

***Museum of Contemporary Art
San Diego***

*Financial Statements as of and for the Year Ended June 30,
2019 (With Comparative Summarized Financial Information
for the Year Ended June 30, 2018), Independent Auditors'
Report, and Supplemental Schedules for the Year Ended June
30, 2019*

MUSEUM OF CONTEMPORARY ART SAN DIEGO
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3-4
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019 (With Comparative Summarized Financial Information as of and for the Year Ended June 30, 2018):	
Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows	7
Notes to Financial Statements	8-26
SUPPLEMENTAL SCHEDULES FOR THE YEAR ENDED JUNE 30, 2019:	
Statement of Functional Expenses	28
Schedule of Budgeted and Actual Expenditures of City Funds—Special Promotional Fund Award	29



INDEPENDENT AUDITORS' REPORT

To the Audit Committee of
Museum of Contemporary Art of San Diego
San Diego, CA

We have audited the accompanying financial statements of the **Museum of Contemporary Art of San Diego** (the "Museum"), which comprise the statements of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' judgment, including the assessment of the risks of material misstatement of the 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 policies 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 Museum as of June 30, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Report on Summarized Comparative Information

We have previously audited the Museum's 2018 financial statements, and our report dated November 16, 2018 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of functional expenses and schedule of budgeted and actual expenditures of City funds are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019 the Museum adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Mayer Hoffman McCann P.C.

San Diego, California
November 25, 2019

MUSEUM OF CONTEMPORARY ART SAN DIEGO

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED JUNE 30, 2019

(With Comparative Summarized Financial Information for the Year Ended June 30, 2018)

ASSETS	2019	2018
Current Assets:		
Cash and cash equivalents	\$ 11,406,415	\$ 869,209
Unrestricted investments	2,514,494	2,523,307
Accounts receivable	234,188	386,003
Pledges and grants receivable, net - current portion	14,570,471	1,483,244
Inventory	272,633	273,452
Prepaid expenses and current other assets	336,208	130,723
Total current assets	29,334,409	5,665,938
Non-Current Assets:		
Pledges and grants receivable, net - long-term portion	9,116,375	5,754,997
Property and equipment - net	43,593,825	36,765,311
Property held for sale	-	9,500,000
Restricted cash and investments	38,311,234	37,851,456
Other assets	113,685	116,656
	\$ 120,469,528	\$ 95,654,358
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 4,153,112	\$ 1,710,259
Deferred revenue - current portion	499,321	465,186
Line of credit	-	500,000
Capital leases - current portion	12,986	14,464
Total current liabilities	4,665,419	2,689,909
Non-Current Liabilities:		
Deferred compensation	873,467	1,130,725
Deferred revenue - long-term portion	707,345	720,475
Long-term debt, net of deferred financing costs	3,214,170	3,198,790
Capital leases - long-term portion	-	12,137
Total liabilities	9,460,401	7,752,036
Net Assets:		
Without donor restrictions	35,845,845	22,573,639
With donor restrictions	75,163,282	65,328,683
Total net assets	111,009,127	87,902,322
	\$ 120,469,528	\$ 95,654,358

The accompanying notes are an integral part of these financial statements.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

(With Comparative Summarized Financial Information for the Year Ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019	2018
SUPPORT AND REVENUES:				
SUPPORT:				
Contributions	\$ 10,668,312	\$ 19,187,339	\$ 29,855,651	\$ 13,027,963
City and County of San Diego grants	293,941	11,375	305,316	469,547
State and Federal grants	-	34,200	34,200	74,750
Net assets released from restrictions	9,579,516	(9,579,516)	-	-
Total support	20,541,769	9,653,398	30,195,167	13,572,260
REVENUES:				
Special events	884,574	-	884,574	2,133,463
Unrealized gain (loss) on investments	(924,372)	(61,228)	(985,600)	836,516
Dividend and interest income	1,043,424	89,554	1,132,978	997,729
Membership	543,027	-	543,027	529,983
Auditorium/Museum space rental	-	-	-	11,169
Realized gain on investments	1,673,344	152,875	1,826,219	1,710,378
Other income	147,607	-	147,607	144,599
Museum beverage service ("MBS")	-	-	-	5,606
Touring exhibit fees	34,873	-	34,873	170,299
Admission fees	47,445	-	47,445	38,301
Publication sales	5,574	-	5,574	14,923
Educational programs and lectures	15,037	-	15,037	12,721
Total revenues	3,470,533	181,201	3,651,734	6,605,687
Total support and revenues	24,012,302	9,834,599	33,846,901	20,177,947
EXPENSES:				
Program services:				
Exhibitions	2,440,644	-	2,440,644	2,374,734
Permanent collections, circulation and accessions	1,680,003	-	1,680,003	1,640,296
Auditorium/Museum space rental	-	-	-	78,950
Membership support	546,732	-	546,732	510,764
Education, performances and library	573,814	-	573,814	623,480
Curatorial	410,029	-	410,029	345,693
Publications	16,928	-	16,928	122,767
Total program services	5,668,150	-	5,668,150	5,696,684
Supporting services:				
General and administrative	1,965,457	-	1,965,457	2,054,754
Special events	257,528	-	257,528	1,128,851
Advancement	453,236	-	453,236	380,838
Communications	254,177	-	254,177	245,678
Building expansion	2,137,922	-	2,137,922	172,762
Museum beverage service	3,626	-	3,626	4,605
Total supporting services	5,071,946	-	5,071,946	3,987,488
Total expenses	10,740,096	-	10,740,096	9,684,172
CHANGE IN NET ASSETS	13,272,206	9,834,599	23,106,805	10,493,775
NET ASSETS - Beginning of year	22,573,639	65,328,683	87,902,322	77,408,547
NET ASSETS - End of year	\$ 35,845,845	\$ 75,163,282	\$ 111,009,127	\$ 87,902,322

