



# **MUSEUM OF VENTURA COUNTY**

FINANCIAL STATEMENTS  
*AND*  
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2021 AND 2020

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**MUSEUM OF VENTURA COUNTY**  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Museum of Ventura County

We have audited the accompanying financial statements of the Museum of Ventura County (a nonprofit organization) as of June 30, 2021 and 2020, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation of the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum of Ventura County as of June 30, 2021, and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Hirricher & Cousino, LLP*

Thousand Oaks, California

January 3, 2022

**MUSEUM OF VENTURA COUNTY**  
**STATEMENTS OF FINANCIAL POSITION**

June 30, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,102,550	\$ 445,390
Cash - restricted	415,672	990,165
Total cash	1,518,222	1,435,555
Grants receivable	141,078	132,500
Pledges receivable	232,434	569,570
Bequest receivable	1,169,114	1,694,000
Inventory	2,188	2,722
Prepaid expenses and deposits	37,011	40,005
Investments	3,495,150	2,425,229
Beneficial interest in endowment fund	6,310,334	4,578,533
Property and equipment, net of accumulated depreciation of \$3,184,023 and \$2,990,887 respectively	4,609,936	4,381,409
Total assets	\$ 17,515,467	\$ 15,259,523
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 99,267	\$ 105,798
Accrued expenses	118,370	91,076
Deferred revenue	25,825	19,043
Paycheck protection program loan	225,000	218,625
Total liabilities	468,462	434,542
<b>Net assets:</b>		
Net assets without donor-imposed restrictions	9,738,280	8,496,899
Net assets with donor-imposed restrictions	7,308,725	6,328,082
Total net assets	17,047,005	14,824,981
Total liabilities and net assets	\$ 17,515,467	\$ 15,259,523

*See accompanying independent auditors' report and notes to financial statements*

**MUSEUM OF VENTURA COUNTY**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and reclassification						
City, county and federal grants	\$ 300,000	\$ -	\$ 300,000	\$ 450,000	\$ -	\$ 450,000
Other grants	368,084	-	368,084	120,924	-	120,924
Contributions and bequests	1,403,392	237,876	1,641,268	2,063,158	486,399	2,549,557
Contributions friends & member campaign	137,507	-	137,507	93,693	-	93,693
Membership dues	111,883	-	111,883	84,889	-	84,889
Community & special events	-	-	-	89,662	-	89,662
Net assets released from restriction	550,693	(550,693)	-	458,163	(458,163)	-
Net assets reclassification	-	-	-	1,719,089	(1,719,089)	-
Total public support	<u>2,871,559</u>	<u>(312,817)</u>	<u>2,558,742</u>	<u>5,079,578</u>	<u>(1,690,853)</u>	<u>3,388,725</u>
Revenue						
Sales	12,706	-	12,706	30,929	-	30,929
Special programs & admissions	315	-	315	34,875	-	34,875
Venue rental net of expenses	530	-	530	54,885	-	54,885
Investment income	681,482	31	681,513	37,458	19,406	56,864
Change in value of beneficial interest in endowment fund	-	1,293,429	1,293,429	-	162,163	162,163
Total revenue	<u>695,033</u>	<u>1,293,460</u>	<u>1,988,493</u>	<u>158,147</u>	<u>181,569</u>	<u>339,716</u>
Total support, reclassification, and revenue	<u>3,566,592</u>	<u>980,643</u>	<u>4,547,235</u>	<u>5,237,725</u>	<u>(1,509,284)</u>	<u>3,728,441</u>
Expenses						
Program services	1,547,215	-	1,547,215	1,799,886	-	1,799,886
Supporting services						
General and administrative	373,352	-	373,352	391,519	-	391,519
Fundraising	387,219	-	387,219	293,961	-	293,961
Total expenses	<u>2,307,786</u>	<u>-</u>	<u>2,307,786</u>	<u>2,485,366</u>	<u>-</u>	<u>2,485,366</u>
Change in net assets before asset write-offs	1,258,806	980,643	2,239,449	2,752,359	(1,509,284)	1,243,075
Pledges receivable write-off	(17,425)	-	(17,425)	-	-	-
Change in net assets	1,241,381	980,643	2,222,024	2,752,359	(1,509,284)	1,243,075
Net assets at beginning of year	8,496,899	6,328,082	14,824,981	5,744,540	7,837,366	13,581,906
Net assets at end of year	<u>\$ 9,738,280</u>	<u>\$ 7,308,725</u>	<u>\$ 17,047,005</u>	<u>\$ 8,496,899</u>	<u>\$ 6,328,082</u>	<u>\$ 14,824,981</u>

