

**ORAL HISTORY ASSOCIATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017 AND 2016**

## TABLE OF CONTENTS

	<u>PAGE</u>
Independent accountants' review report	1-2
Financial statements:	
Statements of financial position	3
Statements of activities and changes in net assets	4
Statements of cash flows	5
Notes to financial statements	6-11
Supplemental Information:	
Schedules of Functional Expenses	12



RHODES, YOUNG, BLACK & DUNCAN  
ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Oral History Association  
Atlanta, GA 30303

We have reviewed the accompanying financial statements of Oral History Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years 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 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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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.

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## **Accountants' 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.

## **Supplemental Information**

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying schedules of functional expenses is presented only for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

*Rhodes, Young, Blotk + Duncan*

June 29, 2018

**ORAL HISTORY ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016**

**ASSETS**

	<b>2017</b>	<b>2016</b>
<b>Current Assets</b>		
Cash	\$ 134,025	\$ 134,357
Accounts receivable	25,312	33,200
Sponsorships receivable	2,000	8,806
Prepaid expenses	4,180	2,088
<b>Total Current Assets</b>	165,517	178,451
 <b>Noncurrent Assets</b>		
Investments	456,162	420,902
<b>Total Assets</b>	\$ 621,679	\$ 599,353

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts payable	\$ 9,403	\$ 11,458
Unearned revenue	27,572	21,217
<b>Total Current Liabilities</b>	36,975	32,675
Long-term portion of unearned revenue	25,088	28,513
<b>Total Liabilities</b>	62,063	61,188
 <b>Net Assets</b>		
Unrestricted	559,616	538,165
<b>Total Net Assets</b>	559,616	538,165
<b>Total Liabilities and Net Assets</b>	\$ 621,679	\$ 599,353

See independent accountants' review report and accompanying notes.

**ORAL HISTORY ASSOCIATION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>Unrestricted Net Assets</b>		
Unrestricted Revenue and Support		
Publications	\$ 114,190	\$ 121,447
Membership dues	44,210	45,188
Annual meeting	88,813	105,366
Contributions	7,670	14,738
Workshops	5,158	8,305
In-kind income	103,961	94,005
Net realized and unrealized gain on investments	53,835	27,638
Interest income	55	72
Total unrestricted revenue and support	417,892	416,759
 Expenses		
Program services	293,115	284,113
Supporting services		
Fundraising	14,223	14,899
Management and general	89,103	76,713
Total expenses	396,441	375,725
 Increase in unrestricted net assets	21,451	41,034
 Increase in Net Assets	21,451	41,034
 <b>Net assets at the beginning of the year</b>	538,165	497,131
 <b>Net assets at end of year</b>	\$ 559,616	\$ 538,165

See independent accountants' review report and accompanying notes.

**ORAL HISTORY ASSOCIATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in unrestricted net assets	\$ 21,451	\$ 41,034
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized gain on investments	(53,835)	(27,638)
Changes in current assets and liabilities:		
Accounts receivable	7,888	(5,776)
Prepaid expenses	(2,092)	(250)
Sponsorships receivable	6,806	(15,806)
Accounts payable	(2,055)	4,827
Unearned revenue	2,930	(324)
NET CASH USED BY OPERATING ACTIVITIES	<u>(18,907)</u>	<u>(3,933)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from redemption of investments	38,838	-
Purchase of investments	<u>(20,263)</u>	<u>(12,300)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>18,575</u>	<u>(12,300)</u>
 NET DECREASE IN CASH	(332)	(16,233)
 CASH AT THE BEGINNING OF THE YEAR	<u>134,357</u>	<u>150,590</u>
 CASH AT END OF YEAR	<u>\$ 134,025</u>	<u>\$ 134,357</u>

See independent accountants' review report and accompanying notes.

**ORAL HISTORY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Note 1. Nature of Operations and Summary of Significant Accounting Policies:**

*Description of Organization:*

Oral History Association ("the Organization") is a 501(c)(3) organization incorporated in the state of New York. The Organization is a membership organization that provides a means for effective cooperation among people concerned with documenting and preserving oral history. The Organization engages with policy makers, educators, and others to help foster best practices and encourages support for oral history and oral historians and publishes a journal as well as newsletters and pamphlets.

*Basis of Accounting:*

The financial statements of the Organization have been prepared under U.S. generally accepted accounting principles.

*Use of 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, the reported revenues and expenses. Actual results could differ from those estimates.

*Unearned Revenue:*

Membership income is deferred and recognized over the period to which the related income relates. Lifetime memberships are recognized over a period of 20 years.

