTC and Chattanooga State who have encouraged participation at CHC events by giving extra credit to students who attend certain History Center programs. The CHC will work to engage university students further in its new center, which will activate the latest museum technologies with a special emphasis on creating interfaces between hand-held devices (such as smart-phones and iPads) and the exhibition.

Outcome Objective 3: *Life-long and adult learners: Produce at least 144 public programs in the first year of operations of the new center.*

Full capacity or near capacity groups have turned out for an astonishing variety of History Center programs: tours, lectures, workshops, and special events. Programs such as “A Short History of Chattanooga”, our series of downtown walking tours based on Maury Nicely’s guidebook, and our Cherokee history bus tours have been repeated due to public demand and placed on the ongoing calendar of events. The CHC partners with the UTC Department of History on a number of projects, including hosting the annual East Tennessee History Day competition. In addition, the Center has partnered with the Hunter Museum of American Art for History and Art gallery programs. The Center has also provided research, writing and photographic selection expertise for the Convention and Visitors Bureau sponsored Civil War Trails program. When the new center opens, the CHC will continue these successful programs and expand its offerings via new learning labs and teaching spaces available to accommodate special programs and events.

Collection Method/Means of Measurement: Ongoing audience evaluation is critical to ensure the CHC’s programs, educational materials, and exhibition galleries reflect the needs and preferences of participants. Below are the key methods for collecting impact data on our programs, which will also be used and expanded upon when the new center opens:

- **Activity Logs and Surveys:** The CHC documents program participation through activity logs and conduct surveys of teachers, students, and adult learners to measure the effectiveness of the curriculum and technology used in the labs.
- **Demographic Data:** As much as possible, CHC staff gathers specific demographic information from audiences (including age, gender, race, and residence).
- **Qualitative Data:** Because we currently operate as a “museum without walls” and focus on delivering high quality programs, we currently seek out detailed feedback from teachers and program participants. Part of this effort is anecdotal in that we solicit informal comments from program and class participants. By positioning information gathering as a casual conversation, participants feel free to comment in detail on their interests, concerns, and desires.
- **Planning Meetings:** Quarterly planning meetings with teachers at the museum magnet schools we currently partner with provide important feedback on programs presented during the previous 9 weeks as well as needs for the upcoming 9 weeks.

Results of program assessments and participant input are reviewed by CHC staff at least quarterly to guide refinement of curricula and programs, to determine future curriculum or technology needs, and (in the future) will be used to determine if there are exhibit, technical, programmatic changes needed in our new center.

As we move forward in designing our new permanent exhibit, we have solicited input from a wide cross-section of the community in a series of focus group meetings, held in late March 2009. In the past two years we have established advisory groups, community contacts and links to scholarly advisors across the country. By emphasizing the quality of visitor experiences in our self-assessment, we have positioned ourselves well to anticipate audience interests and needs. This form of institutional review will serve as the bedrock of our expansion and help maintain a focus on quality as the CHC expands its quantitative reach.

Outcome Results: During the last fiscal year, the Chattanooga History Center has steadily progressed toward creating an engaging, exciting, and innovative place to experience and understand our community's many pasts. The CHC anticipates the following annual outcomes for its core audience groups during its first year of operations. Prior year impact data is also noted for each outcome area.

Primary and Secondary Students: The CHC will serve at least 15,000 K-12 students and 125 K-12 teachers during the first year of operations of the new center.

FY2012 Results: CHC programs were presented to 1,124 Hamilton County students during the last complete fiscal year. This includes in-school programs, lectures, and tours.

College and University Students: The CHC will serve at least 500 university students annually through lectures, internships and special programs.

FY2012 Results: CHC teaching and practical instruction has reached over 100 UT Chattanooga, UT Knoxville and Southern Adventist University students through class lectures, history walking tours and internships which introduce UTC history students to public history and museum work.

Life-long and adult learners: The CHC will produce at least 144 public programs in the first year of operations of the new center.

FY2012 Results: CHC programs for adult audiences continue to be well attended and enthusiastically received. Over the last fiscal year, 978 attendees have participated in walking tours, bus tours, lectures, special events and classes.

Comparative Information: The CHC's circumstances are not directly comparable to other local institutions. Currently operating as a "museum without walls," the majority of the CHC's work focuses on programming. The CHC offers curriculum aligned programs for all twelve grade levels for area schools and produces a wide variety of tours and site specific programs for the general public and university students. By acting as a "museum without walls," the CHC continues to provide high quality historical content while simultaneously developing a new permanent exhibit and education center to be opened in fall 2013.

Without exhibits, there are no visitors and no admission fees. Though the CHC staff is spare and space has been borrowed from other organizations for a few programs, expenses are still considerable to maintain operations and programming.

Projections from the CHC pro forma initiated by LaPaglia and Associates and confirmed by an independent 2009 Convention and Visitors Bureau study indicate the CHC will draw 69,000 visitors annually. This level of visitation puts the CHC on par with the Hunter's 55,000 (estimated) and the Houston Museum's 40,000 (estimated). Though the projections are less than half of the Creative Discovery Museum's 199,000 (accurate), the similar educational missions promise a strong educational and curriculum based partnership. The projections compare favorably to other regional museums such as the East Tennessee History Center in Knoxville, TN 60,200; Atlanta History Center in Atlanta, GA 152,000; and N.C. Transportation Museum in Spencer, NC, 120,000.

Attachment B: Comparative Financial Information

This section relates to agency efforts specifically funded by Chattanooga dollars to benefit Chattanooga residents, relative to the dollars given by adjoining governmental entities.

Dollars provided to your organization in FY 2013 by the following entities:	Percent of your total annual operational funding provided by local government	% of Hamilton County Population*
Chattanooga	7%	49.83%
Unincorporated Hamilton County	0%	30.22%
Hamilton County Government's (General funds)	0%	
Collegedale	0%	2.46%
East Ridge	0%	6.24%
Lakesite	0%	0.54%
Lookout Mountain	0%	0.54%
Red Bank	0%	3.46%
Ridgeside	0%	0.12%
Signal Mountain	0%	2.25%
Soddy-Daisy	0%	3.78%
Walden	0%	0.56%
Other (Outside Hamilton County)	93% (other grants & donors)	
	Above percentages should total 100%	
Percent of Services rendered to residents of:	Estimate, if you do not now track this data.	
Chattanooga	59%	49.83%
Unincorporated Hamilton County	1%	30.22%
Hamilton County Government's (General funds)		
Collegedale	4%	2.46%
East Ridge	1%	6.24%
Lakesite	0%	0.54%
Lookout Mountain	2%	0.54%
Red Bank	2%	3.46%
Ridgeside	2%	0.12%
Signal Mountain	5%	2.25%
Soddy-Daisy	1%	3.78%
Walden	1%	0.56%
Other (Outside Hamilton County)	22%	
	Above percentages should total 100%	

*Population numbers are from 2010 U.S. Census.

