



# **MUSEUM OF VENTURA COUNTY**

FINANCIAL STATEMENTS  
*AND*  
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2020 AND 2019

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**MUSEUM OF VENTURA COUNTY**  
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# ***HINRICHER & COUSINO, LLP***

## **Certified Public Accountants**

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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, 2020 and 2019, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the year, and nine months, 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, 2020, and 2019, and the changes in its net assets and its cash flows for the year, and nine months, then ended in accordance with accounting principles generally accepted in the United States of America.

*Hinricher & Cousino, LLP*

Thousand Oaks, California

May 10, 2021

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

June 30, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 445,390	\$ 338,772
Cash - restricted	990,165	408,617
Total cash	1,435,555	747,389
Grants receivable	132,500	262,500
Pledges receivable, net of present value discount of \$0 and \$19,354, respectively	569,570	972,785
Bequest receivable	1,694,000	2,149,456
Inventory	2,722	4,202
Prepaid expenses and deposits	40,005	47,833
Investments	2,425,229	3,379,477
Beneficial interest in endowment fund	4,578,533	1,693,265
Property and equipment, net of accumulated depreciation of \$2,990,887 and \$2,799,378 respectively	4,381,409	4,445,730
Total assets	\$ 15,259,523	\$ 13,702,637
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 105,798	\$ 28,229
Accrued expenses	91,076	51,095
Other liabilities	-	17,797
PPP loan	218,625	-
Deferred revenue	19,043	23,610
Total liabilities	434,542	120,731
<b>Net assets:</b>		
Net assets without donor-imposed restrictions	8,496,899	5,744,540
Net assets with donor-imposed restrictions	6,328,082	7,837,366
Total net assets	14,824,981	13,581,906
Total liabilities and net assets	\$ 15,259,523	\$ 13,702,637

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

**MUSEUM OF VENTURA COUNTY**

**STATEMENTS OF ACTIVITIES**

For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and reclassification						
City, county and federal grants	\$ 450,000	\$ -	\$ 450,000	\$ 337,673	\$ -	\$ 337,673
Other grants	120,924	-	120,924	110,000	-	110,000
Contributions and bequests	2,063,158	486,399	2,549,557	1,309,266	1,306,609	2,615,875
Contributions friends & member campaign	93,693	-	93,693	86,800	-	86,800
Membership dues	84,889	-	84,889	75,837	-	75,837
Community & special events	89,662	-	89,662	109,498	-	109,498
Net assets released from restriction	458,163	(458,163)	-	323,430	(323,430)	-
Net assets reclassification	1,719,089	(1,719,089)	-	(1,506,053)	1,506,053	-
Total public support	<u>5,079,578</u>	<u>(1,690,853)</u>	<u>3,388,725</u>	<u>846,451</u>	<u>2,489,232</u>	<u>3,335,683</u>
Revenue						
Sales	30,929	-	30,929	31,806	-	31,806
Special programs & admissions	34,875	-	34,875	42,162	-	42,162
Venue rental net of expenses	54,885	-	54,885	43,435	-	43,435
Investment income	37,458	19,406	56,864	(392)	72,828	72,436
Change in value of beneficial interest in endowment fund	-	162,163	162,163	-	85,741	85,741
Total revenue	<u>158,147</u>	<u>181,569</u>	<u>339,716</u>	<u>117,011</u>	<u>158,569</u>	<u>275,580</u>
Total support, reclassification, and revenue	<u>5,237,725</u>	<u>(1,509,284)</u>	<u>3,728,441</u>	<u>963,462</u>	<u>2,647,801</u>	<u>3,611,263</u>
Expenses						
Program services	1,799,886	-	1,799,886	1,095,878	-	1,095,878
Supporting services						
General and administrative	391,519	-	391,519	301,514	-	301,514
Fundraising	293,961	-	293,961	240,747	-	240,747
Total expenses	<u>2,485,366</u>	<u>-</u>	<u>2,485,366</u>	<u>1,638,139</u>	<u>-</u>	<u>1,638,139</u>
Change in net assets before asset write-offs	2,752,359	(1,509,284)	1,243,075	(674,677)	2,647,801	1,973,124
Pledges receivable write-off	-	-	-	(20,300)	(79,960)	(100,260)
Change in net assets	2,752,359	(1,509,284)	1,243,075	(694,977)	2,567,841	1,872,864
Net assets at beginning of year	<u>5,744,540</u>	<u>7,837,366</u>	<u>13,581,906</u>	<u>6,439,517</u>	<u>5,269,525</u>	<u>11,709,042</u>
Net assets at end of year	<u>\$ 8,496,899</u>	<u>\$ 6,328,082</u>	<u>\$ 14,824,981</u>	<u>\$ 5,744,540</u>	<u>\$ 7,837,366</u>	<u>\$ 13,581,906</u>

