

**CALIFORNIA ASSOCIATION
OF MUSEUMS
(a California Not-For-Profit Corporation)
FINANCIAL STATEMENTS
August 31, 2019**

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CALIFORNIA ASSOCIATION OF MUSEUMS

AUGUST 31, 2019

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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, 2019, 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.

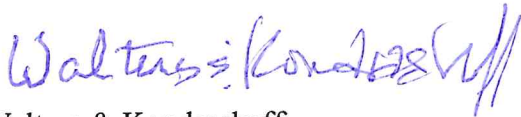
Accountant's Conclusion

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.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT (Continued)

Report on Summarized Comparative Information

We previously reviewed the Association's financial statements for the year ended August 31, 2018 and in our report dated May 21, 2019, 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, 2018, for it to be consistent with the reviewed financial statements from which it has been derived.

A handwritten signature in blue ink, reading "Walters & Kondrasheff" with a stylized flourish at the end.

Walters & Kondrasheff
Certified Public Accountants

March 31, 2020
Scotts Valley, California

**CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019
(With Comparative Totals for August 31, 2018)**

ASSETS	August 31,	
	2019	2018
Current Assets:		
Cash and Cash Equivalents	\$ 168,298	\$ 99,207
Grants and Accounts Receivable	30,000	46,600
Prepaid Expenses	11,995	7,326
Total Assets (All Current)	<u>\$ 210,293</u>	<u>\$ 153,133</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 16,158	\$ 2,744
Deferred Revenue	-	3,569
Accrued Payroll and Taxes	5,837	7,806
Accrued Vacation	5,046	6,442
Total Liabilities (All Current)	<u>27,041</u>	<u>20,561</u>
Net Assets		
Without Donor Restrictions	155,013	108,512
With Donor Restrictions	28,239	24,060
Total Net Assets	<u>183,252</u>	<u>132,572</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 210,293</u>	<u>\$ 153,133</u>

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

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019
(With Comparative Totals for August 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	August 31, 2019 Total	2018 Total
SUPPORT AND REVENUES				
Membership Dues	\$ 130,165	\$ -	\$ 130,165	\$ 114,641
Contributions and Grants				
Individual, Corporate and Foundations	5,001	-	5,001	23,307
Federal Grants	-	-	-	2,675
State Grants	34,700	21,000	55,700	27,000
In-Kind Support	860	-	860	2,580
Revenues				
Annual Conference	200,034	-	200,034	146,264
Snoopy License Plate Fees	75,000	-	75,000	69,000
Job Listing Services	8,400	-	8,400	5,625
Annual Appeal	2,885	-	2,885	4,760
Workshops	1,123	-	1,123	305
Salary Survey	155	-	155	105
Interest Income	4	-	4	4
Net Assets Released from Restrictions	16,821	(16,821)	-	-
Total Support & Revenues	<u>475,148</u>	<u>4,179</u>	<u>479,327</u>	<u>396,266</u>
EXPENSES				
Program Expenses	363,501	-	363,501	309,643
Administrative Expenses	50,008	-	50,008	46,287
Fundraising Expenses	15,138	-	15,138	25,677
Total Expenses	<u>428,647</u>	<u>-</u>	<u>428,647</u>	<u>381,607</u>
CHANGE IN NET ASSETS	<u>46,501</u>	<u>4,179</u>	<u>50,680</u>	<u>14,659</u>
NET ASSETS, BEGINNING OF YEAR	<u>108,512</u>	<u>24,060</u>	<u>132,572</u>	<u>117,913</u>
NET ASSETS, END OF YEAR	<u>\$ 155,013</u>	<u>\$ 28,239</u>	<u>\$ 183,252</u>	<u>\$ 132,572</u>

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019
(With Comparative Totals for August 31, 2018)

