



# **MUSEUM OF VENTURA COUNTY**

FINANCIAL STATEMENTS  
*AND*  
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2022 AND 2021

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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

### ***Opinion***

We have audited the financial statements of Museum of Ventura County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Museum of Ventura County as of June 30, 2022 and 2021, 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.

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

## *Auditor's 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 auditor's 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 Museum of Ventura County'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 Museum of Ventura County'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.

*Hiricher & Cousins, LLP*

Thousand Oaks, California

January 26, 2023

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

June 30, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents		
Cash - operations	\$ 901,965	\$ 1,102,550
Cash - restricted	589,055	415,672
Total cash and cash equivalents	1,491,020	1,518,222
Grants receivable	50,000	141,078
Pledges receivable	101,784	232,434
Bequests receivable	174,000	1,169,114
Inventory	10,181	2,188
Prepaid expenses and deposits	76,888	37,011
Investments	3,063,183	3,495,150
Beneficial interest in endowment fund	6,289,626	6,310,334
Property and equipment, net of accumulated depreciation of \$3,379,553 and \$3,184,023 respectively	4,434,561	4,609,936
Total assets	\$ 15,691,243	\$ 17,515,467
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 74,378	\$ 99,267
Accrued expenses	117,476	118,370
Deferred revenue	109,298	25,825
Paycheck protection program loan	-	225,000
Total liabilities	301,152	468,462
Net assets:		
Net assets without donor-imposed restrictions	8,176,335	9,738,280
Net assets with donor-imposed restrictions	7,213,756	7,308,725
Total net assets	15,390,091	17,047,005
Total liabilities and net assets	\$ 15,691,243	\$ 17,515,467

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

**MUSEUM OF VENTURA COUNTY**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and reclassification						
City, county and federal grants	\$ 400,000	\$ -	\$ 400,000	\$ 300,000	\$ -	\$ 300,000
Other grants	449,405	-	449,405	368,084	-	368,084
Contributions and bequests	150,981	897,551	1,048,532	1,403,392	237,876	1,641,268
Contributions friends & member campaign	114,895	-	114,895	137,507	-	137,507
Membership dues	149,244	-	149,244	111,883	-	111,883
Net assets released from restriction	375,992	(375,992)	-	550,693	(550,693)	-
Net assets reclassification	(115,370)	115,370	-	-	-	-
Total public support	<u>1,525,147</u>	<u>636,929</u>	<u>2,162,076</u>	<u>2,871,559</u>	<u>(312,817)</u>	<u>2,558,742</u>
Revenue						
Sales	76,576	-	76,576	12,706	-	12,706
Special programs & admissions	12,383	-	12,383	315	-	315
Venue rental net of expenses	61,708	-	61,708	530	-	530
Investment income (loss)	(321,633)	-	(321,633)	681,482	31	681,513
Change in value of beneficial interest in endowment fund	-	(731,898)	(731,898)	-	1,293,429	1,293,429
Total revenue	<u>(170,966)</u>	<u>(731,898)</u>	<u>(902,864)</u>	<u>695,033</u>	<u>1,293,460</u>	<u>1,988,493</u>
Total support, reclassification, and revenue	<u>1,354,181</u>	<u>(94,969)</u>	<u>1,259,212</u>	<u>3,566,592</u>	<u>980,643</u>	<u>4,547,235</u>
Expenses						
Program services	2,096,850	-	2,096,850	1,547,215	-	1,547,215
Supporting services						
General and administrative	440,940	-	440,940	373,352	-	373,352
Fundraising	378,336	-	378,336	387,219	-	387,219
Total expenses	<u>2,916,126</u>	<u>-</u>	<u>2,916,126</u>	<u>2,307,786</u>	<u>-</u>	<u>2,307,786</u>
Change in net assets before asset write-offs	(1,561,945)	(94,969)	(1,656,914)	1,258,806	980,643	2,239,449
Pledges receivable write-off	-	-	-	(17,425)	-	(17,425)
Change in net assets	(1,561,945)	(94,969)	(1,656,914)	1,241,381	980,643	2,222,024
Net assets at beginning 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>
Net assets at end of year	<u>\$ 8,176,335</u>	<u>\$ 7,213,756</u>	<u>\$ 15,390,091</u>	<u>\$ 9,738,280</u>	<u>\$ 7,308,725</u>	<u>\$ 17,047,005</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, 2022 and 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,656,914)	\$ 2,222,024
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Paycheck protection program loan forgiveness	(225,000)	(218,625)
Depreciation	195,530	193,136
Change in value of beneficial interest in endowment fund	731,898	(1,293,429)
Pledges discounts	4,938	-
Realized and Unrealized (gains)/losses on investments	(366,167)	638,649
Non-cash stock donations	(26,264)	(26,264)
Pledges receivable write-off	-	17,425
(Increase) decrease in:		
Grants receivable	91,078	(8,578)
Pledges receivable	125,712	319,711
Bequests receivable	995,114	524,886
Inventory	(7,993)	534
Prepaid expenses and deposits	(39,877)	2,994
Increase (decrease) in:		
Accounts payable	(24,889)	(6,531)
Accrued expenses	(894)	27,294
Deferred revenue	83,473	6,782
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(120,255)</b>	<b>2,400,008</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(20,155)	(421,663)
Purchases of investments	(1,067,034)	(2,424,858)
Proceeds from sales of investments	1,891,432	697,544
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>804,243</b>	<b>(2,148,977)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Investment in beneficial interest in endowment fund	(908,864)	(438,372)
Distributions from beneficial interest in endowment fund	197,674	45,008
Proceeds from paycheck protection program loan	-	225,000
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(711,190)</b>	<b>(168,364)</b>
Total increase (decrease) in cash and cash equivalents	(27,202)	82,667
Cash and cash equivalents at beginning of year	1,518,222	1,435,555
Cash and cash equivalents at end of year	<b>\$ 1,491,020</b>	<b>\$ 1,518,222</b>
<b>RECONCILIATION OF CASH AND RESTRICTED CASH:</b>		
Cash - operations	\$ 901,965	\$ 1,102,550
Cash - restricted	589,055	415,672
	<b>\$ 1,491,020</b>	<b>\$ 1,518,222</b>
Supplemental information and disclosure:		
Pledge payments and donations made by stock	\$ 0	\$ 26,264
The PPP loan was forgiven in accordance with the CARES Act during the year.	\$ 225,000	\$ 218,625