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

# MUSEUM OF VENTURA COUNTY

## STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,243,075	\$ 1,872,864
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	191,509	137,960
Change in value of beneficial interest in endowment fund	(2,885,268)	(85,741)
Pledges discounts	(19,354)	2,744
Realized and Unrealized (gains)/losses on investments	23,153	(42,109)
Non-cash stock donations	(225,549)	-
Pledges receivable write-off	-	100,260
(Increase) decrease in:		
Grants receivable	130,000	37,500
Pledges receivable	422,569	270,654
Bequests receivable	455,456	(831,056)
Inventory	1,480	(1,849)
Prepaid expenses and deposits	7,828	139,960
Increase (decrease) in:		
Accounts payable	77,569	(14,343)
Accrued expenses	39,981	6,439
Other liabilities	(17,797)	7,958
Deferred revenue	(4,567)	(128,335)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(559,915)</b>	<b>1,472,906</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(127,188)	(62,739)
Purchases of investments	(88,293)	(444,604)
Proceeds from sales of investments	3,567,042	454,646
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>3,351,561</b>	<b>(52,697)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Investment in beneficial interest in endowment fund	(2,327,105)	(1,506,053)
Distributions from beneficial interest in endowment fund	5,000	1,616
Proceeds from PPP loan	218,625	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(2,103,480)</b>	<b>(1,504,437)</b>
Total increase (decrease) in cash and cash equivalents	688,166	(84,228)
Cash and cash equivalents at beginning of year	747,389	831,617
Cash and cash equivalents at end of year	<b>\$ 1,435,555</b>	<b>\$ 747,389</b>
<b>RECONCILIATION OF CASH AND RESTRICTED CASH:</b>		
Cash - operations	\$ 445,390	\$ 338,772
Cash - restricted	990,165	408,617
	<b>\$ 1,435,555</b>	<b>\$ 747,389</b>
Supplemental information and disclosure:		
Non-cash transactions:		
Pledge payments and donations made by stock	\$ 225,549	\$ 97,927
Non-cash contributions	-	-

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

# MUSEUM OF VENTURA COUNTY

## STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

	2020				2019			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Salaries and related								
Salaries and wages	\$ 837,500	\$ 230,026	\$ 165,949	\$1,233,475	\$ 430,999	\$ 156,722	\$ 133,679	\$ 721,400
Employee benefits	148,848	40,882	29,494	219,224	73,745	26,816	22,873	123,434
Total salaries and related	986,348	270,908	195,443	1,452,699	504,744	183,538	156,552	844,834
Contract Services	-	2,000	5,260	7,260	-	22,000	6,175	28,175
Cost of sales	28,385	-	-	28,385	21,383	-	-	21,383
Exhibit, collection and program	168,956	-	-	168,956	81,089	-	-	81,089
Community programs	35,436	-	-	35,436	33,983	-	-	33,983
Computer and IT costs	12,453	45,341	8,984	66,778	10,448	28,732	8,912	48,092
Fundraising	-	-	22,699	22,699	-	-	16,003	16,003
Marketing and publications	53,699	-	14,749	68,448	36,453	-	11,306	47,759
Occupancy	208,762	16,797	14,397	239,956	160,168	12,887	11,046	184,101
Professional fees	-	16,244	-	16,244	-	24,230	-	24,230
Property taxes	18,826	1,515	1,298	21,639	13,958	1,123	963	16,044
Miscellaneous	120,408	25,309	19,640	165,357	113,627	19,347	21,512	154,486
Total operating expenses before depreciation	1,633,273	378,114	282,470	2,293,857	975,853	291,857	232,469	1,500,179
Depreciation	166,613	13,405	11,491	191,509	120,025	9,657	8,278	137,960
Total expenses	\$1,799,886	\$ 391,519	\$ 293,961	\$2,485,366	\$1,095,878	\$ 301,514	\$ 240,747	\$1,638,139