Attachment C: Program Beneficiary Statistics

Program: Chattanooga History Center

Program Beneficiary Characteristics Clients/Patients/Recipients/Other	Last Year	This year (estimated)	Next Year (projected)
1. Unduplicated Count of Program Beneficiaries TOTAL	2,102	2,000	29,000
a) Total Continuing From Previous Fiscal Year	n/a	n/a	n/a
b) Total New for the Year	n/a	n/a	n/a
c) Total Terminated During the Year			
2. Age Group TOTAL			
a) Infants – Under 5			
b) Between 5 and 12 Under 18	1,124	1000	6,380
c) Between 13 and 17			
d) Between 18 and 29 From 19 to 64	552	600	19,720
e) Between 30 and 64			
f) 65 and over	426	400	2,900
g) Not Known			
3. Sex TOTAL	n/a	n/a	n/a
a) Male			
b) Female			
c) Not Known			
4. Ethnic Background TOTAL			
a) White	1,864	1,775	20,300
b) Black	238	225	8,700
c) Hispanic			
d) Oriental			
e) Other – Ethnic Minority			
f) Not Known			
5. % Income Level TOTAL			
a) Below 9,999			
b) 10,000 –19,999			
c) 20,000 – 29,999			
d) 30,000 and Over			
e) Not Known			
6. Location of Residence TOTAL			
a) Chattanooga	1241	1,180	13,000
b) Outside of Chattanooga	816	780	13,000
c) Not Known	45	40	3,000

1. Attachment D: Schedule of Positions, Salaries & Wages

Title of Position	Last Name, Initial	Part Time? yes/no	Years Employed	Retirement Benefits? Yes/no	Current			Proposed		
					Weeks Employed	Annual Rate	Budgeted	Weeks Employed	Annual Rate	Budgeted
Exec. Director	Black, D.	No	6+	No		75,000	75,000		75,000	75,000
Dep. Director	Payne, M.	No	6	No		41,000	41,000		41,000	41,000
Curator of Collections	Bourassa, M.	No	1+	No		33,800	33,800		33,800	33,800
Cmpgn/Adm Assistant	Gaddis, A.	Yes	>1	No	17	15,600	15,600	52	15,600	15,600
Curator of Education		No							TBD	TBD
Custodian		No							TBD	TBD
Gift Shop Manager/Guest Services		No							TBD	TBD
*										

**Part time employees for Guest Services, Education, Operations to be hired prior to opening date in fall 2013: number of employees and wage rates to be determined.*

List positions of all staff, in order of responsibility.

Attachment F: Budget Format							
CITY OF CHATTANOOGA							
FY2014 Agency Funding Financial Form							
Account Category	Actual FY2010	Actual FY2011	Actual FY2012	Budget FY2013	Request FY2014	Incr (Decr) Request vs. FY13 Bud	% Change Request vs FY13 Bud
REVENUES							
Contributions							
Individuals/Private	4576	1890	28741	1000	30000	29000	2900.0%
Corporate/Organizations/Churches	55000	46056	28000	28000	45000	17000	60.7%
Agencies							
Federal						0	N/A
State						0	N/A
Hamilton County	28,000.00	28,000.00	0.00	0.00	28,000.00	28000	N/A
City of Chattanooga	18,000.00	15,200.00	15,200.00	15,200.00	28,000.00	12800	84.2%
Other Cities (Please list)						0	N/A
United Way							
Foundations (including grants)						0	N/A
Gross Proceeds Special Events						0	N/A
Other UWs/Federations						0	N/A
CFC/Designations received thru UWGC						0	N/A
UWGC Program Allocation						0	N/A
UWGC Special Funding						0	N/A
Membership Dues	8,873.00	6,023.00	10,137.00	7,000.00	150,000.00	143000	2042.9%
Program Income	98,232.00	27,155.00	26,829.00	26,500.00	325,000.00	298500	1126.4%
Governmental Insurance						0	N/A
Private Insurance						0	N/A
Contracted Services						0	N/A
Fee for Services	12,810.00	25,620.00	0.00	0.00	0.00	0	N/A
Other Program Income		6,159.00	5,870.00	6,000.00	8,000.00	2000	33.3%
Sales to Public	767.00	369.00	121.00	100.00	82,100.00	82000	82000.0%
Investment Income	29,866.00	2,227.00	0.00	100.00	500.00	400	400.0%
Miscellaneous		837.00	1,005.00	900.00	1,000.00	100	11.1%
(major item)						0	N/A
Transfers in from other internal budgets						0	N/A
Income from Previous Year						0	N/A
						0	N/A
TOTAL REVENUES	\$ 256,124.00	\$ 159,536.00	\$ 115,903.00	\$ 84,800.00	\$ 697,600.00	\$ 612,800.00	722.6%

Operating Expenses Total	\$ 219,529.00	\$ 132,304.00	\$ 194,235.00	\$ 166,920.00	\$ 390,470.00	223,550.00	133.9%
TOTAL OPERATIONS	\$ 319,859.00	\$ 219,639.00	\$ 276,113.00	\$ 250,674.00	\$ 634,460.00	383,786.00	153.1%
REVENUE OVER/ (UNDER) OPERATION	\$ (63,735.00)	\$ (60,103.00)	\$ (160,210.00)	\$ (165,874.00)	\$ 63,140.00	229,014.00	-138.1%

Chattanooga History Center

Charter

State of Tennessee



Department of State

Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

CHANGE OF REGISTERED
AGENT/OFFICE
(BY CORPORATION)

FILED For Office Use Only
RECEIVED
STATE OF TENNESSEE

2011 NOV -3 PM 2:11

TRE HARGETT
SECRETARY OF STATE

6954.2934

Pursuant to the provisions of Section 48-15-102 or 48-25-108 of the Tennessee Business Corporation Act or Section 48-55-102 or 48-65-108 of the Tennessee Nonprofit Corporation Act, the undersigned corporation hereby submits this application:

1. The name of the corporation is Chattanooga History Center

2. The street address of its current registered office is 1015 Lindsay St, Suite 100
Chattanooga, TN 37403

3. If the current registered office is to be changed, the street address of the new registered office, the zip code of such office, and the county in which the office is located is 2 Broad Street
Chattanooga, TN 37402, Hamilton County

4. The name of the current registered agent is no change

5. If the current registered agent is to be changed, the name of the new registered agent is
no change

6. After the change(s), the street addresses of the registered office and the business office of the registered agent will be identical.