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

**MUSEUM OF VENTURA COUNTY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended June 30, 2022 and 2021

	2022				2021			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Salaries and related								
Salaries and wages	\$ 932,109	\$ 268,335	\$ 211,843	\$1,412,287	\$ 659,057	\$ 236,352	\$ 240,912	\$1,136,321
Employee benefits	144,199	41,512	32,773	218,484	111,444	39,966	40,737	192,147
Total salaries and related	1,076,308	309,847	244,616	1,630,771	770,501	276,318	281,649	1,328,468
Contract services	14,694	14,694	14,858	44,246	12,000	8,960	12,845	33,805
Cost of sales	60,147	-	-	60,147	14,240	-	-	14,240
Exhibit, collection and program	184,222	-	-	184,222	169,588	-	-	169,588
Community programs	28,325	-	-	28,325	11,320	-	-	11,320
Computer and IT costs	53,455	15,389	12,149	80,993	35,492	12,728	12,974	61,194
Fundraising	-	-	14,900	14,900	-	-	10,692	10,692
Marketing and publications	78,799	-	29,145	107,944	41,516	-	15,176	56,692
Occupancy	282,208	22,706	19,463	324,377	214,392	17,250	14,786	246,428
Professional fees	-	24,884	-	24,884	-	17,803	-	17,803
Property taxes	19,347	1,557	1,334	22,238	18,814	1,514	1,298	21,626
Miscellaneous	129,234	38,176	30,139	197,549	91,324	25,259	26,211	142,794
Total operating expenses before depreciation	1,926,739	427,253	366,604	2,720,596	1,379,187	359,832	375,631	2,114,650
Depreciation	170,111	13,687	11,732	195,530	168,028	13,520	11,588	193,136
Total expenses	<u>\$2,096,850</u>	<u>\$ 440,940</u>	<u>\$ 378,336</u>	<u>\$2,916,126</u>	<u>\$1,547,215</u>	<u>\$ 373,352</u>	<u>\$ 387,219</u>	<u>\$2,307,786</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, 2022 and 2021

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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, 2022 and 2021.

