

OKLAHOMA MUSEUMS ASSOCIATION

FINANCIAL REPORT

JUNE 30, 2011 and 2010

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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, 2011 and 2010, and the related statements of activities and changes in net assets and functional expenses for the year ended June 30, 2011, and the statements of cash flows for the years ended June 30, 2011 and 2010. 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 2010 financial statements and, in our report dated August 10, 2010, 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, 2011 and 2010, and the changes in its net assets for the year ended June 30, 2011 and its cash flows for the years ended June 30, 2011 and 2010, in conformity with accounting principles generally accepted in the United States of America.

*Luton & Co., PLLC*

Oklahoma City, Oklahoma  
August 10, 2011

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

ASSETS	2011	2010
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 126,707	\$ 123,714
Receivables	28,993	28,667
Prepaid expenses	1,541	2,701
Total current assets	<u>157,241</u>	<u>155,082</u>
<b>PROPERTY AND EQUIPMENT</b>		
Office equipment	18,760	18,760
Accumulated depreciation	<u>(13,159)</u>	<u>(10,560)</u>
	5,601	8,200
<b>OTHER ASSETS</b>		
Permanently restricted funds deposited at the Oklahoma City Community Foundation	<u>47,318</u>	<u>43,433</u>
	<u>\$ 210,160</u>	<u>\$ 206,715</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,528	\$ 1,827
<b>NET ASSETS</b>		
Unrestricted	142,183	144,271
Temporarily restricted	19,131	17,184
Permanently restricted	47,318	43,433
	<u>208,632</u>	<u>204,888</u>
	<u>\$ 210,160</u>	<u>\$ 206,715</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, 2011 with Comparative Totals for 2010

	Unrestricted		Temporarily Restricted						Permanently Restricted		Comparative Totals June 30, 2010			
	Operations	Community Services and Development	Seminars and Conferences	Total	OKMADA	OKME	OKNAMP	OKRA	Scholarship	Kirkpatrick Family Fund Grant		Total	Oklahoma City Community Foundation Endowment	Total
Public support														
Contributions	\$ 14,380	\$ -	\$ 24,186	\$ 38,566	\$ 230	\$ 450	\$ 540	\$ 640	\$ 1,071	\$ -	\$ 2,931	\$ 880	\$ 42,377	\$ 30,067
In-kind contributions	29,536	-	5,475	35,011	-	-	-	-	-	-	-	-	35,011	37,148
Revenues														
Association dues	29,069	-	-	29,069	-	-	-	-	-	-	-	-	29,069	30,772
Grants	5,250	55,956	-	61,206	-	-	-	-	-	10,000	10,000	-	71,206	93,357
Grant restrictions released	10,000	-	-	10,000	-	-	-	-	-	-	-	-	10,000	-
Confereces and exhibit fees	-	-	13,117	13,117	-	-	-	-	-	-	-	-	13,117	31,870
Other	8,567	-	-	8,567	-	-	-	-	-	-	-	-	8,567	14,311
Unrealized gain (loss)	-	-	-	-	-	-	-	-	-	-	-	3,005	3,005	5,831
Interest income	967	-	-	967	-	-	-	-	-	-	-	-	967	1,785
Total revenue	97,769	55,956	42,778	196,503	230	450	540	640	1,071	10,000	12,931	3,885	213,319	245,141
Expenses														
Operations	114,735	-	-	114,735	-	-	-	-	-	-	-	-	114,735	89,256
Community service and development	-	55,956	-	55,956	-	-	-	-	-	-	-	-	55,956	57,429
Confereces and seminars	-	-	27,900	27,900	-	-	-	-	-	-	-	-	27,900	74,021
OKMADA	-	-	-	-	31	-	-	-	-	-	31	-	-	3
OKME	-	-	-	-	-	70	-	-	-	-	70	-	-	142
OKNAMP	-	-	-	-	-	-	72	-	-	-	72	-	-	199
OKRA	-	-	-	-	-	-	-	286	-	-	286	-	-	31
Scholarship	-	-	-	-	-	-	-	-	525	-	525	-	-	1,215
Cultural Heritage	-	-	-	-	-	-	-	-	-	-	-	-	-	3,407
Kirkpatrick Family Fund Grant	-	-	-	-	-	-	-	-	-	10,000	10,000	-	10,000	-
Total expenses	114,735	55,956	27,900	198,591	31	70	72	286	525	10,000	10,984	-	209,575	225,703
Change in net assets	(16,966)	-	14,878	(2,088)	199	380	468	354	546	-	1,947	3,885	3,744	19,438
Transfers	14,878	-	(14,878)	-	-	-	-	-	-	-	-	-	-	-
Net assets, beginning of year	144,271	-	-	144,271	876	1,771	520	2,680	1,337	10,000	17,184	43,433	204,888	185,450
Net assets, end of year	\$ 142,183	\$ -	\$ -	\$ 142,183	\$ 1,075	\$ 2,151	\$ 988	\$ 3,034	\$ 1,883	\$ 10,000	\$ 19,131	\$ 47,318	\$ 208,632	\$ 204,888

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, 2011 with Comparative Totals for 2010