The accompanying notes are an integral part of these financial statements.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

(With Comparative Summarized Financial Information for the Year Ended June 30, 2018)

	2019	2018
Cash Flows From Operating Activities:		
Change in net assets	\$ 23,106,805	\$ 10,493,775
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized gain on investments	(840,619)	(2,546,894)
Depreciation and amortization	858,656	1,005,957
Contributions of stock and securities	(1,117,305)	(455,741)
Contribution restricted for long-term investments	(1,131,921)	(1,048,755)
Contribution of property	-	(9,500,000)
(Gain) Loss on sale of equipment and property held for sale	2,002,643	(3,807)
Uncollectible receivable	19,459	-
Changes in assets and liabilities:		
Accounts receivable	151,815	(145,139)
Pledges and grants receivable	(16,468,064)	1,475,498
Inventory	819	(369)
Prepaid expenses and other assets	(202,514)	80,120
Accounts payable and accrued expenses	2,442,854	27,767
Deferred revenue	21,005	(134,840)
Deferred compensation	(257,258)	159,033
Net cash from operating activities	<u>8,586,375</u>	<u>(593,395)</u>
Cash Flows From Investing Activities:		
Proceeds from sales of investments	11,114,992	5,304,284
Purchases of investments	(9,608,033)	(6,159,871)
Proceeds from sale of equipment	-	9,000
Proceeds from sale of property held for sale	7,500,538	-
Purchases of property and equipment	(7,674,972)	(2,940,060)
Net cash from investing activities	<u>1,332,525</u>	<u>(3,786,647)</u>
Cash Flows From Financing Activities:		
Net borrowings/(payments) on line of credit	(500,000)	500,000
Payments on capital lease	(13,615)	(18,154)
Contributions restricted for long-term use	1,131,921	1,048,755
Net cash from financing activities	<u>618,306</u>	<u>1,530,601</u>
Net Change in Cash and Cash Equivalents	<u>10,537,206</u>	<u>(2,849,441)</u>
Cash and Cash Equivalents - Beginning of year	<u>869,209</u>	<u>3,718,650</u>
Cash and Cash Equivalents - End of year	<u>\$ 11,406,415</u>	<u>\$ 869,209</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 86,620</u>	<u>\$ 69,232</u>

Non-cash Investing and Financing Activities:

During 2018, the Museum had approximately \$828,000 of fixed asset additions within accounts payable.

The accompanying notes are an integral part of these financial statements.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The **Museum of Contemporary Art San Diego** (the “Museum”) - one museum with three distinct, complementary locations in San Diego and La Jolla, California - is a visual arts institution with an international constituency. The Museum aims to culturally enrich the lives of residents and visitors from around the world with collections, exhibitions and programs that focus on the art and artists of our time. The general purposes of the Museum are to acquire, exhibit and preserve works of art created since 1950 for the benefit of future generations, to foster the work of living artists and to promote an awareness and appreciation of the value of emerging artistic creativity through an active education program for adults and young people, to present and interpret significant developments in contemporary art, and to offer the public broad, balanced perspectives on contemporary art. The Museum’s programs are supported primarily by contributions and investment returns.

Basis of Presentation - The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the authoritative guidance related to not-for-profit entities. Accordingly, the Museum 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.

Contributions of goods are recognized in the financial statements if the goods received (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Museum reports such contributions at their estimated fair value when received. Included in contributions without donor restrictions and related expenses for 2019, is approximately \$115,000 of contributed goods and services.

Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions. Absent explicit donor stipulation about how long these long-lived assets must be maintained, the Museum reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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

Net Assets Without Donor Restrictions – Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reporting in the without donor restrictions net asset class because the use of restricted contributions in accordance with donors’ stipulations results in the release of such restrictions.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Net Assets With Donor Restrictions – Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of the Museum. Net assets with donor restrictions are designated by donors for specific purposes, and include unconditional pledges, split-interest agreements, interests in trusts held by others, and accumulated appreciation on donor-restricted endowments which have not been appropriated by the Board of Directors (the “Board”) for distribution. Some net assets with donor restrictions are required by donors to be held in perpetuity.

Expirations of restrictions on net assets as the result of the passage of time and/or fulfilling donor-imposed stipulations are reported as net assets released from restrictions between the applicable classes of net assets in the statement of activities.