*See accompanying independent auditors' report and notes to financial statements*

# MUSEUM OF VENTURA COUNTY

## STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,222,024	\$ 1,243,075
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Paycheck protection program loan forgiveness	(218,625)	-
Depreciation	193,136	191,509
Change in value of beneficial interest in endowment fund	(1,293,429)	(2,885,268)
Pledges discounts	-	(19,354)
Realized and Unrealized (gains)/losses on investments	638,649	23,153
Non-cash stock donations	(26,264)	(225,549)
Pledges receivable write-off	17,425	-
(Increase) decrease in:		
Grants receivable	(8,578)	130,000
Pledges receivable	319,711	422,569
Bequests receivable	524,886	455,456
Inventory	534	1,480
Prepaid expenses and deposits	2,994	7,828
Increase (decrease) in:		
Accounts payable	(6,531)	77,569
Accrued expenses	27,294	39,981
Other liabilities	-	(17,797)
Deferred revenue	6,782	(4,567)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>2,400,008</b>	<b>(559,915)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(421,663)	(127,188)
Purchases of investments	(2,424,858)	(88,293)
Proceeds from sales of investments	697,544	3,567,042
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(2,148,977)</b>	<b>3,351,561</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Investment in beneficial interest in endowment fund	(438,372)	(2,327,105)
Distributions from beneficial interest in endowment fund	45,008	5,000
Proceeds from paycheck protection program loan	225,000	218,625
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(168,364)</b>	<b>(2,103,480)</b>
Total increase (decrease) in cash and cash equivalents	82,667	688,166
Cash and cash equivalents at beginning of year	1,435,555	747,389
Cash and cash equivalents at end of year	<b>\$ 1,518,222</b>	<b>\$ 1,435,555</b>
<b>RECONCILIATION OF CASH AND RESTRICTED CASH:</b>		
Cash - operations	\$ 1,102,550	\$ 445,390
Cash - restricted	415,672	990,165
	<b>\$ 1,518,222</b>	<b>\$ 1,435,555</b>
Supplemental information and disclosure:		
Non-cash transactions:		
Pledge payments and donations made by stock	\$ 26,264	\$ 225,549
Non-cash contributions	\$ -	\$ -

*See accompanying independent auditors' report and notes to financial statements*

**MUSEUM OF VENTURA COUNTY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended June 30, 2021 and 2020

	2021				2020			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Salaries and related								
Salaries and wages	\$ 659,057	\$ 236,352	\$ 240,912	\$1,136,321	\$ 837,500	\$ 230,026	\$ 165,949	\$1,233,475
Employee benefits	111,444	39,966	40,737	192,147	148,848	40,882	29,494	219,224
Total salaries and related	770,501	276,318	281,649	1,328,468	986,348	270,908	195,443	1,452,699
Contract services	12,000	8,960	12,845	33,805	-	2,000	5,260	7,260
Cost of sales	14,240	-	-	14,240	28,385	-	-	28,385
Exhibit, collection and program	169,588	-	-	169,588	168,956	-	-	168,956
Community programs	11,320	-	-	11,320	35,436	-	-	35,436
Computer and IT costs	35,492	12,728	12,974	61,194	12,453	45,341	8,984	66,778
Fundraising	-	-	10,692	10,692	-	-	22,699	22,699
Marketing and publications	41,516	-	15,176	56,692	53,699	-	14,749	68,448
Occupancy	214,392	17,250	14,786	246,428	208,762	16,797	14,397	239,956
Professional fees	-	17,803	-	17,803	-	16,244	-	16,244
Property taxes	18,814	1,514	1,298	21,626	18,826	1,515	1,298	21,639
Miscellaneous	91,324	25,259	26,211	142,794	120,408	25,309	19,640	165,357
Total operating expenses before depreciation	1,379,187	359,832	375,631	2,114,650	1,633,273	378,114	282,470	2,293,857
Depreciation	168,028	13,520	11,588	193,136	166,613	13,405	11,491	191,509
Total expenses	<u>\$1,547,215</u>	<u>\$ 373,352</u>	<u>\$ 387,219</u>	<u>\$2,307,786</u>	<u>\$1,799,886</u>	<u>\$ 391,519</u>	<u>\$ 293,961</u>	<u>\$2,485,366</u>