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, 2022 and 2021

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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 pledges, are recognized as revenues in the period the contribution or 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, 2022 and 2021, 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, 2022 and 2021

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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 122 and 262 hours of time to the Museum for the years ended June 30, 2022, and 2021, respectively. The value of this contributed time is not reflected in these financial statements as they do not meet the requirements for recognition.

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, 2022 and 2021.

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2022 and 2021

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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 2018.

Application of New Accounting Standards

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 adopted this standard on July 1, 2022, but does not expect a material change to the financial statements based on current lease agreements.

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, 2022 and 2021:

	Fair Value	2022	
		Quoted Prices in Active Markets (Level One)	Significant Unobservable Inputs (Level Three)
Cash and certificates of deposit	\$ 1,491,020	\$ 1,491,020	\$ 0
Bonds	941,581	941,581	0
Stocks, mutual funds & money markets	2,121,602	2,121,602	0
Interest in assets held at VCCF	6,289,626	0	6,289,626
Pledges receivable	101,784	0	101,784
Grants receivable	50,000	0	50,000
Bequest receivable	174,000	0	174,000
	<u>\$ 11,120,269</u>	<u>\$ 4,554,203</u>	<u>\$ 6,566,066</u>

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2022 and 2021

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

	Fair Value	2021	
		Quoted Prices in Active Markets (Level One)	Significant Unobservable Inputs (Level Three)
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 by VCCF	6,310,334	0	6,310,334
Pledges receivable	232,434	0	232,434
Grants receivable	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>

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.

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.

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2022 and 2021

**NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)**

	June 30, 2022			
	Pledges Receivable	Grants Receivable	Bequest Receivable	Assets in VCCF
Beginning balance	\$ 232,434	\$ 141,078	\$ 1,169,114	\$ 6,310,334
Additional pledges, grants, and bequest	0	200,000	0	0
Pledge, grant, and bequest payments received	(130,650)	(291,078)	(995,114)	0
Transfers from cash and investments	0	0	0	908,864
Pledge receivable write-off	0	0	0	0
Change in present value discount	0	0	0	0
Distributions from VCCF	0	0	0	(197,674)
Gain or loss included in change of net assets	0	0	0	(781,242)
Ending balance	<u>\$101,784</u>	<u>\$ 50,000</u>	<u>\$ 174,000</u>	<u>\$ 6,289,626</u>

	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	<u>\$ 232,434</u>	<u>\$ 141,078</u>	<u>\$1,169,114</u>	<u>\$ 6,310,334</u>

During the year ended June 30, 2022 and 2021, the Museum transferred \$908,864 and \$438,372 respectively, from its operating accounts and investments to VCCF funds.

**MUSEUM OF VENTURA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2022 and 2021

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NOTE 3 - Pledges Receivable

At June 30, 2022 and 2021, the Museum had pledges receivable for the Endowment Fund, the Dream Makers Campaign, and the Second Century Campaign of \$106,722 and \$232,434, respectively. Estimated collections on pledges receivable are as follows:

	<u>2022</u>	<u>2021</u>
Receivable in one year or less	\$ 72,222	\$ 136,686
Receivable in two to five years	34,500	95,748
	<u>106,722</u>	<u>232,434</u>
Less net present value discount	(4,938)	0
Net pledges receivable	<u>\$ 101,784</u>	<u>\$ 232,434</u>

NOTE 4 - BEQUESTS RECEIVABLE

The Museum is the beneficiary of several 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, 2022 and 2021, the Museum has recognized estimated receivables from the estates of \$174,000 and \$1,169,114, respectively.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 and 2021, consists of:

	<u>Estimated Life</u>	<u>2022</u>	<u>2021</u>
Buildings and improvements	10 - 40 Years	\$ 7,058,174	\$ 7,056,962
Equipment	3 - 10 Years	755,940	736,997
		<u>7,814,114</u>	<u>7,793,959</u>
Less: Accumulated depreciation		(3,379,553)	(3,184,023)
		<u>\$ 4,434,561</u>	<u>\$ 4,609,936</u>

Depreciation expense for the years ended June 30, 2022, and 2021, was \$195,530 and \$193,136, respectively.

