

OKLAHOMA MUSEUMS ASSOCIATION

FINANCIAL REPORT

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Executive Committee and Board of Directors
Oklahoma Museums Association
Oklahoma City, Oklahoma

Opinion

We have audited the accompanying financial statements of Oklahoma Museums Association (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2023 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Oklahoma Museums Association as of June 30, 2023, 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 for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oklahoma Museums Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Oklahoma Museums Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment there are conditions or events, considered in the aggregate, that raise substantial doubt about Oklahoma Museums Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Luton & Co., PLLC

Edmond, Oklahoma
August 11, 2023

OKLAHOMA MUSEUMS ASSOCIATION

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

June 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 146,904
Certificates of deposit	116,053
Total current assets	<u>262,957</u>

PROPERTY AND EQUIPMENT

Office equipment	13,658
Accumulated depreciation	(9,368)
	<u>4,290</u>

OTHER ASSETS

Endowment funds	<u>65,773</u>
	<u><u>\$ 333,020</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Employee benefits payable	\$ 750
Payroll taxes payable	2,764
Total current liabilities	<u>3,514</u>

NET ASSETS

Net assets without donor restrictions	216,289
Net assets without donor restrictions designated for endowment	65,773
	<u>282,062</u>
Net assets with donor restrictions	<u>47,444</u>
	<u>329,506</u>
	<u><u>\$ 333,020</u></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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 49,426	\$ 361	\$ 49,787
Membership dues	38,025	-	38,025
Grants	68,612	60,950	129,562
Investment income	8,502	-	8,502
Seminars and conferences	58,455	-	58,455
Other	5,244	-	5,244
In-kind	152,959	-	152,959
Net assets released from restriction	74,756	(74,756)	-
Total support and revenue	<u>455,979</u>	<u>(13,445)</u>	<u>442,534</u>
Expenses			
Program services:			
Community services and development	233,332	-	233,332
Seminars and conferences	139,345	-	139,345
Total program services	372,677	-	372,677
Management and administration	63,028	-	63,028
Fundraising	14,876	-	14,876
Total expenses	<u>450,581</u>	<u>-</u>	<u>450,581</u>
Change in net assets	5,398	(13,445)	(8,047)
Net assets, beginning of year	<u>276,664</u>	<u>60,889</u>	<u>337,553</u>
Net assets, end of year	<u>\$ 282,062</u>	<u>\$ 47,444</u>	<u>\$ 329,506</u>

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, 2023

	Community Services and Development	Seminars and Conferences	Total Program Services	Management and Administration	Fundraising	Total
Salaries	\$ 64,544	\$ 35,206	\$ 99,750	\$ 11,735	\$ 5,868	\$ 117,353
Employee benefits	21,654	11,811	33,465	3,937	1,968	39,370
Payroll taxes	4,875	2,659	7,534	886	443	8,863
Supplies	3,617	1,807	5,424	602	2,809	8,835
Printing	3,279	1,639	4,918	546	1,183	6,647
Travel	5,286	1,762	7,048	1,762	-	8,810
Rent	16,241	6,496	22,737	9,745	-	32,482
Accounting and legal	12,182	4,060	16,242	4,060	-	20,302
Bank and credit card charges	1,316	658	1,974	219	-	2,193
Postage and mailing service	1,142	571	1,713	190	962	2,865
Professional membership	725	541	1,266	238	-	1,504
Service and maintenance	30,311	10,104	40,415	10,104	-	50,519
Board development	1,086	435	1,521	652	-	2,173
Telephone	766	255	1,021	255	-	1,276
Professional development	2,181	727	2,908	727	-	3,635
Insurance	1,769	708	2,477	1,061	-	3,538
Scholarships	600	300	900	100	-	1,000
Sponsorship	1,590	795	2,385	265	-	2,650
Speakers	11,661	7,579	19,240	194	-	19,434
Meals and meeting rooms	2,310	35,799	38,109	385	1,643	40,137
Contributions	210	105	315	35	-	350
Advertising and marketing	45,185	15,061	60,246	15,062	-	75,308
Depreciation	802	267	1,069	268	-	1,337
	<u>\$ 233,332</u>	<u>\$ 139,345</u>	<u>\$ 372,677</u>	<u>\$ 63,028</u>	<u>\$ 14,876</u>	<u>\$ 450,581</u>

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

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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.

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, 2023

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 \$1,337.

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, 2023, the share of utilities and rent was \$682. The Association also recorded in-kind market value rent of \$31,800.

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, 2023

Note 3. Endowment Funds, continued

The balance of the funds at June 30, 2023 is as follows:

	OCCF
Beginning of year	\$ 60,318
Contributions	2,780
Investment income	6,161
Distributions	(3,110)
Management fees	<u>(376)</u>
End of year	<u>\$ 65,773</u>
Third party funds	<u>\$ 71,345</u>

The total balance for the endowment fund was \$137,118.

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 \$3,195 for the year ended June 30, 2023.

Additionally, the Association adopted an 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 \$47,444 and are allocated as follows:

Kirkpatrick Family Fund	\$ 25,000
Scholarship Fund	2,794
Carolyn Watson Rural Community Foundation	14,650
Allied Arts	<u>5,000</u>
	<u>\$ 47,444</u>

Note 6. In-Kind Donations

In-kind contributions of \$152,959 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, 2023. Additionally, the Association uses volunteers to complete much of their program work. During the year ended June 30, 2023, approximately sixty-eight volunteers gave 2,040 hours of their time to the Association. These services do not meet the requirements for recognition in the financial statements.

OKLAHOMA MUSEUMS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 6. In-Kind Donations, continued

In-kind expenses were classified in the financial statements as follows:

Rent/utilities	\$ 31,800
Accounting	1,267
Marketing	75,273
Professional development	2,196
Seminar meeting room	600
Board development	825
Technology website/internet	15,000
Conference printing	200
Conference travel	3,210
Conference meals	8,850
Travel & hospitality	180
Technology software	33
Fundraiser supplies	2,620
MARC meeting room	10,705
Fundraiser meeting room	<u>200</u>
	<u>\$ 152,959</u>

Note 7. 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	\$ 146,904
Certificate of deposits	116,053
Less net assets with donor restrictions	<u>(47,444)</u>
	<u>\$ 215,513</u>

Note 8. Subsequent Events

Management has evaluated subsequent events, if any, through the report date of August 11, 2023, 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.