11/1/11
Signature Date

Deputy Director
Signer's Capacity

Chattanooga History Center
Name of Corporation

Marlene Payne
Signature

MARLENE PAYNE
Name (typed or printed)

State of Tennessee



Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

ARTICLES OF AMENDMENT
TO THE CHARTER
(Nonprofit)

For Office Use Only

RECEIVED
STATE OF TENNESSEE
2008 MAR 18 AM 9:07
RILEY DANIEL
SECRETARY OF STATE

FILED

CORPORATE CONTROL NUMBER (IF KNOWN) _____

PURSUANT TO THE PROVISIONS OF SECTION 48-60-105 OF THE TENNESSEE NONPROFIT CORPORATION ACT, THE UNDERSIGNED CORPORATION ADOPTS THE FOLLOWING ARTICLES OF AMENDMENT TO ITS CHARTER:

1. PLEASE INSERT THE NAME OF THE CORPORATION AS IT APPEARS OF RECORD:

Chattanooga Regional History Museum

IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:

Chattanooga History Center

2. PLEASE MARK THE BLOCK THAT APPLIES:

AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.

AMENDMENT IS TO BE EFFECTIVE, _____ (MONTH, DAY, YEAR)

(NOT TO BE LATER THAN THE 90TH DAY AFTER THE DATE THIS DOCUMENT IS FILED.) IF NEITHER BLOCK IS CHECKED, THE AMENDMENT WILL BE EFFECTIVE AT THE TIME OF FILING

3. PLEASE INSERT ANY CHANGES THAT APPLY:

A. PRINCIPAL ADDRESS:

615 Lindsay Street, Suite 100

Chattanooga
CITY

TN HAMILTON
STATE/COUNTY

37403
ZIP CODE

B. REGISTERED AGENT: _____

C. REGISTERED ADDRESS: _____

STREET ADDRESS

TN

CITY

STATE

ZIP CODE

COUNTY

D. OTHER CHANGES: _____

4. THE CORPORATION IS A NONPROFIT CORPORATION.

5. THE MANNER (IF NOT SET FORTH IN THE AMENDMENT) FOR IMPLEMENTATION OF ANY EXCHANGE, RECLASSIFICATION, OR CANCELLATION OF MEMBERSHIPS IS AS FOLLOWS:

6. THE AMENDMENT WAS DULY ADOPTED ON November 20, 2007 (MONTH, DAY, YEAR)
BY (Please mark the block that applies):

THE INCORPORATORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED.

THE BOARD OF DIRECTORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED.

THE MEMBERS

7. INDICATE WHICH OF THE FOLLOWING STATEMENTS APPLIES BY MARKING THE APPLICABLE BLOCK:

ADDITIONAL APPROVAL FOR THE AMENDMENT (AS PERMITTED BY §48-60-301 OF THE TENNESSEE NONPROFIT CORPORATION ACT) WAS NOT REQUIRED.

ADDITIONAL APPROVAL FOR THE AMENDMENT WAS REQUIRED BY THE CHARTER AND WAS OBTAINED.

Executive Director

SIGNER'S CAPACITY

3/14/2008

DATE

Gail T. Pollock

SIGNATURE

Gail T. Pollock

NAME OF SIGNER (TYPED OR PRINTED)

State of Tennessee



Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

ARTICLES OF AMENDMENT
TO THE CHARTER
(Nonprofit)

For Office Use Only

RECEIVED
STATE OF TENNESSEE
2008 MAR 18 AM 9:07
FILED / DANIEL
SECRETARY OF STATE

FILED

CORPORATE CONTROL NUMBER (IF KNOWN) _____
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1. PLEASE INSERT THE NAME OF THE CORPORATION AS IT APPEARS OF RECORD:
Chattanooga Regional History Museum
IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:
Chattanooga History Center

2. PLEASE MARK THE BLOCK THAT APPLIES:
 AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.
 AMENDMENT IS TO BE EFFECTIVE, _____ (MONTH, DAY, YEAR)
(NOT TO BE LATER THAN THE 90TH DAY AFTER THE DATE THIS DOCUMENT IS FILED.) IF NEITHER BLOCK IS CHECKED, THE AMENDMENT WILL BE EFFECTIVE AT THE TIME OF FILING.

3. PLEASE INSERT ANY CHANGES THAT APPLY:
A. PRINCIPAL ADDRESS: 615 Lindsay Street, Suite 100
Chattanooga TN HAMILTON 37403
CITY STATE / COUNTY ZIP CODE
B. REGISTERED AGENT: _____
C. REGISTERED ADDRESS: _____
CITY STATE ZIP CODE COUNTY
D. OTHER CHANGES: _____

4. THE CORPORATION IS A NONPROFIT CORPORATION.
5. THE MANNER (IF NOT SET FORTH IN THE AMENDMENT) FOR IMPLEMENTATION OF ANY EXCHANGE, RECLASSIFICATION, OR CANCELLATION OF MEMBERSHIPS IS AS FOLLOWS:

6. THE AMENDMENT WAS DULY ADOPTED ON November 20, 2007 (MONTH, DAY, YEAR)
BY (Please mark the block that applies):
 THE INCORPORATORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED.
 THE BOARD OF DIRECTORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED.
 THE MEMBERS

7. INDICATE WHICH OF THE FOLLOWING STATEMENTS APPLIES BY MARKING THE APPLICABLE BLOCK:
 ADDITIONAL APPROVAL FOR THE AMENDMENT (AS PERMITTED BY §48-60-301 OF THE TENNESSEE NONPROFIT CORPORATION ACT) WAS NOT REQUIRED.
 ADDITIONAL APPROVAL FOR THE AMENDMENT WAS REQUIRED BY THE CHARTER AND WAS OBTAINED.

Executive Director
SIGNER'S CAPACITY
3/14/2008
DATE
Gail T. Pollock
SIGNATURE
Gail T. Pollock
NAME OF SIGNER (TYPED OR PRINTED)

5251.0021

0052766

BOOK 2457 PAGE 432

State of Tennessee



Mail: James & John
Twelfth Floor Val Bldg
Chatta, Ind 37402

CHARTER
of
THE CHATTANOOGA MUSEUM OF
REGIONAL HISTORY

RECEIVED FEE, \$ 10.00

RECEIVED TAX, \$

TOTAL, \$ 10.00

Hentry Crouell

77227

IDENTIFICATION
REFERENCE

DEC 9 4 20 PM '77

DOROTHY BRAMMER
REGISTER
HAMILTON COUNTY
STATE OF TENNESSEE

REC-9C

MISC

A* 5.00 *

5.00

J 0 0 0 1 0 0 2 1

STATE OF TENNESSEECHARTEROFTHE CHATTANOOGA MUSEUM OF REGIONAL HISTORY

The undersigned natural person, having capacity to contract and acting as incorporator of a corporation not for profit under the Tennessee General Corporation Act, adopts the following charter for the corporation:

1. The name of the corporation is: The Chattanooga Museum of Regional History.

2. The duration of the corporation is perpetual.

3. The address of the principal office of the corporation in the State of Tennessee shall be 176 South Crest Road, in the City of Chattanooga, Hamilton County, 37404.

