CALIFORNIA ASSOCIATION

OF MUSEUMS

(a California Not-For-Profit Corporation)

FINANCIAL STATEMENTS

August 31, 2018

WALTERS & KONDRASHEFF

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CALIFORNIA ASSOCIATION OF MUSEUMS

AUGUST 31, 2018

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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, 2018, 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's Responsibility for the Financial Statements

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; 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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously reviewed the Association's financial statements for the year ended August 31, 2017 and in our report dated October 31, 2017, 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, 2017, for it to be consistent with the reviewed financial statements from which it has been derived.

Walters & Kondrasheff

Walters & Kondrasheff
Certified Public Accountants

May 21, 2019
Santa Cruz, California

EXHIBIT A

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2018
(With Comparative Totals for August 31, 2017)

ASSETS	August 31, 2018	August 31, 2017
Current Assets:		
Cash and Cash Equivalents	$ 99,207	$ 83,414
Grants and Accounts Receivable	46,600	45,718
Prepaid Expenses	7,326	2,000
Total Assets (All Current)	$ 153,133	$ 131,131
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	$ 2,744	$ 4,735
Deferred Revenue	3,569	-
Accrued Payroll and Taxes	7,806	5,526
Accrued Vacation	6,442	2,958
Total Liabilities (All Current)	20,561	13,219
Net Assets		
Unrestricted	108,512	117,913
Temporarily Restricted	24,060	-
Total Net Assets	132,572	117,913
TOTAL LIABILITIES AND NET ASSETS	$ 153,133	$ 131,131

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

EXHIBIT B

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018
(With Comparative Totals for August 31, 2017)

	Unrestricted	Temporarily Restricted	August 31, 2018 Total	August 31, 2017 Total
SUPPORT AND REVENUES				
Membership Dues	$ 114,641	$ -	$ 114,641	$ 102,633
Contributions and Grants				
Individual, Corporate and Foundations	9,347	13,960	23,307	5,000
Federal Grants	2,675	-	2,675	251,808
State Grants	27,000	-	27,000	23,750
In-Kind Support	2,580	-	2,580	2,580
Revenues				
Annual Conference	136,164	10,100	146,264	171,995
Snoopy License Plate Fees	69,000	-	69,000	32,500
Job Listing Services	5,625	-	5,625	6,000
Annual Appeal	4,760	-	4,760	935
Salary Survey	105	-	105	90
Interest Income	4	-	4	4
Total Support & Revenues	372,206	24,060	396,266	597,294
EXPENSES				
Program Expenses	309,643	-	309,643	533,866
Administrative Expenses	46,287	-	46,287	40,154
Fundraising Expenses	25,677	-	25,677	22,701
Total Expenses	381,607	-	381,607	596,721
CHANGE IN NET ASSETS	(9,401)	24,060	14,659	573
NET ASSETS, BEGINNING OF YEAR	117,913	-	117,913	117,339
NET ASSETS, END OF YEAR	$ 108,512	$ 24,060	$ 132,572	$ 117,913

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

EXHIBIT C

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018
(With Comparative Totals for August 31, 2017)

	Program Expenses	Administrative Expenses	Fundraising Expenses	August 31, 2018 Total	August 31, 2017 Total
Salaries and Wages	$ 137,792	$ 36,661	$ 20,881	$ 195,334	$ 174,523
Payroll Taxes and Employee Benefits	18,344	4,881	2,780	26,005	14,689
Payroll Processing Service	-	1,973	-	1,973	1,527
Workers Comp Insurance	886	236	134	1,256	1,259
Annual Conference Expenses					
Production Expenses	41,186	-	-	41,186	64,189
Scholarships and Fellowships	13,746	-	-	13,746	16,988
Events and Workshops	19,233	-	-	19,233	24,908
Audio and Visual	10,700	-	-	10,700	10,018
Printing and Reproduction	2,788	-	-	2,788	3,595
Museums United Project	-	-	-	-	169,549
Collaborative Learning Networks Project	1,755	-	-	1,755	55,205
Telephone and Telecommunications	7,561	1,277	982	9,820	10,225
Professional Services	10,660	-	-	10,660	7,422
Travel and Meetings Expenses	4,899	-	-	4,899	6,254
Membership Services	4,077	-	-	4,077	5,206
License Plate Initiative, including in-kind	6,718	-	-	6,718	4,177
Office Supplies and Expense	1,578	266	205	2,049	3,617
Credit Card Processing Fees	3,296	-	-	3,296	3,212
Advocacy Services	4,787	-	-	4,787	3,180
Dues, Subscriptions and Fees	2,391	-	-	2,391	2,781
Insurance	2,199	371	286	2,856	2,746
Donated Office Space	2,193	258	129	2,580	2,580
C.A.M. Fellows Stipends	1,000	-	-	1,000	2,500
Printing and Reproduction	1,069	181	139	1,389	2,223
Board Meetings Expenses	1,375	-	-	1,375	2,124
Postage and Delivery	1,086	183	141	1,410	1,294
Other Expenses	7,557	-	-	7,557	687
Total Expenses	$ 309,643	$ 46,287	$ 25,677	$ 381,607	$ 596,721

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

EXHIBIT D

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2018
(With Comparative Totals for August 31, 2017)

	August 31, 2018	August 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 14,659	$ 573
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Operating Assets:		
Grants and Accounts Receivable	(882)	(5,587)
Prepaid Expenses	(5,326)	1,767
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(1,991)	(12,477)
Dues Received in Advance	3,569	-
Accrued Payroll and Taxes	2,280	(317)
Accrued Vacation	3,484	(1,901)
Net Cash Provided (Used) By Operating Activities	15,793	(17,942)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	15,793	(17,942)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	83,414	101,356
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 99,207	$ 83,414

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

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

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, 2018

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, 2018, 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. The Association currently has no permanently restricted net assets. As of August 31, 2018 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, 2018

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 $6,718 during the fiscal year ended August 31, 2018.

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, 2018, the total value of accrued vacation benefit is $6,442.

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, 2018

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 2014 through 2017 remain open and could be subject to examination. For the state tax jurisdiction, the tax years 2013 through 2017 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, 2017, from which the summarized information was derived.

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

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:

Accounts receivable, totaling $46,600, consists of Snoopy License Plate fees in the amount of $36,500 (see Note 6) and conference sponsorships in the amount of $10,100. 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 year ending August 31, 2018.

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, 2018.

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, 2018, the Association's temporary restricted net assets totaled $24,060 and were restricted for the 2019 Annual Conference and online learning programs.

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

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. $69,000 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, 2018, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through May 21, 2019, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.