	Unrestricted				Temporarily Restricted					Kirkpatrick Family Fund Grant	Total	Total	Comparative Totals June 30, 2010
	Community Services and Development		Seminars and Conferences	Total	OKMADA	OKME	OKNAMPA	OKRA	Scholarship				
	Operations												
Salaries	\$ 43,800	\$ 33,695	\$ 8,611	\$ 86,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,106	\$ 83,598
Employee benefits	8,190	6,297	1,610	16,097	-	-	-	-	-	-	-	16,097	15,317
Payroll taxes	3,295	2,534	648	6,477	-	-	-	-	-	-	-	6,477	6,306
Total payroll costs	55,285	42,526	10,869	108,680	-	-	-	-	-	-	-	108,680	105,221
Supplies	1,005	1,005	1,403	3,413	31	-	-	2	-	-	33	3,446	4,396
Printing	1,549	1,251	2,151	4,951	-	-	-	-	-	-	-	4,951	5,445
Travel	628	332	496	1,456	-	-	-	-	-	-	-	1,456	5,096
Rent	295	294	-	589	-	-	-	-	-	-	-	589	603
Accounting and legal	4,663	4,662	-	9,325	-	-	-	-	-	-	-	9,325	8,800
Bank and credit card charges	664	663	-	1,327	-	-	-	-	-	-	-	1,327	1,517
Postage and mailing service	1,215	502	1,365	3,082	-	70	72	30	-	-	172	3,254	3,166
Professional membership	373	374	-	747	-	-	-	-	-	-	-	747	1,349
Service and maintenance	2,062	2,063	-	4,125	-	-	-	-	-	-	-	4,125	2,610
Board development	521	520	-	1,041	-	-	-	-	-	-	-	1,041	1,232
Telephone	4,247	541	-	1,081	-	-	-	-	-	-	-	1,081	1,134
Professional development	2,922	-	-	4,247	-	-	-	-	-	-	-	4,247	-
Miscellaneous	4,357	-	63	2,985	-	-	254	190	-	-	444	3,429	2,472
Fundraising	1,224	1,223	-	4,357	-	-	-	-	-	-	-	4,357	2,090
Insurance	1,050	-	-	2,447	-	-	-	-	-	-	-	2,447	2,421
Scholarships	-	-	1,750	1,050	-	-	-	-	335	-	335	1,385	1,895
Sponsorship	-	-	860	1,750	-	-	-	-	-	-	-	1,750	12,750
Speakers	-	-	860	860	-	-	-	-	-	-	-	860	2,770
Meals and meeting rooms	-	-	3,468	3,468	-	-	-	-	-	-	-	3,468	21,069
In-kind	29,536	-	5,475	35,011	-	-	-	-	-	-	-	35,011	37,148
Funds released from restriction	112,136	55,956	27,900	195,992	31	70	72	286	525	10,000	10,984	206,976	223,184
Depreciation	2,599	-	-	2,599	-	-	-	-	-	-	-	2,599	2,519
	\$ 114,735	\$ 55,956	\$ 27,900	\$ 198,591	\$ 31	\$ 70	\$ 72	\$ 286	\$ 525	\$ 10,000	\$ 10,984	\$ 209,575	\$ 225,703

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, 2011 and 2010

	2011	2010	2011	2010
Increase (Decrease) in Cash and Cash Equivalents				
Cash flows from operating activities:				
Cash received from public support	\$ 42,377	\$ 30,067	\$ 3,744	\$ 19,438
Cash received from other revenue sources	152,813	175,273	2,599	2,519
Interest received	967	1,785	(3,005)	(5,831)
Payment of expenses	(195,284)	(187,439)	(326)	4,963
			1,160	(1,180)
			(299)	(223)
			<u>\$ 3,873</u>	<u>\$ 19,686</u>
Net cash provided (used) by operating activities			<u>\$ 3,873</u>	<u>\$ 19,686</u>
Cash flows from investing activities:				
Funds contributed to endowment	(880)	(652)		
Purchase of office equipment	-	(3,619)		
	<u>(880)</u>	<u>(4,271)</u>		
Net cash provided (used) by investing activities				
Net increase (decrease) in cash and cash equivalents	2,993	15,415		
Cash and cash equivalents, beginning of year	123,714	108,299		
Cash and cash equivalents, end of year	<u>\$ 126,707</u>	<u>\$ 123,714</u>		
Supplemental disclosures				
In-kind contributions	<u>\$ 35,011</u>	<u>\$ 37,148</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	2,599
Unrealized (gain) loss on investments	(3,005)
Decrease (increase) in	
Receivables	(326)
Prepaid insurance	1,160
Increase (decrease) in:	
Accounts payable	(299)
Net cash provided (used) by operating activities	<u>\$ 3,873</u>

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

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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 27% of total revenue in 2011. 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, 2010 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, 2011

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, 2011 the share of utilities and rent was \$589.

Note 3. Endowment Funds

The Association has endowment funds on deposit with the Oklahoma City Community Foundation totaling \$91,886 at June 30, 2011. Of those deposits, \$47,318 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, 2011 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, 2011 of \$4,013.

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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 \$2,583 for the year ended June 30, 2011.

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, 2011 these volunteers gave 2,740 hours of their time to the Association. In addition, in-kind contributions of \$35,011 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, 2011, which is the date the report was available to issue and has determined there are none requiring disclosure.