THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The California Museum for History,
Women and the Arts
Sacramento, California

We have audited the accompanying financial statements of The California Museum for History, Women and the Arts (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The California Museum for History, Women and the Arts as of December 31, 2015 and 2014, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 6 to the financial statements, certain errors resulting in understatement of amounts previously reported for accounts receivable and revenue as of December 31, 2014, were discovered by management of the Organization during the current year. Accordingly, amounts reported for accounts receivable and revenue have been restated in the 2014 financial statements now presented, and an adjustment has been made to net assets as of December 31, 2014, to correct the error. Our opinion is not modified with respect to that matter.

Boden Klein + Sneesby

BODEN KLEIN & SNEESBY
Certified Public Accountants
Roseville, California
December 14, 2016

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS
Statements of Financial Position
December 31, 2015 and 2014

ASSETS

	2015	(as restated) 2014
Current assets:		
Cash and cash equivalents	$ 1,567,825	$ 1,514,601
Receivables	225,970	282,693
Prepaid expenses	7,714	9,794
Inventory	20,396	29,145
Total current assets	1,821,905	1,836,233
Property and equipment, net	55,822	57,440
Other assets:		
Collections	950,000	950,000
TOTAL ASSETS	$ 2,827,727	$ 2,843,673

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	$ 37,469	$ 16,677
Accrued expenses	25,709	34,991
Total current liabilities	63,178	51,668
Net assets:		
Unrestricted	$ 2,616,886	2,096,312
Temporarily restricted	147,663	695,693
Total net assets	2,764,549	2,792,005
TOTAL LIABILITIES AND NET ASSETS	$ 2,827,727	$ 2,843,673

See notes to financial statements.

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

Statement of Activities

For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions and grants	$ 914,613	$ 147,663	$ 1,062,276
Donated facilities and services	2,301,408	-	2,301,408
Admission fees	211,881	-	211,881
Memberships	13,590	-	13,590
Museum store	117,742	-	117,742
Program income	4,054	-	4,054
Interest income	755	-	755
Facility rental	73,734	-	73,734
Gold Rush Grille	19,500	-	19,500
Other income	7,132	-	7,132
Satisfaction of program requirements:			
Net assets released from restrictions	695,693	(695,693)	-
Total support and revenue	4,360,102	(548,030)	3,812,072
Expenditures:			
Exhibits and collections	3,224,770	-	3,224,770
Hall of Fame	39,974	-	39,974
Unity	3,071	-	3,071
Museum store	109,386	-	109,386
Facility rental	6,800	-	6,800
Education	95,685	-	95,685
Volunteer	17,112	-	17,112
Public information	105,840	-	105,840
Development and membership	13,718	-	13,718
General and administrative	223,172	-	223,172
Total expenditures	3,839,528	-	3,839,528
Change in net assets	520,574	(548,030)	(27,456)
Net assets, January 1, 2015	2,096,312	695,693	2,792,005
NET ASSETS, DECEMBER 31, 2015	$ 2,616,886	$ 147,663	$ 2,764,549

See notes to financial statements.

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

Statement of Activities (as restated)

For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions and grants	$ 627,345	$ 949,000	$ 1,576,345
Donated facilities and services	2,064,983	-	2,064,983
Admission fees	169,561	-	169,561
Memberships	7,212	-	7,212
Museum store	96,409	-	96,409
Program income	10,624	-	10,624
Interest income	1,231	-	1,231
Facility rental	113,999	-	113,999
Gold Rush Grille	18,000	-	18,000
Other income	17,269	-	17,269
Satisfaction of program requirements:			
Net assets released from restrictions	253,307	(253,307)	-
Total support and revenue	3,379,940	695,693	4,075,633
Expenditures:			
Exhibits and collections	2,523,730	-	2,523,730
Museum store	95,591	-	95,591
Education	75,420	-	75,420
Public information	76,498	-	76,498
Development and membership	118,785	-	118,785
General and administrative	109,151	-	109,151
Total expenditures	2,999,175	-	2,999,175
Change in net assets	380,765	695,693	1,076,458
Net assets, January 1, 2014	1,715,547	-	1,715,547
NET ASSETS, DECEMBER 31, 2014	$ 2,096,312	$ 695,693	$ 2,792,005

See notes to financial statements.