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NOTE 6 - INVESTMENTS

At June 30, 2022, and 2021 investments consisted of the following:

	2022		
	Cost	Fair Market Value	Unrealized Gain/(Loss)
Bonds	\$ 1,069,112	\$ 941,581	\$ (127,531)
Stocks, mutual funds and money market	1,895,927	2,121,602	(226,674)
	\$ 2,745,206	\$ 3,063,183	\$ (354,205)
	2021		
	Cost	Fair Market Value	Unrealized Gain/(Loss)
Bonds	\$ 1,093,311	\$ 1,111,661	\$ 18,350
Stocks, mutual funds and money market	1,758,468	2,383,489	625,021
	\$ 2,851,779	\$ 3,495,150	\$ 643,371

The following schedule summarizes the investment income/(losses) for the years ended June 30, 2022 and 2021:

	2022	2021
Interest and dividends	\$ 19,275	\$ 18,790
Realized and unrealized gains/(losses)	(366,167)	638,649
Other investment income	47,679	31,640
Investment expenses	(22,420)	(7,566)
	\$ (321,633)	\$ 681,513

NOTE 7 - DEACCESSED COLLECTION ITEMS

For the years ended June 30, 2022, and 2021, 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, 2022 and 2021, the funds consisted of the following:

	2022	2021
General Endowment Fund	\$ 3,470,624	\$ 3,741,679
Forum for the Arts Fund	48,376	56,645
Helen Yunker Fund	1,136,926	1,329,401



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**NOTE 8 - BENEFICIAL INTEREST IN ENDOWMENT FUND (Continued)**

Bonita McFarland Fund	906,704	1,060,205
Ag Museum General Endowment Fund	104,370	122,404
Wachtell Family Fund	622,626	0
	<u>\$ 6,240,282</u>	<u>\$ 6,310,334</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 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.

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, 2022, and 2021, was \$6,289,626 and \$6,310,334, respectively, and net investment income/(loss) for the years then ended was \$(731,898) and \$1,293,429, respectively. There were contributions of \$93,563 to the endowment fund for the year ended June 30, 2022, and the Museum transferred \$908,864 to funds at VCCF. For the years ended June 30, 2022 and 2021, there were distributions of \$197,674 and \$45,008, respectively, from 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.

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**NOTE 9 - ENDOWMENT FUNDS HELD BY VENTURA COUNTY COMMUNITY FOUNDATION (Continued)**

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

	<u>2022</u>	<u>2021</u>
VCMHA Smith Gallery Endowment Fund	\$ 7,672	\$ 7,442
The Berry Research Library Endowment Fund	13,208	12,800
The Myra and Ronald Bank Family Fund	3,256	3,159
The Barbara Barnard Smith Museum of Ventura County Executive Director Fund	49,531	48,102
Smith Hobson Collections Manager Fund	24,563	22,226

**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.

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 September 1, 2022, the Museum entered into a one-year lease renewal for office space in the City of Ventura for the conservation and storage of the Museum's art collection. The monthly lease payments are \$1,470. The Museum also rents various storage facilities for its art and library collections and other items. For the years ended June 30, 2022 and 2021, rent expense was \$38,577 and \$38,223, respectively.

Future minimum lease payments as of June 30, 2022, are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ 18,452
2024	2
2025	2
2026	2
2027	2
Thereafter	130
	<u>\$ 18,590</u>

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NOTE 11 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN:

On February 20, 2021, the Museum obtained a Paycheck Protection Program (“PPP”) loan from Mechanics Bank in the amount of \$225,000. Payments on the loan do not begin until ten-months after the 24-week covered period ends which was expected to be December 2022. The interest rate is one-percent (1%) per annum and there are no assets pledged as collateral. On August 18, 2021, the Museum received notice that the loan was forgiven by the Small Business Administration (SBA).

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, 2022, the Museum had no uninsured cash.

NOTE 13 - NET ASSETS WITH DONOR IMPOSED RESTRICTIONS

At June 30, 2022 and 2021, net assets with donor-imposed restrictions are restricted for the follow purposes:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for a specified purpose:		
Donor restrictions – Operating Fund	\$ 122,552	\$ 244,787
Ag Museum Activities – