

Museum of Contemporary Art San Diego

Financial Statements and
Supplementary Information

June 30, 2023

Museum of Contemporary Art San Diego

Table of Contents

June 30, 2023

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	
Statement of Functional Expenses – Program Services	23
Statement of Functional Expenses – Support Services	24

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, 2023, 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, 2023, 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, on July 1, 2022, the Museum changed its method of accounting for leases due to the adoption of Accounting Standards Codification (Topic 842), *Leases*. Our opinion is not modified with respect to this matter.

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 and Statement of Functional Expenses – Support Services, are presented for the purpose of additional analysis and is 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
April 22, 2024

Museum of Contemporary Art San Diego

Statement of Financial Position

June 30, 2023

Assets

Current Assets

Cash and cash equivalents	\$ 1,229,697
Unrestricted investments	2,842,774
Accounts receivable	126,801
Pledges and grants receivable, net, current portion	1,335,735
Inventory	110,309
Prepaid expenses and current other assets	77,941

Total current assets 5,723,257

Pledges and Grants Receivable, net, long-term portion 2,038,582

Property and Equipment, net 107,872,434

Right-of-Use Assets 43,880

Restricted Investments 42,456,984

Other Assets 101,802

Total assets \$ 158,236,939

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 1,079,717
Deferred compensation, current portion	170,049
Deferred revenue, current portion	713,816
Operating lease liability, current portion	12,054

Total current liabilities 1,975,636

Long-Term Liabilities

Deferred compensation, less current portion	829,688
Deferred revenue, less current portion	669,681
Operating lease liability, less current portion	31,826
Long-term debt, net of deferred financing costs	3,657,710
Construction loan, net of deferred financing costs	17,795,280

Total long-term liabilities 22,984,185

Total liabilities 24,959,821

Net Assets

Without donor restrictions:	
Undesignated	77,524,042
Board designated	2,662,692
With donor restrictions	53,090,384

Total net assets 133,277,118

Total liabilities and net assets \$ 158,236,939

See notes to financial statements

Museum of Contemporary Art San Diego

Statement of Activities

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues:			
Support:			
Contributions	\$ 5,143,340	\$ 1,465,017	\$ 6,608,357
In-kind contributions	250,232	-	250,232
City and County of San Diego grants	245,215	-	245,215
State and federal grants	241,548	-	241,548
Net assets released from restrictions	4,392,836	(4,392,836)	-
	<u>10,273,171</u>	<u>(2,927,819)</u>	<u>7,345,352</u>
Revenues:			
Special events	702,756	-	702,756
Membership	606,604	-	606,604
Auditorium and museum space rental	554,588	-	554,588
Admission fees	445,134	-	445,134
Store sales	195,579	-	195,579
Educational programs and lectures	46,472	-	46,472
Touring exhibit fees	825	-	825
Unrealized gain (loss) on investments	3,341,210	1,182,475	4,523,685
Realized gain (loss) on investments	(562,348)	(194,538)	(756,886)
Dividend and interest income	879,898	337,783	1,217,681
Other income	119,590	-	119,590
	<u>6,330,308</u>	<u>1,325,720</u>	<u>7,656,028</u>
Total support and revenues	<u>16,603,479</u>	<u>(1,602,099)</u>	<u>15,001,380</u>
Expenses			
Program services	9,244,573	-	9,244,573
Supporting services	6,399,137	-	6,399,137
	<u>15,643,710</u>	<u>-</u>	<u>15,643,710</u>
Change in net assets	959,769	(1,602,099)	(642,330)
Net Assets, Beginning	<u>79,226,965</u>	<u>54,692,483</u>	<u>133,919,448</u>
Net Assets, Ending	<u>\$ 80,186,734</u>	<u>\$ 53,090,384</u>	<u>\$ 133,277,118</u>