*See accompanying independent auditors' report and notes to financial statements*



**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2021 and 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

The Museum of Ventura County (the “Museum”), a nonprofit organization, was originally incorporated in 1957 under the name of the Ventura County Historical Society. The name Museum of Ventura County was officially adopted in 2007. The mission of the Museum is to celebrate, preserve and interpret the art, history and culture of Ventura County, the California Channel Islands and the surrounding region through collections, exhibitions, events, education programs, publications and its research library, and to serve as a gathering place for the community. The Museum is governed by a thirteen-member Board of Directors and is administered by a Chief Executive Officer.

**Collections**

The Museum first opened in 1913, to display the artifact collections of pioneer Dr. Cephas Bard. Over the intervening years, the collections have grown to include over 30,000 artifacts relating to the history of Ventura County from prehistory to the present, over 120,000 books, photographs, documents, maps and periodicals in the Research Library collection, and over 1,000 artworks by regional artists including the 200-piece collection of George Stuart Historical Figures.

**Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (“GAAP”) for not-for-profit organizations.

**Net Asset Presentation**

Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those currently available at the discretion of management and the governing board for use in operations. Net assets with donor restrictions are those which are stipulated by donors for specific purposes or by passage of time and may include net assets to be held in perpetuity.

**Fair Value Measurement**

The carrying amounts of all financial instruments presented on the statement of financial position approximated their fair value as of June 30, 2021 and 2020.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Museum considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2021 and 2020

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Collection Items

In accordance with GAAP, the Museum does not capitalize donated works of art or recognize them as revenues or gains. Such donations need not be recognized if they are added to collections that are held for public exhibitions, education, or research for the purpose of public service rather than financial gain; are protected, kept unencumbered, cared for, preserved and are subject to a policy that requires the proceeds from the sale of collection items (deaccessioned objects) to be used for the acquisition of other collection items.

Revenue Recognition

Contributions, including promises to give, are recognized as revenues in the period the pledge is received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which promises are to be received.

Inventory

Inventories, which consist of retail merchandise, are valued at the lower of cost (FIFO - first-in, first-out) or market.

Property and Equipment

Property and equipment with service lives extending over one year are recorded at cost if purchased, or fair value if contributed, and depreciated over their estimated useful lives, ranging from three to forty years, using the straight-line method. Minor additions and improvements are expensed in the year incurred. The Museum capitalizes all property and equipment valued greater than \$5,000.

Endowment Funds and Investment Policy

The Museum's Board of Directors recommends all investment policies for its endowment funds. Currently, the Board's goal is to ensure that capital is preserved, and simultaneously ensure that the Museum's mission is fulfilled. Thus, the Museum's return objectives are to generate investment income sufficient to support the Museum's mission and to cover for inflation over time. The Museum's endowed investments are managed by professional investment managers, and the Museum's endowments are invested in a prudently diverse portfolio.

Deferred Revenue

The balance in the deferred revenue accounts at June 30, 2021 and 2020, represents deposits paid by community members to reserve the museum's event facility for weddings, memorials and other gatherings.

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2021 and 2020

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets and Services

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

The Museum records donated services that either a) create or enhance a nonfinancial asset, or b) require specialized skills and are provided by persons possessing those skills (and would need to be purchased if they were not donated), at their fair value. These amounts are reported as unrestricted contributions on the statement of activities.

Volunteers, acting-as docents, office workers, and gift shop personnel, contributed approximately 262 and 2,443 hours of time to the Museum for the years ended June 30, 2021, and 2020, respectively. The value of this contributed time is not reflected in these financial statements.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting activities. Expenses related to more than one function are allocated to programs and supporting services based on the ratio of each activity's direct salary costs to total direct salary costs for all activities. These are called shared costs and include utilities, occupancy, telephone, and technology.

Advertising

Advertising costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates used in preparing these financial statements include:

- Allocation of certain expenses by function
- Depreciable lives and estimated residual value of property and equipment
- Allowance for doubtful pledges receivable

Income Taxes

The Museum is a not-for-profit organization that is generally exempt from Federal and California income taxes under Section 501(c)(3) and Section 23701d, respectively. In addition, the Museum has been classified as an organization that is not a private foundation under Section 590(a)(1). Income that is not related to exempt purposes, less applicable deductions, is subject to Federal and state corporate income taxes. The Museum did not have any unrelated business income taxes for the years ended June 30, 2021 and 2020.

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2021 and 2020

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Museum is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods in progress. The Museum believes it is no longer subject to income tax examinations for years prior to tax year 2016.

Application of New Accounting Standards

In May 2014 the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers*. This ASU establishes principles for reporting information to users of financial statements about the nature, amount, and timing of revenue and cash flows arising from contracts with customers. More specifically, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the amounts the entity expects to be entitled to in exchange for those goods and services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2019.

In June of 2018, the FASB issued ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update are designed to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) transactions within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2019.

The new pronouncements above were applied beginning July 1, 2020. The pronouncements for revenue and contributions had no significant impact on the Museum's revenue recognition.

In February 2016, FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets, with a corresponding liability, on the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. The requirements of this ASU are effective for the Museum for the fiscal year beginning after December 15, 2021. The Museum is in the process of evaluating the impact of this standard and potential effects on the financial statements.

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2021 and 2020

**NOTE 2 - FAIR VALUE MEASUREMENTS**

The carrying amounts of financial instruments, including cash, investments and promises to give, have the following approximate fair value as of June 30, 2021 and 2020:

	<u>Fair Value</u>	2021	
		<u>Quoted Prices in Active Markets (Level One)</u>	<u>Significant Unobservable Inputs (Level Three)</u>
Cash and Certificates of Deposit	\$ 1,518,222	\$ 1,518,222	\$ 0
Bonds	1,111,661	1,111,661	0
Stocks, mutual funds & money markets	2,382,489	2,382,489	0
Interest in assets held at VCCF	6,310,334	0	6,310,334
Pledges receivable, net	232,434	0	232,434
Grants receivable, net	141,078	0	141,078
Bequest receivable	1,169,114	0	1,169,114
	<u>\$ 12,865,332</u>	<u>\$ 5,012,372</u>	<u>\$ 7,852,960</u>
		2020	
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level One)</u>	<u>Significant Unobservable Inputs (Level Three)</u>
Cash and Certificates of Deposit	\$ 1,435,555	\$ 1,435,555	\$ 0
Bonds	731,591	731,591	0
Stocks, mutual funds & money markets	1,693,638	1,693,638	0
Interest in assets held by VCCF	4,578,533	0	4,578,533
Pledges receivable, net	569,570	0	569,570
Grants receivable, net	132,500	0	132,500
Bequest receivable	1,694,000	0	1,694,000
	<u>\$ 10,835,387</u>	<u>\$ 3,860,784</u>	<u>\$ 6,974,603</u>

Generally Accepted Accounting Principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 consists of unadjusted quoted prices in active markets for identical assets and has the highest priority, and Level 3 inputs have the lowest priority.

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2021 and 2020

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NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

The Museum uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Museum measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

*Level 1 - Fair Value Measurements*

The fair value of corporate stock, mutual funds, and bonds, are based on quoted prices in an active market for identical assets and liabilities held by the Museum at the year end.

*Level 2 - Fair Value Measurements*

Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3 - Fair Value Measurements*

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. Thus, the fair value of pledges receivable is equal to the present value of the pledges receivable using a discount factor based on the U.S. Treasury risk free rate of return. The following table provides further details of the Level 3 fair value measurements.

	June 30, 2021			
	Pledges Receivable	Grants Receivable	Bequest Receivable	Assets in VCCF
Beginning balance	\$ 569,570	\$ 132,500	\$ 1,694,000	\$ 4,578,533
Additional pledges, grants, and bequest	0	352,009	995,114	0
Pledge, grant, and bequest payments received	(319,711)	(343,431)	(1,520,000)	0
Transfers from cash and investments	0	0	0	438,372
Pledge receivable write-off	(17,425)	0	0	0
Change in present value discount	0	0	0	0
Distributions from VCCF	0	0	0	0
Gain or loss included in change of net assets	0	0	0	1,293,429
Ending balance	\$232,434	\$ 141,078	\$1,169,114	\$ 6,310,334

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2021 and 2020

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

	June 30, 2020			
	Pledges Receivable	Grants Receivable	Bequest Receivable	Assets in VCCF
Beginning balance	\$ 972,785	\$ 262,500	\$ 2,149,456	\$ 1,693,265
Additional pledges, grants, and bequest	0	450,000	1,373,115	5,000
Pledge, grant, and bequest payments received	(422,569)	(580,000)	(1,828,571)	0
Transfers from cash and investments	0	0	0	2,723,105
Pledge receivable write-off	0	0	0	0
Change in present value discount	19,354	0	0	0
Distributions from VCCF	0	0	0	(5,000)
Gain or loss included in change of net assets	0	0	0	162,163
Ending balance	\$ 569,570	\$ 132,500	\$ 1,694,000	\$ 4,578,533

During the year ended June 30, 2021 and 2020, the Museum transferred \$438,372 and \$2,723,105, respectively, from its operating accounts and investments to VCCF funds. The transfers consisted of pledges and bequests received during the year and existing assets and were permanently restricted by the donors.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

At June 30, 2021 and 2020, the Museum had unconditional promises to give from the Endowment Fund, the Dream Makers Campaign, and the Second Century Campaign of \$232,434 and \$569,570, respectively. Estimated collections on pledges receivable are as follows:

	2021	2020
Receivable in one year or less	\$ 136,686	\$ 427,349
Receivable in two to five years	95,748	142,221
	232,434	569,570
Less net present value discount	0	0
Net pledges receivable	\$ 232,434	\$ 569,570

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2021 and 2020

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**NOTE 4 - BEQUEST RECEIVABLE**

The Museum is the beneficiary of several significant estates. In accordance with GAAP the Museum records the revenue and receivable when it is notified and when the amount is known or can be estimated. At June 30, 2021 and 2020, the Museum has recognized estimated receivables from the estates of \$1,169,114 and \$1,694,000, respectively.

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2021 and 2020, consists of:

	<u>Estimated Life</u>	<u>2021</u>	<u>2020</u>
Buildings and improvements	10 - 40 Years	\$ 7,056,962	\$ 6,723,438
Equipment	3 - 10 Years	736,997	648,858
		<u>7,793,959</u>	<u>7,372,296</u>
Less: Accumulated depreciation		<u>(3,184,023)</u>	<u>(2,990,887)</u>
		<u>\$ 4,609,936</u>	<u>\$ 4,381,409</u>

Depreciation expense for the years ended June 30, 2021, and 2020, was \$193,136 and \$191,509, respectively.

