

OKLAHOMA MUSEUMS ASSOCIATION

FINANCIAL REPORT

JUNE 30, 2012 and 2011

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# *Luton & Co., PLLC*

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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, 2012 and 2011, and the related statements of activities and changes in net assets and functional expenses for the year ended June 30, 2012, and the statements of cash flows for the years ended June 30, 2012 and 2011. 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 2011 financial statements and, in our report dated August 10, 2011, 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, 2012 and 2011, and the changes in its net assets for the year ended June 30, 2012 and its cash flows for the years ended June 30, 2012 and 2011, in conformity with accounting principles generally accepted in the United States of America.

*Luton & Co., PLLC*

Oklahoma City, Oklahoma  
August 14, 2012

OKLAHOMA MUSEUMS ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2012 and 2011

ASSETS	2012	2011
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 132,576	\$ 126,707
Receivables	26,620	28,993
Prepaid expenses	1,607	1,541
Total current assets	160,803	157,241
<b>PROPERTY AND EQUIPMENT</b>		
Office equipment	16,735	18,760
Accumulated depreciation	(12,683)	(13,159)
	4,052	5,601
<b>OTHER ASSETS</b>		
Permanently restricted funds deposited at the Oklahoma City Community Foundation	47,232	47,318
	<u>\$ 212,087</u>	<u>\$ 210,160</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,730	\$ 1,528
<b>NET ASSETS</b>		
Unrestricted	142,805	142,183
Temporarily restricted	20,320	19,131
Permanently restricted	47,232	47,318
	210,357	208,632
	<u>\$ 212,087</u>	<u>\$ 210,160</u>

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, 2012 with Comparative Totals for 2011

	Temporarily Restricted										Total	Comparative Totals June 30, 2011
	Unrestricted					Temporarily Restricted						
	Operations	Community Services and Development	Seminars and Conferences	Total	OKMADA	OKME	OKNAMPA	OKRA	Scholarship	Kirkpatrick Family Fund Grant		
Public support												
Contributions	\$ 18,239	\$ -	\$ 16,100	\$ 34,339	\$ 210	\$ 500	\$ 510	\$ 570	\$ 1,514	\$ -	\$ 3,304	\$ 42,377
In-kind contributions	39,438	-	11,461	50,899	-	-	-	-	-	-	-	35,011
Revenues												
Association dues	29,813	-	-	29,813	-	-	-	-	-	-	-	29,069
Grants	5,777	50,920	-	56,697	-	-	-	-	-	10,000	10,000	71,206
Grant restrictions released	10,000	-	-	10,000	-	-	-	-	-	-	-	10,000
Conferences and exhibit fees	-	-	35,080	35,080	-	-	-	-	-	-	-	35,080
Other	10,962	-	-	10,962	-	-	-	-	-	-	-	13,117
Unrealized gain (loss)	-	-	-	-	-	-	-	-	-	-	-	8,567
Interest income	643	-	-	643	-	-	-	-	-	-	(561)	3,005
Total revenue	114,872	50,920	62,641	228,433	210	500	510	570	1,514	10,000	13,304	213,319
Expenses												
Operations	21,802	-	-	21,802	-	-	-	-	-	-	-	21,802
Community service and development	-	128,352	-	128,352	-	-	-	-	-	-	-	128,352
Conferences and seminars	-	-	77,657	77,657	-	-	-	-	-	-	-	77,657
OKMADA	-	-	-	-	-	-	-	-	-	-	-	-
OKME	-	-	-	-	-	66	-	-	-	-	66	70
OKNAMPA	-	-	-	-	-	-	66	-	-	-	66	72
OKRA	-	-	-	-	-	-	-	1,013	-	-	1,013	286
Scholarship	-	-	-	-	-	-	-	-	970	-	970	525
Kirkpatrick Family Fund Grant	-	-	-	-	-	-	-	-	-	10,000	10,000	10,000
Total expenses	21,802	128,352	77,657	227,811	-	66	66	1,013	970	10,000	239,926	209,575
Change in net assets	93,070	(77,432)	(15,016)	622	210	434	444	(443)	544	-	1,189	3,744
Transfers	(92,448)	77,432	15,016	-	-	-	-	-	-	-	-	-
Net assets, beginning of year	142,183	-	-	142,183	1,075	2,151	988	3,034	1,883	10,000	19,131	204,888
Net assets, end of year	\$ 142,805	\$ -	\$ -	\$ 142,805	\$ 1,285	\$ 2,585	\$ 1,432	\$ 2,591	\$ 2,427	\$ 10,000	\$ 20,320	\$ 208,632
												\$ 210,357
												\$ 208,632

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, 2012 with Comparative Totals for 2011