4. The corporation is not for profit.

5. The purpose or purposes for which the corporation is organized are:

To operate its gallery at 176 South Crest Road, Chattanooga, Tennessee, or at such other place as its Board may determine; for the general purpose of receiving, purchasing, lending, exhibiting, developing, preserving, promoting, encouraging, fostering and increasing objects of regional historical, geological, or industrial interest; to establish a museum of regional history in Chattanooga to promote and encourage any department of the University of Tennessee at Chattanooga or any other college or university; and to promote the general education and knowledge of Chattanooga area residents; and any other legal purpose whatsoever.

To do any or all things hereinabove set forth, and all things usual, necessary, or proper in furtherance or incidental to said purposes.

The corporation shall neither have nor exercise any power, nor shall it directly or indirectly engage in an activity, that would (1) prevent it from obtaining exemption from Federal income taxation as a corporation described in Section 501(c)(3) of the Internal Revenue Code of 1954, or (2) cause it to lose such exempt status.

The corporation shall not be operated for the primary purpose of carrying on a trade or business for profit.

No substantial part of the activities of the corporation shall consist of carrying on propaganda, or otherwise attempting, to influence legislation, nor shall it in any manner or to any extent participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office; nor shall the corporation engage in any activities that are unlawful under applicable federal, state, or local laws.

The territory in which the corporation's operations are principally to be conducted in the United States of America; the corporation may conduct operations in foreign countries subject, however, to the laws of Tennessee, or any restrictions or limitations under Federal law.

The corporation is not being formed for any purpose for which there are other specific statutory provisions in the State of Tennessee concerning its formation and is not being organized for a purpose or purposes which require authorization under the laws or statutory regulations of the State of Tennessee.

As a means of accomplishing the foregoing purposes, the corporation shall have the rights and powers now or hereafter conferred upon corporations not for profit by the laws of the State of Tennessee, including but not by way of limitation, those enumerated in Sections 48-402 and 48-403 of the Tennessee Code Annotated (Official Edition).

But if this corporation shall undertake to do any of the things herein above set forth in any state other than Tennessee, in the District of Columbia, in any territory, colony or dependency of the United States, or in any foreign country or any colony or dependency thereof, then as to such jurisdictions and to each of them, this corporation shall be deemed to have such powers insofar as such jurisdictions respectively permit such corporations within their several respective jurisdictions to execute such powers.

Notwithstanding the other provisions of this charter, the corporation shall only conduct or carry on activities permitted to be conducted or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code of 1954 and the Regulations thereunder, and by an organization, contributions to which are deductible under Section 170 of such Code and Regulations.

6. The corporation is to have no members.

7. The incorporator, at the organizational meeting, shall adopt the initial By-Laws of the corporation, which may contain any provision for the regulation and management

10001 00212

of business and affairs of the corporation not inconsistent with law or this charter, and shall elect the Board of Directors in accordance with the provisions of such By-Laws. The Directors may be divided into two (2) or more classes for terms of office which may expire at different times.

8. No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its Board of Directors, officers, or any other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 5 hereof.

9. Upon the dissolution of the corporation, the assets of the corporation shall be distributed, after paying or making provision for the payment of all liabilities of the corporation, in accordance with a plan of distribution adopted by the Board of Directors, exclusively to charitable, religious, scientific, literary or educational organizations which are engaged in affairs substantially similar to those of the dissolving corporation and which would qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code and the Regulations thereunder, or to a local or State Government or the Federal Government, or an agency thereof.

10. The provisions of this charter are subject to amendment as provided under the laws of the State of Tennessee; provided that no provisions contained herein shall be changed, modified or repealed in such a manner as to be inconsistent with the objects and purposes for which this corporation is formed.

11. This corporation shall enjoy and be subject to the benefits, privileges and immunities, restrictions, liabilities and obligations, as provided for corporations

10001 00213

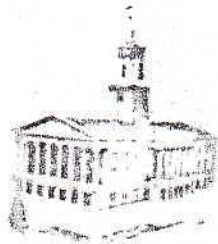
not for profit generally by the law of the land and which are held applicable to corporations not for profit organized under the provisions of Title 48 of the Tennessee Code Annotated (Official Edition) or such title as amended or modified, subject to the limitation and condition that, notwithstanding any other provisions of this charter, only such powers shall be exercised as are in furtherance of the tax exempt purposes of the corporation and as may be exercised by an organization exempt under Section 501(c)(3) of the Internal Revenue Code and the Regulations thereunder and by any organization contributions to which are deductible under Section 170 of such Code and Regulations.

12. All references in this charter to the Internal Revenue Code of 1954 and the Regulations thereunder refer to the Code and Regulations as they now exist or the corresponding provision of any subsequent United States Internal Revenue Laws or Regulations.

Executed this 12th day of October, 1977.


 (Richard P. Jahn, Jr.)
 INCORPORATOR

State of Tennessee



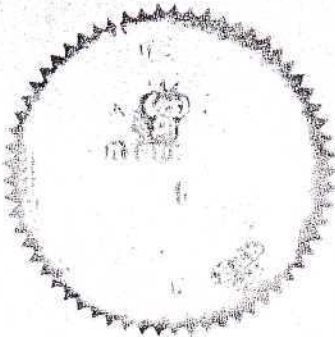
Department of State

CERTIFICATE

The undersigned, as Secretary of State of the State of Tennessee, hereby certifies that the attached document was received for filing on behalf of THE CHATTANOOGA MUSEUM OF REGIONAL HISTORY (Name of Corporation) was duly executed in accordance with the Tennessee General Corporation Act, was found to conform to law and was filed by the undersigned, as Secretary of State, on the date noted on the document.

THEREFORE, the undersigned, as Secretary of State, and by virtue of the authority vested in him by law, hereby issues this certificate and attaches hereto the document which was duly filed on December First, 1917.

Gentry Crowell Secretary of State



Non-profit Exemption

The Chattanooga History Center is a 501(c)3 nonprofit organization registered with the Internal Revenue Code. IRS exemption letter is provided on next page.



