

OKLAHOMA MUSEUMS ASSOCIATION

FINANCIAL REPORT

June 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Oklahoma Museums Association
Oklahoma City, Oklahoma

We have audited the accompanying financial statements of the Oklahoma Museums Association (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of June 30, 2021, and the related statements of support, revenues, expenses and changes in net assets - modified cash basis and functional expenses - modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 assets, liabilities, and net assets of the Oklahoma Museums Association as of June 30, 2021, and its support, revenues, expenses and changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Luton & Co., PLLC

Edmond, Oklahoma
August 15, 2021

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS

June 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 116,475
Certificates of deposit	111,204
Total current assets	<u>227,679</u>

PROPERTY AND EQUIPMENT

Office equipment	12,366
Accumulated depreciation	(8,064)
	<u>4,302</u>

OTHER ASSETS

Endowment funds	<u>70,953</u>
	<u>\$ 302,934</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Employee benefits payable	\$ 690
Due to endowment fund	28
Total current liabilities	<u>718</u>

NET ASSETS

Net assets without donor restrictions	208,233
Net assets without donor restrictions designated for endowment	70,953
	<u>279,186</u>
Net assets with donor restrictions	<u>23,030</u>
	<u>302,216</u>
	<u>\$ 302,934</u>

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

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENT OF SUPPORT, REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
 MODIFIED CASH BASIS
 Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 44,562	\$ 5,538	\$ 50,100
Membership dues	34,340	-	34,340
Grants	66,786	10,000	76,786
Investment income	17,930	-	17,930
Seminars and conferences	25,130	-	25,130
Other	3,583	-	3,583
PPP loan forgiveness	51,600	-	51,600
In-kind	48,867	-	48,867
Net assets released from restriction	26,700	(26,700)	-
Total support and revenue	319,498	(11,162)	308,336
 Expenses			
Program services:			
Community services and development	137,000	-	137,000
Seminars and conferences	75,203	-	75,203
Scholarship	5,700	-	5,700
Total program services	217,903	-	217,903
Management and administration	22,814	-	22,814
Fundraising	11,297	-	11,297
Total expenses	252,014	-	252,014
 Change in net assets	67,484	(11,162)	56,322
 Net assets, beginning of year	211,702	34,192	245,894
 Net assets, end of year	\$ 279,186	\$ 23,030	\$ 302,216

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

OKLAHOMA MUSEUMS ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

Year ended June 30, 2021

	Community Services and Development	Seminars and Conferences	Scholarship	Total Program Services	Management and Administration	Fundraising	Total
Salaries	\$ 57,153	\$ 31,174	\$ -	\$ 88,327	\$ 10,391	\$ 5,196	\$ 103,914
Employee benefits	15,546	8,479	-	24,025	2,827	1,413	28,265
Payroll taxes	4,308	2,350	-	6,658	783	391	7,832
Supplies	2,323	1,162	-	3,485	387	1,153	5,025
Printing	1,171	585	-	1,756	194	887	2,837
Travel	982	327	-	1,309	327	-	1,636
Rent	242	97	-	339	146	-	485
Accounting and legal	8,278	2,759	-	11,037	2,759	-	13,796
Bank and credit card charges	907	453	-	1,360	151	-	1,511
Postage and mailing service	957	478	-	1,435	159	998	2,592
Professional membership	1,663	555	-	2,218	555	-	2,773
Service and maintenance	4,870	1,623	-	6,493	1,623	-	8,116
Board development	269	108	-	377	161	-	538
Telephone	760	253	-	1,013	253	-	1,266
Professional development	30	15	-	45	30	-	75
Insurance	1,644	658	-	2,302	986	-	3,288
Scholarships	600	300	-	900	100	-	1,000
Sponsorship	1,209	605	5,700	7,514	202	-	7,716
Speakers	3,981	2,588	-	6,569	67	-	6,636
Meals and meeting rooms	85	1,318	-	1,403	14	1,259	2,676
In-kind	29,320	19,058	-	48,378	489	-	48,867
Contributions	150	75	-	225	25	-	250
Advertising and marketing	443	147	-	590	148	-	738
Depreciation	109	36	-	145	37	-	182
	<u>\$ 137,000</u>	<u>\$ 75,203</u>	<u>\$ 5,700</u>	<u>\$ 217,903</u>	<u>\$ 22,814</u>	<u>\$ 11,297</u>	<u>\$ 252,014</u>

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

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Nature of Activities 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 18% of the Association's revenue in 2021.

Basis of accounting

The financial statements of the Association have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting differs from generally accepted accounting principles in that revenues (cash receipts) are generally recognized when received rather than when earned and expenses (cash disbursements) are recognized when paid rather than when the obligation is incurred.

Basis of presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions.

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition

Revenues, gains, and other support are reported as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of support, revenues, expenses and changes in net assets as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions only. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law.

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

Use of estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. 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 when paid. 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 \$182.

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.

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, 2021, the share of utilities and rent was \$485.

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 assets, liabilities, and net assets – modified cash basis. 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.

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 3. Endowment Funds, continued

The balance of the funds at June 30, 2021 is as follows:

	OCCF
Beginning of year	\$58,435
Contributions	155
Investment income	15,654
Distributions	(2,821)
Management fees	<u>(470)</u>
End of year	<u>\$70,953</u>
Third party funds	<u>\$62,906</u>

The total balance for the endowment fund was \$133,859.

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 \$2,996 for the year ended June 30, 2021.

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. Net Assets with Donor Restrictions

Funds given for a designated purpose and unused or time period not reached totaled \$23,030 and are allocated as follows:

Oklahoma Registrars Association	\$ 784
Scholarship Fund	2,246
Oklahoma Humanities	10,000
Citizen Potawatomi Nation	<u>10,000</u>
	<u>\$23,030</u>

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 6. In-Kind Donations

In-kind contributions of \$48,867 were received and recorded in the statement of support, revenues, expenses and changes in net assets - modified cash basis for the year ended June 30, 2021. Additionally, the Association uses volunteers to complete much of their program work. During the year ended June 30, 2021, approximately sixty-two volunteers gave 1,451 hours of their time to the Association. These services do not meet the requirements for recognition in the financial statements.

Note 7. Operating Leases

Noncancellable operating leases for office equipment expire April 9, 2022. Future minimum lease payments for the year ending June 30, are as follows:

2022	<u>\$503</u>
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Note 8. Payroll Protection Program Loan

In April of 2020, the Association obtained a Payroll Protection Program loan for \$25,800. The provisions of the program allowed the Organization to apply for loan forgiveness based on several factors. The loan was forgiven and classified as income during the year.

The Association received a second loan in February 2021 for \$25,800 as well. Since management expects to meet the criteria for complete loan forgiveness, the Association classified the amount as income in the current year.

Note 9. Liquidity and Availability

Financial assets available for general expenditure, that is without donor restriction or other restrictions limiting their use, within one year of the statement of assets, liabilities, and net assets date, comprise the following:

Cash and cash equivalents	\$116,475
Certificate of deposits	111,204
Less net assets with donor restrictions	<u>(23,030)</u>
	<u>\$204,649</u>

Note 10. Subsequent Events

Management has evaluated subsequent events, if any, through the report date of August 15, 2021, the date the report was available to be issued and has determined that no additional events occurred which would require disclosure in these financial statements, except as noted below.

The Coronavirus pandemic has had a significant impact on the economy locally, across the nation, and globally. The magnitude and duration of the economic disruption is not known at this date. This pandemic could have a material impact on the Association's financial condition and future operations.