

**CALIFORNIA ASSOCIATION  
OF MUSEUMS  
(a California Not-For-Profit Corporation)  
FINANCIAL STATEMENTS  
August 31, 2017**

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**CALIFORNIA ASSOCIATION OF MUSEUMS**

**AUGUST 31, 2017**

**TABLE OF CONTENTS**

|                                        |                          |
|----------------------------------------|--------------------------|
| Independent Accountant's Review Report | Page 1 -2                |
| Statement of Financial Position        | Exhibit A                |
| Statement of Activities                | Exhibit B                |
| Statement of Functional Expenses       | Exhibit C                |
| Statement of Cash Flows                | Exhibit D                |
| Notes to Financial Statements          | Exhibit E<br>Pages 1 - 6 |

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

Board of Directors  
California Association of Museums

We have reviewed the accompanying statement of financial position of the California Association of Museums (a California Not-For-Profit Corporation) as of August 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

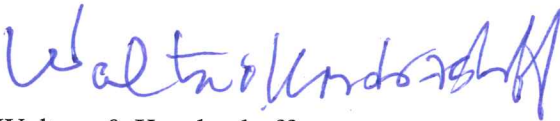
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT (Continued)

We previously reviewed the Association's financial statements for the year ended August 31, 2016 and in our report dated November 9, 2016, stated that based on our procedures, we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended August 31, 2016, for it to be consistent with the reviewed financial statements from which it has been derived.

A handwritten signature in blue ink, appearing to read "Walters & Kondrasheff", is written over the printed name.

Walters & Kondrasheff  
Certified Public Accountants

October 31, 2017  
Scotts Valley, California

**CALIFORNIA ASSOCIATION OF MUSEUMS  
STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2017  
(With Comparative Totals for August 31, 2016)**

| ASSETS                           | August 31,        |                   |
|----------------------------------|-------------------|-------------------|
|                                  | 2017              | 2016              |
| Current Assets:                  |                   |                   |
| Cash and Cash Equivalents        | \$ 83,414         | \$ 101,356        |
| Grants and Accounts Receivable   | 45,718            | 40,131            |
| Prepaid Expenses                 | 2,000             | 3,767             |
| Total Assets (All Current)       | <u>\$ 131,131</u> | <u>\$ 145,254</u> |
| LIABILITIES AND NET ASSETS       |                   |                   |
| Liabilities                      |                   |                   |
| Accounts Payable                 | \$ 4,735          | \$ 17,213         |
| Accrued Payroll and Taxes        | 5,526             | 5,843             |
| Accrued Vacation                 | 2,958             | 4,859             |
| Total Liabilities (All Current)  | <u>13,219</u>     | <u>27,915</u>     |
| Net Assets                       |                   |                   |
| Unrestricted                     | 117,913           | 110,339           |
| Temporarily Restricted           | -                 | 7,000             |
| Total Net Assets                 | <u>117,913</u>    | <u>117,339</u>    |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 131,131</u> | <u>\$ 145,254</u> |

**CALIFORNIA ASSOCIATION OF MUSEUMS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2017**  
**(With Comparative Totals for August 31, 2016)**

