

OKLAHOMA MUSEUMS ASSOCIATION

FINANCIAL REPORT

JUNE 30, 2013 and 2012

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# *Luton & Co., PLLC*

CERTIFIED PUBLIC ACCOUNTANTS

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Bruce L. Van Huisen  
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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, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. 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 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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Luton & Co., PLLC*

Oklahoma City, Oklahoma  
August 23, 2013

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2013 and 2012

ASSETS	2013	2012
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 131,114	\$ 132,576
Receivables	30,114	26,620
Prepaid expenses	1,607	1,607
Total current assets	<u>162,835</u>	<u>160,803</u>
<b>PROPERTY AND EQUIPMENT</b>		
Office equipment	14,756	16,735
Accumulated depreciation	(12,188)	(12,683)
	<u>2,568</u>	<u>4,052</u>
<b>OTHER ASSETS</b>		
Permanently restricted funds deposited at the Oklahoma City Community Foundation	<u>49,150</u>	<u>47,232</u>
	<u>\$ 214,553</u>	<u>\$ 212,087</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,161	\$ 1,730
<b>NET ASSETS</b>		
Unrestricted	143,667	142,805
Temporarily restricted	19,575	20,320
Permanently restricted	49,150	47,232
	<u>212,392</u>	<u>210,357</u>
	<u>\$ 214,553</u>	<u>\$ 212,087</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, 2013 with Comparative Totals for 2012

	Unrestricted										Temporarily Restricted					Permanently Restricted		Comparative Totals June 30, 2012
	Community Services and Development			Seminars and Conferences		Total	OKMADA	OKME	OKNAMP	OKRA	Scholarship	Kirkpatrick Family Fund Grant	Oklahoma Cultural Heritage	Total	Oklahoma City Community Foundation Endowment	Total		
	Operations	Development	Services	Conferences	Total													
Public support																		
Contributions	\$ 21,042	\$ -	\$ 33,661	\$ 8,125	\$ 29,167	\$ 90	\$ 190	\$ 120	\$ 220	\$ 1,011	\$ -	\$ 11,927	\$ 13,558	\$ 520	\$ 43,245	\$ 38,118		
In-kind contributions	-	-	44,039	10,378	44,039	-	-	-	-	-	-	-	-	-	44,039	50,899		
Revenues																		
Association dues	34,508	-	-	-	34,508	-	-	-	-	-	-	-	-	-	34,508	29,813		
Grants	2,200	63,084	-	-	65,284	-	-	-	-	-	10,000	-	10,000	-	75,284	66,697		
Grant restrictions released	10,000	-	-	-	10,000	-	-	-	-	-	-	-	-	-	10,000	10,000		
Confereces and exhibit fees	-	-	-	32,949	32,949	-	-	-	-	-	-	-	-	-	32,949	35,080		
Other	9,931	-	-	-	9,931	-	-	-	-	-	-	-	-	-	9,931	10,962		
Unrealized gain (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	1,398	1,398	(561)		
Interest income	723	-	-	-	723	-	-	-	-	-	-	-	-	-	723	643		
Total revenue	78,404	96,745	51,452	226,601	90	190	120	220	1,011	1,011	10,000	11,927	23,558	1,918	252,077	241,651		
Expenses																		
Operations	20,474	-	-	-	54,135	-	-	-	-	-	-	-	-	-	54,135	21,802		
Community service and development	-	127,766	-	-	94,105	-	-	-	-	-	-	-	-	-	94,105	128,352		
Confereces and seminars	-	-	77,499	-	77,499	-	-	-	-	-	-	-	-	-	77,499	77,657		
OKMADA	-	-	-	-	-	178	-	-	-	-	-	-	178	-	178	-		
OKME	-	-	-	-	-	528	-	-	-	-	-	-	528	-	528	66		
OKNAMP	-	-	-	-	-	178	-	-	-	-	-	-	178	-	178	66		
OKRA	-	-	-	-	-	-	485	-	-	-	-	-	485	-	485	1,013		
Scholarship	-	-	-	-	-	-	-	-	1,004	-	-	-	1,004	-	1,004	970		
Kirkpatrick Family Fund Grant	-	-	-	-	-	-	-	-	-	-	10,000	-	10,000	-	10,000	10,000		
Oklahoma Cultural Heritage	-	-	-	-	-	-	-	-	-	-	-	11,930	11,930	-	11,930	-		
Total expenses	20,474	127,766	77,499	225,739	178	528	178	485	1,004	1,004	10,000	11,930	24,303	-	250,042	239,926		
Change in net assets	57,930	(31,021)	(26,047)	862	(338)	(58)	(265)	7	(745)	1,918	2,035	1,725	1,725					
Transfers	(57,068)	31,021	26,047	-	-	-	-	-	-	-	-	-	-	-	-	-		
Net assets, beginning of year	142,805	-	-	142,805	1,285	2,585	1,432	2,591	2,427	10,000	10,000	47,232	210,357	47,232	210,357	208,632		
Net assets, end of year	\$ 143,667	\$ -	\$ -	\$ 143,667	\$ 1,197	\$ 2,247	\$ 1,374	\$ 2,326	\$ 2,434	\$ 10,000	\$ 10,000	\$ (3)	\$ 19,575	\$ 49,150	\$ 212,392	\$ 210,357		

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, 2013 with Comparative Totals for 2012

