

OKLAHOMA MUSEUMS ASSOCIATION

FINANCIAL REPORT

JUNE 30, 2016

## CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of financial position	3
Statement of activities and changes in net assets	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7 - 10

# *Luton & Co., PLLC*

CERTIFIED PUBLIC ACCOUNTANTS

One Broadway Executive Park  
201 NW 63<sup>rd</sup> Street, Suite 100  
P.O. Box 13120  
Oklahoma City, OK 73113  
(405)848-7313 FAX (405)848-7316

Bruce L. Van Huisen  
David R. Brady

## 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 statement of financial position as of June 30, 2016, 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 from 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, 2016, 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  
September 9, 2016

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

June 30, 2016

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 59,948
Certificates of deposit	87,458
Receivables	25,695
Prepaid expenses	1,847
Total current assets	<u>174,948</u>

PROPERTY AND EQUIPMENT

Office equipment	12,976
Accumulated depreciation	(11,045)
	<u>1,931</u>

OTHER ASSETS

Endowment funds	<u>54,340</u>
	<u>\$ 231,219</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 689
Accrued unpaid compensation	4,837
Total current liabilities	<u>5,526</u>

NET ASSETS

Unrestricted	149,773
Unrestricted designated for endowment	54,340
	<u>204,113</u>
Temporarily restricted	21,580
	<u>225,693</u>
	<u>\$ 231,219</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, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Contributions	\$ 32,697	\$ 350	\$ 33,047
Association dues	35,500	-	35,500
Grants	69,622	15,000	84,622
Investment income	408	-	408
Meeting and event registration	40,505	-	40,505
Other	8,675	-	8,675
In-kind	49,895	-	49,895
Net assets released from restriction	17,528	(17,528)	-
Total revenue and support	<u>254,830</u>	<u>(2,178)</u>	<u>252,652</u>
Expenses			
Program services:			
Community services and development	134,643	-	134,643
Seminars and conferences	80,824	-	80,824
OKMADA	291	-	291
OKME	628	-	628
OKNAMPA	105	-	105
OKRA	105	-	105
Scholarship	1,400	-	1,400
Total program services	<u>217,996</u>	<u>-</u>	<u>217,996</u>
Management and administration	23,490	-	23,490
Fundraising	7,875	-	7,875
Total expenses	<u>249,361</u>	<u>-</u>	<u>249,361</u>
Change in net assets	5,469	(2,178)	3,291
Net assets, beginning of year	<u>198,644</u>	<u>23,758</u>	<u>222,402</u>
Net assets, end of year	<u>\$ 204,113</u>	<u>\$ 21,580</u>	<u>\$ 225,693</u>

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

OKLAHOMA MUSEUMS ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2016

	Community Services and Development	Seminars and Conferences	OKMADA	OKME	OKNAMPA	OKRA	Scholarship	Total Program Services	Management and Administration	Fundraising	Total
Salaries	\$ 56,586	\$ 28,293	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,879	\$ 9,431	\$ -	\$ 94,310
Employee benefits	11,648	5,824	-	-	-	-	-	17,472	1,941	-	19,413
Payroll taxes	4,335	2,167	-	-	-	-	-	6,502	723	-	7,225
Supplies	3,306	1,653	-	-	-	-	-	4,959	551	810	6,320
Printing	1,354	677	26	-	-	-	-	2,057	226	971	3,254
Travel	2,827	942	-	-	-	-	-	3,769	943	-	4,712
Rent	255	102	-	-	-	-	-	357	153	-	510
Accounting and legal	6,990	2,330	-	-	-	-	-	9,320	2,330	-	11,650
Bank and credit card charges	1,159	580	-	-	-	-	-	1,739	193	-	1,932
Postage and mailing service	570	285	-	-	-	-	-	855	95	725	1,675
Professional membership	386	129	-	-	-	-	-	515	129	-	644
Service and maintenance	3,404	1,134	105	105	105	105	-	4,958	1,134	-	6,092
Board development	339	136	-	-	-	-	-	475	203	-	678
Telephone	725	242	-	-	-	-	-	967	242	-	1,209
Professional development	2,158	1,078	-	-	-	-	-	3,236	2,158	-	5,394
Miscellaneous	2,099	699	-	23	-	-	-	2,821	699	1	3,521
Insurance	1,324	530	-	-	-	-	-	1,854	794	-	2,648
Scholarships	600	300	-	-	-	-	1,400	2,300	100	-	2,400
Sponsorship	1,350	2,175	-	-	-	-	-	3,525	225	-	3,750
Speakers	821	534	112	500	-	-	-	1,967	13	-	1,980
Meals and meeting rooms	707	10,966	48	-	-	-	-	11,721	119	5,368	17,208
In-kind	29,937	19,459	-	-	-	-	-	49,396	499	-	49,895
Advertising and marketing	1,543	515	-	-	-	-	-	2,058	515	-	2,573
Depreciation	220	74	-	-	-	-	-	294	74	-	368
	<u>\$ 134,643</u>	<u>\$ 80,824</u>	<u>\$ 291</u>	<u>\$ 628</u>	<u>\$ 105</u>	<u>\$ 105</u>	<u>\$ 1,400</u>	<u>\$ 217,996</u>	<u>\$ 23,490</u>	<u>\$ 7,875</u>	<u>\$ 249,361</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, 2016

Cash flows from operating activities:	
Change in net assets	\$ 3,291
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	368
Net investment income from funds by community foundation	1,891
(Increase) decrease in receivables	310
(Increase) decrease in prepaid expenses	126
Increase (decrease) in accounts payable	(539)
Increase (decrease) in accrued unpaid compensation	(730)
Net cash provided (used) by operating activities	<u>4,717</u>
Cash flows from investing activities:	
Purchase of certificates of deposit	(138)
Purchase of fixed assets	(2,185)
Net cash provided (used) by investing activities	<u>(2,323)</u>
Net increase (decrease) in cash	2,394
Cash and cash equivalents, beginning of year	<u>57,554</u>
Cash and cash equivalents, end of year	<u>\$ 59,948</u>
Supplemental disclosures:	
In-kind contributions	<u>\$ 49,895</u>

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



OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1. Organization and Summary of Significant Accounting Policies

Organization

Through seminars, an annual conference, and other programs, the Oklahoma Museums Association (the "Association") provides training and technical information to Oklahoma's 500+ museums.

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 19% of the Association's revenue in 2016.

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. The Association currently has no 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 \$368.

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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.

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, 2016, the share of utilities and rent was \$510.

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, 2016 is as follows:

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 3. Endowment Funds, continued

	OCCF
Beginning of year	\$ 56,231
Contributions	420
Investment income	593
Distributions	(2,581)
Management fees	<u>(323)</u>
End of year	<u>\$ 54,340</u>
Third party funds	<u>\$ 48,972</u>

The total balance for the endowment fund was \$103,312.

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 \$2,851 for the year ended June 30, 2016.

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 \$21,580 and are allocated as follows:

OKME	\$ 1,070
OKNAMPA	653
OKRA	1,987
Kirkpatrick Family Fund	15,000
Scholarship fund	<u>2,870</u>
	<u>\$21,580</u>

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 6. In-Kind Donations

In-kind contributions of \$ 49,895 were received and recorded in the statement of activities and changes in net assets for the year ended June 30, 2016. Additionally, the Association uses volunteers to complete much of their program work. During the year ended June 30, 2016, one hundred volunteers gave 3,540 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 September 9, 2016, which is the date the report was available to issue and has determined there are none requiring disclosure.