See notes to financial statements

Museum of Contemporary Art San Diego

Statement of Functional Expenses

Year Ended June 30, 2023

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Salaries and employee benefits	\$ 2,853,221	\$ 2,855,402	\$ 5,708,623
Depreciation	-	2,568,608	2,568,608
Contract and consulting services	451,170	1,481,446	1,932,616
Miscellaneous	(6,167)	37,859	31,692
Rentals	38,718	59,109	97,827
Utilities	24,875	561,226	586,101
Insurance	129,045	281,708	410,753
Investment fee	24,030	140,034	164,064
Legal and accounting	-	133,488	133,488
Food and entertainment	110,101	136,778	246,879
Interest expense	-	985,259	985,259
Bank service fees	41,260	58,124	99,384
Telephone, internet	-	159,340	159,340
In-kind contributions	-	250,232	250,232
Supplies and equipment	109,065	102,866	211,931
Repairs and maintenance	15,763	147,831	163,594
Taxes	216	161,573	161,789
Accessions of art, net of deaccessions	317,337	-	317,337
Travel and accommodations	59,307	19,338	78,645
Amortization of bond issuance fees	-	40,005	40,005
Graphic design and printing	52,536	32,017	84,553
Advertising and marketing	(3,776)	64,823	61,047
Membership, dues and subscriptions	16,532	26,138	42,670
Restoration	18,361	-	18,361
Shipping and crating	435,956	1,270	437,226
Postage	964	2,541	3,505
Photography	20,928	14,992	35,920
Parking	8,316	109,275	117,591
New employee search, staff training	6,777	21,960	28,737
Cost of sales	256,749	-	256,749
Honoraria, artist fees	158,021	-	158,021
Participation fees	4,404	-	4,404
Computer materials, services	-	46,759	46,759
	<u>5,143,709</u>	<u>10,500,001</u>	<u>15,643,710</u>
Allocation of building expenses	<u>4,100,864</u>	<u>(4,100,864)</u>	<u>-</u>
Total expenses	<u>\$ 9,244,573</u>	<u>\$ 6,399,137</u>	<u>\$ 15,643,710</u>

See notes to financial statements

Museum of Contemporary Art San Diego

Statement of Cash Flows

Year Ended June 30, 2023

Cash Flows From Operating Activities

Change in net assets	\$ (642,330)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized (gain)/loss on investments	(3,766,799)
Depreciation and amortization	2,608,613
Loss on disposal of property and equipment	10,052
Changes in assets and liabilities:	
Accounts receivable	(2,639)
Pledges and grants receivable	1,931,629
Inventories	137,880
Prepaid expenses and other assets	23,921
Accounts payable and accrued expenses	169,562
Deferred revenue	508,533
Deferred compensation	(30,721)
	<u>947,701</u>
Net cash provided by operating activities	<u>947,701</u>

Cash Flows From Investing Activities

Proceeds from sales of investments	25,965,334
Purchases of investments	(27,005,445)
Purchases of property and equipment	(686,677)
Net cash draws from investment account	<u>2,011,788</u>
Net cash provided by investing activities	<u>285,000</u>

Cash Flows From Financing Activities

Proceeds from issuance of long-term debt	400,000
Payments on long-term debt	<u>(3,235,970)</u>
Net cash used in financing activities	<u>(2,835,970)</u>
Net change in cash and cash equivalents	(1,603,269)

Cash and Cash Equivalents, Beginning

2,832,966

Cash and Cash Equivalents, Ending

\$ 1,229,697

Supplemental Disclosure of Cash Flow Information

Cash paid for interest	<u>\$ 985,259</u>
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See notes to financial statements

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

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 three distinct locations in San Diego and 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.

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. 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.

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, 2023, \$2,662,692 of net assets without donor restrictions were designated by the Board of Directors 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 of Directors (the Board) for distribution. Some net assets with donor restrictions are required by donors to be held in perpetuity.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

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.

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 3.58% to 4.49% 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

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 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 2023, 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.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

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. No property was held-for-sale or sold in fiscal year 2023.

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.

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 3.58% and 3.81% as of June 30, 2023.

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 2023. During 2023, the present value of the expected future benefit to the Museum of these assets increased by \$74,904. As of June 30, 2023, these assets were valued at \$1,043,269 and are included in the long-term portion of pledges and grants receivable on the statement of financial position.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

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, 2023.

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.

Income Taxes

The Museum is a not-for-profit Museum 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, 2023.

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, 2023, management believes the Museum did not have any uncertain tax positions.