|                                                  |                   |                        | August 31,        |                   |
|--------------------------------------------------|-------------------|------------------------|-------------------|-------------------|
|                                                  | Unrestricted      | Temporarily Restricted | 2017<br>Total     | 2016<br>Total     |
| <b>SUPPORT AND REVENUES</b>                      |                   |                        |                   |                   |
| Membership Dues                                  | \$ 102,633        | \$ -                   | \$ 102,633        | \$ 102,295        |
| Contributions and Grants                         |                   |                        |                   |                   |
| Individual, Corporate and Foundations            | 5,000             | -                      | 5,000             | 46,625            |
| Federal Grants                                   | 251,808           | -                      | 251,808           | 377,213           |
| State Grants                                     | 23,750            | -                      | 23,750            | 18,300            |
| In-Kind Support                                  | 2,580             | -                      | 2,580             | 6,280             |
| Revenues                                         |                   |                        |                   |                   |
| Annual Conference                                | 171,995           | -                      | 171,995           | 125,245           |
| Snoopy License Plate Fees                        | 32,500            | -                      | 32,500            | -                 |
| Job Listing Services                             | 6,000             | -                      | 6,000             | 6,750             |
| Annual Appeal                                    | 935               | -                      | 935               | 2,885             |
| Salary Survey                                    | 90                | -                      | 90                | 960               |
| Interest Income                                  | 4                 | -                      | 4                 | 7                 |
| Net Assets Released from Restrictions            | 7,000             | (7,000)                | -                 | -                 |
| <b>Total Support &amp; Revenues</b>              | <b>604,294</b>    | <b>(7,000)</b>         | <b>597,294</b>    | <b>686,560</b>    |
| <b>EXPENSES</b>                                  |                   |                        |                   |                   |
| Program Expenses                                 | 533,866           | -                      | 533,866           | 619,205           |
| Administrative Expenses                          | 40,154            | -                      | 40,154            | 35,829            |
| Fundraising Expenses                             | 22,701            | -                      | 22,701            | 18,564            |
| <b>Total Expenses</b>                            | <b>596,721</b>    | <b>-</b>               | <b>596,721</b>    | <b>673,598</b>    |
| <b>CHANGE IN NET ASSETS</b>                      | <b>7,573</b>      | <b>(7,000)</b>         | <b>573</b>        | <b>12,962</b>     |
| <b>NET ASSETS, BEGINNING OF YEAR</b>             | <b>110,339</b>    | <b>7,000</b>           | <b>117,339</b>    | <b>106,315</b>    |
| <b>PRIOR PERIOD ADJUSTMENT</b>                   |                   | <b>-</b>               | <b>-</b>          | <b>(1,938)</b>    |
| <b>NET ASSETS, BEGINNING OF YEAR AS ADJUSTED</b> | <b>110,339</b>    | <b>7,000</b>           | <b>117,339</b>    | <b>104,377</b>    |
| <b>NET ASSETS, END OF YEAR</b>                   | <b>\$ 117,913</b> | <b>\$ -</b>            | <b>\$ 117,913</b> | <b>\$ 117,339</b> |

**CALIFORNIA ASSOCIATION OF MUSEUMS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2017**  
**(With Comparative Totals for August 31, 2016)**

|                                             | Program           | Administrative   | Fundraising      | August 31,        |                   |
|---------------------------------------------|-------------------|------------------|------------------|-------------------|-------------------|
|                                             | Expenses          | Expenses         | Expenses         | 2017              | 2016              |
|                                             |                   |                  |                  | Total             | Total             |
| Salaries and Wages                          | \$ 122,817        | \$ 32,821        | \$ 18,885        | \$ 174,523        | \$ 147,091        |
| Payroll Taxes and Employee Benefits         | 10,337            | 2,762            | 1,590            | 14,689            | 16,271            |
| Payroll Processing Service                  | -                 | 1,527            | -                | 1,527             | 1,578             |
| Workers Comp Insurance                      | 886               | 237              | 136              | 1,259             | 1,588             |
| Annual Conference Expenses                  |                   |                  |                  |                   |                   |
| Production Expenses                         | 64,190            | -                | -                | 64,190            | 31,112            |
| Scholarships and Fellowships                | 16,988            | -                | -                | 16,988            | 15,228            |
| Events and Workshops                        | 24,908            | -                | -                | 24,908            | 10,805            |
| Audio and Visual                            | 10,018            | -                | -                | 10,018            | 6,236             |
| Printing and Reproduction                   | 3,595             | -                | -                | 3,595             | 2,642             |
| Museums United Project                      | 169,549           | -                | -                | 169,549           | 225,626           |
| Collaborative Learning Networks Project     | 55,205            | -                | -                | 55,205            | 109,962           |
| Telephone and Telecommunications            | 7,987             | 1,265            | 973              | 10,225            | 9,733             |
| Professional Services                       | 7,422             | -                | -                | 7,422             | 10,898            |
| Travel and Meetings Expenses                | 6,254             | -                | -                | 6,254             | 4,974             |
| Membership Services                         | 5,206             | -                | -                | 5,206             | 6,533             |
| License Plate Initiative, including in-kind | 4,177             | -                | -                | 4,177             | 45,183            |
| Office Supplies and Expense                 | 2,785             | 470              | 362              | 3,617             | 2,932             |
| Credit Card Processing Fees                 | 3,212             | -                | -                | 3,212             | 3,367             |
| Advocacy Services                           | 3,180             | -                | -                | 3,180             | 4,048             |
| Dues, Subscriptions and Fees                | 2,781             | -                | -                | 2,781             | 683               |
| Insurance                                   | 2,114             | 357              | 275              | 2,746             | 2,920             |
| Donated Office Space                        | 2,193             | 258              | 129              | 2,580             | 2,580             |
| C.A.M. Fellows Stipends                     | 2,500             | -                | -                | 2,500             | 4,750             |
| Printing and Reproduction                   | 1,712             | 289              | 222              | 2,223             | 1,450             |
| Board Meetings Expenses                     | 2,124             | -                | -                | 2,124             | 1,353             |
| Postage and Delivery                        | 997               | 168              | 129              | 1,294             | 1,966             |
| Other Expenses                              | 667               | -                | -                | 667               | 2,030             |
| Bad Debt Expense                            | -                 | -                | -                | -                 | 78                |
| Total Expenses                              | <u>\$ 533,866</u> | <u>\$ 40,154</u> | <u>\$ 22,701</u> | <u>\$ 596,721</u> | <u>\$ 673,598</u> |

See independent accountant's review report and accompanying notes to financial statements.