Grants - City and County of San Diego grants and other grants are recognized as without donor restrictions or with donor restrictions, depending on the stipulations of the grant agreements. When a grant restriction expires, stipulated time restrictions end or purpose restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Grants whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Pledges and Grants Receivable - Unconditional promises to give are recorded as pledges receivables, and revenues in the period received. Pledges receivable consist of unconditional promises to give. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts to present value are computed using risk adjusted rates applicable in the years in which those promises are received. Risk adjusted interest rates ranged from approximately 1.18% to 2.87% per annum.

Amortizations of the discounts are included in contributions. Conditional promises to give are not recorded as contributed income until the conditions are substantially met.

Cash Equivalents - For financial statement purposes, the Museum considers all highly liquid investments without donor restrictions with a maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are accounted for in accordance with the authoritative guidance. Under the provisions of the authoritative guidance, investments in equity securities with readily determinable fair market values and all debt securities should be reported at fair market value with gains and losses included in the statement of activities. Realized gains or losses recognized on the sale of securities are based upon the original cost of the security, as determined by the specific identification method. Unrealized gains and losses represent the change in the fair market value of the individual investments for the year or since the acquisition date if acquired during the year and are recorded in the statement of activities as part of current year operations.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

During 2019, investments consisted of U.S. government securities and other debt and equity securities and are recorded at fair market value. The fair value of investments in securities traded on national security exchanges is valued at the closing price on the last business day of the fiscal year. Securities are generally held in custodial investment accounts administered by certain financial institutions.

Investments are made according to the Investment Policy Statement adopted by the Museum's Board of Trustees. These guidelines provide for investments in equities, fixed income, and other securities with performance measured against appropriate indices. Outside parties are contracted by the Museum for the purpose of providing investment management and consulting.

Property and Equipment - Property and equipment is stated at cost or, in the case of donated property and equipment, at fair value at the date of gift, less accumulated depreciation. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets, which is 25 to 50 years for buildings, the lesser of the useful life or the lease term for leasehold improvements, and 3 to 10 years for furniture and equipment. The Museum capitalizes acquisitions of property and equipment in excess of \$1,000.

Real property held for sale - Real property held for sale is stated at estimated fair value at the date of donation. The Museum records impairment losses when indicators of impairment are present. The fair value is determined using market prices of similar properties and an independent appraisal. This property was sold in fiscal year 2019 for approximately \$7,500,000.

Collections - The permanent collection of the Museum consists of paintings, sculpture, installations, works on paper (including photography), video, and other media.

The cornerstone of any museum is its collection. It is the responsibility of the Museum to acquire objects for its collection, to maintain them for use in exhibitions, education and research, and to preserve the collection in perpetuity. Acquisition and preservation of objects are the primary responsibilities of the Board of Trustees, the executive director and the curatorial staff.

The collections, which were acquired through purchases and contributions since the Museum's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired. Contributed collection items are not reflected in the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Charitable Remainder Trusts - The Museum is a beneficiary of certain trust funds held by others and has recorded an asset for the net present value of the estimated future amount to be received from such trusts. Charitable remainder trusts are trusts established in connection with a split-interest agreement, in which the donor or a third-party beneficiary receives specified distributions during the agreement's term. Upon termination of the trust, the Museum receives the assets remaining in the trust. The present values are calculated by using recent life expectancy tables and risk adjusted discount rates of between 2.39% and 2.77% as of June 30, 2019.

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. At least annually, Management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information. The Museum did not receive any new charitable trusts during fiscal year 2019. During 2019, the present value of the expected future benefit to the Museum of these assets decreased by approximately \$59,000. At June 30, 2019, these assets were valued at approximately \$912,000 and are included in the long-term portion of pledges and grants receivable on the statement of financial position.

Inventory - Inventory, consisting primarily of merchandise held for sale in the Museum's stores, is carried at the lower of cost, determined principally on a first-in, first-out basis, or net realizable value.

Other Assets - In December 2008, the Museum purchased a Type 47 Liquor License and established a DBA called Museum Beverage Services. Total costs related to the purchase equaled approximately \$102,000 and consisted of legal, escrow fees, and miscellaneous other costs. These costs were capitalized in accordance with the authoritative guidance and are included in long-term other assets.

The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the owner. As management has determined that the license has an indefinite life, the Museum has not amortized the license. The Museum performs an impairment analysis, and evaluates the useful life on an annual basis to determine whether events and circumstances continue to support an indefinite useful life and the carrying amount. There was no impairment as of June 30, 2019.

Deferred Revenue - Deferred revenue represents amounts collected in advance for exhibitions, membership fees, special events, and rental income. Such amounts are recognized as revenue in the period in which they are earned.

Deferred Rent - Rent expense is recorded on a straight-line basis over the term of the lease.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Income Taxes - The Museum is a not-for-profit organization and is exempt from federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. The Museum, however, may be subject to tax on income which is not related to its exempt purpose. The Museum had no unrelated business income tax for the year ended June 30, 2019.

