

OKLAHOMA MUSEUMS ASSOCIATION

FINANCIAL REPORT

JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Executive Committee and Board of Directors
Oklahoma Museums Association

We have audited the accompanying financial statements of Oklahoma Museums Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Luton & Co., PLLC

Oklahoma City, Oklahoma
August 29, 2014

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

June 30, 2014

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 51,877
Certificates of deposit	86,990
Receivables	26,717
Prepaid expenses	2,001
Total current assets	<u>167,585</u>

PROPERTY AND EQUIPMENT

Office equipment	14,282
Accumulated depreciation	(13,165)
	<u>1,117</u>

OTHER ASSETS

Endowment funds	<u>55,960</u>
	<u>\$ 224,662</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 1,840
Accrued unpaid compensation	6,131
Total current liabilities	<u>7,971</u>

NET ASSETS

Unrestricted	140,965
Unrestricted designated for endowment	55,960
	<u>196,925</u>
Temporarily restricted	19,766
	<u>216,691</u>
	<u>\$ 224,662</u>

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

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Contributions	\$ 36,868	\$ 38,013	\$ -	\$ 74,881
Association dues	37,022	-	-	37,022
Grants	76,897	18,196	-	95,093
Investment income	7,249	-	-	7,249
Conferences and exhibit fees	35,300	-	-	35,300
Other	8,959	-	-	8,959
In-kind	68,887	-	-	68,887
Net assets released from restriction	56,018	(56,018)	-	-
Total revenue and support	327,200	191	-	327,391
Expenses				
Program services:				
Community Services and Development	109,734	-	-	109,734
Seminars and Conferences	129,444	-	-	129,444
OKMADA	458	-	-	458
OKME	474	-	-	474
OKNAMPA	291	-	-	291
OKRA	83	-	-	83
Scholarship	470	-	-	470
Kirkpatrick Family Fund Grant	10,000	-	-	10,000
Oklahoma Cultural Heritage	8,193	-	-	8,193
Fiscal Agent	36,050	-	-	36,050
Total Program services	295,197	-	-	295,197
Management and Administration	23,958	-	-	23,958
Fundraising	3,937	-	-	3,937
Total expenses	323,092	-	-	323,092
Change in net assets	4,108	191	-	4,299
Reclassification of net assets	49,150	-	(49,150)	-
Net assets, beginning of year	143,667	19,575	49,150	212,392
Net assets, end of year	\$ 196,925	\$ 19,766	\$ -	\$ 216,691

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

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2014

	Community Services and Development	Seminars and Conferences	OKMADA	OKME	OKNAMPA	OKRA	Scholarship	Kirkpatrick Family Fund Grant	Oklahoma Cultural Heritage	Fiscal Agent	Total Program Services	Management and Administration	Fundraising	Total
Salaries	\$ 59,042	\$ 29,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,563	\$ 9,840	\$ -	\$ 98,403
Employee benefits	11,463	5,732	-	-	-	-	-	-	-	-	17,195	1,910	-	19,105
Payroll taxes	4,205	2,102	-	-	-	-	-	-	-	-	6,307	701	-	7,008
Supplies	2,133	1,067	-	-	-	-	-	-	-	-	3,200	356	1,035	4,591
Printing	1,220	610	-	-	-	-	-	-	-	-	1,830	203	291	2,324
Travel	3,376	1,125	-	-	-	-	-	-	5,326	-	9,827	1,125	-	10,952
Rent	286	114	-	-	-	-	-	-	-	-	400	171	-	571
Accounting and legal	6,421	2,140	-	-	-	-	-	-	-	-	8,561	2,140	-	10,701
Bank and credit card charges	1,445	723	-	-	-	-	-	-	-	-	2,168	241	-	2,409
Postage and mailing service	1,040	520	-	-	-	-	-	-	10	-	1,570	173	488	2,231
Professional membership	435	145	-	-	-	-	-	-	-	-	580	145	-	725
Service and maintenance	1,886	629	-	-	-	-	-	-	-	-	2,515	629	-	3,144
Board development	1,274	510	-	-	-	-	-	-	-	-	1,784	764	-	2,548
Telephone	809	270	83	83	-	-	-	-	-	-	1,411	270	-	1,681
Professional development	3,330	1,110	-	-	-	-	-	-	-	-	4,440	1,110	-	5,550
Miscellaneous	3,474	1,158	-	-	-	-	-	-	1,768	-	6,400	1,158	-	7,558
Insurance	1,180	472	-	-	-	-	-	-	-	-	1,652	708	-	2,360
Scholarships	-	1,000	-	-	-	-	470	-	-	-	1,470	-	-	1,470
Sponsorship	-	1,750	-	-	-	-	-	-	-	-	1,750	-	-	1,750
Speakers	1,707	1,110	375	-	-	-	-	-	-	-	3,192	28	-	3,220
Meals and meeting rooms	875	13,571	-	391	208	-	-	-	1,089	-	16,134	146	2,123	18,403
In-kind	4,133	64,065	-	-	-	-	-	-	-	-	68,198	689	-	68,887
Advertising and marketing	-	-	-	-	-	-	-	-	-	36,050	36,050	-	-	36,050
Funds released from restrictions	-	-	-	-	-	-	-	10,000	-	-	10,000	-	-	10,000
Depreciation	-	-	-	-	-	-	-	-	-	-	-	1,451	-	1,451
	<u>\$ 109,734</u>	<u>\$ 129,444</u>	<u>\$ 458</u>	<u>\$ 474</u>	<u>\$ 291</u>	<u>\$ 83</u>	<u>\$ 470</u>	<u>\$ 10,000</u>	<u>\$ 8,193</u>	<u>\$ 36,050</u>	<u>\$ 295,197</u>	<u>\$ 23,958</u>	<u>\$ 3,937</u>	<u>\$ 323,092</u>

