

OKLAHOMA MUSEUMS ASSOCIATION

FINANCIAL REPORT

JUNE 30, 2010 and 2009

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INDEPENDENT AUDITOR'S REPORT

Executive Committee and Board of Directors
Oklahoma Museums Association

We have audited the accompanying statements of financial position of Oklahoma Museums Association (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets and functional expenses for the year ended June 30, 2010, and the statements of cash flows for the years ended June 30, 2010 and 2009. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from Oklahoma Museums Association's 2009 financial statements and, in our report dated August 24, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 audits provide 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 Oklahoma Museums Association as of June 30, 2010 and 2009, and the changes in its net assets for the year ended June 30, 2010 and its cash flows for the years ended June 30, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America.

Luton - Co., PLLC

Oklahoma City, Oklahoma
August 10, 2010

OKLAHOMA MUSEUMS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

ASSETS	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 123,714	\$ 108,299
Receivables	28,667	33,630
Prepaid expenses	2,701	1,521
Total current assets	155,082	143,450
PROPERTY AND EQUIPMENT		
Office equipment	18,760	15,141
Accumulated depreciation	(10,560)	(8,041)
	8,200	7,100
OTHER ASSETS		
Permanently restricted funds deposited at the Oklahoma City Community Foundation	43,433	36,950
	\$ 206,715	\$ 187,500
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,827	\$ 2,050
NET ASSETS		
Unrestricted	144,271	137,093
Temporarily restricted	17,184	11,407
Permanently restricted	43,433	36,950
	204,888	185,450
	\$ 206,715	\$ 187,500

The Notes to Financial Statements are an integral part of these statements.

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2010 with Comparative Totals for 2009

	Unrestricted				Temporarily Restricted						Total	Comparative Totals June 30, 2009		
	Community Services and Development		Seminars and Conferences	Total	OKMADA	OKME	OKNAMPA	OKRA	Scholarship	Cultural Heritage			Kirkpatrick Family Fund Grant	Total
	Operations	Development												
Public support														
Contributions	\$ 4,765	\$ -	\$ 19,050	\$ 23,815	\$ -	\$ 560	\$ 320	\$ 480	\$ 637	\$ 3,323	\$ -	\$ 5,600	\$ 25,625	
In-kind contributions	28,941	-	8,207	37,148	-	-	-	-	-	-	-	-	49,680	
Revenues														
Association dues	30,772	-	-	30,772	-	-	-	-	-	-	-	-	30,772	
Grants	25,928	57,429	-	83,357	-	-	-	-	-	10,000	-	10,000	86,395	
Conferences and exhibit fees	-	-	31,870	31,870	-	-	-	-	-	-	-	-	31,870	
Other	14,311	-	-	14,311	-	-	-	-	-	-	-	-	14,311	
Unrealized gain (loss)	-	-	-	-	-	-	-	-	-	-	-	-	11,222	
Interest income	1,785	-	-	1,785	-	-	-	-	-	-	5,831	-	5,831	
Total revenue	106,502	57,429	59,127	223,058	280	560	320	480	637	3,323	10,000	15,600	229,049	
Expenses														
Operations	89,256	-	-	89,256	-	-	-	-	-	-	-	-	89,256	
Community service and development	-	57,429	-	57,429	-	-	-	-	-	-	-	-	57,429	
Conferences and seminars	-	-	74,021	74,021	-	-	-	-	-	-	-	-	74,021	
OKMADA	-	-	-	-	3	-	-	-	-	-	-	3	3	
OKME	-	-	-	-	-	142	-	-	-	-	-	142	142	
OKNAMPA	-	-	-	-	-	-	199	-	-	-	-	199	199	
OKRA	-	-	-	-	-	-	-	31	-	-	-	31	31	
Scholarship	-	-	-	-	-	-	-	-	1,215	-	-	1,215	1,215	
Cultural Heritage	-	-	-	-	-	-	-	-	-	3,407	-	3,407	3,407	
Kirkpatrick Family Fund Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total expenses	89,256	57,429	74,021	220,706	3	142	199	31	1,215	3,407	-	4,997	225,703	
Change in net assets	17,246	-	(14,894)	2,352	277	418	121	449	(578)	(84)	10,000	10,603	19,438	
Transfers	(10,068)	-	14,894	4,826	-	-	-	-	-	(4,826)	-	(4,826)	-	
Net assets, beginning of year	137,093	-	-	137,093	599	1,353	399	2,231	1,915	4,910	-	11,407	186,133	
Net assets, end of year	\$ 144,271	\$ -	\$ -	\$ 144,271	\$ 876	\$ 1,771	\$ 520	\$ 2,680	\$ 1,337	\$ -	\$ 10,000	\$ 17,184	\$ 204,888	
											43,433		\$ 185,450	

The Notes to Financial Statements are an integral part of this statement.