Department of the Treasury
Internal Revenue Service

P.O. Box 2508, Room 4010
Cincinnati OH 45201

In reply refer to: 4077550286
May 05, 2009 LTR 4168C 0
58-1309301 000000 00 000
00025609
BODC: TE

CHATTANOOGA HISTORY CENTER
615 LINDSAY ST STE 100
CHATTANOOGA TN 37403-3430



126867

Employer Identification Number: 58-1309301
Person to Contact: Vaida Singleton
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Mar. 02, 2009, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in February 1978, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Cindy Westcott
Manager, EO Determinations

Annual Report

Chattanooga History Center Activity Report

FY 2012 Audit

Annual Activity Report **FY** 2011/2012 **Dates** June 1, 2011-May 31, 2012

Activity	Artistic Prsnl	HmltnC nty Art.	Visi-tors	Visitor Hours	Partici-pants	Part. Hrs	Volun-teers	Vol. Hours	Under 18	Dis-ability	Senior	Of Color
Adult Classes/Workshops/Lectures <i>Going Deeper Into Between the States</i> (with the Hunter) <i>Moving Chattanooga: A Discussion of Transportation In the City</i> (with Create Here) <i>A General History of Chattanooga</i> (for a NC tour group)	5	5			88	100				4	49	4
Special Events <i>September Home School Day at the Aquarium</i> <i>Race Through History</i> <i>History Makers Luncheon</i> <i>January Home School Day at the Aquarium</i>	14	14			479	548	23	156	86	2	52	45
Collection Volunteers							652	2872		5	8	
Assistance to Public (walk-ins, phone calls, emails via web-site) Emails—28 Phone calls—22 Website—12 Visit—1	63	63			63							
Miscellaneous <i>Teaching With Artifacts</i> (for HCDE Soc. Studies teachers In-service, 3 sessions) <i>Keynote Address</i> (for UTC Chapter of Nat. Soc. Of Collegiate Scholars meeting) <i>Slavery & the Constitution</i> (keynote address for Covenant College's Constitution Day) <i>Civil War Flagbearers' Program</i> (at Chickamauga Battlefield) <i>9 Things You Didn't Know From 1922</i> (for the Riverview Garden Club) <i>Cherokee Life</i> (for Tiger Scouts, ages 6-7) <i>Georgia's Cotton Belt/CHC Update</i> (for Moccasin Bend DAR)	9	8			285	313			13		38	24
Bus/Van Tours <i>Civil War Lecture & Chickamauga Battlefield Tour</i> (4 Sessions for Road Scholars, formerly Elder Hostel) <i>Civil War Tour on Double Decker Bus</i>	5	5			175	1713					265	

Attendance by Zip Codes FY 2011/12 Dates June 1, 2011—May 31, 2012

Town/Area Name	Participants Providing Zip Codes
Downtown Chattanooga 37401, 37402, 37403, 37404, 37406, 37407	449
North Chattanooga 37405	535
Southside/St. Elmo 37408, 37409	90
Brainerd/Ridgeside 37410, 37411	64
East Ridge 37412, 37414	10
Red Bank, Stuart Heights Area 37415	261
East Brainerd/Hwy 58 37416, 37421, 3742, 37424	248
Collegedale/Ooltewah 37315, 37363	90
Hixson 37343	120
Lookout Mountain, TN 37350	48
Signal Mountain 37377	129
Soddy Daisy 37379	5
Unincorporated County 37414, 37419, 37450	8
Total	2057

Town/Area Name	Participants Providing Zip Codes
North Georgia 30720, 30736, 30741, 30742, 30750	291
Outside of Area	288
Total	579

CHATTANOOGA HISTORY CENTER

ANNUAL FINANCIAL REPORT

YEAR ENDED MAY 31, 2012

I. INTRODUCTORY SECTION

CHATTANOOGA HISTORY CENTER
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May 31, 2012

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Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-12

II. FINANCIAL SECTION



Certified Public
Accountants

301 N. Market
Chattanooga, TN
37405

Office: 423-756-1170
Fax: 423-756-1436
www.jmw-cpa.com

Members
American Institute
of Certified
Public Accountants

Paul Johnson, III, CPA

Brian T. Wright, CPA

Karen Hutcherson, CPA

John H. Shipp, CPA

Marianne Greene, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chattanooga History Center
Chattanooga, Tennessee

We have audited the accompanying Statement of Financial Position of Chattanooga History Center (a non-profit entity) as of May 31, 2012, and the related Statements of Activities, Cash Flows and Functional Expenses for the year then ended. These financial statements are the responsibility of Chattanooga History Center'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 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 Chattanooga History Center 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. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chattanooga History Center as of May 31, 2012, and the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Chattanooga, Tennessee
November 9, 2012

Johnson, Murphey & Wright, P.C.

CHATTANOOGA HISTORY CENTER
Statement of Financial Position
May 31, 2012

ASSETS

Current assets

Cash and cash equivalents	\$ 40,867
Investments	18,000
Grants receivable	19,032
Accounts receivable	1,775
Prepaid expenses	2,739
Pledges receivable - net	<u>779,021</u>
Total current assets	<u>861,434</u>

Non-current assets

Pledges receivable - net	1,411,006
Unamortized loan cost	19,084
Property and equipment - net	59,897
Expansion project in process	7,765,830
Utility deposits	<u>17,640</u>
Total non-current assets	<u>9,273,457</u>

TOTAL ASSETS \$ 10,134,891

LIABILITIES AND NET ASSETS

Liabilities

Current liabilities

Accounts payable	\$ 19,187
Accrued expenses	25,381
Deferred revenue	5,000
Note payables	<u>53,738</u>
Total current liabilities	<u>103,306</u>

Non-current liabilities

Note payables	1,711,450
Line-of-credit	<u>968,798</u>
Total non-current liabilities	<u>2,680,248</u>

 Total liabilities 2,783,554

Net Assets

Unrestricted	7,344,337
Permanently restricted	<u>7,000</u>
Total net assets	<u>7,351,337</u>

TOTAL LIABILITIES AND NET ASSETS \$ 10,134,891

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

CHATTANOOGA HISTORY CENTER
Statement of Activities
Year Ended May 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 29,781	\$ 2,063,040	\$ -	\$ 2,092,821
Grants and appropriations	43,200	-	-	43,200
Memberships	10,137	-	-	10,137
Book revenue	25,000	-	-	25,000
Programs	56,203	-	-	56,203
Interest income	193	-	-	193
Investment income (loss)	(111)	-	-	(111)
Museum store sales	121	-	-	121
Net assets released from restrictions	<u>2,063,040</u>	<u>(2,063,040)</u>	<u>-</u>	<u>-</u>
 Total public support and revenue	 <u>2,227,564</u>	 <u>-</u>	 <u>-</u>	 <u>2,227,564</u>
EXPENSES				
Program services				
Museum	<u>271,794</u>	<u>-</u>	<u>-</u>	<u>271,794</u>
Supporting services				
Administrative	49,124	-	-	49,124
Fund-raising	<u>12,757</u>	<u>-</u>	<u>-</u>	<u>12,757</u>
Total supporting services	<u>61,881</u>	<u>-</u>	<u>-</u>	<u>61,881</u>
 Total expenses	 <u>333,675</u>	 <u>-</u>	 <u>-</u>	 <u>333,675</u>
 Change in net assets	 1,893,889	 -	 -	 1,893,889
 Net Assets - beginning	 <u>5,450,448</u>	 <u>-</u>	 <u>7,000</u>	 <u>5,457,448</u>
 Net Assets - end	 <u>\$ 7,344,337</u>	 <u>\$ -</u>	 <u>\$ 7,000</u>	 <u>\$ 7,351,337</u>