The Museum evaluates their uncertain tax positions, if any, on a continual basis through review of their policies and procedures, review of their regular tax filings, and discussions with outside experts. At June 30, 2019 and 2018, management believes the Museum did not have any uncertain tax positions.

At June 30, 2019, the federal statute of limitation remains open for the 2017 through 2019 years. The statute of limitations for the state income tax returns remains open for the 2016 through 2019 years.

Use of Estimates - The preparation of financial statements in conformity with U.S. 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 statement of financial position and the reported amounts of revenues and expenses during years presented. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the estimated future cash flow of charitable remainder trusts, pledges and grants receivables, and deferred liability calculations.

Credit Risk - The Museum invests in various types of marketable securities and money market funds, and has established guidelines relative to diversification and maturities that target certain safety and liquidity risk levels. These guidelines are periodically reviewed and modified to take advantage of trends in yields and interest rates.

The Museum invests in various investment securities, including U.S. government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

The Museum maintains cash balances at banks located in San Diego. Accounts at these institutions are secured up to the Federal Deposit Insurance Corporation limits. At times, balances may exceed federally insured limits. The Museum has not experienced any losses in such accounts. Management believes that the Museum is not exposed to any significant credit risk with respect to its cash and cash equivalents.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Fair Value Measurements - Authoritative guidance establishes a common definition for fair value to be applied to generally accepted accounting principles in the U.S. requiring use of fair value, establishes a framework of measuring fair value, and expands disclosures about such fair value measurements.

Fair value is defined as the hypothetical price (excluding transaction costs) that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined based on the assumptions that market participants would use in pricing the asset or liability.

Endowment Net Assets - Authoritative guidance provides direction on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”). The State of California approved a version of UPMIFA in September 2008 with an effective date of January 1, 2009.

Prior Year 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 constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Museum’s audited financial statements for the year ended June 30, 2018, from which the summarized information was derived.

New accounting pronouncement

In August of 2016, the financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This standard changes presentation and disclosure requirements of not-for-profit entities. The primary changes are a decrease in the number of net asset classes from three to two, reporting of the underwater amounts of donor-restricted information on how the not-for-profit entity manages its liquid available resources and liquidity risks and requiring reporting of expenses by function and nature, as well as enhanced endowment disclosures. This standard is effective for all fiscal years beginning after December 15, 2017 and the Museum has adjusted the presentation of the these statements accordingly.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

2. AVAILABILITY AND LIQUIDITY

The Museum strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects the Museum's financial assets as of June 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include certain donor restricted investments as more fully described in Note 10.

Financial assets at year end:

Cash	11,406,415
Investments	40,825,728
Grants and pledges receivable	23,686,846
Total financial assets	<u>75,918,989</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	75,163,282
Less: Net assets with purpose restrictions to be met in less than a year	
Current grants and pledges	(14,570,471)
Accessions (Due from ops)	(214,771)
Unrestricted investments	(2,514,494)
	<u>57,863,546</u>
Financial assets available to meet general expenditures over the next 12 months	<u><u>18,055,443</u></u>

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

3. INVESTMENTS

Investments are carried at fair value based on quoted market prices and at June 30, 2019, consisted of the following:

Equity securities	\$ 28,204,219
Fixed income securities	7,161,348
Commodities	1,848,999
Real estate	2,831,783
Cash	779,379
	<u>40,825,728</u>
	<u>\$ 40,825,728</u>

The Museum's investment activities for 2019 resulted in dividend and interest income of approximately \$1,133,000, net realized and unrealized gain on investments of approximately \$841,000 and total fees of approximately \$168,000.

4. PLEDGES AND GRANTS RECEIVABLE

As of June 30, 2019, the Museum has unconditional pledges and grants receivable which are due as follows:

Within one year	\$ 14,570,471
One to five years	8,157,794
Greater than five years	2,799,812
	<u>25,528,077</u>
Less unamortized discount	<u>(1,841,231)</u>
	<u>\$ 23,686,846</u>

Based on its history of collections and an assessment of existing receivables, management of the Museum believes that no allowance for doubtful pledges, grants, and other receivables is necessary at June 30, 2019. Pledges receivable from related parties totaled approximately \$5,570,000 at June 30, 2019.

MUSEUM OF CONTEMPORARY ART SAN DIEGO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019:

Buildings and leasehold improvements	\$ 35,357,389
Furniture and equipment	<u>5,094,420</u>
	40,451,809
Less accumulated depreciation	<u>(19,314,492)</u>
	21,137,317
Land	9,209,259
Construction in progress	<u>13,247,249</u>
Property and equipment - net	<u>\$ 43,593,825</u>

Depreciation and amortization expense was approximately \$859,000 for 2019.

In July 2004, an unrelated party transferred title for land and a building for a third location to the Museum, the fair value of which was estimated to be \$6,771,000. In connection with the transfer, the Museum granted the City of San Diego an option to acquire the land and building on or after July 31, 2091, or prior to that date if the Museum commits a default under the related transfer agreement.