*Accounts Receivable:*

Accounts receivable represent amounts that have been billed but not collected as of the date of the financial statements. All accounts receivable represent amounts owed by the Organization's publisher under a publishing agreement. Accounts receivable are stated at the amount management expects to be collected from the outstanding balance. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2017 and 2016, management has determined that, based on historical experience, all amounts are fully collectible and no allowance for doubtful accounts is necessary.

*Reclassifications*

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**ORAL HISTORY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued):**

*Revenues and contributions:*

Revenue associated with membership is recognized when earned. Program revenue consists primarily of publication of a journal and newsletters and an annual meeting for which sponsorships and meeting attendance fees are collected. Program revenue is recognized when the associated services are completed. Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Contributions are considered to be unrestricted unless specifically restricted by the donor. The Organization reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the statements of activities and changes in net assets.

*Expense Allocation:*

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

*Investments:*

The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

*Fair Value:*

The Organization complies with FASB ASC 820 Fair Value Measurements and Disclosures (ASC 820), which provides a framework for measuring fair value. The guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Valuation inputs used to determine fair value are arranged in a hierarchy that categorizes the inputs into three broad levels, which are as follows:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are directly or indirectly observable valuation inputs for the asset or liability, excluding Level 1 inputs.

Level 3 inputs are unobservable inputs for the asset or liability.

**ORAL HISTORY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued):**

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Organization's investments in available for sale securities are valued using Level 1 inputs and are based on unadjusted quoted market prices within active markets. As of December 31, 2017 and 2016 the Organization has no Level 2 or Level 3 investments and there were no transfers between the levels.

*Net Assets:*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time. As of December 31, 2017 and 2016, there were no temporarily restricted net assets.

Permanently restricted net assets – Net assets subject to donor-imposed or other legal restrictions requiring the principal be maintained permanently by the Organization. As of December 31, 2017 and 2016, there were no permanently restricted net assets.

*Board-designated Endowment:*

As of December 31, 2017 and 2016, the Board of Trustees had designated \$456,162 and \$420,902, respectively, of unrestricted net assets as a general endowment fund to support the mission of the Organization. This amount is classified as "Investments" on the accompanying statements of financial position. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Organization has a spending policy of appropriating for distribution each year 5% of its board-designated endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its general endowment fund to grow at an average of 5% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

**ORAL HISTORY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued):**

To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the fund. Accordingly, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Composition of and changes in endowment net assets for the years ended December 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Board-designated endowment net assets, beginning of year	\$ 420,902	\$ 380,964
Contributions	-	2,756
Lifetime memberships	-	3,388
Investment income	6,459	5,669
Net appreciation in investments	28,801	34,269
Amounts appropriated for expenditure	-	(6,144)
Board-designated endowment net assets, end of year	<u>\$ 456,162</u>	<u>\$ 420,902</u>

*Tax Status:*

The Organization has received a letter effective June 1968, from the Internal Revenue Service stating that the Organization has been recognized as exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code and that the Organization is an organization of the type described in Section 509(a)(2) of the Internal Revenue Code and is not a private foundation. It is similarly recognized as tax exempt in the State of Georgia. Therefore, no income tax provision has been included in the financial statements.

The Organization applies the guidance on accounting for uncertain tax positions in FASB ASC 740 Income Taxes (“FASB AS 740”). There were no unrecognized tax benefits or related liabilities at December 31, 2017 and 2016.

The Organization is no longer subject to income tax examinations for calendar years up to and including 2014.

**ORAL HISTORY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued):**

*Agreement with Publisher*

The Organization has an agreement with a publisher whereby the publisher produces and distributes a journal annually to all of the Organization's members. The Organization receives 55% of the net profit from subscriptions and the Publisher retains 45% of the net profit as a fee for distribution and production. The agreement is in effect through December 31, 2019 or through the publication of volume 46, whichever occurs sooner and continues thereafter for successive 3 year periods unless terminated by either party with twelve months' notice.

**Note 2. Memorandum of Understanding and In-Kind Revenue:**

The Organization operates under a memorandum of understanding as amended ("MOU") with Georgia State University ("University") whereby University provides office space and furnishings, computer equipment and software, necessary office equipment and salaries for graduate assistants. The MOU became effective January 1, 2013 and had an initial term of five years ending December 31, 2017. It also provided the salary for a program associate through June 30, 2016. On October 5, 2016 the MOU was amended effective July 1, 2016 to remove the program associate salary which was paid directly by the Organization from July 1, 2016 forward. Under the MOU the Organization pays an annual fee to the University to offset a portion of these costs with the remainder of the costs incurred by the University being contributed as an in-kind donation. For the years ended December 31, 2017 and 2016 the amount paid by the Organization under that contract were \$36,050 and \$22,327, respectively.