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

CHATTANOOGA HISTORY CENTER
Statement of Functional Expenses
Year Ended May 31, 2012

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Museum</u>	<u>Administrative</u>	<u>Fund-Raising</u>	
Salaries and wages	\$ 68,760	\$ 12,892	\$ 4,297	\$ 85,949
Payroll taxes	5,898	1,106	369	7,373
Professional services	16,871	35,126	-	51,997
Service contracts	2,059	-	-	2,059
Marketing	2,345	-	-	2,345
Special events	23,504	-	-	23,504
Fund-raising	-	-	8,091	8,091
Book expenses	25,000	-	-	25,000
Rent	12,655	-	-	12,655
Insurance	1,538	-	-	1,538
Utilities	2,282	-	-	2,282
Telephone	4,922	-	-	4,922
Building maintenance	337	-	-	337
Collection storage and maintenance	10,226	-	-	10,226
Moving expenses	11,218	-	-	11,218
Office supplies	8,356	-	-	8,356
Printing and publications	2,758	-	-	2,758
Postage and shipping	486	-	-	486
Licenses and permits	521	-	-	521
Taxes	46,924	-	-	46,924
Dues and subscriptions	1,034	-	-	1,034
Conferences and travel	1,571	-	-	1,571
Bank fees	2,723	-	-	2,723
Miscellaneous	1,547	-	-	1,547
Amortization	9,542	-	-	9,542
Depreciation	8,717	-	-	8,717
	<u>\$ 271,794</u>	<u>\$ 49,124</u>	<u>\$ 12,757</u>	<u>\$ 333,675</u>
Total expenses	<u>\$ 271,794</u>	<u>\$ 49,124</u>	<u>\$ 12,757</u>	<u>\$ 333,675</u>

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

CHATTANOOGA HISTORY CENTER
Statement of Cash Flows
Year Ended May 31, 2012

Cash Flows from Operating Activities

Change in net assets	<u>\$ 1,893,889</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:	
Depreciation	8,717
(Increase) decrease in grants receivable	(15,848)
(Increase) decrease in accounts receivable	(1,775)
(Increase) decrease in prepaid expenses	(2,739)
(Increase) decrease in pledges receivable	(209,274)
Increase (decrease) in accounts payable	(299,355)
Increase (decrease) in accrued expenses	25,381
Increase (decrease) in deferred revenues	<u>5,000</u>
Total adjustments	<u>(489,893)</u>
 Net cash provided (used) by operating activities	 <u>1,403,996</u>

Cash Flows from Financing Activities

Expansion project in process	(2,519,123)
Borrowings from line-of-credit	990,000
Repayment of line-of-credit	(21,202)
Repayment of note	(50,618)
Amortization of note	<u>(19,084)</u>
Net cash provided (used) by financing activities	<u>(1,620,027)</u>

Cash Flows from Investing Activities

(Purchase) sale of investments	<u>(18,000)</u>
Net cash provided (used) by investing activities	<u>(18,000)</u>

Net increase (decrease) in cash and cash equivalents	(234,031)
--	-----------

Cash and Cash Equivalents - beginning	<u>274,898</u>
--	----------------

Cash and Cash Equivalents - end	<u>\$ 40,867</u>
--	------------------

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

CHATTANOOGA HISTORY CENTER
Notes to Financial Statements
May 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Chattanooga History Center have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

A. Nature of Activities

Chattanooga History Center collects, preserves, researches, interprets and displays the written, spoken, pictorial and artifactual record of Chattanooga and the tri-state region from earliest times to the present. The Entity is supported primarily through government grants, private foundations and contributions from individuals. The Entity is currently raising money and building a new Center.

B. Basis of Presentation - Net Asset Accounting

Chattanooga History Center follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958-205-05-6. Under FASB ASC 958-205-05-6, the Chattanooga History Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, Chattanooga History Center is required to present a Statement of Cash Flows.

C. Basis of Accounting

The financial statements are presented on the accrual basis of accounting and in accordance with the AICPA Audit and Accounting Guide, *Not-for-Profit Organizations*, and Financial Accounting Standards Board (FASB) ASC 958-205-05-6. Under the accrual basis, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The financial statements reflect all significant receivables, payables and other liabilities. The reserve method is used to compute the allowance for doubtful accounts.

D. Restricted and Unrestricted Support and Revenue

The Chattanooga History Center follows a portion of the recommendations of the Financial Accounting Standards Board (FASB) ASC 958-605-25. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Revenue is considered to be available for unrestricted use unless specifically restricted by the donor or grantor.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Support that is restricted by the donor and the restriction expires in the same reporting period in which the support is recognized is reported as an increase in unrestricted assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Valuation of Donated Property and Equipment

Donated property and equipment are recorded at fair market value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Entity reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Entity reclassifies temporarily restricted net assets to unrestricted net assets at that time.

F. Valuation of Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Entity's programs. However, the services donated do not meet the criteria contained in FASB ASC 958-605-25-16, which would require recognition of their value in the financial statements.

G. Cash and Cash Equivalents

For purposes of reporting cash flows, cash includes cash in checking accounts, cash-on-hand and cash equivalents. The Entity considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

H. Investments

Investments consist of a certificate-of-deposit with a readily determinable fair value and are valued at the fair value determined at the date of the Statement of Financial Position. Donated investments are reflected as contributions at their market values at date of receipt. Unrealized and realized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

I. Fair Value Measurement

The Entity adopted the provisions of ASC 820-10-50 applicable to financial assets and liabilities, as well as for other non-financial assets and liabilities that are carried at fair value on a recurring basis. Adoption of the provisions of ASC 820-10-50 did not have an impact on the measurement of the Entity's financial assets and liabilities but did result in additional disclosure contained in the footnotes herein.

J. Property and Equipment

Furniture, equipment, buildings and improvements to buildings in service are recognized as assets of the Entity and are stated at cost. Minor repairs and maintenance are expensed as incurred and additions and improvements that significantly extend the life of assets are depreciated over the remaining useful lives of the related fixed asset. At the time that assets are retired or disposed of, costs and accumulated depreciation are eliminated from the related accounts and gain or loss, if any, is credited or charged to income. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets as follows:

Furniture, equipment and exhibits

5 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pledges Receivable

Donors' promises to give are evaluated on the basis of criteria in FASB ASC 958-310-25. Those that meet the criteria are recorded as pledges receivable at the time the promises are received. They remain pledges receivable until collected or determined to be uncollectible.