	Unrestricted			Temporarily Restricted							Total	Comparative Totals June 30, 2012	
	Operations	Community Services and Development	Seminars and Conferences	Total	OKMADA	OKME	OKNAMPA	OKRA	Scholarship	Kirkpatrick Family Fund Grant			Oklahoma Cultural Heritage
Salaries	\$ 8,959	\$ 53,751	\$ 26,875	\$ 89,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,585	\$ 87,828
Employee benefits	1,802	10,812	5,406	18,020	-	-	-	-	-	-	-	18,020	16,844
Payroll taxes	680	4,079	2,039	6,798	-	-	-	-	-	-	-	6,798	6,641
Total payroll costs	11,441	68,642	34,320	114,403	-	-	-	-	-	-	-	114,403	111,313
Supplies	209	1,877	1,557	3,643	-	-	-	55	-	-	-	3,698	4,077
Printing	342	3,081	1,394	4,817	-	-	-	-	-	-	-	4,817	4,367
Travel	61	545	649	1,255	-	-	-	-	-	-	-	1,255	2,228
Rent	175	291	117	583	-	-	-	-	-	-	-	583	601
Accounting and legal	1,821	5,463	1,821	9,105	-	-	-	-	-	-	-	9,105	8,940
Bank and credit card charges	211	1,262	632	2,105	-	-	-	-	-	-	-	2,105	2,083
Postage and mailing service	360	1,438	741	2,539	-	-	-	2	-	-	-	2,541	4,085
Professional membership	398	1,195	398	1,991	-	25	-	-	-	-	-	2,016	721
Service and maintenance	590	1,768	590	2,948	-	-	-	-	-	-	-	2,948	3,057
Board development	428	714	285	1,427	-	-	-	-	-	-	-	1,427	40
Telephone	233	698	233	1,164	-	-	-	-	-	-	-	1,164	1,144
Professional development	177	531	177	885	-	-	-	-	-	-	-	885	4,884
Software expense	-	-	-	-	178	178	178	178	-	-	-	712	-
Miscellaneous	593	1,778	593	2,964	-	-	-	-	-	-	-	2,964	4,420
Fundraising	1,178	3,534	1,178	5,890	-	-	-	-	-	-	-	5,890	4,754
Insurance	773	1,288	515	2,576	-	-	-	-	-	-	-	2,576	2,488
Scholarships	-	-	2,000	2,000	-	-	-	-	1,004	-	-	3,004	970
Sponsorship	-	-	3,060	3,060	-	-	-	-	-	-	-	3,060	405
Speakers	-	-	2,964	2,964	-	-	-	-	-	-	-	2,964	2,766
Meals and meeting rooms	-	-	13,897	13,897	-	325	-	250	-	-	-	14,472	14,135
In-kind	-	33,661	10,378	44,039	-	-	-	-	-	-	11,930	44,039	50,899
Oklahoma Cultural Heritage expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Funds released from restriction	-	-	-	-	178	528	178	485	1,004	10,000	-	248,558	238,377
Depreciation	1,484	-	-	1,484	-	-	-	-	-	-	-	1,484	1,549
	\$ 20,474	\$ 127,766	\$ 77,499	\$ 225,739	\$ 178	\$ 528	\$ 178	\$ 485	\$ 1,004	\$ 10,000	\$ 11,930	\$ 250,042	\$ 239,926

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, 2013 and 2012

	2013	2012	2013	2012
Increase (Decrease) in Cash and Cash Equivalents			\$ 2,035	\$ 1,725
Cash flows from operating activities:				
Cash received from public support	\$ 43,245	\$ 38,118		
Cash received from other revenue sources	161,299	205,826		
Interest received	723	643		
Payment of expenses	(206,209)	(238,243)		
	<u>(942)</u>	<u>6,344</u>		
Net cash provided (used) by operating activities			<u>\$ (942)</u>	<u>\$ 6,344</u>
Cash flows from investing activities:				
Funds contributed to endowment	<u>(520)</u>	<u>(475)</u>		
Net cash provided (used) by investing activities	<u>(520)</u>	<u>(475)</u>		
Net increase (decrease) in cash and cash equivalents	(1,462)	5,869		
Cash and cash equivalents, beginning of year	<u>132,576</u>	<u>126,707</u>		
Cash and cash equivalents, end of year	<u>\$ 131,114</u>	<u>\$ 132,576</u>		
Supplemental disclosures				
In-kind contributions	<u>\$ 44,039</u>	<u>\$ 50,899</u>		
			<u>431</u>	<u>202</u>
			<u>\$ (942)</u>	<u>\$ 6,344</u>

Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities

Change in net assets  
 Adjustments to reconcile excess income (expense) to net cash provided by operating activities:  
 Depreciation  
 Unrealized (gain) loss on investments  
 Decrease (increase) in  
 Receivables  
 Prepaid insurance  
 Increase (decrease) in:  
 Accounts payable

Net cash provided (used) by operating activities

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



OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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 23% of total revenue in 2013. 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.

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, 2012 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, 2013

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, 2013 the share of utilities and rent was \$583.

Note 3. Endowment Funds

The Association has endowment funds on deposit with the Oklahoma City Community Foundation totaling \$94,485 at June 30, 2013. Of those deposits, \$49,150 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, 2013 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, 2013 of \$4,318.

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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 \$2,687 for the year ended June 30, 2013.

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, 2013 these volunteers gave 2,560 hours of their time to the Association. In addition, in-kind contributions of \$44,039 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 23, 2013, which is the date the report was available to issue and has determined there are none requiring disclosure.