

**CALIFORNIA ASSOCIATION
OF MUSEUMS
(a California Not-For-Profit Corporation)
FINANCIAL STATEMENTS
August 31, 2020**

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CALIFORNIA ASSOCIATION OF MUSEUMS

AUGUST 31, 2020

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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, 2020, 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, 2019 and in our report dated May 21, 2020, 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, 2019, for it to be consistent with the reviewed financial statements from which it has been derived.

Walters & Kondrasheff

Walters & Kondrasheff
Certified Public Accountants

November 17, 2020
Scotts Valley, California

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2020
(With Comparative Totals for August 31, 2019)

ASSETS	August 31,	
	2020	2019
Current Assets:		
Cash and Cash Equivalents	\$ 287,337	\$ 168,298
Grants and Accounts Receivable	3,325	30,000
Prepaid Expenses	1,817	11,995
	<u>1,817</u>	<u>11,995</u>
Total Assets (All Current)	<u>\$ 292,479</u>	<u>\$ 210,293</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 7,159	\$ 16,158
Deferred Revenue	526	-
Accrued Payroll and Taxes	5,053	5,837
Accrued Vacation	8,248	5,046
	<u>8,248</u>	<u>5,046</u>
Total Liabilities (All Current)	<u>20,987</u>	<u>27,041</u>
Net Assets		
Without Donor Restrictions	233,242	155,013
With Donor Restrictions	38,250	28,239
	<u>38,250</u>	<u>28,239</u>
Total Net Assets	<u>271,492</u>	<u>183,252</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 292,479</u>	<u>\$ 210,293</u>

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020
(With Comparative Totals for August 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	August 31,	
			2020 Total	2019 Total
SUPPORT AND REVENUES				
Membership Dues	\$ 118,565	\$ -	\$ 118,565	\$ 130,165
Contributions and Grants				
Individual, Corporate and Foundations	6,945	5,000	11,945	5,001
Federal Grants	38,800	-	38,800	-
State Grants	2,800	33,250	36,050	55,700
In-Kind Support	19,253	-	19,253	860
Revenues				
Annual Conference	232,194	-	232,194	200,034
Other Income	1,227	-	1,227	-
Snoopy License Plate Fees	78,966	-	78,966	75,000
Job Listing Services	6,000	-	6,000	8,400
Annual Appeal	3,070	-	3,070	2,885
Workshops	139	-	139	1,123
Salary Survey	60	-	60	155
Interest Income	3	-	3	4
Net Assets Released from Restrictions	28,239	(28,239)	-	-
Total Support & Revenues	536,261	10,011	546,272	479,327
EXPENSES				
Program Expenses	393,815	-	393,815	363,501
Administrative Expenses	47,445	-	47,445	50,008
Fundraising Expenses	16,771	-	16,771	15,138
Total Expenses	458,031	-	458,031	428,647
CHANGE IN NET ASSETS	78,230	10,011	88,241	50,680
NET ASSETS, BEGINNING OF YEAR	155,012	28,239	183,251	132,572
NET ASSETS, END OF YEAR	\$ 233,242	\$ 38,250	\$ 271,492	\$ 183,252

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020
(With Comparative Totals for August 31, 2019)

	Program Expenses	Administrative Expenses	Fundraising Expenses	August 31,	
				2020 Total	2019 Total
Salaries and Wages	\$ 135,131	\$ 29,686	\$ 12,224	\$ 177,041	\$ 148,270
Payroll Taxes and Employee Benefits	26,206	6,269	2,581	35,056	31,142
Payroll Processing Service	1,275	285	118	1,678	1,902
Workers Comp Insurance	292	65	27	384	850
Annual Conference Expenses					
Production Expenses	63,011	-	-	63,011	73,892
Scholarships and Fellowships	13,727	-	-	13,727	15,302
Events and Workshops	32,543	-	-	32,543	29,431
Audio and Visual	16,278	-	-	16,278	27,232
Printing and Reproduction	4,846	-	-	4,846	3,712
Telephone and Telecommunications	8,546	1,034	517	10,097	9,736
Professional Services	19,505	7,344	2	26,851	14,309
Travel and Meetings Expenses	1,645	368	152	2,165	5,523
Membership Services	3,748	441	220	4,409	4,240
Advertising - License Plate Initiative	5,179	-	-	5,179	10,836
Office Supplies and Expense	1,322	155	78	1,555	1,664
Credit Card Processing Fees	4,239	499	249	4,987	5,057
Advocacy Services	40,364	-	-	40,364	21,364
Dues, Subscriptions and Fees	2,468	290	145	2,903	2,572
Insurance	2,487	293	146	2,926	2,753
Donated Office Space	-	-	-	-	860
C.A.M. Fellows Stipends	(125)	-	-	(125)	2,300
Printing and Reproduction	1,250	147	74	1,471	1,304
Board Meetings Expenses	1,310	95	48	1,453	728
Postage and Delivery	1,121	132	66	1,319	1,307
Other Expenses	4,621	342	124	5,087	9,187
Green Museums Initiative	2,826	-	-	2,826	3,194
Total Expenses	\$ 393,815	\$ 47,445	\$ 16,771	\$ 458,031	\$ 428,647