L. Compensated Absences

Up to twenty-four (24) hours of vacation may be carried into a new calendar year. Sick and personal leave does not accumulate and, therefore, is not booked. Eligible vacation leave is booked as an accrued expense in the financial statements.

M. Revenue Recognition

Revenue is considered to be available for unrestricted use unless its use is temporarily or permanently restricted by donor or grantor in accordance with FASB ASC 958-605-25.

N. Functional Expense

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

P. Prepayment of Expenses

Expenses for insurance and maintenance extending over more than one accounting period are not allocated between accounting periods but accounted for as expenses in the period paid.

Q. Income Tax Status

Chattanooga History Center is a non-profit history center and has received exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for federal income tax and tax-related items.

R. Events Occurring after Reporting Date

The Entity has evaluated events and transactions that occurred between May 31, 2012, and November 9, 2012, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - CASH AND CASH CREDIT RISK

At May 31, 2012, the carrying amount of cash and cash equivalents was \$40,867, and the bank balance was \$68,413. Of the \$68,413 bank balance, \$61,044 is covered by federal depository insurance. The remaining bank balance of \$7,369 is held in a mutual fund, leaving the entire \$7,369 at risk.

Petty cash	\$ 200
Checking accounts	33,298
Cash equivalents in mutual funds	<u>7,369</u>
Total	<u>\$ 40,867</u>

NOTE 3 - INVESTMENTS

Investments at May 31, 2012, are fully insured and are stated at fair value based on quoted market prices as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Net Unrealized Appreciation (Loss)</u>
Certificate-of-deposit	\$ 18,000	<u>\$ 18,000</u>	\$ -

The following schedule summarizes the investment return and its classification in the Statement of Activities:

Interest income	\$ 193
Realized gain (loss), net	<u>(111)</u>
Investment return	<u>\$ 82</u>

NOTE 4 - GRANTS RECEIVABLE

Grants receivable at May 31, 2012, consist of the following:

City of Chattanooga	\$ 15,000
Allied Arts of Greater Chattanooga	<u>4,032</u>
Total	<u>\$ 19,032</u>

NOTE 5 - PLEDGES RECEIVABLE - NET

At May 31, 2012, pledges receivable consist of the following:

Pledges due in less than one year	\$ 786,890
Pledges due in one to five years	<u>1,573,164</u>
	2,360,054
Less: Allowance for doubtful accounts	(22,121)
Less: Discount of pledges	<u>(147,906)</u>
Total pledges receivable - net	<u>\$ 2,190,027</u>

The Entity has recorded a 4.25% discount on long-term pledges which will be amortized as contribution income over the remaining pledge life. An estimated allowance for doubtful accounts has also been recorded at 5% for pledges less than \$50,000 and .5% for pledges of \$50,000 and greater.

Included in the above pledges is one Foundation pledge of \$500,000, payable when the Entity has raised the financial commitments to complete the construction project and have finalized the construction and exhibit contracts.

NOTE 6 - PROPERTY AND EQUIPMENT - NET

Property and equipment consisted of the following major classifications at May 31, 2012:

	<u>Balance</u> <u>5-31-11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>5-31-12</u>
Historical land site	\$ 10,000	\$ -	\$ -	\$ 10,000
Furniture, equipment and exhibits	<u>60,637</u>	<u>-</u>	<u>-</u>	<u>60,637</u>
	70,637	-	-	70,637
Less accumulated depreciation	<u>(2,023)</u>	<u>(8,717)</u>	<u>-</u>	<u>(10,740)</u>
Total	<u>\$ 68,614</u>	<u>\$(8,717)</u>	<u>\$ -</u>	<u>\$ 59,897</u>

Depreciation expense was \$8,717 for the year ended May 31, 2012.

NOTE 7 - EXPANSION PROJECT IN PROCESS

During the year, \$2,063,040 of temporarily restricted net assets, including \$158,530 for capitalized interest, were released from their restriction and used toward the future expansion and development of the museum facilities. Total expansion in process as of May 31, 2012 amounted to \$7,765,830.

NOTE 8 - NOTE PAYABLES

Note payables at May 31, 2012 consist of the following:

The River City Company, original amount of \$1,840,000, 6% interest, 20 years, \$13,182 due monthly, matures January 1, 2016, balloon at maturity, secured by real estate and attachments	\$ 1,765,188
Due within one year	<u>(53,738)</u>
Long term portion of note payables	<u>\$ 1,711,450</u>

Future maturities including interest of \$359,202 are as follows:

<u>Year Ending</u> <u>May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 53,738	\$ 104,450	\$ 158,188
2014	56,769	101,419	158,188
2015	60,271	97,917	158,888
2016	<u>1,594,410</u>	<u>55,416</u>	<u>1,649,826</u>
Total	<u>\$ 1,765,188</u>	<u>\$ 359,202</u>	<u>\$ 2,124,390</u>

NOTE 9 - LINE-OF-CREDIT

The Entity has established a line-of-credit at First Tennessee Bank with an interest rate of 4.25%. The line is secured by certain pledges acceptable to First Tennessee Bank which had original pledge amounts of \$25,000 or more and for which the pledgor has signed the bank's acknowledgement. The original credit line was limited or capped at \$2,000,000 based upon 75% of eligible pledges with staged step-downs to \$1,333,334 in June of 2012 and \$666,667 in June of 2013.

NOTE 10 - RESTRICTIONS ON NET ASSETS

Temporarily Restricted

Expansion and development funds used for the future expansion and development of the museum facilities were all released during the year.

Permanently Restricted

Permanently restricted net assets of \$7,000 consist of the Doll Club endowment investment to be held indefinitely, the income from which is expendable to refurbish the doll collection and to purchase additional items for the collection of dolls and toys.

NOTE 11 - COLLECTIONS

Prior to June 1, 2009, in conformity with the practice followed by many museums, the artifact inventory is not included in the Statement of Financial Position. After June 1, 2009, the accounting policy changed and the exhibits are capitalized. Collections are held for exhibition to the public and are cared for and preserved and are not sold.

NOTE 12 - FAIR VALUE MEASUREMENT

ASC 820-10-50 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to see the asset or transfer the liability occurs in the principal market for the assets or liability or, in the absence of a principal market the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Fund has the ability to access.
- 2) Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- 3) Level 3 are unobservable inputs for the assets or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the assets or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Entity's own data.)

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of May 31, 2012.

Assets	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$ 7,369	\$ -	\$ -	\$ 7,369
Investments	18,000	-	-	18,000
Total	<u>\$ 25,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,369</u>

NOTE 13 - INSURANCE

It is the policy of the Entity to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, workers' compensation, and directors and officers. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 14 - EVENTS AFTER REPORTING DATE

In June, 2012, the Entity engaged the Johnson Group and Pride, a fund-raising consulting firm from Atlanta, to assist in the development and execution of the public phase of the Capital Campaign for a fixed fee of \$180,000. A combined goal of \$4,900,000 was set for the five target groups for this phase with a goal of completing the campaign in 18 months. The signature gifts portion of the campaign kicked off in September with the annual gifts and corporate gifts starting up in October. Materials have been developed by Johnson Group and training sessions held by Pride for the volunteers heading up the various solicitation groups.