	Unrestricted			Temporarily Restricted						Total	Comparative Totals June 30, 2011		
	Operations	Community Services and Development	Seminars and Conferences	Total	OKMADA	OKME	OKNAMPA	OKRA	Scholarship			Kirkpatrick Family Fund Grant	
Salaries	\$ 8,782	\$ 52,697	\$ 26,349	\$ 87,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,828	\$ 86,106
Employee benefits	1,684	10,106	5,054	16,844	-	-	-	-	-	-	-	16,844	16,097
Payroll taxes	664	3,984	1,993	6,641	-	-	-	-	-	-	-	6,641	6,477
Total payroll costs	11,130	66,787	33,396	111,313	-	-	-	-	-	-	-	111,313	108,680
Supplies	407	2,446	1,224	4,077	-	-	-	-	-	-	-	4,077	3,446
Printing	436	2,620	1,311	4,367	-	-	-	-	-	-	-	4,367	4,951
Travel	446	1,337	445	2,228	-	-	-	-	-	-	-	2,228	1,456
Rent	180	300	121	601	-	-	-	-	-	-	-	601	589
Accounting and legal	1,788	5,364	1,788	8,940	-	-	-	-	-	-	-	8,940	9,325
Bank and credit card charges	208	1,250	625	2,083	-	-	-	-	-	-	-	2,083	1,327
Postage and mailing service	394	2,364	1,182	3,940	-	66	66	13	-	-	145	4,085	3,254
Professional membership	144	432	145	721	-	-	-	-	-	-	-	721	747
Service and maintenance	612	1,834	611	3,057	-	-	-	-	-	-	-	3,057	4,125
Board development	12	20	8	40	-	-	-	-	-	-	-	40	1,041
Telephone	229	686	229	1,144	-	-	-	-	-	-	-	1,144	1,081
Professional development	977	2,930	977	4,884	-	-	-	-	-	-	-	4,884	4,247
Miscellaneous	884	2,652	884	4,420	-	-	-	-	-	-	-	4,420	3,429
Fundraising	950	2,854	950	4,754	-	-	-	-	-	-	-	4,754	4,357
Insurance	747	1,244	497	2,488	-	-	-	-	-	-	-	2,488	2,447
Scholarships	-	-	-	-	-	-	-	-	970	-	970	970	1,385
Sponsorship	41	243	121	405	-	-	-	-	-	-	-	405	1,750
Speakers	28	1,661	1,077	2,766	-	-	-	-	-	-	-	2,766	860
Meals and meeting rooms	131	789	12,215	13,135	-	-	-	-	-	-	1,000	14,135	3,468
In-kind	509	30,539	19,851	50,899	-	-	-	1,000	-	-	-	50,899	35,011
Funds released from restriction	-	-	-	-	-	-	-	-	-	10,000	10,000	10,000	10,000
Depreciation	20,253	128,352	77,657	226,262	-	66	66	1,013	970	10,000	12,115	238,377	206,976
	1,549	-	-	1,549	-	-	-	-	-	-	-	1,549	2,599
	\$ 21,802	\$ 128,352	\$ 77,657	\$ 227,811	\$ -	\$ 66	\$ 66	\$ 1,013	\$ 970	\$ 10,000	\$ 12,115	\$ 239,926	\$ 209,575

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, 2012 and 2011

Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities:	2012	2011
Cash received from public support	\$ 38,118	\$ 42,377
Cash received from other revenue sources	205,826	155,813
Interest received	643	967
Payment of expenses	(238,243)	(195,284)

Net cash provided (used) by operating activities

	<u>6,344</u>	<u>3,873</u>
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Cash flows from investing activities:

Funds contributed to endowment

	<u>(475)</u>	<u>(880)</u>
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Net cash provided (used) by investing activities

	<u>(475)</u>	<u>(880)</u>
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Net increase (decrease) in cash and cash equivalents

	5,869	2,993
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Cash and cash equivalents, beginning of year

	<u>126,707</u>	<u>123,714</u>
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Cash and cash equivalents, end of year

	<u>\$ 132,576</u>	<u>\$ 126,707</u>
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Supplemental disclosures

In-kind contributions

	<u>\$ 50,899</u>	<u>\$ 35,011</u>
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Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities

Change in net assets	2012	2011
Adjustments to reconcile excess income (expense) to net cash provided by operating activities:	\$ 1,725	\$ 3,744
Depreciation	1,549	2,599
Unrealized (gain) loss on investments	561	(3,005)
Decrease (increase) in		
Receivables	2,373	(326)
Prepaid insurance	(66)	1,160
Increase (decrease) in:		
Accounts payable	202	(299)

Net cash provided (used) by operating activities

	<u>\$ 6,344</u>	<u>\$ 3,873</u>
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The Notes to Financial Statements are an integral part of these statements.

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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 21% of total revenue in 2012. 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 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, 2011 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 \$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.



OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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, 2012 the share of utilities and rent was \$601.

Note 3. Endowment Funds

The Association has endowment funds on deposit with the Oklahoma City Community Foundation totaling \$91,277 at June 30, 2012. Of those deposits, \$47,232 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, 2012 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, 2012 of \$4,139.

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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 \$2,635 for the year ended June 30, 2012.

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. In-Kind Donations

The Association uses volunteers to complete much of their program work. During the year ended June 30, 2012 these volunteers gave 2,936 hours of their time to the Association. In addition, in-kind contributions of \$50,899 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 14, 2012, which is the date the report was available to issue and has determined there are none requiring disclosure.