As of June 30, 2023, the federal statute of limitation remains open for the 2021 through 2023 years. The statute of limitations for the state income tax returns remains open for the 2020 through 2023 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.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

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.

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 the not-for-profit 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

Effective July 1, 2022, the Museum adopted FASB Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, and all related amendments using the modified retrospective approach.

Topic 842 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. At lease 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 leases are expensed on a straight-line basis as lease expense over the noncancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. At the date of adoption, the Museum recorded operating lease right-of-use assets and lease liabilities of \$55,565 and \$55,565, respectively.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

The new standard provides for several optional practical expedients. Upon transition to Topic 842, the Museum elected:

- The package of practical expedients permitted under the transition guidance which does not require the Museum to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs.
- The practical expedient to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease or to purchase the underlying asset) and in assessing impairment of the Museum's right-of-use assets.

The new standard also provides for several accounting policy elections, as follows:

- The Museum has elected the policy not to separate lease and nonlease components for all asset classes.
- When the rate implicit in the lease is not determinable, rather than use the Museum's incremental borrowing rate, the Museum elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes.
- The Museum elected not to 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.

Additional required disclosures for Topic 842 are contained in Note 11.

3. 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, 2023, 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 9.

Financial assets for the year ended June 30, 2023:

Cash	\$ 1,229,697
Investments	45,299,758
Grants and pledges receivable	3,374,317
Accounts receivable	126,801
Total financial assets	<u>50,030,573</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions, net of capital campaign	<u>(42,467,134)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 7,563,439</u>

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

4. Pledges and Grants Receivable

As of June 30, 2023, the Museum has unconditional pledges and grants receivable which are due as follows:

Within one year	\$ 1,335,735
One to five years	2,385,179
Greater than five years	<u>680,479</u>
	4,401,393
Less unamortized discount	<u>(1,027,076)</u>
Total	<u>\$ 3,374,317</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, 2023. Pledges receivable from related parties totaled \$1,885,613 as of June 30, 2023.

5. Property and Equipment

Property and equipment consisted of the following at June 30, 2023:

Land	\$ 9,209,259
Buildings and leasehold improvements	116,555,266
Furniture and equipment	6,726,199
Software	106,462
Construction in progress	<u>39,048</u>
	132,636,234
Less accumulated depreciation	<u>(24,763,800)</u>
Property and equipment, net	<u>\$ 107,872,434</u>

Depreciation expense was \$2,568,608 for 2023.

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, 2023.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

6. Debt

Line of Credit

The Museum has a line of credit agreement with a bank expiring in January 2024 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 (8.25% at June 30, 2023) minus 1.625%; or (b) greater of the floor of 1.550% or SOFR rate (5.065% at June 30, 2023) plus 1.550%, per annum. The line of credit is uncollateralized. As of June 30, 2023, there was a \$0 balance outstanding under this agreement. The line of credit agreement contains both financial and nonfinancial covenants. The bank waived nonfinancial covenant related to due date of the audited financial statements and provided a short-term extension of the line through May 14, 2024.

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 Piper Sandler (the Remarketing Agent), which was 3.20% per annum at June 30, 2023. The next scheduled payment is November 1, 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, 2023, 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 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. At June 30, 2023, management believes they are in compliance with all debt covenants.

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 2023 with \$174,309 remaining to be amortized as of June 30, 2023.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

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 5.98% at June 30, 2023. The original maturity of the loan is July 2024 with a one-time right to extend for three years. Subsequent to year end, the Organization exercised its right and extend 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. At June 30, 2023, management believes they are in compliance with all debt covenants.

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.

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. These deferred financing costs are being amortized to general and administrative expense over the life of the Loan. Amortization expense of \$24,625 was recognized in fiscal 2023 with approximately \$24,624 remaining to be amortized as of June 30, 2023.

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 principal and accrued interest will be paid by reducing the commission earned on Café, catering and bar sales. The loan and remaining accrued interest balance is due in full in March 2025, unless paid earlier.