**NOTE 6 - INVESTMENTS**

	<u>2021</u>		
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain/(Loss)</u>
Bonds	\$ 1,093,311	\$ 1,111,661	\$ 18,350
Stocks, mutual funds and money market	1,758,468	2,382,489	624,021
	<u>\$ 2,851,779</u>	<u>\$ 3,494,150</u>	<u>\$ 642,371</u>
	<u>2020</u>		
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain/(Loss)</u>
Bonds	\$ 706,370	\$ 731,591	\$ 25,221
Stocks, mutual funds and money market	1,528,734	1,693,638	164,904
	<u>\$ 2,235,104</u>	<u>\$ 2,425,229</u>	<u>\$ 190,125</u>

The following schedule summarizes the investment income/(losses) for the years ended June 30, 2021 and 2020:



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NOTE 6 – INVESTMENTS (Continued)

	2021	2020
Interest and dividends	\$ 18,790	\$ 33,043
Realized and unrealized gains/(losses)	638,649	23,152
Other investment income	31,640	40,325
Investment expenses	(7,566)	(39,656)
	\$ 681,513	\$ 56,864

NOTE 7 - DEACCESSED COLLECTION ITEMS

For the year ended June 30, 2021, and 2020, there were no collection items of material value that were deaccessed.

NOTE 8 - BENEFICIAL INTEREST IN ENDOWMENT FUND

The Museum has established several funds with Ventura County Community Foundation (“VCCF”) to establish an endowment to benefit the Museum's charitable and educational purposes. At June 30, 2021 and 2020, the funds consisted of the following:

	June 30, 2021	June 30, 2020
General Endowment Fund	\$ 3,741,679	\$ 2,541,410
Forum for the Arts Fund	56,645	51,342
Helen Yunker Fund	1,329,401	1,050,520
Bonita McFarland Fund	1,060,205	837,795
Ag Museum General Endowment Fund	122,404	97,466
	\$ 6,310,334	\$ 4,578,533

Under the terms of the agreements the Museum can request an annual payout from the funds at VCCF up to a limit set forth by the Board of Directors of VCCF (currently the amount is based on the fund's annual earnings, net of fees). These funds are held by VCCF as VCCF's component fund and VCCF has variance power to these funds. That power gives VCCF the right to distribute the investment income to another not-for-profit organization of its choice if the Museum ceases to exist or if the governing board of VCCF votes that support of the Museum (a) is no longer necessary or (b) is inconsistent with the needs of the Ventura County Community.

VCCF is the legal owner of all assets held in the component fund and while the Museum cannot withdraw any portion of the amount transferred and any appreciation on those transferred assets, for reporting purposes, these funds are reported as an asset of the Museum in conformity with GAAP.

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NOTE 8 - BENEFICIAL INTEREST IN ENDOWMENT FUND (Continued)

The Museum, by a vote of at least two-thirds (2/3) of the board of directors, may request that these funds be transferred to another community foundation located in the State of California. The board of directors of VCCF retains full discretion as to whether it will honor such a request from the Museum board of directors.

The endowment funds balance at June 30, 2021, and 2020, was \$6,310,334 and \$4,578,533, respectively, and net investment income for the years then ended were \$1,293,429 and \$162,163, respectively. There were no contributions to the endowment fund for the year ended June 30, 2021, however, the Museum transferred \$473,380 to funds at VCCF. For the years ended June 30, 2021 and 2020, there were distributions of \$45,008 and \$5,000, respectively, from the endowment funds at VCCF.

NOTE 9 - ENDOWMENT FUNDS HELD BY VENTURA COUNTY COMMUNITY FOUNDATION

Ventura County Community Foundation holds and manages several endowment funds for the benefit of the Museum. These funds were established by donations to VCCF from the general public to benefit the Museum. The Museum is entitled to the income produced by the endowment funds annually. VCCF has variance power of the endowment funds and is the owner of the endowment funds. Variance power provides that if the board of directors of VCCF, in its sole judgement, determines that the endowment funds become unnecessary, incapable of fulfillment, or inconsistent with the needs of the community served by VCCF, the VCCF board of directors shall modify any restriction or condition on the use or distribution of the income and principal of the endowment funds.

