

Museum of Contemporary Art San Diego

Financial Statements and
Supplementary Information

June 30, 2025

Museum of Contemporary Art San Diego

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Museum of Contemporary Art of San Diego (the Museum), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as of June 30, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Museum and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Statement of Functional Expenses – Program Services, Statement of Functional Expenses – Support Services and Statement of Functional Expenses – Fundraising Services, are presented for the purpose 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.

Baker Tilly US, LLP

San Diego, California
January 2, 2026

Museum of Contemporary Art San Diego

Statement of Financial Position

June 30, 2025

Assets

Current Assets

Cash	\$ 93,641
Unrestricted investments	2,901,303
Accounts receivable	141,513
Pledges and grants receivable, net, current portion	210,935
Inventory	249,870
Prepaid expenses and other assets	<u>77,210</u>

Total current assets 3,674,472

Restricted Cash

1,640,726

Charitable Remainder Trust

314,868

Pledges and Grants Receivable, Net, Long-Term Portion

138,769

Property and Equipment, Net

86,695,463

Right-of-Use Assets

19,391

Restricted Investments

46,280,666

Other Assets

101,802

Total assets \$ 138,866,157

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 1,467,879
Deferred compensation, current portion	164,350
Deferred revenue	514,846
Operating lease liability, current portion	12,827
Long-term debt, net of deferred financing costs, current portion	<u>84,620</u>

Total current liabilities 2,244,522

Long-Term Liabilities

Deferred compensation, less current portion	628,608
Operating lease liability, less current portion	6,564
Long-term debt, net of deferred financing costs, less current portion	3,221,831
Construction loan, net of deferred financing costs	<u>8,159,905</u>

Total long-term liabilities 12,016,908

Total liabilities 14,261,430

Net Assets

Without donor restrictions:	
Undesignated	70,917,796
Board designated	2,901,303
With donor restrictions	<u>50,785,628</u>

Total net assets 124,604,727

Total liabilities and net assets \$ 138,866,157

See notes to financial statements

Museum of Contemporary Art San Diego

Statement of Activities

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Support:			
Contributions	\$ 1,892,405	\$ 1,374,866	\$ 3,267,271
City and County of San Diego grants	267,062	-	267,062
State and federal grants	18,203	-	18,203
Net assets released from restrictions	4,148,507	(4,148,507)	-
Total support	<u>6,326,177</u>	<u>(2,773,641)</u>	<u>3,552,536</u>
Revenues:			
Special events	922,973	-	922,973
Membership	715,388	-	715,388
Auditorium and museum space rental	1,132,755	-	1,132,755
Admission fees	400,857	-	400,857
Store sales	259,892	-	259,892
Educational programs and lectures	39,106	-	39,106
Touring exhibit fees	300	-	300
Unrealized (loss) gain on investments	96,826	1,224,502	1,321,328
Realized (loss) gain on investments	171,699	2,752,599	2,924,298
Dividend and interest income	235,881	1,080,827	1,316,708
Other income	702,007	-	702,007
Total revenues	<u>4,677,684</u>	<u>5,057,928</u>	<u>9,735,612</u>
Total support and revenues	<u>11,003,861</u>	<u>2,284,287</u>	<u>13,288,148</u>
Expenses			
Program services	8,619,283	-	8,619,283
Supporting services	4,649,571	-	4,649,571
Fundraising services	962,668	-	962,668
Total expenses	<u>14,231,522</u>	<u>-</u>	<u>14,231,522</u>
Change in net assets from operations	(3,227,661)	2,284,287	(943,374)
Non-Operating Activities			
Loss on sale of building and equipment	<u>(9,703,088)</u>	<u>-</u>	<u>(9,703,088)</u>
Change in net assets	(12,930,749)	2,284,287	(10,646,462)
Net Assets, Beginning	<u>86,749,848</u>	<u>48,501,341</u>	<u>135,251,189</u>
Net Assets, Ending	<u>\$ 73,819,099</u>	<u>\$ 50,785,628</u>	<u>\$ 124,604,727</u>