	<u>Balance, June 30, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance, June 30, 2023</u>	<u>Due in one Year</u>
Certificates of participation	\$ 3,450,000	\$ -	\$ -	\$ 3,450,000	\$ -
Construction loan	21,037,893	-	(3,217,987)	17,819,906	-
Museum facility loan	<u>-</u>	<u>400,000</u>	<u>(17,983)</u>	<u>382,017</u>	<u>-</u>
Total	<u>\$ 24,487,893</u>	<u>\$ 400,000</u>	<u>\$ (3,235,970)</u>	<u>\$ 21,651,923</u>	<u>\$ -</u>

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

Years ending June 30:

2024	\$ -
2025	382,018
2026	100,000
2027	18,219,905
2028	400,000
Thereafter	<u>2,550,000</u>
	21,651,923
Less deferred financing costs	<u>(198,933)</u>
Total	<u>\$ 21,452,990</u>

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

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.

The following disclosures provide the fair value of financial instruments at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 1,247,730	\$ -	\$ -	\$ 1,247,730
Charitable Remainder Trusts	-	-	1,043,271	1,043,271
Common Stock Funds:				
Domestic:				
Large Cap	15,504,587	-	-	15,504,587
Mid/Small Cap	3,486,356	-	-	3,486,356
Commodities, natural resources	3,450,468	-	-	3,450,468
International:				
International Developed	7,595,470	-	-	7,595,470
Emerging Markets	927,021	-	-	927,021
Fixed Income Funds:				
Gov't/Corporate Agencies	5,009,421	-	-	5,009,421
High Yield Funds	5,684,233	-	-	5,684,233
Other Bonds	202,319	-	-	202,319
Real Estate Investment Trust	2,192,153	-	-	2,192,153
Total	<u>\$ 45,299,758</u>	<u>\$ -</u>	<u>\$ 1,043,271</u>	<u>\$ 46,343,029</u>

There were no transfers in or out of Level 3 during the year ended June 30, 2023. 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, 2022	\$ 968,368
Unrealized gain	<u>74,903</u>
Balance as of June 30, 2023	<u>\$ 1,043,271</u>

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

The Museum's investment activities for 2023 resulted in dividend and interest income of \$1,217,681, net realized and unrealized gain on investments of \$3,766,799 and total fees of \$164,063.

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 Museum 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 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 funds invested with donor restrictions to be \$45,425,531. 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, 2023

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 \$2,165,182 from endowment funds with donor restrictions in 2023 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 \$3,555,248 as of June 30, 2023. Gains and income in subsequent years will be netted against this deficiency 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, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated Funds	\$ 2,662,692	\$ -	\$ 2,662,692
Donor-restricted Funds	-	45,425,531	45,425,531
Underwater balance	-	(3,555,248)	(3,555,248)
Total	\$ 2,662,692	\$ 41,870,283	\$ 44,532,975

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, June 30, 2022	\$ 2,521,574	\$ 39,236,607	\$ 41,758,181
Interest and dividends, net	60,921	952,808	1,013,729
Net appreciation (realized and unrealized)	226,800	3,546,051	3,772,851
Funds in	-	300,000	300,000
Funds out	-	-	-
Appropriations	(146,604)	(2,165,182)	(2,311,786)
Endowment assets, June 30, 2023	<u>\$ 2,662,691</u>	<u>\$ 41,870,284</u>	<u>\$ 44,532,975</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.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes for the year ended June 30, 2023:

General operations and programs	\$ 41,544,816
Building campaign	5,716,606
Accessions and exhibitions	<u>5,828,962</u>
Total	<u>\$ 53,090,384</u>

10. 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, 2023:

Building campaign	\$ 2,107,632
Accessions and exhibitions	<u>2,285,204</u>
Total	<u>\$ 4,392,836</u>

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

11. Operating Leases

Lessee

Leases during the year ended June 30, 2023 consist of a ground lease and equipment lease located in San Diego, California.

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 2023 is approximately \$250,000 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. Effective February 28, 2024, this ground lease was assigned to the Navy Seal Museum.

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

Right-of-use assets represent the Museum's right to use an underlying asset for the lease term, while lease liabilities represent the Museum's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

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.

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.

The Museum made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Museum:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Museum obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.
- Determined whether contracts contain embedded leases.
- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases.