The endowment funds annual distributions to the Museum are as follows:

	<u>2021</u>	<u>2020</u>
VCMHA Smith Gallery Endowment Fund	\$ 7,442	\$ 7,406
The Berry Research Library Endowment Fund	12,800	12,704
The Myra and Ronald Bank Family Fund	3,159	3,144
The Barbara Barnard Smith Museum of Ventura County Executive Director Fund	48,102	48,309
Smith Hobson Collections Manager Fund	22,226	0

NOTE 10 - LEASE OBLIGATIONS

The Museum entered into an agreement to lease the land on which the Museum is built from the City of San Buenaventura. The term of the lease is ninety-nine years commencing June 1, 1975, and the annual rent is one dollar.

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NOTE 10 - LEASE OBLIGATIONS (Continued)

Effective December 2006, the Museum entered into an agreement with the Ventura County Transportation Commission to lease the historic Mill building and underlying property in Santa Paula for the sole purpose of operating and maintaining a Farm Heritage Museum. The term of the lease is ninety-nine years commencing from the date of the Notice to Occupancy, and the annual rent is one dollar.

On June 10, 2018, the Museum entered into a three-year lease for office space in the City of Ventura for the conservation and storage of the Museum's art collection. The monthly lease payments are \$1,740. The lease expires September 30, 2021. The Museum also rents various storage facilities for its art and library collections and other items. For the years ended June 30, 2021 and 2020, rent expense was \$38,223 and \$35,937, respectively.

Future minimum lease payments as of June 30, 2021, are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 5,222
2023	2
2024	2
2025	2
2026	2
Thereafter	132
	<u>\$ 5,362</u>

NOTE 11 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN:

On April 23, 2020, the Museum obtained a Paycheck Protection Program ("PPP") loan from Mechanics Bank in the amount of \$218,625. Payments on the loan do not begin until ten-months after the 24-week covered period ends which is expected to be August 2021. The interest rate is one-percent (1%) per annum and there are no assets pledged as collateral. On April 8, 2021, the Museum received notice that the loan was forgiven by the Small Business Administration (SBA).

On February 20, 2021, the Museum obtain a second Paycheck Protection Program ("PPP") loan from Mechanics Bank in the amount of \$225,000. Terms of the second PPP loan are similar to the first loan.

The Museum has applied for loan forgiveness under the terms of the PPP forgiveness guidelines. Management expects that the loan will be substantially or fully forgiven prior to the first payment date.

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**NOTE 12 - CONCENTRATION OF CREDIT RISK**

The Museum maintains bank accounts at various financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021, the Museum had no uninsured cash.

**NOTE 13 - NET ASSETS WITH DONOR IMPOSED RESTRICTIONS**

At June 30, 2021 and 2020, net assets with donor-imposed restrictions are restricted for the follow purposes:

	2021	2020
Subject to expenditure for a specified purpose:		
Donor restrictions – Operating Fund	\$ 244,787	\$ 487,035
Ag Museum Activities – Ag Operating and Museum Funds	132,906	132,906
Building expansion – Expansion Fund	314,736	314,705
Collectors Council	18,083	55,519
	710,512	990,165
Beneficial Interest in Endowment Funds at VCCF		
Art-related activities – McFarland Fund	273,717	51,307
Helen Yunker Endowment Fund	329,401	50,520
Ag Museum – Endowment Fund	24,938	-
Museum General Endowment Fund	823,606	106,717
Forum for the Arts	5,983	680
	1,457,645	209,224
Total net assets subject to expenditure for a specified purpose	2,168,157	1,199,389
Subject to restrictions in perpetuity:		
Museum General Endowment Fund	287,879	759,384
Beneficial Interest in Endowment Funds at VCCF		
Art related activities – McFarland Fund	786,488	786,488
Helen Yunker Endowment Fund	1,000,000	1,000,000
Ag Museum activities – Endowment Fund	161,224	161,224
Museum General Endowment Fund	2,854,315	2,370,935
Forum for the Arts	50,662	50,662
	4,852,689	4,369,309
Total net assets subject to restrictions in perpetuity	5,140,568	5,128,693
Total net assets with donor-imposed restrictions	\$ 7,308,725	\$ 6,328,082

