

**CALIFORNIA ASSOCIATION
OF MUSEUMS
(a California Not-For-Profit Corporation)
FINANCIAL STATEMENTS
August 31, 2021**

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CALIFORNIA ASSOCIATION OF MUSEUMS

AUGUST 31, 2021

TABLE OF CONTENTS

Independent Accountant's Review Report	Pages 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 Pages 1 - 8

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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) which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT (Continued)

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 California Association of Museums financial statements for the year ended August 31, 2020, and in our conclusion dated November 17, 2020, stated that based on our review, we were not aware of any material modifications that should be made to those financial statements in order for them to be in accordance 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, 2020, for it to be consistent with the reviewed financial statements from which it has been derived.



Walters & Kondrasheff
Certified Public Accountants

November 29, 2021
Scotts Valley, California

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2021
(With Comparative Totals for August 31, 2020)

ASSETS	August 31,	
	2021	2020
Current Assets:		
Cash and Cash Equivalents	\$ 298,248	\$ 287,337
Grants and Accounts Receivable	77,343	3,325
Prepaid Expenses	1,817	1,817
	<u>377,408</u>	<u>292,479</u>
Total Assets (All Current)	<u>\$ 377,408</u>	<u>\$ 292,479</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 9,368	\$ 7,159
Refundable Advances (Note 8)	22,100	526
Accrued Payroll and Taxes	8,201	5,053
Accrued Vacation	6,653	8,248
	<u>46,323</u>	<u>20,987</u>
Total Liabilities (All Current)	<u>46,323</u>	<u>20,987</u>
Net Assets		
Without Donor Restrictions	297,835	233,242
With Donor Restrictions	33,250	38,250
	<u>331,085</u>	<u>271,492</u>
Total Net Assets	<u>331,085</u>	<u>271,492</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 377,408</u>	<u>\$ 292,479</u>

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021
(With Comparative Totals for August 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	August 31,	
			2021 Total	2020 Total
SUPPORT AND REVENUES				
Membership Dues	\$ 126,088	\$ -	\$ 126,088	\$ 118,565
Contributions and Grants				
Individual, Corporate and Foundations	30,946	-	30,946	11,945
Federal Grants	-	-	-	38,800
State Grants	75,000	33,250	108,250	36,050
In-Kind Support	3,000	-	3,000	19,253
Revenues				
Annual Conference	61,835	-	61,835	232,194
Other Income	1,804	-	1,804	1,227
Snoopy License Plate Fees	81,234	-	81,234	78,966
Job Listing Services	5,075	-	5,075	6,000
Annual Appeal	7,815	-	7,815	3,070
Workshops	314	-	314	139
Salary Survey	-	-	-	60
Interest Income	172	-	172	3
Net Assets Released from Restrictions	38,250	(38,250)	-	-
	<u>431,533</u>	<u>(5,000)</u>	<u>426,533</u>	<u>546,272</u>
EXPENSES				
Program Expenses	284,766	-	284,766	393,815
Administrative Expenses	63,792	-	63,792	47,445
Fundraising Expenses	18,381	-	18,381	16,771
	<u>366,939</u>	<u>-</u>	<u>366,939</u>	<u>458,031</u>
CHANGE IN NET ASSETS	64,594	(5,000)	59,594	88,241
NET ASSETS, BEGINNING OF YEAR	233,241	38,250	271,491	183,251
NET ASSETS, END OF YEAR	<u>\$ 297,835</u>	<u>\$ 33,250</u>	<u>\$ 331,085</u>	<u>\$ 271,492</u>

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

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021
(With Comparative Totals for August 31, 2020)