				August 31,	
	Program Expenses	Administrative Expenses	Fundraising Expenses	2019 Total	2018 Total
Salaries and Wages	\$ 111,878	\$ 25,778	\$ 10,614	\$ 148,270	\$ 195,334
Payroll Taxes and Employee Benefits	23,588	5,351	2,203	31,142	26,005
Payroll Processing Service	1,446	323	133	1,902	1,973
Workers Comp Insurance	647	144	59	850	1,256
Annual Conference Expenses					
Production Expenses	73,893	-	-	73,893	41,185
Scholarships and Fellowships	15,302	-	-	15,302	13,746
Events and Workshops	29,431	-	-	29,431	19,233
Audio and Visual	27,232	-	-	27,232	10,700
Printing and Reproduction	3,712	-	-	3,712	2,788
Collaborative Learning Networks Project	-	-	-	-	1,755
Telephone and Telecommunications	8,275	974	487	9,736	9,820
Professional Services	352	13,936	21	14,309	10,660
Travel and Meetings Expenses	4,197	939	387	5,523	4,899
Membership Services	3,604	424	212	4,240	4,077
Advertising - License Plate Initiative	10,836	-	-	10,836	6,718
Office Supplies and Expense	1,415	166	83	1,664	2,049
Credit Card Processing Fees	4,298	506	253	5,057	3,296
Advocacy Services	21,364	-	-	21,364	4,787
Dues, Subscriptions and Fees	2,186	257	129	2,572	2,391
Insurance	2,340	275	138	2,753	2,856
Donated Office Space	860	-	-	860	2,580
C.A.M. Fellows Stipends	2,300	-	-	2,300	1,000
Printing and Reproduction	1,109	130	65	1,304	1,389
Board Meetings Expenses	619	73	36	728	1,375
Postage and Delivery	1,111	131	65	1,307	1,410
Other Expenses	8,313	601	253	9,167	7,577
Green Museums Initiative	3,193	-	-	3,193	768
Total Expenses	<u>\$ 363,501</u>	<u>\$ 50,008</u>	<u>\$ 15,138</u>	<u>\$ 428,647</u>	<u>\$ 381,607</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, 2019
(With Comparative Totals for August 31, 2018)**

	<u>August 31,</u>	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 50,680	\$ 14,659
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
(Increase) Decrease in Operating Assets:		
Grants and Accounts Receivable	16,600	(882)
Prepaid Expenses	(4,669)	(5,326)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	13,414	(1,991)
Dues Received in Advance	(3,569)	3,569
Accrued Payroll and Taxes	(1,969)	2,280
Accrued Vacation	(1,396)	3,484
Net Cash Provided By Operating Activities	<u>69,091</u>	<u>15,793</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,091	15,793
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>99,207</u>	<u>83,414</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 168,298</u></u>	<u><u>\$ 99,207</u></u>

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

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

Nature of Organization:

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

Nature of Activities:

The California Association of Museums 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, 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, 2019

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, 2019, 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. See Note 5 for information on net assets with donor restrictions as of August 31, 2019.

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, 2019

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 \$10,836 during the fiscal year ended August 31, 2019.

Revenue With and Without Donor Restrictions:

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Also see Note 5.

Expense Allocation:

The costs of operating the Association and providing programs and services for the museum field have been summarized on a functional basis in the Statement of Functional Expenses. Certain indirect costs have been allocated to the programs, services, and activities benefited, including salaries and wages, overhead and occupancy expenses, travel and meetings, and membership services. These allocations are consistently applied and based on estimates of time, effort, and purpose.

Compensated Absences:

The Association accrues a liability for vacation pay that has been earned but not utilized by its employees. At August 31, 2019, the total value of accrued vacation benefit is \$5,046. 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, 2019

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 2015 through 2018 remain open and could be subject to examination. For the state tax jurisdiction, the tax years 2014 through 2018 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, 2018, from which the summarized information was derived.

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

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 consists of Membership Fees in the amount of \$2,250. Grants receivable from the State of California totaled \$27,750. 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, 2019.

NOTE 4 IN-KIND SUPPORT AND EXPENSE:

The Association was allowed to use its office space rent-free for four months during the year. Management estimates that the approximate fair market value of the annual rental for the space to be \$860. No in-kind services meeting the recognition criteria were contributed throughout the fiscal year ended August 31, 2019.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS:

Contributions of cash and other assets are reported as support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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, 2019, the Association's net assets with donor restrictions totaled \$28,239. Of this amount \$7,239 was restricted for online learning programs and \$21,000 was restricted for general operating during the year ending August 31, 2020.

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

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. \$75,000 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 LIQUIDITY MANAGEMENT AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Association's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date, because of contractual or donor-imposed restrictions.

Financial assets, at year end	\$ 210,293
Less those unavailable for general expenditure within one year, due to:	
Restricted for miscellaneous programs	<u>(20,244)</u>
for general expenditures within one year	<u>\$ 190,049</u>

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 7 LIQUIDITY MANAGEMENT AND AVAILABILITY OF FINANCIAL ASSETS (Continued):

The Association strives to maintain liquid assets on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$72,000. As part of the Association's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition to liquid assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting revenue to cover general expenditures. Refer to the Statement of Cash Flows (Exhibit D) which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for fiscal year 2019.

NOTE 8 DATE OF MANAGEMENT'S REVIEW:

The Association has evaluated events subsequent to August 31, 2019, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through March 31, 2020, 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.