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Programs										
	Exhibits & Collections	Hall of Fame	Unity	Museum Store	Facility Rental	Education	Volunteer	Public Information	Development & Membership	General & Administrative	Total
Donated facilities and services	$2,300,038	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,370	$ -	$ -	$2,301,408
Exhibits	730,414	-	-	-	-	-	-	-	-	-	730,414
Personnel	130,195	-	-	32,321	2,731	44,612	13,202	79,210	-	152,956	455,227
Payroll tax and employee benefits	22,541	-	-	5,595	473	7,724	2,286	13,714	-	26,483	78,816
Purchases	-	-	-	55,488	-	-	-	-	-	-	55,488
Office expenses and supplies	4,623	21,307	-	2,479	3,374	4,103	237	1,780	1,191	3,657	42,751
Events and programs	3,757	6,480	-	-	222	28,651	1,318	-	-	-	40,428
Insurance	12,257	-	-	-	-	-	-	-	908	15,256	28,421
Professional fees	9,057	3,988	3,071	-	-	-	-	-	-	7,987	24,103
Advertising	8,776	-	-	-	-	2,403	-	3,867	-	-	15,046
Bank and processing fees	-	-	-	3,223	-	12	-	-	-	10,927	14,162
Printing	2,363	2,503	-	-	-	5,346	-	503	-	874	11,589
Dues, licenses and subscriptions	625	-	-	1,421	-	2,584	-	5,371	1,567	-	11,568
Education and training	-	-	-	-	-	-	-	-	10,000	735	10,735
Taxes and licenses	100	-	-	8,859	-	-	-	25	-	171	9,155
Travel, conference, and meetings	24	5,696	-	-	-	250	69	-	52	2,508	8,599
Depreciation and amortization	-	-	-	-	-	-	-	-	-	1,618	1,618
TOTAL EXPENSES	$3,224,770	$ 39,974	$3,071	$109,386	$6,800	$95,685	$17,112	$105,840	$ 13,718	$ 223,172	$3,839,528

See notes to financial statements.

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS
Statement of Functional Expenses
For the Year Ended December 31, 2014

	Programs						
	Exhibits & Collections	Museum Store	Education	Public Information	Development & Membership	General & Administrative	Total
Donated facilities and services	$ 2,064,983	$ -	$ -	$ -	$ -	$ -	$ 2,064,983
Personnel	122,651	27,541	59,337	62,785	103,845	50,077	426,236
Exhibits	234,873	-	-	-	-	-	234,873
Purchases	-	61,445	-	-	-	-	61,445
Payroll taxes and employee benefits	14,891	3,335	7,185	7,603	12,575	7,056	52,645
Advertising	37,574	-	-	5,016	-	-	42,590
Events and programs	36,682	-	-	-	-	-	36,682
Insurance	4,476	-	-	-	-	17,396	21,872
Office expenses and supplies	2,723	664	3,490	520	2,365	5,742	15,504
Bank and processing fees	-	2,606	-	-	-	9,052	11,658
Printing	3,068	-	1,041	574	-	6,337	11,020
Professional fees	-	-	-	-	-	7,558	7,558
Travel, conference, and meetings	1,196	-	4,367	-	-	253	5,816
Depreciation and amortization	-	-	-	-	-	3,258	3,258
Dues, licenses and subscriptions	-	-	-	-	-	2,148	2,148
Repair and maintenance	613	-	-	-	-	-	613
Promotion and entertainment	-	-	-	-	-	274	274
TOTAL EXPENSES	$ 2,523,730	$ 95,591	$ 75,420	$ 76,498	$ 118,785	$ 109,151	$ 2,999,175

See notes to financial statements.

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

	2015	(as restated) 2014
Cash flows from operating activities:		
Change in net assets	$ (27,456)	$ 1,076,458
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,618	3,258
Changes in operating assets and liabilities:		
Receivables	56,723	(277,201)
Prepaid expenses	2,080	(5,217)
Inventory	8,749	10,620
Accounts payable	20,792	(1,072)
Accrued expenses	(9,282)	(5,062)
Total adjustments	80,680	(274,674)
Net cash provided by operating activities and net increase in cash and cash equivalents	53,224	801,784
Cash and cash equivalents, beginning	1,514,601	712,817
CASH AND CASH EQUIVALENTS, ENDING	$ 1,567,825	$ 1,514,601

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Organization activities -

The California Museum for History, Women and the Arts (the Museum) is a nonprofit organization originally formed in 1987 as the California Archives Foundation and later changed its name to the Golden State Museum Public Benefit Corporation. The Museum's principal purpose is to operate the Museum, located in Sacramento, California pursuant to a Memorandum of Understanding and Operating Agreement between the Museum and the California Secretary of State.