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2010 with Comparative Totals for 2009

	Unrestricted			Temporarily Restricted							Total	Comparative Totals June 30, 2009	
	Operations	Community Services and Development	Seminars and Conferences	OKMADA	OKME	OKNAMPA	OKRA	Scholarship	Cultural Heritage				
Salaries	\$ 28,631	\$ 34,067	\$ 20,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,598	\$ 83,598
Employee benefits	5,246	6,242	3,829	-	-	-	-	-	-	-	-	15,317	13,494
Payroll taxes	2,160	2,570	1,576	-	-	-	-	-	-	-	-	6,306	6,340
Total payroll costs	36,037	42,879	26,305	-	-	-	-	-	-	-	-	105,221	103,432
Supplies	1,293	1,292	1,811	-	-	-	-	-	-	-	-	4,396	5,123
Printing	2,200	2,200	1,045	-	-	-	-	-	-	-	-	5,445	8,424
Travel	1,177	1,178	2,741	-	-	-	-	-	-	-	-	5,096	10,126
Rent	252	351	-	-	-	-	-	-	-	-	-	603	641
Accounting and legal	6,400	2,400	-	-	-	-	-	-	-	-	-	8,800	8,445
Bank and credit card charges	759	758	-	-	-	-	-	-	-	-	-	1,517	1,643
Postage and mailing service	1,031	1,030	730	3	142	198	30	-	-	-	373	3,164	3,054
Professional membership	942	407	-	-	-	-	-	-	-	-	-	1,349	1,142
Service and maintenance	1,305	1,305	-	-	-	-	-	-	-	-	-	2,610	4,428
Board development	616	616	-	-	-	-	-	-	-	-	-	1,232	3,215
Telephone	567	567	-	-	-	-	-	-	-	-	-	1,134	1,339
Membership services	-	-	-	-	-	-	-	-	-	-	-	-	1,423
Miscellaneous	1,236	1,236	-	-	-	-	-	-	-	-	-	2,472	2,197
Fundraising	2,090	-	-	-	-	-	-	-	-	-	-	2,090	1,419
Insurance	1,211	1,210	-	-	-	-	-	-	-	-	-	2,421	2,390
Scholarships	680	-	-	-	-	-	-	1,215	-	-	1,215	1,895	-
Sponsorship	-	-	12,750	-	-	-	-	-	-	-	-	12,750	4,310
Speakers	-	-	2,770	-	-	-	-	-	-	-	-	2,770	4,578
Meals and meeting rooms	-	-	17,662	-	-	-	-	-	3,407	-	3,407	21,069	11,560
In-kind	28,941	-	8,207	-	-	-	-	-	-	-	-	37,148	48,510
Depreciation	86,737	57,429	74,021	3	142	198	30	1,215	3,407	4,995	223,182	227,399	
	2,519	-	-	-	-	-	-	-	-	-	-	2,519	2,333
	\$ 89,256	\$ 57,429	\$ 74,021	\$ 3	\$ 142	\$ 198	\$ 30	\$ 1,215	\$ 3,407	\$ 4,995	\$ 225,701	\$ 229,732	

The Notes to Financial Statements are an integral part of this statement.

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2010 and 2009

	2010	2009		2010	2009
Increase (Decrease) in Cash and Cash Equivalents			Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities		
Cash flows from operating activities:			Change in net assets	\$ 19,438	\$ (683)
Cash received from public support	\$ 30,067	\$ 25,625	Adjustments to reconcile excess income (expense) to net cash provided by operating activities:		
Cash received from other revenue sources	175,273	157,984	Depreciation	2,519	2,333
Interest received	1,785	1,852	Unrealized (gain) loss on investments	(5,831)	8,701
Payment of expenses	(187,439)	(177,692)	Decrease (increase) in Receivables	4,963	(2,609)
			Prepaid insurance	(1,180)	(91)
			Increase (decrease) in: Accounts payable	(223)	118
Net cash provided (used) by operating activities	<u>19,686</u>	<u>7,769</u>	Net cash provided (used) by operating activities	<u>\$ 19,686</u>	<u>\$ 7,769</u>

Cash flows from investing activities:		
Funds contributed to endowment	(652)	(1,015)
Purchase of office equipment	(3,619)	(1,719)
Net cash provided (used) by investing activities	<u>(4,271)</u>	<u>(2,734)</u>
Net increase (decrease) in cash and cash equivalents	15,415	5,035
Cash and cash equivalents, beginning of year	108,299	103,264
Cash and cash equivalents, end of year	<u>\$ 123,714</u>	<u>\$ 108,299</u>
Supplemental disclosures		
In-kind contributions	<u>\$ 37,148</u>	<u>\$ 49,680</u>

Purchase of office equipment and in-kind contributions include \$1,170 of donated assets in 2009.