Default includes failure to perform any substantive covenant, condition, or obligation of the Museum under the transfer agreement, including continuous operation of the property as a contemporary art museum. The Museum was not aware of any defaults as of June 30, 2019 with approximately \$236,000 remaining to be amortized as of June 30, 2019.

6. DEBT

Line of Credit - The Museum has a line of credit agreement with a bank expiring in January 2020 that provides for borrowings up to \$2,000,000 at any one time at a variable interest rate, which was 3.22% per annum at June 30, 2019. The line of credit is uncollateralized. At June 30, 2019, there was no balance outstanding under this agreement. The line of credit agreement contains both financial and nonfinancial covenants. At June 30, 2019, the Museum was in compliance with all covenants.

Long-Term Debt - In December 2004, the Museum borrowed \$13,000,000 through the issuance of tax-exempt variable rate demand certificates of participation (the "Bonds") issued by the County of San Diego. The Bonds bear interest at a weekly interest rate determined by Westhoff, Cone & Holmstedt (the "Remarketing Agent"), which was 1.9% per annum at June 30, 2019. The next scheduled payment is November 1, 2025.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

The Bonds mature on November 1, 2034, subject to prior redemption, and are secured by a \$9,750,000 (the “Stated Amount”) irrevocable, direct-pay letter of credit (the “LC”) issued by Northern Trust Bank (the “Bank”) for the Museum, in the favor of the bondholders, which expires on February 3, 2021, unless extended. The Museum is required to have a letter of credit related to the Bonds through the maturity date.

The Museum pays to the Bank a LC fee based on a leverage ratio calculation. For the quarter ended June 30, 2019, the LC fee was equal to 0.75% per annum of the stated amount of the LC. LC fees are paid quarterly in advance, which commenced on February 2, 2011.

Furthermore, according to the terms of the LC the Museum has provided the Bank with a perfected first priority lien and security interest in the gross revenues of the Museum and each account in which the gross revenues are deposited.

The Museum must satisfy certain contractual covenants related to the Bonds that include, among others, meeting an annual liquidity requirement, maintaining its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, limiting capital expenditures and additional debt, and meeting annual financial reporting and audit requirements. The Museum was in compliance with these requirements as of June 30, 2019.

The proceeds of the Bonds were applied to the financing of the acquisition, construction, installation, improvement, renovation, furnishing, and equipping of new Museum galleries and other related facilities associated with the expansion project (collectively, “the Project”) in San Diego. The Project included renovating the historic Santa Fe Depot “baggage building” and constructing an adjacent three-story contemporary structure.

In connection with the issuance of the Bonds, the Museum incurred approximately \$460,000 of certain directly related issuance expenses, which have been capitalized as debt issuance costs. These deferred financing costs are being amortized to general and administrative expense over the life of the Bonds. Amortization expense of approximately \$15,000 was recognized in 2019 with approximately \$236,000 remaining to be amortized as of June 30, 2019.

MUSEUM OF CONTEMPORARY ART SAN DIEGO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Future minimum principal payments related to the bank loan and to the bonds are as follows:

Years Ending June 30,	
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	<u>3,450,000</u>
	3,450,000
Less current portion	-
	<u><u>\$ 3,450,000</u></u>

7. FAIR VALUE MEASUREMENTS

Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the input information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs for the asset or liability.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

The following disclosures provide the fair value of financial instruments at June 30, 2019:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Charitable Remainder Trusts	\$ -	\$ -	\$ 911,735	\$ 911,735
Common Stock Funds:				
Domestic:				
Large Cap	11,235,671	-	-	11,235,671
Mid Cap	2,182,722	-	-	2,182,722
Small Cap	1,439,873	-	-	1,439,873
Commodities - natural resources	1,848,999	-	-	1,848,999
International:				
International Developed	9,211,871	-	-	9,211,871
Emerging Markets	4,134,082	-	-	4,134,082
Fixed Income Funds:				
Government Agencies	350,854	3,148,089	-	3,498,943
Corporate Bond Funds	3,312,679	-	-	3,312,679
Exchange Traded Funds	349,726	-	-	349,726
Real Estate Investment Trust	2,831,783	-	-	2,831,783
	<u>\$ 36,898,260</u>	<u>\$ 3,148,089</u>	<u>\$ 911,735</u>	<u>\$ 40,958,084</u>

See *Note 1* for a discussion of the fair value measurements of these assets.

For assets and liabilities measured at fair value on a recurring basis using Level 3 inputs during the year, authoritative guidance requires a reconciliation of the beginning and ending balances for each major category as follows:

	<u>Charitable Remainder Trusts</u>
Balance as of July 1, 2018	\$ 971,173
Unrealized loss	(59,438)
Balance as of June 30, 2019	<u>\$ 911,735</u>

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

8. ENDOWMENT NET ASSETS

In August 2008, the Financial Accounting Standards Board (“FASB”) issued authoritative guidance for endowments which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. The State of California approved a version of UPMIFA in September 2008, effective January 1, 2009.