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



# MUSEUM OF VENTURA COUNTY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

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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 an eleven-member Board of Directors and is administered by a Chief Executive Officer.

#### Change in Fiscal Period

The Museum has elected to change its reporting period from September 30 to June 30 year end effective for the year ended June 30, 2019. As a result, the information presented in the accompanying financial statements for June 30, 2019, is for a period of nine months.

#### 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, 2020 and 2019.

#### 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 Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

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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.

Pledges Receivable

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, 2020 and 2019, 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 Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

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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 2,443 and 2,748 hours of time to the Museum for the year ended June 30, 2020, and nine months ended June 30, 2019, 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 year ended June 30, 2020 and nine months ended June 30, 2019.

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

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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. The Museum is in the process of evaluating the impact of this standard and potential effects on the financial statements.

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 Museum is in the process of evaluating the impact of this standard and potential effects on the financial statements.

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 Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

### 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, 2020 and 2019:

	Fair Value	2020	
		Quoted Prices in Active Markets (Level One)	Significant Unobservable Inputs (Level Three)
Cash and Certificates of Deposit	\$ 1,435,555	\$ 1,435,555	\$ -
Bonds	731,591	731,591	-
Stocks, mutual funds & money markets	1,693,638	1,693,638	-
Interest in assets held at VCCF	4,578,533	-	4,578,533
Pledges receivable, net	569,570	-	569,570
Grants receivable, net	132,500	-	132,500
Bequest receivable	1,694,000	-	1,694,000
	<u>\$ 10,835,387</u>	<u>\$ 3,860,784</u>	<u>\$ 6,974,603</u>
		2019	
	Fair Value	Quoted Prices in Active Markets (Level One)	Significant Unobservable Inputs (Level Three)
Cash and Certificates of Deposit	\$ 747,389	\$ 747,389	\$ -
Bonds	1,103,916	1,103,916	-
Stocks, mutual funds & money markets	2,275,561	2,275,561	-
Interest in assets held by VCCF	1,693,265	-	1,693,265
Pledges receivable, net	972,785	-	972,785
Grants receivable, net	262,500	-	262,500
Bequest receivable	2,149,456	-	2,149,456
	<u>\$ 9,204,872</u>	<u>\$ 4,126,866</u>	<u>\$ 5,078,006</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 Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

### 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 net asset values of the shares held by the Museum at the year end.

#### *Level 3 - Fair Value Measurements*

The following table are assets that are not actively traded and significant other observable inputs are not available. 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.

Fair value measurements using significant unobservable inputs (Level 3)

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

During the year ended June 30, 2020, the Museum transferred \$2,723,105 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.

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

	June 30, 2019			
	Pledges Receivable	Grants Receivable	Bequest Receivable	Assets in VCCF
Beginning balance	\$ 1,346,443	\$ 300,000	\$ 1,318,400	\$ 103,087
Additional pledges & grants	-	187,500	2,428,571	1,506,053
Pledge & grant payments received	(270,654)	(225,000)	(1,597,515)	(1,616)
Pledge receivable write-off	(100,260)	-	-	-
Change in present value discount	(2,744)	-	-	-
Gain or loss included in change of net assets	-	-	-	85,741
Ending balance	<u>\$ 972,785</u>	<u>\$ 262,500</u>	<u>\$ 2,149,456</u>	<u>\$ 1,693,265</u>