The Notes to Financial Statements are an integral part of these statements.

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS June 30, 2010

Note 1. Organization and Summary of Significant Accounting Policies

Organization

Through seminars, an annual conference, publications, and other programs, the Oklahoma Museums Association provides training and technical information to museums throughout Oklahoma.

The Executive Committee and Board of Directors are volunteers while the Executive Director is a paid position.

Revenue comes primarily from the Oklahoma Arts Council for community development and service. This represented 29% of total revenues in 2010. Securing of this revenue is based upon grant agreements and contracts that spell out the purpose and duration for which the funds may be spent.

Basis of presentation

These statements are prepared on the accrual basis of accounting.

The Association follows Professional Standards for Financial Statements of Not-for-Profit Organizations. The Association 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.

The temporarily restricted assets are those given for a specific purpose or time period and for which expenditures have not yet been incurred. The permanently restricted assets cannot be used by the Association for any purpose. A distribution based on the revenue from these assets is available for unrestricted use.

Financial statement presentation

The statements of activities and changes in net assets and functional expenses includes certain prior-year summarized comparative information which does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2009 from which the summarized information was derived.

Use of estimates

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

Property and equipment

The office equipment is carried at cost and depreciated on the straight-line method using lives ranging from five to seven years. The Association capitalizes asset purchases of \$100 or more. Maintenance and repairs are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost is removed from the asset account and the related accumulated depreciation is adjusted with the difference being charged to operations. Donated assets are recorded at their fair value and depreciated as other assets.

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Organization and Summary of Significant Accounting Policies, continued

Income tax

No income tax provision has been included in the financial statements since this is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Association does not believe it has engaged in any activity that would result in an uncertain tax position. As a result, management does not believe that any uncertain tax positions currently exist and no loss contingency has been recognized in the accompanying financial statements. Tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to Federal or state examination. Currently, the Association has no open examination with either the Internal Revenue Service or state taxing authorities.

Statement of cash flows

For purposes of the statement of cash flows, the Association considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Allowance for uncollectible accounts

Management charges income with doubtful accounts when they are considered uncollectible. As the amount is not material no provision for doubtful accounts has been made in these statements.

Note 2. Office Rent

The Association rents office space from the Science Museum Oklahoma on a month-to-month lease with rent of \$25 per month and the allocable share of utilities. For the year ended June 30, 2009 the share of utilities and rent was \$603.

Note 3. Endowment Funds

The Association has endowment funds on deposit with the Oklahoma City Community Foundation totaling \$84,985 at June 30, 2010. Of those deposits, \$43,433 has been contributed by the Association. Accounting standards require that this portion of the fund be shown as permanently restricted assets of the Association. The financial statements at June 30, 2010 reflect that amount as permanently restricted net assets.

The Association is entitled to a distribution based on the income from the full balance of their account at the Community Foundation, but cannot recover any part of the principle. A distribution was made in the year ended June 30, 2010 of \$3,664.

Note 4. Employee Benefits

In 1999 the Association adopted a SIMPLE retirement plan for its employees. The employees can elect to reduce their compensation in order to defer retirement funds. Additionally, the Association matches the salary deferral with a payment equal to 3% of gross salary. The contribution was \$2,508 for the year ended June 30, 2010.

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 4. Employee Benefits, continued

Additionally, the Association adopted a IRS Section 125 cafeteria plan which allows employees to reduce their income in order to make a tax free contribution toward their portion of health insurance and child care costs.

Note 5. In-Kind Donations

The Association uses volunteers to complete much of their program work. During the year ended June 30, 2010 these volunteers gave 2,752 hours of their time to the Association. In addition, in-kind contributions of \$37,148 were received and recorded as both revenue and expense.

Note 6. Subsequent Events

Management has evaluated subsequent events, if any, through the report date of August 10, 2010 and has determined there are none requiring disclosure.