

**CALIFORNIA ASSOCIATION
OF MUSEUMS
(a California Not-For-Profit Corporation)
FINANCIAL STATEMENTS
August 31, 2016**

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CALIFORNIA ASSOCIATION OF MUSEUMS

AUGUST 31, 2016

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

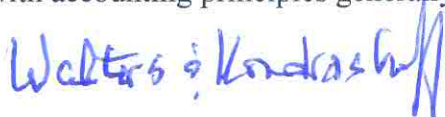
Board of Directors
California Association of Museums

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, 2016, 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.



Walters & Kondrasheff
Certified Public Accountants

November 9, 2016
Scotts Valley, California

EXHIBIT A

**CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2016**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 101,356
Grants and Accounts Receivable	40,131
Prepaid Expenses	<u>3,767</u>

Total Assets (All Current)	<u><u>\$ 145,254</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable	\$ 17,213
Accrued Payroll and Taxes	5,843
Accrued Vacation	<u>4,859</u>

Total Liabilities (All Current)	<u>27,915</u>
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Net Assets

Unrestricted	110,339
Temporarily Restricted	<u>7,000</u>

Total Net Assets	<u>117,339</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 145,254</u></u>
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**CALIFORNIA ASSOCIATION OF MUSEUMS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES			
Membership Dues	\$ 102,295	\$ -	\$ 102,295
Contributions and Grants			
Individual, Corporate and Foundations	39,625	7,000	46,625
Federal Grants	377,213	-	377,213
State Grants	18,300	-	18,300
In-Kind Support	6,280	-	6,280
Revenues			
Annual Conference	125,245	-	125,245
Job Listing Services	6,750	-	6,750
Annual Appeal	2,885	-	2,885
Salary Survey	960	-	960
Interest Income	7	-	7
Net Assets Released from Restrictions	-	-	-
	<u>679,560</u>	<u>7,000</u>	<u>686,560</u>
EXPENSES			
Program Expenses	619,205	-	619,205
Administrative Expenses	35,829	-	35,829
Fundraising Expenses	18,564	-	18,564
	<u>673,598</u>	<u>-</u>	<u>673,598</u>
CHANGE IN NET ASSETS	<u>5,962</u>	<u>7,000</u>	<u>12,962</u>
NET ASSETS, BEGINNING OF YEAR	106,315	-	106,315
PRIOR PERIOD ADJUSTMENT	<u>(1,938)</u>	<u>-</u>	<u>(1,938)</u>
NET ASSETS, BEGINNING OF YEAR AS ADJUSTED	<u>104,377</u>	<u>-</u>	<u>104,377</u>
NET ASSETS, END OF YEAR	<u>\$ 110,339</u>	<u>\$ 7,000</u>	<u>\$ 117,339</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, 2016

	Program Expenses	Administrative Expenses	Fundraising Expenses	Total
Salaries and Wages	\$ 114,006	\$ 18,332	\$ 14,753	\$ 147,091
Payroll Taxes and Employee Benefits	12,611	2,028	1,632	16,271
Payroll Processing Service	-	1,578	-	1,578
Workers Comp Insurance	1,231	198	159	1,588
Annual Conference Expenses				
Production Expenses	31,113	-	-	31,113
Scholarships and Fellowships	15,228	-	-	15,228
Events and Workshops	10,805	-	-	10,805
Audio and Visual	6,236	-	-	6,236
Printing and Reproduction	2,642	-	-	2,642
Museums United Project	225,626	-	-	225,626
Collaborative Learning Networks Project	109,962	-	-	109,962
License Plate Initiative, including in-kind	45,183	-	-	45,183
Professional Services	-	10,898	-	10,898
Telephone and Telecommunications	7,495	1,265	973	9,733
Membership Services	6,533	-	-	6,533
Travel and Meetings Expenses	4,974	-	-	4,974
C.A.M. Fellows Stipends	4,750	-	-	4,750
Advocacy Services	4,048	-	-	4,048
Credit Card Processing Fees	3,367	-	-	3,367
Office Supplies and Expense	2,279	369	284	2,932
Insurance	2,248	380	292	2,920
Donated Office Space	2,193	258	129	2,580
Other Expenses	2,010	-	-	2,010
Postage and Delivery	1,513	256	197	1,966
Printing and Reproduction	1,116	189	145	1,450
Board Meetings Expenses	1,353	-	-	1,353
Dues, Subscriptions and Fees	683	-	-	683
Bad Debt Expense	-	78	-	78
Total Expenses	<u>\$ 619,205</u>	<u>\$ 35,829</u>	<u>\$ 18,564</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, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 12,962
Adjustments to Reconcile Change in Net Assets to Cash Used by Operating Activities:	
(Increase) Decrease in Operating Assets:	
Grants and Accounts Receivable	21,434
Prepaid Expenses	(1,307)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(37,415)
Accrued Payroll and Taxes	1,339
Accrued Vacation	2,367
Net Cash Used By Operating Activities	<u>(620)</u>

CASH FLOWS FROM INVESTING ACTIVITIES -

CASH FLOWS FROM FINANCING ACTIVITIES -

NET DECREASE IN CASH AND CASH EQUIVALENTS (620)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 101,977

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 101,356

**CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016**

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, 2016

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, 2016, 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, 2016 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, 2016

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 \$8,115 during the fiscal year ended August 31, 2016.

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, 2016, the total value of accrued vacation benefit is \$4,859.

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, 2016

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 2012 through 2015 remain open and could be subject to examination. For the state tax jurisdiction, the tax years 2011 through 2015 remain open and subject to examination.

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.

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE 3 GRANTS AND ACCOUNTS RECEIVABLE:

Grants receivable, totaling \$39,131, 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 \$1,000, consists primarily of unconditional promises to give expected to be collected in the near future. The Association employs the direct write-off method, which management estimates to closely approximate generally accepted accounting principles. Bad debts expense totaled \$78 for the fiscal year ended August 31, 2016.

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. Professional marketing and creative consulting services in connection with the Association's Snoopy License Plate Project were contributed throughout the fiscal year ended August 31, 2016. The value of such services was estimated by management to total \$3,700. Accordingly, these amounts are presented on the statement of functional expenses on the applicable project line item, and the \$6,280 total is recognized as in-kind support in the statement of activities.

NOTE 5 CONCENTRATION OF GRANT REVENUE

Grants receivable totaling \$34,631, or 86% of grant receivables, is due from the Institute of Museum and Library Services (IMLS) at August 31, 2016. Such government grants from IMLS totaled \$377,213 or 55% of the Organization's revenues for the year ended August 31, 2016. Any significant reduction in the level of support from IMLS could negatively impact the Organization's ability to operate the full scope of current projects.

NOTE 6 PRIOR PERIOD ADJUSTMENTS

In connection with a recent change in the Organization's fiscal year end, accruals applicable to state grant revenue and payroll were discovered that have not historically been made. These accruals have been recorded as of August 31, 2016, resulting in a related reduction of beginning net assets totaling \$1,938.

CALIFORNIA ASSOCIATION OF MUSEUMS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE 7 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. At August 31, 2016, the Association's temporary restricted net assets were comprised of the following:

2016/17 Annual Conference	<u>\$ 7,000</u>
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NOTE 8 EVALUATION OF SUBSEQUENT EVENTS

The Association has evaluated events subsequent to August 31, 2016, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through November 9, 2016, 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.