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

The following table summarizes the lease right-of-use assets and lease liabilities as of June 30, 2023:

Right-of-use assets:	
Operating leases	<u>\$ 43,880</u>
Lease liabilities:	
Current operating lease liabilities	\$ 12,054
Long-term operating lease liabilities	<u>31,826</u>
Total lease liabilities	<u>\$ 43,880</u>

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

Below is a summary of expenses incurred pertaining to leases during the year ended June 30, 2023:

Operating lease expense	<u>\$ 13,248</u>
Weighted average remaining lease term (in years):	
Operating leases	3.50
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, 2023:

Years ending:	
2024	\$ 13,248
2025	13,248
2026	13,248
2027	<u>6,624</u>
Total lease payments	46,368
Less present value discount	<u>(2,488)</u>
Total lease liabilities	43,880
Less current portion	<u>(12,054)</u>
Total	<u>\$ 31,826</u>

The following table includes supplemental cash flow and noncash information related to the leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of the lease liabilities:	
Operating cash flows from operating lease	<u>\$ 13,248</u>
Right-of-use assets obtained in exchange for lease liabilities:	
Operating leases	<u>\$ 55,568</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). 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 term of the lease commenced on March 1, 2007 and expires on July 31, 2091.

Museum of Contemporary Art San Diego

Notes to Financial Statements

June 30, 2023

Rental income was \$10,159 for the year ended June 30, 2023, and recorded as other income on the statement of activities. Deferred revenue related to the Amtrak lease is as follows:

Years ending:		
2024	\$	10,159
2025		10,159
2026		10,159
2027		10,159
2028		10,159
Thereafter		<u>629,045</u>
Total	\$	<u>679,840</u>

12. 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 \$62,000 for 2023.

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 \$0 in 2023. 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.

13. 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.

14. 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 balance sheet date through April 22, 2024, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Museum of Contemporary Art San Diego

Statement of Functional Expenses - Program Services

Year Ended June 30, 2023

	Program Services								
	Exhibitions	Publications	Curatorial	Permanent Collections, Circulation and Accessions	Education, Performances and Library	Visitor Services	Museum Store	Membership Support	Total
Salaries and employee benefits	\$ 869,654	\$ -	\$ 545,569	\$ 468,853	\$ 363,968	\$ 206,947	\$ 162,751	\$ 235,479	\$ 2,853,221
Contract and consulting services	278,853	7,490	2,485	38,857	64,656	798	17,146	40,885	451,170
Miscellaneous	-	-	77	-	125	(7,328)	335	624	(6,167)
Rentals	7,146	780	-	12,953	3,734	-	-	14,105	38,718
Utilities	-	-	-	24,875	-	-	-	-	24,875
Insurance	20	-	-	129,025	-	-	-	-	129,045
Investment fee	1,753	-	-	12,681	9,596	-	-	-	24,030
Food and entertainment	3,646	-	4,322	11,196	6,461	30	2,228	82,218	110,101
Bank service fees	-	4,879	46	-	36	15,599	2,134	18,566	41,260
Supplies and equipment	50,681	225	1,719	18,508	34,055	13	3,023	841	109,065
Repairs and maintenance	229	-	-	15,534	-	-	-	-	15,763
Taxes	-	-	-	216	-	-	-	-	216
Accessions of art, net of deaccessions	-	-	-	317,337	-	-	-	-	317,337
Travel and accommodations	47,405	-	4,357	-	5,396	-	2,149	-	59,307
Graphic design and printing	425	50,236	74	-	285	-	(630)	2,146	52,536
Advertising and marketing	-	-	-	-	(3,781)	-	-	5	(3,776)
Membership, dues and subscriptions	2,634	-	753	10,050	496	-	418	2,181	16,532
Restoration	3,748	-	-	14,613	-	-	-	-	18,361
Shipping and crating	408,945	3,883	35	21,643	-	-	1,450	-	435,956
Postage	172	-	276	-	-	-	427	89	964
Photography	10,038	1,350	-	360	6,080	-	-	3,100	20,928
Parking	2,791	-	1,063	3,537	363	133	149	280	8,316
New employee search, staff training	4,624	-	1,453	291	409	-	-	-	6,777
Cost of sales	-	161,712	-	-	-	-	95,037	-	256,749
Honoraria, artist fees	157,263	-	-	-	758	-	-	-	158,021
Participation fees	3,851	-	-	553	-	-	-	-	4,404
	<u>1,853,878</u>	<u>230,555</u>	<u>562,229</u>	<u>1,101,082</u>	<u>492,637</u>	<u>216,192</u>	<u>286,617</u>	<u>400,519</u>	<u>5,143,709</u>
Allocation of building expenses	<u>3,348,195</u>	<u>-</u>	<u>12,908</u>	<u>639,446</u>	<u>66,102</u>	<u>8,299</u>	<u>22,169</u>	<u>3,745</u>	<u>4,100,864</u>
Total expenses	<u>\$ 5,202,073</u>	<u>\$ 230,555</u>	<u>\$ 575,137</u>	<u>\$ 1,740,528</u>	<u>\$ 558,739</u>	<u>\$ 224,491</u>	<u>\$ 308,786</u>	<u>\$ 404,264</u>	<u>\$ 9,244,573</u>