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

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2014

Cash flows from operating activities:	
Change in net assets	\$ 4,299
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	1,451
Net investment income from funds by community foundation	(6,810)
(Increase) decrease in receivables	3,397
(Increase) decrease in prepaid expenses	(394)
Increase (decrease) in accounts payable	(321)
Increase (decrease) in accrued unpaid compensation	6,131
Net cash provided (used) by operating activities	<u>7,753</u>
Cash flows from investing activities:	
Purchase of certificates of deposit	<u>(86,990)</u>
Net cash provided (used) by investing activities	<u>(86,990)</u>
Net increase (decrease) in cash	(79,237)
Cash and cash equivalents, beginning of year	<u>131,114</u>
Cash and cash equivalents, end of year	<u>\$ 51,877</u>
Supplemental disclosures:	
In-kind contributions	<u>\$ 68,887</u>

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

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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.

A portion of the Association's revenue comes from the Oklahoma Arts Council for community development and service. These funds are appropriated annually by the Oklahoma legislature, and this funding represented 16% of total revenue in 2014.

Basis of presentation

The Association reports 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.

Revenue recognition

Contributions, gains and other support are reported as increases in unrestricted net assets. Temporarily restricted net assets are those given for a specific purpose or time period for which expenditures have not yet been incurred. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of unrestricted net assets. Contributions, including unconditional promises to give, are recognized as revenues when the donor makes a promise to give to the Association. Contributions other than cash are recorded at their estimated fair value.

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 \$500 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. Depreciation expense for this year is \$1,451.

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and activities benefited.

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, 2014, the share of utilities and rent was \$571.

Note 3. Endowment Funds

The Association has a Charitable Organization Endowment Fund at the Oklahoma City Community Foundation. These funds were contributed to the foundation by the Association and other third party contributors. The foundation has variance power over the contributions. The Association follows the standard, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others" to account for the funds. The assets transferred by the Association remain on the Statement of Financial Position. Contributions from third parties are disclosed below, but are not recognized as assets of the Association. The Association receives a distribution from the funds each year based on a percentage of the average fair market value of the funds over the previous twelve quarters. The balance of the funds at June 30, 2014 is as follows:

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Endowment Funds, continued

	OCCF
Beginning of year	\$ 49,150
Contributions	150
Investment income	6,980
Distributions	-
Management fees	<u>(320)</u>
End of year	<u>\$ 55,960</u>
Third party funds	<u>\$ 51,733</u>

Assets transferred to the foundation by the Association, previously classified as permanently restricted net assets, have been transferred to unrestricted net assets designated for endowment in accordance with the Association's interpretation of general accepted accounting principles for these funds.

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 Association's contribution was \$2,768 for the year ended June 30, 2014.

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 other medical costs.

Note 5. Temporarily Restricted Net Assets

Funds given for a designated purpose and unused or time period not reached totaled \$19,766, and are allocated as follows:

OKMADA	\$ 740
OKME	1,773
OKNAMPA	1,083
OKRA	2,244
Fiscal agent	700
Kirkpatrick Family Fund	10,000
Scholarship fund	<u>3,226</u>
	<u>\$ 19,766</u>

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. In-Kind Donations

In-kind contributions of \$68,886 were received and recorded in the statement of activities for the year ended June 30, 2014. Additionally, the Association uses volunteers to complete much of their program work. During the year ended June 30, 2014, seventy five volunteers gave 2,760 hours of their time to the Association. These services do not meet the requirements for recognition in the financial statements.

Note 7. Subsequent Events

Management has evaluated subsequent events, if any, through the report date of August 29, 2014, which is the date the report was available to issue and has determined there are none requiring disclosure.