The fair value of donated salaries associated with the MOU was \$5,308 and the fair value of donated rent was \$51,840 for the year ended December 31, 2017 and the Organization recorded in-kind revenue, salary expense and rent expense for the year ended December 31, 2017. The fair value of donated salaries associated with the MOU was \$28,692 and the fair value of donated rent was \$40,320 for the year ended December 31, 2016 and the Organization recorded in-kind revenue, salary expense and rent expense for the year ended December 31, 2016.

During 2017 and 2016 the Organization had an acting executive director whose salary was paid by the University of Arizona as an in-kind donation. The fair value of the donated salaries was \$46,813 and \$47,320 for the years ended December 31, 2017 and 2016, respectively.

**Note 3. Investments:**

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statement of activities and changes in net assets. The investments have been valued using Level 1 inputs, which are based on unadjusted quoted market prices within active markets.

**ORAL HISTORY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Note 3. Investments (continued):**

The investment portfolio consisted of the following at December 31:

<u>Cash, Money Market and Treasury Funds</u>	<u>2017</u>	<u>2016</u>
Federal Money Market Fund	\$ 182,886	\$ 167,311
Total Cash, Money Market and Treasury Funds	<u>182,886</u>	<u>167,311</u>
<u>Mutual Funds</u>		
Vanguard 500 Index Fund	<u>273,276</u>	<u>253,591</u>
Total Mutual Funds	<u>273,276</u>	<u>253,591</u>
Total	<u>\$ 456,162</u>	<u>\$ 420,902</u>
	<u>2017</u>	<u>2016</u>
Investments, beginning of year	\$ 420,902	\$ 380,964
Purchase of investments	20,263	12,300
Sales of investments	(38,838)	-
Dividends reinvested	6,459	5,669
Realized and unrealized losses	<u>47,376</u>	<u>21,969</u>
Investments, end of year	<u>\$ 456,162</u>	<u>\$ 420,902</u>

**Note 4. Subsequent Events**

On August 15, 2017 the Organization signed a contract with Middle Tennessee University (MTSU) making MTSU the administrative home of the Organization effective January 1, 2018. The contract has a term of 5 years ending on December 31, 2022. Under the contract MTSU will provide office space and furnishings, computer equipment and software, necessary office equipment and salaries for graduate assistants. It also will provided the salaries for two co-directors to lead the Organization. These costs paid by the University on the Organizations' behalf will be contributed as an in-kind donation.

Management has evaluated subsequent events through June 29, 2018, the date the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

**ORAL HISTORY ASSOCIATION  
SCHEDULES OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Expenses	<u>For the year ended December 31, 2017</u>				<u>For the year ended December 31, 2016</u>			
	Program Services	<u>Supporting Services</u>			Program Services	<u>Supporting Services</u>		
		Management and General	Fundraising	Total		Management and General	Fundraising	Total
Advertising	\$ 1,250	\$ -	\$ 1,250	\$ 2,500	\$ 2,364	\$ -	\$ 2,363	\$ 4,727
Annual meeting	80,368	-	-	80,368	55,150	-	-	55,150
Bank charges	3,760	1,446	578	5,784	4,073	1,249	499	5,821
Council meetings	15,761	-	-	15,761	8,598	-	-	8,598
Events	-	-	-	-	33,821	-	-	33,821
Insurance	170	213	43	426	200	213	43	456
Membership initiatives	1,500	-	-	1,500	-	-	-	-
Miscellaneous expense	-	-	-	-	1,221	1,352	-	2,573
Office expense	-	2,612	-	2,612	-	1,924	-	1,924
Professional fees	-	8,910	-	8,910	-	8,500	-	8,500
Publications	98,639	-	-	98,639	98,024	-	-	98,024
Rent expense	20,736	25,920	5,184	51,840	16,128	20,160	4,032	40,320
Scholarships	14,750	-	-	14,750	13,950	-	-	13,950
Technology	8,863	1,508	603	10,974	8,327	1,508	603	10,438
Telephone	512	-	47	559	1,079	-	47	1,126
Travel	7,578	-	114	7,692	5,317	-	114	5,431
Workshops	3,960	-	-	3,960	5,456	-	-	5,456
Salaries	35,268	48,494	6,404	90,166	30,405	41,807	7,198	79,410
Total expenses	<u>\$ 293,115</u>	<u>\$ 89,103</u>	<u>\$ 14,223</u>	<u>\$ 396,441</u>	<u>\$ 284,113</u>	<u>\$ 76,713</u>	<u>\$ 14,899</u>	<u>\$ 375,725</u>

See independent accountants' review report.