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

At June 30, 2020 and 2019, the Museum had unconditional promises to give from the Expansion Fund, the Dream Makers Campaign, and the Second Century Campaign of \$569,570 and \$972,785, respectively. Included in grants receivable at June 30, 2020 and 2019, are \$70,000 and \$200,000, respectively, that are receivable in two to five years. Estimated collections on the grants and pledges receivable are as follows:

	2020	2019
Receivable in one year or less	\$ 427,349	\$ 559,532
Receivable in two to five years	212,221	632,608
	<u>639,570</u>	<u>1,192,140</u>
Less net present value discount	0	(19,355)
Net grants and pledges receivable	<u>\$ 639,570</u>	<u>\$ 1,172,785</u>

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, 2020 and 2019, the Museum has recognized estimated receivables from the estates of \$1,694,000 and \$2,149,456, respectively.

# MUSEUM OF VENTURA COUNTY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020, and 2019, consists of:

	<u>Estimated Life</u>	<u>2020</u>	<u>2019</u>
Buildings and improvements	10 - 40 Years	\$ 6,723,438	\$ 6,616,724
Equipment	3 - 10 Years	648,858	628,384
		<u>7,372,296</u>	<u>7,245,108</u>
Less: Accumulated depreciation		<u>(2,990,887)</u>	<u>(2,799,378)</u>
		<u>\$ 4,381,409</u>	<u>\$ 4,445,730</u>

Depreciation expense for the year ended June 30, 2020, and nine months ended June 30, 2019, was \$191,509 and \$137,960, respectively.

### NOTE 6 - INVESTMENTS

	<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>
	<u>2019</u>		
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain/(Loss)</u>
Bonds	\$ 1,076,885	\$ 1,103,916	\$ 27,031
Stocks, mutual funds and money market	2,148,324	2,275,561	127,237
	<u>\$ 3,225,209</u>	<u>\$ 3,379,477</u>	<u>\$ 154,268</u>

The following schedule summarizes the investment income/(losses) for the year ended June 30, 2020 and nine months ended June 30, 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 33,043	\$ 30,695
Realized and unrealized gains/(losses)	23,152	42,109
Other investment income	40,325	29,364
Investment expenses	<u>(39,656)</u>	<u>(29,732)</u>
	<u>\$ 56,864</u>	<u>\$ 72,436</u>



# MUSEUM OF VENTURA COUNTY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

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### NOTE 7 - DEACCESSED COLLECTION ITEMS

For the year ended June 30, 2020, and nine months ended June 30, 2019, there were no collection items of material value that were deaccessed.

### NOTE 8 - LINE OF CREDIT

The Museum has a line of credit in the amount of \$250,000. The interest rate varies based on a rate of 4.050% above the prime rate and matures on April 22, 2021. The line of credit is secured by all receivables, personal property and equipment, as well as intangible property owned by the Museum. At June 30, 2020 and 2019, the balance of the line of credit was \$0. The Museum has not drawn on the line of credit since obtaining it.

### NOTE 9 - 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, 2020 and 2019, the funds consisted of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
General Endowment Fund	\$ 2,541,410	\$ 1,642,603
Forum for the Arts Fund	51,342	50,662
Helen Yunker Fund	1,050,520	-
Bonita McFarland Fund	837,795	-
Ag Museum General Endowment Fund	97,466	-
	<u>\$ 4,578,533</u>	<u>\$ 1,693,265</u>

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 the variance power to these funds. That power gives the 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 the Foundation 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 accounting principles accepted in the United States of America.

# MUSEUM OF VENTURA COUNTY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

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### NOTE 9 - 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, 2020, and 2019, was \$4,578,533 and \$1,693,265, respectively, and net investment income for the year, and nine months, then ended were \$162,163 and \$85,741, respectively. Contributions to the endowment fund for the year ended June 30, 2020, were \$5,000, additionally, the Museum transferred \$2,723,105 to the funds at VCCF. Distributions from the endowment funds for the year ended June 30, 2020, were \$5,000.