See notes to financial statements

Museum of Contemporary Art San Diego

Statement of Functional Expenses

Year Ended June 30, 2025

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 3,049,442	\$ 2,321,726	\$ 560,422	\$ 5,931,590
Depreciation	-	2,703,539	-	2,703,539
Contract/Consulting Services	294,758	696,121	212,268	1,203,147
Bank service fees/interest expense	41,179	755,747	1,560	798,486
Utilities	50,676	512,420	22,394	585,490
Accessions of art, net of deaccessions	827,142	-	-	827,142
Shipping and crating	260,619	823	-	261,442
Insurance	134,047	205,988	-	340,035
Taxes	-	71,279	-	71,279
Supplies and equipment	88,067	92,694	-	180,761
Food and entertainment	65,108	27,184	83,833	176,125
Contributed nonfinancial assets	-	-	7,621	7,621
Graphic design and printing	20,193	14,277	-	34,470
Telephone/Internet	-	118,524	-	118,524
Repairs and maintenance	24,169	90,567	2,967	117,703
Cost of sales	147,001	-	-	147,001
Parking	4,019	86,364	-	90,383
Honoraria/Artist fees	17,905	-	2,339	20,244
Participation fees	5,874	-	-	5,874
Rentals	33,300	21,915	11,166	66,381
Loss on disposal of fixed assets	-	81,677	1,900	83,577
Advertising and marketing	1,405	82,684	461	84,550
Travel & accommodations	32,763	15,616	-	48,379
Membership, dues and subscriptions	13,427	50,646	1,106	65,179
Amortization of bond issuance fees	-	15,380	-	15,380
Photography	20,540	17,210	300	38,050
Restoration	31,554	-	188	31,742
Computer materials, services	58	149	295	502
Investment fee	-	145,873	-	145,873
Miscellaneous	130	12,476	2,750	15,356
New employee search/staff training	2,109	10,109	-	12,218
Postage	2,030	1,449	-	3,479
	<u>5,167,515</u>	<u>8,152,437</u>	<u>911,570</u>	<u>14,231,522</u>
Allocation of building expenses	<u>3,451,768</u>	<u>(3,502,866)</u>	<u>51,098</u>	<u>-</u>
Total expenses	<u>\$ 8,619,283</u>	<u>\$ 4,649,571</u>	<u>\$ 962,668</u>	<u>\$ 14,231,522</u>

See notes to financial statements

Museum of Contemporary Art San Diego

Statement of Cash Flows

Year Ended June 30, 2025

Cash Flows From Operating Activities

Change in net assets	\$ (10,646,462)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Net realized and unrealized (gain)/loss on investments	(4,245,626)
Depreciation and amortization	2,718,919
Loss on sale of building and equipment	83,577
Loss on disposal of building, property and equipment	9,703,088
Changes in assets and liabilities:	
Accounts receivable	34,043
Pledges and grants receivable	519,340
Charitable remainder trust	(54,930)
Inventory	(81,255)
Prepaid expenses and other assets	4,904
Accounts payable and accrued expenses	438,265
Deferred compensation	(102,335)
Deferred revenue	(591,581)
	<u>(2,220,053)</u>

Cash Flows From Investing Activities

Proceeds from sales of investments	41,196,574
Purchases of investments	(42,356,251)
Proceeds from sales of property and equipment	6,055,700
Purchases of property and equipment	(256,113)
Net cash draws from investment account	<u>3,252,877</u>
	<u>7,892,787</u>

Cash Flows From Financing Activities

Payments on long-term debt	<u>(6,442,217)</u>
	<u>(6,442,217)</u>
	(769,483)

Cash and Restricted Cash, Beginning

2,503,850

Cash and Restricted Cash, Ending

\$ 1,734,367

Supplemental Disclosure of Cash Flow Information

Cash paid for interest	<u><u>\$ 715,766</u></u>
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Reconciliation of Cash and Restricted Cash to the Statement of Financial Position

Cash	\$ 93,641
Restricted Cash	<u>1,640,726</u>
	<u><u>\$ 1,734,367</u></u>

See notes to financial statements

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

1. Museum and Mission

The Museum of Contemporary Art San Diego (the Museum) is a visual arts institution with an international constituency. The Museum has one location in La Jolla, California and 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.

2. Summary of Significant Accounting Policies

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.

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 reported 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. As of June 30, 2025, \$2,901,303 of net assets without donor restrictions were designated by the Board of Trustees (the Board) for general operating expenses.

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 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. Contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

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.

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 statement 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 4.49% to 4.79% 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 and Cash Equivalents

Cash is, from time to time, variously composed of cash on hand and cash in banks. The Museum considers all highly liquid investments with original maturities of three months or less at time of acquisition to be cash equivalents. As of June 30, 2025, there were no cash equivalents.

Investments

Investments are accounted for in accordance with 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.

During 2025, 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.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

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 stated at cost or, in the case of donated property and equipment, at fair value at the date of gift, less accumulated depreciation and amortization. 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 \$5,000.

Collections

The permanent collection of the Museum consists of paintings, sculptures, 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, and are used primarily to acquire other items for the collection.

Pursuant to the Museum's Collection Management Policy, devoting Museum resources to the direct care of the works in the collection is essential to safeguard and preserve the quality of the works and extend their lifespan. Direct care of the collection may include, but is not limited to, providing specialized safe, secure and climate controlled storage and galleries spaces, protecting the works which require it from heat, humidity, theft, visitor handling, fire, dust, excessive lighting, water, pests, physical forces and other elements, as well as providing expert conservation, registration, cataloguing, audio visual, imaging, framing and documentation services. No material funds from deaccessioning were used to support the direct care of the Museum's collection during the year ended June 30, 2025.

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 4.73% and 4.79% as of June 30, 2025.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

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 2025. During 2025, the present value of the expected future benefit to the Museum of the remaining assets increased by \$54,929. As of June 30, 2025, these assets were valued at \$314,868.

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 \$101,802 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, 2025.

Deferred Revenue

Deferred revenue represents amounts collected in advance for exhibitions, membership fees, and special events. Such amounts are recognized as revenue in the period in which they are earned. Deferred revenue at June 30, 2025 had a balance of \$514,846.

Revenue From Contracts with Customers

The Museum's revenues from contracts with customers are generated from special events, membership, auditorium and museum space rental, admission fees, royalties, and store sales. The Museum accounts for these revenues in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic No. 606, *Revenue from Contracts with Customers (Topic 606)*.

Topic 606 provides for a five-step analysis in determining when and how revenue is recognized:

1. Identify the contract(s) with customers.
2. Identify the performance obligations.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations.
5. Recognize revenue when the performance obligations have been satisfied.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

The Museum recognizes revenue from these revenue streams when the respective performance obligations are satisfied.

Special events: The performance obligation consists of providing registrants and exhibitors with access to various benefits of special events. The registration fee/exhibitor fee is stated on the order and is recognized over the duration of the event, usually one to ten days.

Membership: The performance obligation is defined by membership fees, which include several levels with varying benefits. The memberships are one-year commitments from the date of purchase and revenue is deferred and recognized over the term of the membership.

Auditorium and museum rental: The Museum has several spaces in which the public can rent for events. The performance obligation is met and revenue is recognized when the event occurs, usually one to ten days.

Admission fees: The performance obligation is defined by stated admission fees which are collected and recognized as revenue upon sale for access to the Museum's galleries and exhibitions.

Royalties: The Museum owns certain copyrights whose agreements define the terms of options and of how profits are to be shared between parties. Royalty incomes are recognized over the life of the contracts.

Store sales: Sales are recognized at a single point in time when the customer makes a purchase.

Contribution Revenue

Contributions are recognized as revenue when they are received or unconditionally promised. Contributions scheduled to be collected in more than one year are recorded at the expected value of future payments using present value techniques. Conditional contributions are not recognized until the conditions on which they meet the terms and conditions.

Contributed Nonfinancial Assets

Contributions of goods are recognized in the financial statements if the goods received (a) create or enhance nonfinancial 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. There were no contributed goods or services during the current year.

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.

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.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

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.

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.

Functional Expenses

The Museum's expenses have been allocated between program, operational and fundraising services, based on estimates made by management. The Museum charges most expenses directly to program, operational or fundraising services based on the nature of the transaction. Certain expenses are allocated between program, operational and fundraising services, including salaries, bonuses, payroll taxes, and legal fees, which are allocated based on estimates of time and effort.

Endowment Net Assets

Authoritative guidance provides direction on the net asset classification of donor-restricted endowment funds for the Museum 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.

Leases

The Museum adopted the lease guidance under FASB ASC Topic No. 842, *Leases (Topic 842)*, effective January 1, 2022, and determines if an arrangement is a lease at inception. Leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. Lease expense for the Museum's finance leases is comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

The Museum does not separate lease and nonlease components for all asset classes. In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Museum uses a risk-free rate based on U.S. Treasury notes for similar terms for the initial and subsequent measurement of lease liabilities for all asset classes. The Museum does not apply the recognition requirements to all leases with an original term of 12 months or less, for which the Museum is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

Right-of-use assets are assessed for impairment in accordance with the Museum's long-lived asset policy. The Museum reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

Income Taxes

The Museum is a not-for-profit entity 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, 2025.

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. As of June 30, 2025, management believes the Museum did not have any uncertain tax positions.

As of June 30, 2025, the federal statute of limitation remains open for the 2023 through 2025 years. The statute of limitations for the state income tax returns remains open for the 2022 through 2025 years.

Reclassification

In 2025, management determined that certain fair value losses related to underwater funds within the endowment were inadvertently classified as net assets without donor restrictions, resulting in an overstatement of net assets with donor restrictions and understatement of net assets without donor restrictions in the amount of \$6,878,889 as of and for the year ended June 30, 2024. Accordingly, the reclassification resulted in net zero effect on total net assets and change in net assets as of June 30, 2024 have been reclassified to correct the error as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Net assets, June 30, 2024, as previously reported	\$ 79,870,959	\$ 55,380,230
Reclassification of net assets	<u>6,878,889</u>	<u>(6,878,889)</u>
Net assets, June 30, 2024, reclassified	<u>\$ 86,749,848</u>	<u>\$ 48,501,341</u>

3. Cash

Cash at June 30, 2025, consisted of the following:

Deposits:	
Cash in bank	\$ 93,641
Restricted cash	<u>1,640,726</u>
Total	<u>\$ 1,734,367</u>

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

4. Restricted Cash

Restricted cash at June 30, 2025, consisted of operating and accession funds held in the endowment fund as follows:

Operating funds	\$ 1,170,007
Operating funds, accession	92,614
75 th Campaign funds	<u>378,105</u>
Total	<u>\$ 1,640,726</u>

5. 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 Museum has a line of credit available to assist with liquidity management.

The following table reflects the Museum's financial assets as of June 30, 2025, 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 11.

Financial assets for the year ended June 30, 2025:

Cash	\$ 1,734,367
Investments	49,181,969
Pledges and grants receivable	349,704
Accounts receivable	<u>141,513</u>
Total financial assets	<u>51,407,553</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions, net of capital campaign	(44,994,586)
Restricted cash	(1,640,726)
Pledges and grants receivable, long-term	<u>(138,769)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,633,472</u>

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

6. Pledges and Grants Receivable

As of June 30, 2025, the Museum has unconditional pledges and grants receivable which are due as follows:

Within one year	\$	210,935
Two to five years		140,000
Greater than five years		<u>5,000</u>
		355,935
Less unamortized discount		<u>(6,231)</u>
Total	\$	<u><u>349,704</u></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 as of June 30, 2025.

7. Property and Equipment

Property and equipment consisted of the following at June 30, 2025:

Land	\$	4,220,709
Buildings and leasehold improvements		96,601,488
Furniture and equipment		6,340,631
Software		<u>106,462</u>
		107,269,290
Less accumulated depreciation and amortization		<u>(20,573,827)</u>
Property and equipment, net	\$	<u><u>86,695,463</u></u>

Depreciation expense was \$2,703,539 for the year ended June 30, 2025.

8. Debt

Line of Credit

Effective May 1, 2025, the Museum renewed the line of credit agreement with a bank, which matures on April 1, 2027, that provides for borrowings up to \$2,000,000, bearing interest at the option of the Museum of: (a) greater of the floor of 1.550% or prime rate (7.50% at June 30, 2025) minus 1.625%; or (b) greater of the floor of 1.550% or SOFR rate (4.45% at June 30, 2025) plus 1.550%, per annum. The line of credit is uncollateralized. As of June 30, 2025, there was no balance outstanding under this agreement. The line of credit agreement contains both financial and nonfinancial covenants. At June 30, 2025, the Museum believes they are compliant with all debt covenants.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

Long-Term Debt

Certificates of Participation

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 U.S. Bank, which was 1.00% per annum at June 30, 2025.

The Bonds mature on November 1, 2034, subject to prior redemption, and are secured by an 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, 2026, unless extended. The Museum is required to have a letter of credit related to the Bonds through the maturity date.

The Museum pays the Bank a LC fee based on a leverage ratio calculation. For the quarter ended June 30, 2025, 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 LC that include, among others, meeting annual financial reporting and audit requirements. The Museum was in violation of the meeting the annual financial reporting and audit requirements. The Bank waived its rights under the default provisions of the agreement.

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 \$460,124 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 \$15,380 was recognized in fiscal 2025 with \$143,549 remaining to be amortized as of June 30, 2025.

Construction Loan

In July 2019, the Museum entered into a \$33,000,000 construction loan (the Loan) agreement to finance the La Jolla facility expansion and improvements with a variable interest rate, which was 5.22% at June 30, 2025. The Museum has exercised its one-time right to extend the loan and extended the maturity to July 2027.

The Museum must satisfy certain contractual covenants related to the Loan 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 violation of the meeting the annual financial reporting and audit requirements. The Bank waived its rights under the default provisions of the agreement.

The proceeds of the Loan 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 Project in La Jolla.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

In connection with the issuance of the Loan, the Museum incurred \$123,123 of certain directly related issuance expenses, which have been capitalized as debt issuance costs, and were fully amortized.

Museum Facilities Loan

In February 2022, the Museum entered into a food, beverage and catering services and operations agreement with CUTP LP (CUTP), which required an investment by the Museum of \$400,000 to enhance the Museum's facilities. A loan in the amount of \$400,000 was provided as part of the agreement, bearing fixed interest at 2.50% per annum. The loan and remaining accrued interest balance were paid in full by the Museum on March 14, 2025.

Changes in debt for the year ended June 30, 2025, are as follows:

	<u>Balance, June 30, 2024</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance, June 30, 2025</u>	<u>Due in One Year</u>
Certificates of participation	\$ 3,450,000	\$ -	\$ -	\$ 3,450,000	\$ 100,000
Construction loan	14,359,906	-	(6,200,000)	8,159,906	-
Museum facility loan	<u>242,217</u>	<u>-</u>	<u>(242,217)</u>	<u>-</u>	<u>-</u>
Total long-term debt	18,052,123	-	(6,442,217)	11,609,906	100,000
Less unamortized deferred financing costs	<u>(158,930)</u>	<u>-</u>	<u>15,380</u>	<u>(143,550)</u>	<u>(15,380)</u>
	<u>\$ 17,893,193</u>	<u>\$ -</u>	<u>\$ (6,426,837)</u>	<u>\$ 11,466,356</u>	<u>\$ 84,620</u>

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

Years ending June 30:

2026	\$ 100,000
2027	400,000
2028	8,559,906
2029	400,000
2030	400,000
Thereafter	<u>1,750,000</u>
	11,609,906
Less deferred financing costs	<u>(143,550)</u>
Total	<u>\$ 11,466,356</u>

9. 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.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

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.

The following disclosures provide the fair value of financial instruments at June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash within investment accounts	\$ 7,112,196	\$ -	\$ -	\$ 7,112,196
Common Stock Funds:				
Domestic:				
Large Cap	16,478,690	-	-	16,478,690
Mid/Small Cap	1,463,015	-	-	1,463,015
Commodities, natural resources	1,424,186	-	-	1,424,186
International:				
International Developed	8,882,016	-	-	8,882,016
Emerging Markets	2,432,664	-	-	2,432,664
Fixed Income Funds:				
Gov't/Corporate Agencies	5,635,258	-	-	5,635,258
High Yield Funds	2,877,113	-	-	2,877,113
Real Estate Investment Trust	2,876,831	-	-	2,876,831
	<u>49,181,969</u>	<u>-</u>	<u>-</u>	<u>49,181,969</u>
Charitable Remainder Trusts	<u>-</u>	<u>-</u>	<u>314,868</u>	<u>314,868</u>
Total	<u>\$ 49,181,969</u>	<u>\$ -</u>	<u>\$ 314,868</u>	<u>\$ 49,496,837</u>

There were no transfers in and out of Level 3 during the year ended June 30, 2025. See Note 2 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, 2024	\$ 259,938
Unrealized gain	<u>54,930</u>
Balance as of June 30, 2025	<u>\$ 314,868</u>

The Museum's investment activities for 2025 resulted in dividend and interest income of \$1,316,708, net realized and unrealized gain on investments of \$4,245,626 and total fees of \$145,873.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

10. Endowment Net Assets

In August 2008, the FASB issued authoritative guidance for endowments which provides guidance on the net asset classification of donor-restricted endowment funds 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 donor-restrictions endowment gift are donor restricted assets. As such, in accordance with the authoritative guidance, such earnings are classified as net assets with donor restrictions (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 funds invested with donor restrictions to be \$42,925,531. 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.

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.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

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 7% of the endowment funds' calculated fair market value for the Museum's operations. The Board appropriated approximately \$2,911,785 from endowment funds with donor restrictions in 2025 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. At June 30, 2025, two funds with original gift values of \$37,634,977, fair values of \$32,399,685 and deficiencies of \$5,235,292 were reported in net assets with donor restrictions. Gains and income in subsequent years will be netted against these deficiencies until the fair value is once again above the initial level.

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, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds	\$ 2,901,303	\$ -	\$ 2,901,303
Donor-restricted funds	-	51,193,433	51,193,433
Underwater balance	-	(5,235,292)	(5,235,292)
Total	\$ 2,901,303	\$ 45,958,141	\$ 48,859,444

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, June 30, 2024	\$ 2,757,366	\$ 43,626,786	\$ 46,384,152
Interest and dividends, net	67,804	1,072,096	1,139,900
Net appreciation (realized and unrealized)	251,367	3,977,102	4,228,469
Funds in	-	200,000	200,000
Appropriations	<u>(175,234)</u>	<u>(2,917,843)</u>	<u>(3,093,077)</u>
Endowment assets, June 30, 2025	<u>\$ 2,901,303</u>	<u>\$ 45,958,141</u>	<u>\$ 48,859,444</u>

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

11. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes for the year ended June 30, 2025:

General programs	\$ 35,795,594
Building campaign	9,235,948
Accessions and exhibitions	<u>5,754,086</u>
Total	<u>\$ 50,785,628</u>

12. Net Assets Released From Restrictions

Net assets were released from donor restrictions by board appropriation satisfying the restricted purposes specified by donors as follows for the year ended June 30, 2025:

General programs	\$ 3,002,909
Building campaign	876,956
Accessions and exhibitions	<u>268,642</u>
Total	<u>\$ 4,148,507</u>

13. Operating Leases

Lessee

Leases during the year ended June 30, 2025 consist of a ground lease and equipment lease located in San Diego, California.

There are no lease terms with residual value guarantees or restrictions. The leases do not contain an option to extend. The equipment lease had no annual increase and expires in December 2026.

The Museum does not have any material leasing transactions with related parties.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

The following table summarizes the lease right-of-use assets and lease liabilities as of June 30, 2025:

Right-of-use assets:	
Operating leases	<u>\$ 19,391</u>
Lease liabilities:	
Current operating lease liabilities	\$ 12,827
Long-term operating lease liabilities	<u>6,564</u>
Total lease liabilities	<u>\$ 19,391</u>

Below is a summary of expenses incurred pertaining to leases during the year ended June 30, 2025:

Operating lease expense	<u>\$ 13,248</u>
Weighted average remaining lease term (in years):	
Operating leases	1.50
Weighted average discount rate:	
Operating leases	3.11 %

The table below summarizes the Museum's scheduled future minimum lease payments for years ending after June 30, 2025:

Years ending:	
2026	\$ 13,248
2027	<u>6,624</u>
Total lease payments	19,872
Less present value discount	<u>(481)</u>
Total lease liabilities	19,391
Less current portion	<u>(12,827)</u>
Total	<u>\$ 6,564</u>

Lessor

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) with a term commencing on March 1, 2007. 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 and record as deferred revenue. The lease terminated in December 2024 in conjunction with the sale of the underlying building and the remainder of the deferred revenue of \$669,682 was recognized and recorded as other income on the statement of activities.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2025

14. 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 \$79,666 for 2025.

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 \$0 in 2025. 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 the covered employee is eligible to receive distribution.

15. Contingencies

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. Subsequent to year end, the Museum was served with a demand for settlement from a former employee. Management is vigorously defending against this claim and as of June 30, 2025 no liability has been accrued.

16. Subsequent Events

The Museum's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the statement of financial position date through January 2, 2026, which is the date the financial statements were available to be issued. Except as noted below, management concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

On October 8, the Museum made an advance payment of \$2,800,000 on its construction loan outstanding at June 30, 2025. This payment reduces future interest obligations and principal due under the loan agreement.

On October 9, 2025, management was notified that the Museum was a named beneficiary in an irrevocable trust and that it will receive certain pieces of art and distributions of remaining trust assets after all other beneficiary assets are distributed. The trust became irrevocable upon the death of the Trustor which occurred on August 10, 2025. As of the issue date of these financial statements, the trust is still under a 120-day period of contest of death and management is unable to obtain a reasonably estimable value of the assets that the Museum is entitled to receive. Management has evaluated the event for recognition requirements as of June 30, 2025 and concluded that adjustment to the financial statements is not required as the event does not relate to conditions existing at that date.

Museum of Contemporary Art San Diego

Statement of Functional Expenses - Program Services

Year Ended June 30, 2025

	Program Services								Total
	Exhibitions	Publications	Curatorial	Permanent Collections, Circulation and Accessions	Education, Performances and Library	Visitor Services	Museum Store	Membership Support	
Salaries and employee benefits	\$ 929,416	\$ -	\$ 544,548	\$ 580,672	\$ 386,513	\$ 291,236	\$ 1,690	\$ 315,367	\$ 3,049,442
Contract/Consulting Services	118,958	4,180	-	61,607	59,274	4,048	18,556	28,135	294,758
Miscellaneous	225	-	23	-	-	(241)	63	60	130
Rentals	5,355	-	-	4,809	600	-	313	22,223	33,300
Utilities	-	-	-	50,676	-	-	-	-	50,676
Insurance	-	-	-	134,047	-	-	-	-	134,047
Food and entertainment	1,427	-	1,512	764	13,787	306	1,132	46,180	65,108
Bank service fees/interest expense	3	-	-	-	1	23,569	8,262	9,344	41,179
Supplies and equipment	25,799	-	1,032	20,507	25,963	7,655	5,538	1,573	88,067
Repairs and maintenance	-	-	-	23,935	234	-	-	-	24,169
Accessions of art, net of deaccessions	-	-	-	827,142	-	-	-	-	827,142
Travel & accommodations	22,162	-	2,923	1,010	4,085	-	2,583	-	32,763
Graphic design and printing	10,941	6,337	97	-	295	-	-	2,523	20,193
Advertising and marketing	-	1,265	-	-	-	-	140	-	1,405
Membership, dues and subscriptions	1,879	-	4,098	3,864	1,679	879	1,430	(402)	13,427
Restoration	14,447	-	-	17,107	-	-	-	-	31,554
Shipping and crating	216,452	149	-	36,680	13	-	7,325	-	260,619
Postage	-	11	270	-	-	-	1,749	-	2,030
Photography	13,459	4,746	-	535	900	-	-	900	20,540
Parking	548	-	1,777	1,327	284	4	79	-	4,019
New employee search/staff training	430	-	1,118	400	161	-	-	-	2,109
Cost of sales	-	-	-	-	-	-	147,001	-	147,001
Honoraria/Artist fees	9,316	-	-	-	8,589	-	-	-	17,905
Participation fees	5,874	-	-	-	-	-	-	-	5,874
Computer materials/service	-	-	-	-	14	44	-	-	58
	<u>1,376,691</u>	<u>16,688</u>	<u>557,398</u>	<u>1,765,082</u>	<u>502,392</u>	<u>327,500</u>	<u>195,861</u>	<u>425,903</u>	<u>5,167,515</u>
Allocation of building expenses	<u>2,818,235</u>	<u>-</u>	<u>10,865</u>	<u>538,232</u>	<u>55,639</u>	<u>6,985</u>	<u>18,660</u>	<u>3,152</u>	<u>3,451,768</u>
Total expenses	<u>\$ 4,194,926</u>	<u>\$ 16,688</u>	<u>\$ 568,263</u>	<u>\$ 2,303,314</u>	<u>\$ 558,031</u>	<u>\$ 334,485</u>	<u>\$ 214,521</u>	<u>\$ 429,055</u>	<u>\$ 8,619,283</u>