	Program Expenses	Administrative Expenses	Fundraising Expenses	August 31,	
				2021 Total	2020 Total
Salaries and Wages	\$ 148,677	\$ 32,910	\$ 13,551	\$ 195,138	\$ 177,041
Payroll Taxes and Employee Benefits	29,562	6,613	2,723	38,898	35,056
Payroll Processing Service	1,740	389	160	2,289	1,678
Workers Comp Insurance	795	178	73	1,046	384
Annual Conference Expenses					
Production Expenses	8,711	-	-	8,711	63,011
Scholarships and Fellowships	-	-	-	-	13,727
Events and Workshops	-	-	-	-	32,543
Audio and Visual	-	-	-	-	16,278
Printing and Reproduction	-	-	-	-	4,846
Telephone and Telecommunications	7,315	861	430	8,606	10,097
Professional Services	-	7,428	-	7,428	26,851
Travel and Meetings Expenses	1,410	316	130	1,856	2,165
Membership Services	4,544	535	267	5,346	4,409
Advertising - License Plate Initiative	9,574	-	-	9,574	5,179
Office Supplies and Expense	4,014	472	237	4,723	1,555
Credit Card Processing Fees	1,866	221	110	2,197	4,987
Distance Learning	3,196	-	-	3,196	2,561
Advocacy Services	38,377	-	-	38,377	40,364
Dues, Subscriptions and Fees	2,134	251	126	2,511	2,903
Insurance	2,631	310	155	3,096	2,926
Equipment Rental and Maintenance	1,348	159	79	1,586	1,314
C.A.M. Fellows Stipends	-	-	-	-	(125)
Printing and Reproduction	1,866	220	110	2,196	1,471
Board Meetings Expenses	1,642	193	97	1,932	1,453
Postage and Delivery	1,631	192	96	1,919	1,319
Other Expenses	1,066	153	37	1,256	1,232
Consulting	12,667	12,391	-	25,058	2,826
Total Expenses	\$ 284,766	\$ 63,792	\$ 18,381	\$ 366,939	\$ 458,031

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

CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2021
(With Comparative Totals for August 31, 2020)

	August 31,	
	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 59,594	\$ 88,241
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
(Increase) Decrease in Operating Assets:		
Grants and Accounts Receivable	(74,018)	26,675
Prepaid Expenses	-	10,178
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	2,209	(8,999)
Refundable Advances	21,574	526
Accrued Payroll and Taxes	3,148	(784)
Accrued Vacation	(1,596)	3,202
Net Cash Provided By Operating Activities	<u>10,911</u>	<u>119,039</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	10,911	119,039
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>287,337</u>	<u>168,298</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 298,248</u>	<u>\$ 287,337</u>

**CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021**

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, 2021

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, 2021, 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, 2021.

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, 2021

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 \$9,574 during the fiscal year ended August 31, 2021.

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, 2021, the total value of accrued vacation benefit is \$6,653. 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, 2021**

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 2017 through 2020 remain open and could be subject to examination. For the state tax jurisdiction, the tax years 2016 through 2020 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, 2020, from which the summarized information was derived.

**CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021**

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 RECEIVABLE:

Grants receivable include amounts due from the State of California and the California Arts Council. 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, 2021.

NOTE 4 IN-KIND SUPPORT AND EXPENSE:

The Association received in-kind advocacy services in the amount of \$3,000 during the year ended August 31, 2021.

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, 2021, the Association's net assets with donor restrictions totaled \$33,250, restricted for general operating during the year ending August 31, 2022.

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

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. \$81,234 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	\$ 375,591
Less those unavailable for general expenditure within one year, due to:	
Restricted	<u>(0)</u>
for general expenditures within one year	<u>\$ 375,591</u>

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

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

The financial assets consist of cash in the amount of \$298,248 and grants receivable in the amount of \$77,343,

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 2021.

NOTE 8 REFUNDABLE ADVANCES:

The Organization records cost reimbursement grant awards as refundable advances until related expenses are incurred, at which time they are recognized as revenue.

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 the year ended August 31, 2021 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. 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, 2021**

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 was held virtually and the Association's revenues from this source decreased by 73%.

NOTE 11 - CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS:

The Association maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2021, the Association's uninsured cash balances totaled \$49,176.

NOTE 12 - CONTRACT COMMITMENTS:

As of August 31, 2021 the Association had contract commitments with consultants totaling \$24,820, to be disbursed during the year ending August 31, 2022.

NOTE 13 - DATE OF MANAGEMENT'S REVIEW:

The Association has evaluated events subsequent to August 31, 2021 to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through November 29, 2021, 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.