b. Standards of reporting -

The Museum prepares its financial statements using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. In accordance with generally accepted accounting principles, The Museum reports information regarding its financial position and activities according to three net asset groups: unrestricted, temporarily restricted and permanently restricted. At December 31, 2015, the Museum had a balance of $147,663 of temporarily restricted net assets. The amount represented funds received for the Drought Grant and the Health Happens Here 2016 Maintenance Grant, which had not been spent at year end. At December 31, 2014, the Museum had a balance of $695,693 of temporarily restricted net assets. The amount represented funds received for the Examining Immigration's Impact on Health program, which had not been spent at year end. The Museum had no permanently restricted net assets at December 31, 2015 and 2014.

Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contribution or grant is recognized.

c. Receivables -

Management estimates that all receivables are fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

d. Inventory -

Inventory consists of merchandise at the Museum's retail store and is stated at cost using the first-in, first-out (FIFO) method.

e. Functional allocation of expenses -

The cost of providing the various programs and activities, have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supportive services benefited. During 2015, the Organization updated its program activities with the accounting software, and accordingly, some program categories have changed on the statement of functional expenses between the two years presented.

f. Use of estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

g. Property and equipment -

All acquisitions of property and equipment in excess of $500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

h. Income taxes -

The California Museum for History, Women and the Arts is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and corresponding state statutes. Additionally, the Organization has evaluated its tax returns for uncertain tax positions. There was no impact on the financial statements as a result of this evaluation. The Museum's tax returns are subject to examination by the taxing authorities for three years for federal purposes and four years for state purposes.

i. Cash equivalents -

The Museum considers certificates of deposit and securities with original terms of maturity of less than three months to be cash equivalents.

j. Concentration of credit risk -

The Museum maintains its cash balances with three financial institution. At times, throughout the year amounts may exceed federally insured limits.

k. Volunteer services -

The Museum relies on volunteer services in order to conduct museum docent activities. No value has been assigned to these services.

l. Reclassifications -

Certain amounts in the prior year financial statements have been reclassified to conform to current year classifications.

NOTE 2 - PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2015 and 2014 consisted of the following:

	2015	2014
Improvements	$ 19,296	$ 19,296
Office equipment	16,653	16,653
Store equipment	20,448	20,448
Computer and software	129,281	129,281
Other equipment	28,657	28,657
Total	214,335	214,335
Less accumulated depreciation	158,513	156,895
Net property and equipment	$ 55,822	$ 57,440

NOTE 3 - COLLECTIONS:

Collections consist of a statue donated to the Museum during 2006 with an appraised value of $950,000.

NOTE 4 - RETIREMENT PLAN:

The Museum maintains a 401(k) plan which allows employees to defer a portion of their salary up to Internal Revenue Code limits. At the Museum's discretion it may provide for a 3 percent matching contribution. For the years ended December 31, 2015 and 2014, the Organization made no matching contribution to the retirement plan.

NOTE 5 – DONATED FACILITIES AND SERVICES:

Donated facilities and services revenue and expense represents the fair market value of the use of facilities and personnel services provided under an agreement with the California Secretary of State. In addition, the Museum may receive other in kind equipment and supplies donations throughout the year.

NOTE 6 – CORRECTION OF ERROR:

During 2015, management determined that certain errors caused accounts receivable and revenue to be understated at December 31, 2014. Accordingly, the applicable 2014 amounts have been restated in these financial statements. Following is a summary of the line items from the 2014 financial statements that were restated.

	As Previously Reported	Adjustment	As Restated
Statement of Financial Position:			
Cash	$ 1,517,451	$ (2,850)	$ 1,514,601
Receivables	19,153	263,540	282,693
Accrued expenses	32,391	2,600	34,991
Unrestricted net assets	1,665,865	430,447	2,096,312
Temporarily restricted assets	868,050	(172,357)	695,693
Statement of Activities:			
Contributions and grants	1,312,805	263,540	1,576,345
Facility rental	119,449	(5,450)	113,999
Statement of Cash Flows:			
Receivables	(13,661)	(263,540)	(277,201)
Accrued expenses	(7,662)	2,600	(5,062)

NOTE 7 – SUBSEQUENT EVENTS:

Management has evaluated subsequent events through December 14, 2016, the date on which the financial statements were available to be issued.