Museum of Contemporary Art San Diego

Statement of Functional Expenses - Support Services

Year Ended June 30, 2023

	Support Services							
	Museum Beverage Service	Communications	Advancement	Special Events (External Venue Rentals)	General and Administrative	Expansion Campaign	Building	Total
Salaries and employee benefits	\$ -	\$ 189,627	\$ 1,009,999	\$ 52,447	\$ 1,258,342	\$ -	\$ 344,987	\$ 2,855,402
Depreciation	-	-	-	-	-	21,292	2,547,316	2,568,608
Contract and consulting services	-	479,714	69,163	50,994	417,223	55,762	408,590	1,481,446
Miscellaneous	-	5,726	5,093	24	27,016	-	-	37,859
Rentals	-	30,897	-	3,580	7,241	49	17,342	59,109
Utilities	-	-	-	-	-	-	561,226	561,226
Insurance	4,129	-	-	-	276,009	-	1,570	281,708
Investment fee	-	-	-	-	140,034	-	-	140,034
Legal and accounting	-	-	-	-	133,488	-	-	133,488
Food and entertainment	-	96,242	4,541	2,417	33,577	(4,059)	4,060	136,778
Interest expense	-	-	-	-	985,259	-	-	985,259
Bank service fees	-	8,243	10	7,035	28,399	14,437	-	58,124
Telephone, internet	-	-	-	-	830	-	158,510	159,340
In-kind contributions	-	-	-	-	-	-	250,232	250,232
Supplies and equipment	-	4,763	4,219	5,794	17,798	4,354	65,938	102,866
Repairs and maintenance	-	-	-	10,729	1,933	-	135,169	147,831
Taxes	-	-	-	-	12,103	-	149,470	161,573
Travel and accommodations	-	284	3,834	2,126	13,094	-	-	19,338
Amortization of bond issuance fees	-	-	-	-	40,005	-	-	40,005
Graphic design and printing	-	20,887	9,658	461	1,744	-	(733)	32,017
Advertising and marketing	-	57,884	6,939	-	-	-	-	64,823
Membership, dues and subscriptions	-	1,613	4,670	906	18,041	-	908	26,138
Shipping and crating	-	-	56	-	1,214	-	-	1,270
Postage	-	618	553	-	1,370	-	-	2,541
Photography	-	11,892	1,200	-	-	1,900	-	14,992
Parking	-	45	1,026	1,922	3,710	7	102,565	109,275
New employee search, staff training	-	-	464	-	21,496	-	-	21,960
Computer materials, services	-	-	-	-	1,289	-	45,470	46,759
	<u>4,129</u>	<u>908,435</u>	<u>1,121,425</u>	<u>138,435</u>	<u>3,441,215</u>	<u>93,742</u>	<u>4,792,620</u>	<u>10,500,001</u>
Allocation of building expenses	-	5,916	24,762	69,829	591,249	-	(4,792,620)	(4,100,864)
Total expenses	<u>\$ 4,129</u>	<u>\$ 914,351</u>	<u>\$ 1,146,187</u>	<u>\$ 208,264</u>	<u>\$ 4,032,464</u>	<u>\$ 93,742</u>	<u>\$ -</u>	<u>\$ 6,399,137</u>