Authoritative guidance requires the Museum to classify a portion of a donor-restricted endowment fund of perpetual duration as net assets with donor restrictions. Specifically, the portion classified as with donor restrictions shall be (a) the amount of the fund that must be retained permanently per explicit donor stipulations or (b) in the absence of such stipulations, the amount which the Museum’s governing board determines must be retained (preserved) permanently consistent with UPMIFA.

Authoritative guidance requires affirmation that the amount that is classified as net assets with donor restrictions is not reduced by losses on investments of the fund or by the Museum’s appropriations from the fund unless required by the donor. Furthermore, the portion of the fund that is not classified as net assets with donor restrictions must be classified as net assets with donor restrictions until appropriated for expenditure by the Museum. Such appropriation is deemed to occur upon the Museum’s governing board’s approval of expenditures in the current period. Once the appropriation for expenditure has occurred, the appropriated amount is reclassified to net assets without donor restrictions.

UPMIFA states that, absent explicit donor instructions to the contrary, assets in an endowment fund are donor-restricted assets until appropriated by the Museum. The Museum interprets this to mean that all earnings on a with donor-restrictions endowment gift are donor restricted assets. As such, in accordance with the authoritative guidance, such earnings are classified as with donor restrictions net assets (time restricted) until appropriated by the Museum.

UPMIFA became effective in California for endowment funds existing on or established after January 1, 2009. The law defines an endowment fund to mean an institutional fund (excluding assets that an institution designates as an endowment fund for its own use) that, under the terms of a gift instrument, is not wholly expendable by the institution on a current basis. The law establishes various factors for the Museum to consider in the management and investment of endowment funds, as well as various factors for the Museum to consider in its determination as to whether to appropriate or accumulate the endowment funds.

Upon adoption of UPMIFA the Museum interpreted the corpus of invested with donor restrictions funds to be approximately \$39,058,000. The Museum considers the value of an endowment gift to be considered for appropriation under UPMIFA to be equal to the sum of the original gift (and any subsequent donations) plus accumulated investment earnings, less accumulated investment losses and appropriations for expenditure by the Museum at any point in time.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Previous California law restricted spending on donor-restricted endowment funds where the value of the fund fell below the “historic dollar value.” The historic dollar value represented the aggregate value of all contributions to an endowment fund at the time they were made. Absent explicit donor instructions to the contrary, the Museum interprets UPMIFA to have eliminated the historic dollar value limitation when considering endowment spending, instead providing guidelines for such spending (referred to as “appropriation” in UPMIFA). In accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Museum and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Museum
- (7) The investment policy of the Museum

The Board adopted a spending policy for endowment funds with donor restrictions based on a rolling average of historical market values. In fiscal year 2009 the Board approved the annual use of approximately 5% of the endowment funds’ calculated fair market value for the Museum’s operations. The Board appropriated approximately \$1,768,000 from endowment funds with donor restrictions in 2019 for operations.

The Museum’s endowment investment policy and strategy is to emphasize total return, that is, the aggregate return from capital appreciation and dividend and interest income. Within this framework specific investment objectives for endowment investments include liquidity, preservation of capital, preservation of purchasing power, and long-term growth of capital.

Occasionally, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Museum to retain as a fund of perpetual duration. In accordance with the authoritative guidance, deficiencies of this nature are reported in net assets with donor restrictions in the year in which they occur. Deficiencies of this nature that are reported in net assets with donor restrictions were approximately \$5,753,000 as of June 30, 2019. Gains and income in subsequent years will be netted against this deficiency until the fair value is once again above the initial level. During 2019, approximately \$1,181,000 in gains and income on the endowments were netted against the loss classified in net assets without donor restrictions as of June 30, 2019.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

The following is a composition of the Museum's endowment by net asset class in total and by type of endowment fund as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated Funds	\$ 2,514,494	\$ -	\$ 2,514,494
Donor-restricted Funds	-	49,885,916	\$ 49,885,916
Underwater balance	-	(5,752,762)	(5,752,762)
	<u>\$ 2,514,494</u>	<u>\$ 44,133,154</u>	<u>\$ 46,647,648</u>

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, June 30, 2018	\$ 2,523,319	\$ 42,956,318	\$ 45,479,637
Interest and dividends, net	57,895	135,302	193,197
Net appreciation (realized gain)	118,087	259,260	377,347
Net depreciation (unrealized loss)	(67,315)	(111,718)	(179,033)
Funds in	-	1,125,000	1,125,000
Funds out	-	(212,522)	(212,522)
Appropriations	(117,492)	(18,486)	(135,978)
Endowment assets, June 30, 2019	<u>\$ 2,514,494</u>	<u>\$ 44,133,154</u>	<u>\$ 46,647,648</u>

Note that the difference between the net assets with donor restrictions presented in the statement of activities and the amount included in the table above relates to outstanding pledge receivables and settlement of charitable remainder trusts not invested as an endowment.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

General operations and programs	\$ 40,423,086
Building campaign	30,971,356
Accessions and exhibitions	<u>3,768,840</u>
Total	<u>\$ 75,163,282</u>

10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restriction by board appropriation satisfying the restricted purposes specified by donors as follows:

Building campaign	\$ 9,054,942
General operations and programs	211,543
Accessions and exhibitions	<u>313,031</u>
Total	<u>\$ 9,579,516</u>

11. OPERATING LEASES

In July 1992, the Museum entered into a ground lease agreement for property the Museum occupies in downtown San Diego. The term of the lease is 99 years and the annual lease payment is \$1.00. The Museum has agreed to comply with certain use and operating restrictions as defined in the lease agreement. The estimated fair value of the lease for 2019 is approximately \$294,000 per year based on rent for similar property in the area and is reflected as unrestricted contributions support and expense in the accompanying statement of activities.

The Museum leases equipment under non-cancelable operating leases. Certain of these leases include renewal and purchase options. Rent expense during 2019 was approximately \$53,000.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Year ending June 30,

2020	\$	14,220
2021		4,242
2022		-
2023		-
2024		-
Thereafter		-
		<u>\$ 18,462</u>

On February 1, 2006 (“Effective Date”), the Museum entered into an agreement with the National Rail Passenger Corporation (“Amtrak”) that allows Amtrak to occupy a portion of the David C. Copley Building (“Copley Building”). Although the agreement states that the \$850,000 payment received from Amtrak is a reimbursement for Amtrak’s agreed share of the costs of construction of the Copley Building, the Museum applied the applicable authoritative guidance to account for the payment as a lease. The term of the lease commenced on March 1, 2007 and expires on July 31, 2091. Rental income was approximately \$10,000 for 2019. Deferred rent revenue at June 30, 2019 is approximately \$710,000 and is included in deferred revenue on the statement of financial position.

12. CAPITAL LEASE

The Museum has entered into non-cancelable capital lease agreement for a vehicle. The asset and liability under the capital lease is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over its estimated productive life. Amortization of the asset under the capital lease is included in depreciation and amortization expense for 2019.

Following is a summary of property held under a capital lease:

Diesel Truck	\$ 63,675
Less accumulated depreciation	<u>(26,531)</u>
	<u>\$ 37,144</u>

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Future minimum principal and interest payments due under this lease is as follows:

Year Ending June 30,		
	2020	\$
Total minimum lease payments		<u>13,258</u>
Amount representing interest		(272)
Present value of minimum lease payments		<u><u>12,986</u></u>
Total obligation		\$ 12,986
Less current portion		<u>(12,986)</u>
Long-term portion		<u><u>\$ -</u></u>

13. EMPLOYEE RETIREMENT PLANS

The Museum has an employee retirement plan that is a defined contribution plan under which the Museum matches a percentage of the participants' contributions after one year of employment. The contributions are made in accordance with Section 403(b) of the Internal Revenue Code. Total employer contributions were approximately \$75,000 for 2019.

In 2008, the Museum set up qualified 457(b) plans and a 457(f) plan for three top executives. Employer contributions to these plans totaled approximately \$58,000 in 2019. The plans require the Museum to deposit employer contributions in a separate bank account each year. Assets contributed to the plans remain the sole property of the Museum until a covered employee is eligible to receive distributions

14. COMMITMENTS AND CONTINGENCIES

The Museum had two vendors that accounted for approximately 13% and 33%, respectively, of purchases for the year ended June 30, 2019.

15. LITIGATION

In the normal course of business, the Museum is occasionally named in various claims and litigations. It is the opinion of management that the outcome of any pending items will not materially affect the operations or the financial position of the Museum. Management is not aware of any lawsuits where the Museum is currently named.

MUSEUM OF CONTEMPORARY ART SAN DIEGO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

16. SUBSEQUENT EVENTS

In July 2019, the Museum entered into a borrowing agreement for \$33 million dollars in order to fund construction. The initial due date is July 2024, with an optional extension to 2027.

The Museum has evaluated subsequent events through November 25, 2019 which is the date the financial statements were available to be issued.

**SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2019**

**Museum of Contemporary Art San Diego
Statement of Functional Expenses
For the Year Ended June 30, 2019**

	Program Services						Support Services							Total
	Exhibitions	Publications	Curatorial	Permanent Collections, Circulation and Accessions	Education Performances Library	Membership Support	Museum Beverage Service	PR and Marketing	Development	Special Events	General and Administrative	Expansion Campaign	Building	
Salaries and employee benefits	\$ 227,539	\$ -	\$ 384,437	\$ 290,806	\$ 344,959	\$ 307,565	\$ -	\$ 81,351	\$ 340,877	\$ 491	\$ 1,298,615	\$ 958	\$ 175,784	\$ 3,453,382
Loss on sale of property	-	-	-	-	-	-	-	-	-	-	-	1,999,462	3,181	2,002,643
Contract/Consulting services	67,284	758	-	34,214	19,753	124,904	-	75,403	36,055	115,662	98,779	94,776	821,195	1,488,783
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	858,661	858,661
Rentals	240,948	-	-	7,607	264	7,937	-	-	-	22,936	3,220	2,653	65,725	351,290
Utilities	-	-	-	36,940	-	-	-	-	-	-	-	-	296,591	333,531
Accessions of art, net of deaccessions	-	-	-	232,350	-	-	-	-	-	-	-	-	-	232,350
Shipping and crating	47,487	1,414	-	179,214	698	34	-	-	14	41	106	764	-	229,772
Insurance	20	-	-	126,700	-	493	3,626	-	-	100	25,285	-	63,353	219,577
Food and entertainment	564	-	2,303	98	4,035	47,415	-	250	13,274	64,836	24,838	21,411	459	179,483
Investment fee	1,878	-	-	11,742	10,278	-	-	-	-	-	143,914	-	-	167,812
Bank service fees/Interest expense	90	98	-	1,017	2,020	10,002	-	60	-	7,172	122,495	30	-	142,984
Legal and accounting	-	-	-	960	-	-	-	-	-	-	133,184	-	-	134,144
Taxes	-	-	-	76	-	-	-	-	-	-	1,132	-	125,286	126,494
In-kind contributions	1,185	-	-	-	-	7,826	-	38,800	-	19,301	-	-	48,022	115,134
Supplies and equipment	15,704	26	1,018	11,794	17,578	4,720	-	-	318	1,172	7,992	886	30,785	91,993
Repairs and maintenance	360	-	-	11,115	-	-	-	-	-	-	514	-	79,765	91,754
Miscellaneous	1,000	6,672	-	-	36,478	4,989	-	-	19,538	2,555	8,778	1,157	100	81,267
Participation fees	80,000	-	-	-	-	-	-	-	-	-	-	-	-	80,000
Telephone	-	-	-	-	61	-	-	-	-	-	1,060	-	78,471	79,592
Travel and accommodations	4,681	-	13,295	3,361	12,163	1,016	-	314	(1,592)	1,387	23,390	11,738	3,656	73,409
Graphic design and printing	18,400	-	-	-	2,364	5,825	-	1,099	-	17,444	1,235	3,487	1,057	50,911
Advertising and marketing	-	45	-	-	1,555	3,706	-	33,490	-	-	-	-	-	38,796
Membership, dues and subscriptions	215	-	649	3,922	665	9,762	-	1,937	674	-	13,782	-	120	31,726
Newsletter	-	-	-	-	-	-	-	16,250	-	-	-	-	-	16,250
Honoraria/artist fees	11,498	-	-	15	3,957	-	-	-	-	-	-	-	-	15,470
Amortization of Bond issuance fees	-	-	-	-	-	-	-	-	-	-	15,380	-	-	15,380
Photography	4,151	-	-	325	842	3,000	-	-	250	1,200	-	600	-	10,368
Cost of sales	-	7,857	-	-	-	-	-	-	-	-	-	-	-	7,857
New employee search/staff training	585	-	892	378	1,576	1,289	-	-	-	-	2,777	-	49	7,546
Postage	-	58	30	82	130	1,106	-	80	271	3,231	2,469	-	29	7,486
Restoration	940	-	-	1,650	1,405	-	-	-	-	-	-	-	-	3,995
Computer materials/service	-	-	-	-	-	-	-	-	-	-	-	-	256	256
	724,529	16,928	402,624	954,366	460,781	541,589	3,626	249,034	409,679	257,528	1,928,945	2,137,922	2,652,545	10,740,096
Allocation of building expenses	1,716,115	-	7,405	725,637	113,033	5,143	-	5,143	43,557	-	36,512	-	\$ (2,652,545)	-
	<u>\$ 2,440,644</u>	<u>\$ 16,928</u>	<u>\$ 410,029</u>	<u>\$ 1,680,003</u>	<u>\$ 573,814</u>	<u>\$ 546,732</u>	<u>\$ 3,626</u>	<u>\$ 254,177</u>	<u>\$ 453,236</u>	<u>\$ 257,528</u>	<u>\$ 1,965,457</u>	<u>\$ 2,137,922</u>	<u>\$ -</u>	<u>\$ 10,740,096</u>

MUSEUM OF CONTEMPORARY ART SAN DIEGO

SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES OF CITY FUNDS SPECIAL PROMOTIONAL FUND AWARD FOR THE YEAR ENDED JUNE 30, 2019

COMMISSION FOR ARTS AND CULTURE, CITY OF SAN DIEGO BUDGET AND EXPENSES	Budgeted	Actual	Total Funds
Expense Classification			
All salaried personnel	\$ 3,217,633	\$ 3,200,351	\$ 170,151
Operating Expenses - nonpersonnel			
Program expenses	963,350	943,924	97,290
Facility expenses/space rental	762,551	663,398	-
Fundraising	201,925	229,398	-
Operating expenses	347,442	288,807	-
Artists and performers	54,856	39,623	3,000
Marketing	105,162	103,759	-
Other (MBS)	-	3,626	-
Total operating expenses	2,435,286	2,272,535	100,290
Total expenses	\$ 5,652,919	\$ 5,472,886	\$ 270,441

NOTE: Budget and actual amounts are only a component of the Museum's operations and are not intended to reflect all of the operations of the Museum.