**CALIFORNIA ASSOCIATION OF MUSEUMS  
STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 2017  
(With Comparative Totals for August 31, 2016)**

|                                                                                        | <u>August 31,</u>       |                          |
|----------------------------------------------------------------------------------------|-------------------------|--------------------------|
|                                                                                        | <u>2017</u>             | <u>2016</u>              |
| CASH FLOWS FROM OPERATING ACTIVITIES                                                   |                         |                          |
| Change in Net Assets                                                                   | \$ 573                  | \$ 12,962                |
| Adjustments to Reconcile Change in Net Assets to<br>Cash Used by Operating Activities: |                         |                          |
| (Increase) Decrease in Operating Assets:                                               |                         |                          |
| Grants and Accounts Receivable                                                         | (5,587)                 | 21,434                   |
| Prepaid Expenses                                                                       | 1,767                   | (1,307)                  |
| Increase (Decrease) in Operating Liabilities:                                          |                         |                          |
| Accounts Payable                                                                       | (12,477)                | (37,416)                 |
| Dues Received in Advance                                                               | -                       | -                        |
| Accrued Payroll and Taxes                                                              | (317)                   | 1,339                    |
| Accrued Vacation                                                                       | <u>(1,901)</u>          | <u>2,367</u>             |
| Net Cash Used By Operating Activities                                                  | <u>(17,942)</u>         | <u>(621)</u>             |
| CASH FLOWS FROM INVESTING ACTIVITIES                                                   | <u>-</u>                | <u>-</u>                 |
| CASH FLOWS FROM FINANCING ACTIVITIES                                                   | <u>-</u>                | <u>-</u>                 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS                                              | (17,942)                | (621)                    |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR                                           | <u>101,356</u>          | <u>101,977</u>           |
| CASH AND CASH EQUIVALENTS, END OF YEAR                                                 | <u><u>\$ 83,414</u></u> | <u><u>\$ 101,356</u></u> |

**CALIFORNIA ASSOCIATION OF MUSEUMS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2017**

NOTE 1      NATURE OF ORGANIZATION AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICES:

Nature of Organization:

The California Association of Museums ("Association") was formed as a California Not-For-Profit Corporation on December 21, 1979.

Nature of Activities:

The California Association of Museums (CAM) is the only statewide network devoted to the furtherance of all California's museums and informal education institutions, including museums, zoos, aquaria, and historic sites. With approximately five hundred members in almost every county across the state, CAM represents a dynamic group of museums, businesses, and individuals that seek to assure the future of California's cultural and natural heritage. The Association connects industry professionals with timely information and practical resources to support the success of all California museums and to advance their interests. CAM programs and services include an annual statewide conference, workshops, an electronic newsletter, publications, California Museum Month, special initiatives and an active legislative advocacy program.

Basis of Accounting:

The Association prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual method of accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. Accordingly, the financial statements reflect all significant receivables, payables and other liabilities.

Estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

CALIFORNIA ASSOCIATION OF MUSEUMS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2017

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICES (continued):

Cash and Cash Equivalents:

The Association considers all highly liquid investments with maturities of three months or less as cash equivalents. At August 31, 2017, the Association did not own any cash equivalents.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, *Financial Statements of Not-For-Profit Organizations*. Under these standards, 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. As of August 31, 2017 the Association has no permanently restricted net assets.

Donated Services:

Donated services are recognized as in-kind support if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. See Note 4 for a summary of in-kind support recognized in these financial statements.

A significant number of volunteers donated many hours of their time to the Association as committee members, board members, and conference volunteers. This volunteer time is critical to the success of the Association. However, as this volunteer service does not meet the recognition requirements of Statement of Financial Accounting Standards, "Accounting for Contributions Received and Contributions Made," no amount has been recorded in these financial statements for these services.