In October 2012, the Entity secured a commitment from the Tucker Foundation for an unsecured line-of-credit for \$500,000 with an interest rate of 3% with interest only payments due each December until the note is due in full in December of 2015.

Additionally, in October 2012, the Entity negotiated a moratorium with River City Company which is to take effect in July, 2013. According to the agreement, all payments to River City Company will be suspended in July, 2013, and they will not resume until July, 2015. The interest accruing during this period will be forgiven by River City Company if the Entity is able to pay in full the note balance by December 31, 2015.

Also, in October, 2012, the Entity secured a commitment from First Tennessee Bank for a second line-of-credit note for up to \$1,500,000 with the actual limit based again upon a percentage of eligible pledges which will serve as collateral for the note. For this line 75% of the pledges arising from the new public phase of the Capital Campaign that are at least for \$10,000 initially will determine the actual borrowing base. First Tennessee Bank also agreed to raise the percentage loaned on its original line to 85% of the eligible pledges based on the excellent payment history of those pledges.

Board of Directors

Chattanooga History Center Board of Directors Roster, FY 2012/2013

Name	**Term Limit	Address	Phone
*Nicely, Maury President	2013-2nd	825 Mt. Vernon Avenue Chattanooga, TN 37405-2936 mnicely@ehhlaw.com maurynicely@gmail.com	423.313.1705—Cell 423.648.7851—Work
*Coke, Jo Vice President	2013-1st	1208 Lower Brow Road Signal Mountain, TN 37377-2914 jocoke@comcast.net	423.886.1607—Home
*Patten, David Secretary	2013-2nd	901 Young Avenue Chattanooga, TN 37405-4340 david.patten@raymondjames.com	423.267.8286—Home 423.756.2371—Work 423.580.3593—Cell
*Henderson, Carl Treasurer	Jan., 2015-1st	200 Manufacturers Rd., #206 Chattanooga, TN 37405 chenderson@hhmcpas.com	423.757.9542--Home 423.756.7771--Work
Chazen, Gary	2013-1st	1657 Hillcrest Road Chattanooga, TN 37405-3112 gchazen@comcast.net	423.718.4735—Home 423.752.5057—Work
Dhanani, Bijan	2015-1st	3411 Kings Cove Lane Chattanooga, TN 37416 bijandhanani@gmail.com	423.227.2961
*Edwards III, John L.	2013-2nd	The Chattanooga News Chronicle 611 E. MLK Blvd. Chattanooga, TN 37403-4023 edwardsiiijohn@yahoo.com	423.842.7940--Home 423.267.2313--Work 423.619.1720—Cell
Ensign, Connelly	2013-1st	700 South Crest Road Chattanooga, TN 37404-5921 ensigncp@comcast.net	423.867.1307—Home 423.413.0513—Cell
Hall, Annie	2014-2nd	12 Highdown Court Signal Mountain, TN 37377-2323 anniehalltn@gmail.com	423.886.4650—Home
Harwell, Marc	2015-1st	Leitner, Williams, Dooley & Napolitan, PLLC 801 Broad St., Third Floor Chattanooga, TN 37402 marc.harwell@leitnerfirm.com	423.424-3908--Work 423.505.5595--Cell 423.308.0908--Fax 423.756.7333--Home

Holmberg, Ruth	2013-1st	100 E. 10th Street Chattanooga, TN 37402 ruth.holmberg@gmail.com	423.265.0142—Office
Kaufman, Carolyn	2015-1st	3077 Rivermont Road Chattanooga, TN 37415 ckaufman28@gmail.com	423.605.5587
Keith, Roy	2015-1st	1729 Wood Nymph Trail Lookout Mountain, GA 30750 roykeith4@aol.com	706.820.7318 423-596-1182 423-267-9722
*Kennedy, Jim	2014-1st	220 Lindsay Street Chattanooga, TN 37403 porsche356b1963@gmail.com	423.280.2147
Kline, Lowry	Jan., 2015-1st	1100 West Brow Road Lookout Mountain, TN 37350 lkline@cokecce.com	423-821-7107--Home
McDonald, Jack	2013-1st	615 Lindsay Street, Suite 410 Chattanooga, TN 37403-3444 jm7403@bellsouth.net	423.267.2046—Home 423.756.4082—Work
Mines, Linda Moss	2015-1st	4733 Cummings Cove Drive Chattanooga, TN 37419 lsmines@gps.edu	423.413.3743
Montague, Cannon	2013-1st	503 E. Brow Road Lookout Mountain, TN 37350-1215 cannonmont@gmail.com	423.821.5047—Home
*Murray, Smith	2014-2nd	1625 Edgewood Lane Chattanooga, TN 37405-2403 rsmithmurray@gmail.com	423.266.5592—Home
Odle, Randy	2015-1st	500 Dodds Avenue Chattanooga, TN 37404 rodle04@gmail.com	423.315.0033--Cell
Oehmig, West	2013-1st	1017 East Brow Road Lookout Mountain, TN 37350-1013 west@oehmigtravelconsult.com	423.488.8333—Cell
Parker, Billy	Jan., 2015-1st	1200 Fleetwood Drive Lookout Mountain, GA 30750 peckparker@aol.com	706-820-2170--Home 423-802-2170

Pope, Brad	2015-2nd	2525 de Sales Avenue Chattanooga, TN 37404-1161 brad_pope@memorial.org	423.495.7761—Work 423.517.0991—Home
Stoller, Diane	2013-2nd	9320 Royal Shadows Drive Chattanooga, TN 37421-3458 dbstoller@bellsouth.net	423.894.3823—Home
White, Clark	2014-2nd	1904 East 5th Street Chattanooga, TN 37404-2614 whitece@bellsouth.net	423.624.1846—Home 423.305-1933—Cell
Winer, Sanford	2015-2nd	627 Brookfield Avenue Chattanooga, TN 37412-2607 sewiner@comcast.net	423.622.0675—Home 423.991.0826---Cell
Workinger, Andy	2015-2nd	1315 Lawrence Road Chattanooga, TN 37405-3114 andrew-workinger@utc.edu	423.309.2240—Home

*Executive Committee Member

**Members may serve two consecutive 3-year terms. Officers are elected each year for one year terms.

Review of Minutes

The Chattanooga History Center will make available meeting minutes for review, at Council discretion. Contact:

Marlene Payne
CHC Deputy Director
423-265-3247 ext. 10
mp@chattanoogahistory.org