### NOTE 10 - ENDOWMENT FUNDS HELD BY VENTURA COUNTY COMMUNITY FOUNDATION

The 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>2020</u>	<u>2019</u>
VCMHA Smith Gallery Endowment Fund	\$ 7,406	\$ 7,381
The Berry Research Library Endowment Fund	12,704	12,645
The Myra and Ronald Bank Family Fund	3,144	3,133
The Barbara Barnard Smith Museum of Ventura County Executive Director Fund	48,309	25,000

### NOTE 11 - 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.

# MUSEUM OF VENTURA COUNTY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

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### NOTE 11 - 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 at a cost of \$35,937 and \$27,690, respectively, for the year ended June 30, 2020, and 2019.

Future minimum lease payments as of June 30, 2020, are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2021	\$ 20,882
2022	5,222
2023	2
2024	2
Thereafter	136
	<u>\$ 26,244</u>

### NOTE 12 - 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.

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.

### NOTE 13 - 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, 2020 the Museum had \$1,141,826 of uninsured cash. It is the opinion of management that the solvency of the referenced financial institution is not of particular concern at this time.

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

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**NOTE 14 - NET ASSETS WITH DONOR IMPOSED RESTRICTIONS**

At June 30, 2020, and 2019, net assets with donor imposed restrictions are restricted for the follow purposes:

	2020	2019
Subject to expenditure for a specified purpose:		
Donor restrictions – Operating Fund	\$ 487,035	\$ 347,943
Ag Museum Activities – Ag Operating and Museum Funds	132,906	205,805
Ag Museum Activities – Endowment Fund	-	78,722
Helen Yunker Endowment Fund	50,520	-
Building expansion – Expansion Fund	314,705	312,138
Art-related activities – McFarland Fund	51,307	63,889
Museum activities – Endowment Fund	-	365,487
Collectors Council	55,519	55,519
Forum for the Arts	680	-
Beneficial interest in Endowment Fund	106,717	114,711
	1,199,389	1,544,214
Subject to restrictions in perpetuity:		
Art related activities – McFarland Fund	786,488	722,599
Museum activities – Endowment Fund	-	3,869,706
Forum for the Arts	50,662	-
Ag Museum activities – Endowment Fund	161,224	122,293
Helen Yunker Endowment Fund	1,000,000	-
Beneficial interest in Endowment Fund	3,130,319	1,578,554
	5,128,693	6,293,152
Total net assets with donor imposed restrictions	\$ 6,328,082	\$ 7,837,366

During the year ended June 30, 2020, and nine months ended June 30, 2019, the following net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors:

	2020	2019
Donor restrictions – Operating and Ag Fund	\$ 269,096	\$ 174,844
Endowment earnings	-	108,703
Art related activities	40,491	38,267
Distribution from Beneficial interest in Endowment Fund	5,000	1,616
	\$ 314,587	\$ 323,430

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.

# MUSEUM OF VENTURA COUNTY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

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### NOTE 15 - 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 require that the Museum, complete certain financial goals by June 30, 2020:

- 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

The City and County of Ventura have the right to review the outcomes of these goals and if the City and County of Ventura deem that the Museum has not met the goals in a timely manner, or if the Museum misses any established goals for three or more calendar quarters or misses multiple goals for two or more calendar quarters, the City and County have the right to terminate the grant agreement.

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 of Ventura and the county of Ventura. Both the City and County suspended the necessity for meeting financial goals under their funding agreements until the Museum could reopen under normal operations.

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.

### NOTE 16 - LIQUIDITY AND AVAILABILITY OF FUNDS

The Museum has \$3,297,968 of financial assets available within one year of the statement of financial position date, consisting of \$445,390 of cash, \$2,425,229 of investments, and \$427,349 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.

# MUSEUM OF VENTURA COUNTY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2020 and Nine Months Ended June 30, 2019

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### NOTE 17 - 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 2021 operations. The duration and impact of the pandemic to the Museum and its financial results cannot be reasonably estimated at this time.

### NOTE 18 - EVALUATION OF SUBSEQUENT EVENTS

The Museum received notice in April 2021 that the PPP loan was forgiven by the Small Business Administration (SBA) (See Note 12).