**CALIFORNIA ASSOCIATION OF MUSEUMS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2017**

NOTE 1      NATURE OF ORGANIZATION AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICES (continued):

Advertising:

The Association uses advertising to promote its programs among the audience it serves, particularly for the Snoopy License Plate Project. The production costs of advertising are expensed as incurred and totaled \$4,177 during the fiscal year ended August 31, 2017.

Restricted and Unrestricted Revenue:

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Expense Allocation:

The costs of maintaining the Association's programs have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Management and general expenses include those expenses that are not directly identifiable with specific function but provide for the overall support and direction of the Association.

Compensated Absences:

The Association accrues a liability for vacation pay that has been earned but not utilized by its employees. At August 31, 2017, the total value of accrued vacation benefit is \$2,958.

Sick leave benefits and personal days are accumulated for each employee. Since these benefits do not vest, they are not reflected in the financial statements of the Association. Therefore, sick leave benefits and personal days are recorded as an expense in the period in which leave is taken.

**CALIFORNIA ASSOCIATION OF MUSEUMS**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

NOTE 1      NATURE OF ORGANIZATION AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICES (continued):

Property and Equipment:

The Organization's policy is to capitalize all expenditures for property and equipment with a useful life in excess of one year and a cost of \$1,000 or more, and depreciate such assets over their useful lives on a straight-line basis. Currently, there are no expenditures that meet these criteria.

Income Tax Status:

The Association is exempt from the Federal income tax under Section 501(c)(3) of the Internal Revenue Code and from the State income tax under Section 2370d of the California Revenue and Taxation Code. The Internal Revenue Service further classified that the Association is not a private foundation within the meaning of Section 509(a) of the Code.

The Organization has implemented new accounting standards associated with uncertainty in income taxes. Accordingly, the Organization shall initially recognize the financial statement effects of a tax position when it is more-likely-than-not, based on the technical merits, that the position will be sustained upon examination. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

For the federal tax jurisdiction, tax years for 2013 through 2016 remain open and could be subject to examination. For the state tax jurisdiction, the tax years 2012 through 2016 remain open and subject to examination.

Comparative Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to continue 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 August 31, 2016, from which the summarized information was derived.

**CALIFORNIA ASSOCIATION OF MUSEUMS**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

NOTE 2 FINANCIAL INSTRUMENTS

Assets and liabilities which are considered to be financial instruments are cash, cash equivalents, grants and accounts receivable, accounts payable, and accrued vacation. For these items, carrying values approximate fair values due to their short-term maturity.

NOTE 3 GRANTS AND ACCOUNTS RECEIVABLE:

Grants receivable, totaling \$13,218, represent expenditures for which the conditions for reimbursement from the grantor have been met but the amounts have not yet been received. Accounts receivable, totaling \$32,500, consists of Snoopy License Plate fees (see Note 6). The Association employs the direct write-off method, which management estimates to closely approximate generally accepted accounting principles. Bad debts expense totaled \$0 for the fiscal year ended August 31, 2017.

NOTE 4 IN-KIND SUPPORT AND EXPENSE:

The Association is allowed to use its office space rent-free. Management estimates that the approximate fair market value of the annual rental for the space to be \$2,580. No in-kind services meeting the recognition criteria were contributed throughout the fiscal year ended August 31, 2017.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS:

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

During the current year the Association was the beneficiary of several grants and sponsorships with donor restrictions. As of August 31, 2017, the Association's temporary restricted net assets totaled \$0.

**CALIFORNIA ASSOCIATION OF MUSEUMS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2017**

**NOTE 6      SNOOPY LICENSE PLATE PROGRAM**

After multiple years of effort on the part of the Association, Peanuts Worldwide LLC issued the Association a license for use of the Snoopy image in connection with the manufacture, sale, distribution, and advertising of specialized California license plates bearing the Snoopy image. The license is set to expire on December 31, 2023, though the term may be extended through a formal written amendment signed by both parties.

The Association entered into a sublicense agreement with the California Cultural and Historical Endowment (CCHE) to authorize CCHE to use the Snoopy image in connection with a Snoopy License Plate Program through the California Department of Motor Vehicles in order to benefit the California Museum Grant Program.

Under the terms of the agreement, the Association receives 20% of funds generated by Snoopy license plate fees. The remaining 80% of funds generated goes to the California Museum Grant Program for competitive grants for California museums and to CCHE for program administration. \$32,500 has been recognized as revenue on the accompanying Statement of Activities in connection with this program. Any significant reduction in the level of support from this program could negatively impact the Organization's ability to operate the full scope of current projects.

**NOTE 7      EVALUATION OF SUBSEQUENT EVENTS**

The Association has evaluated events subsequent to August 31, 2017, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through October 31, 2017, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.