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NOTE 13 - NET ASSETS WITH DONOR IMPOSED RESTRICTIONS (Continued)

During the years ended June 30, 2021 and 2020, the following net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors:

	2021	2020
Donor restrictions – Operating and Ag Fund	\$ 468,249	\$ 269,096
Collectors Council	37,436	0
Distribution from Beneficial interest in Endowment Fund	45,008	5,000
	\$ 550,693	\$ 314,587

The “Museum activities - Endowment Fund” was reported as permanently restricted at June 30, 2019. The fund is a board designated fund and was reclassified to unrestricted net assets at June 30, 2020.

NOTE 14 - COUNTY AND CITY OF VENTURA GRANT REQUIREMENTS

During the year ended June 30, 2018, the Museum entered into separate funding agreements with the city of Ventura and the county of Ventura. These agreements required that the Museum annually meet specific financial goals to insure continued funding:

- Secure additional endowment gifts amounting to \$1,000,000
- Increase earned revenue by 50%
- Secure 350 new donors
- Secure at least \$50,000 in corporate memberships/sponsors

On March 19, 2020, the Museum shut down under California’s mandatory statewide stay-at-home order. The ability to meet revenue and donation goals was severely impacted and this was recognized by both the city and county of Ventura. For the year ended June 30, 2020, both the City and County suspended the necessity for meeting financial goals. For the year ended June 30, 2021, and for the remaining term of the agreements, these goals are no longer a requirement for continued funding.

As part of the grant with the County of Ventura, the Museum was provided office space at 77 California Street in the city of Ventura, CA. The space is provided free of charge for the term of the contract with the County. The space is provided by the County for the Museum to catalog, archive and preserve certain County records entrusted to the Museum by the County.

Included in grants receivable at June 30, 2021, is \$70,000 due from the County of Ventura and \$25,000 due from the City of Ventura. At June 30, 2020, \$70,000 was due from the County of Ventura and \$62,500 was due from the City of Ventura.

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**NOTE 15 - LIQUIDITY AND AVAILABILITY OF FUNDS**

The Museum has \$4,159,893 of financial assets available within one year of the statement of financial position date, consisting of \$528,057 of cash, \$3,495,150 of investments, and \$136,686 of pledges, grants, and bequests receivable to meet cash needs for general expenditures. None of these financial assets are subject to donor-imposed restriction.

In addition to financial assets available to meet general expenditures over the year, the Museum operates with a balanced budget and anticipates covering its general expenditures through donations and grants from the general public, membership dues, fundraising events, and investment return.

**NOTE 16 - COVID-19 PANDEMIC**

During March 2020, the COVID-19 pandemic developed rapidly throughout the world and has affected the Museum both financially and operationally. Federal, state, and local government agencies have instituted restrictions in an effort to contain and slow the spread of COVID-19. These restrictions have had a significant impact on global supply chains, businesses, and communities. The pandemic has affected the Museum's ability to continue programs, however management has taken steps to mitigate this effect on the Museum's personnel, programs, and financial impact.

The COVID-19 pandemic is expected to continue to impact global commerce and the Museum's operations for the foreseeable future. The duration and impact of the pandemic to the Museum and its financial results cannot be reasonably estimated at this time.

**NOTE 17 - EVALUATION OF SUBSEQUENT EVENTS**

The Museum received notice in August 2021 that the second PPP loan was forgiven by the Small Business Administration (SBA) (See Note 11).

In September 2021, the office space lease in the City of Ventura (See Note 10) was extended for a period of one year. The terms and conditions are similar to the original lease agreement with the exception of a small increase in monthly rent.