Museum of Contemporary Art San Diego

Statement of Functional Expenses - Support Services

Year Ended June 30, 2025

	Support Services						
	Museum Beverage Service	Communications	Special Events (External Venue Rentals)	General and Administrative	Expansion Campaign	Building	Total
Salaries and employee benefits	\$ -	\$ 278,562	\$ 326,919	\$ 1,443,687	\$ -	\$ 272,558	\$ 2,321,726
Depreciation	-	-	-	-	-	2,703,539	2,703,539
Contract/consulting services	44,371	49,107	65,339	302,641	-	234,663	696,121
Miscellaneous	-	1,201	83	11,192	-	-	12,476
Rentals	3,659	-	965	17,199	-	92	21,915
Utilities	-	-	-	-	-	512,420	512,420
Insurance	4,420	-	-	195,929	-	5,639	205,988
Investment fee	-	-	-	145,873	-	-	145,873
Loss on disposal of fixed assets	-	-	-	81,677	-	-	81,677
Food and entertainment	-	1,622	1,884	23,262	-	416	27,184
Bank service fees/interest expense	-	-	8,810	104,980	641,957	-	755,747
Telephone/Internet	-	-	-	118,524	-	-	118,524
Supplies and equipment	7,228	2,541	2,749	13,761	-	66,415	92,694
Repairs and maintenance	6,384	-	-	725	-	83,458	90,567
Taxes	-	-	-	1,042	-	70,237	71,279
Travel & accommodations	-	1,043	-	14,432	-	141	15,616
Amortization of bond issuance fees	-	-	-	15,380	-	-	15,380
Graphic design and printing	-	12,857	210	1,210	-	-	14,277
Advertising and marketing	-	78,866	3,818	-	-	-	82,684
Membership, dues and subscriptions	-	3,614	6,908	38,763	-	1,361	50,646
Shipping and crating	-	-	88	735	-	-	823
Postage	-	-	-	1,439	-	10	1,449
Photography	-	16,760	375	75	-	-	17,210
Parking	-	121	-	3,158	-	83,085	86,364
New employee search/staff training	-	-	-	10,109	-	-	10,109
Computer materials/Service	-	12	68	69	-	-	149
	<u>66,062</u>	<u>446,306</u>	<u>418,216</u>	<u>2,545,862</u>	<u>641,957</u>	<u>4,034,034</u>	<u>8,152,437</u>
Allocation of building expenses	<u>-</u>	<u>4,980</u>	<u>28,521</u>	<u>497,667</u>	<u>-</u>	<u>(4,034,034)</u>	<u>(3,502,866)</u>
Total expenses	<u><u>\$ 66,062</u></u>	<u><u>\$ 451,286</u></u>	<u><u>\$ 446,737</u></u>	<u><u>\$ 3,043,529</u></u>	<u><u>\$ 641,957</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,649,571</u></u>

Museum of Contemporary Art San Diego

Statement of Functional Expenses - Fundraising Services

Year Ended June 30, 2025

	Fundraising Services		
	Advancement	Fundraising Events	Total
Salaries and employee benefits	\$ 560,422	\$ -	\$ 560,422
Contract/consulting services	8,835	203,433	212,268
Miscellaneous	1,560	-	1,560
Rentals	-	22,394	22,394
Food and entertainment	6,275	77,558	83,833
Bank service fees/interest expense	17	7,604	7,621
Supplies and equipment	777	2,190	2,967
Travel & accommodations	2,339	-	2,339
Graphic design and printing	1,245	9,921	11,166
Advertising and marketing	-	1,900	1,900
Membership, dues and subscriptions	461	-	461
Shipping and crating	-	1,106	1,106
Photography	-	300	300
Parking	188	-	188
New employee search/staff training	295	-	295
Honoraria/Artist fees	-	2,750	2,750
Participation fees	-	-	-
Computer materials/Service	-	-	-
	582,414	329,156	911,570
Allocation of building expenses	20,843	30,255	51,098
Total expenses	<u>\$ 603,257</u>	<u>\$ 359,411</u>	<u>\$ 962,668</u>