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

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2020
(With Comparative Totals for August 31, 2019)

	August 31,	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 88,241	\$ 50,680
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
(Increase) Decrease in Operating Assets:		
Grants and Accounts Receivable	26,675	16,600
Prepaid Expenses	10,178	(4,669)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(8,999)	13,414
Dues Received in Advance	526	(3,569)
Accrued Payroll and Taxes	(784)	(1,969)
Accrued Vacation	3,202	(1,396)
Net Cash Provided By Operating Activities	<u>119,039</u>	<u>69,091</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	119,039	69,091
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>168,298</u>	<u>99,207</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 287,337</u></u>	<u><u>\$ 168,298</u></u>

**CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020**

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

Nature of Association:

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 1,200 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, 2020**

NOTE 1 NATURE OF ASSOCIATION 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, 2020, 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 Associations*. 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, 2020.

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, 2020

NOTE 1 NATURE OF ASSOCIATION 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 \$5,179 during the fiscal year ended August 31, 2020.

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, 2020, the total value of accrued vacation benefit is \$8,248. 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, 2020**

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

Property and Equipment:

The Association'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 Association has implemented new accounting standards associated with uncertainty in income taxes. Accordingly, the Association 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 Association 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 2016 through 2019 remain open and could be subject to examination. For the state tax jurisdiction, the tax years 2015 through 2019 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, 2019, from which the summarized information was derived.

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

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 \$0. Grants receivable from the State of California totaled \$3,325. 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, 2020.

NOTE 4 IN-KIND SUPPORT AND EXPENSE:

The Association received in-kind legal services in the amount of \$19,253 during the year ended August 31, 2020. The purpose of the legal services was to negotiate the cancellation of a contract related to an event that was cancelled due to the Covid-19 pandemic.

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, 2020, the Association's net assets with donor restrictions totaled \$38,250. Of this amount \$2,500 was restricted for the Association's electronic newsletter, \$2,500 was restricted for the Association's social media platforms and \$33,250 was restricted for general operating during the year ending August 31, 2021.

**CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020**

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. \$78,966 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 Association'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	\$ 290,662
Less those unavailable for general expenditure within one year, due to:	
Restricted for miscellaneous programs	<u>(5,000)</u>
for general expenditures within one year	<u>\$ 285,662</u>

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

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

The financial assets consist of cash in the amount of \$287,917 and grants receivable in the amount of \$3,325,

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 Association 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 Association's cash and shows positive cash generated by operations for fiscal year 2020.

NOTE 8 PAYCHECK PROTECTION PROGRAM LOAN:

During May 2020 the Association obtained a forgivable loan from the Federal Paycheck Protection Program in the amount of \$38,800. Interest accrues as a rate of 1% with principal and interest payments deferred for six months. The Association expects the amount to be fully forgiven and therefore has opted to treat the loan as a conditional contribution.

NOTE 9 - ADOPTION OF NEW ACCOUNTING STANDARDS:

On September 1, 2019, the Organization adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, "ASC 606"), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. During 2019 all of the Organization's revenues came from contributions, grants and membership fees that are outside the scope of ASC 606 therefore the adoption had no effect on the financial statements for the year ended August 31, 2020. If the Organization enters into any contracts with customers that are deemed to be exchange transactions ASC 606 will apply.

**CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020**

NOTE 10 - CONCENTRATION OF REVENUE:

The Association has historically received approximately 25% of its revenue from membership dues and 40% of its revenue from the annual conference. Due to the Covid-19 pandemic the 2021 annual conference has been cancelled. Additionally, the Association expects a 25% decline in membership dues as a result of the pandemic and the restrictions on museum activities.

NOTE 11 - DATE OF MANAGEMENT'S REVIEW:

The Association has evaluated events subsequent to August 31, 2020 to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through November 17, 2020, 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.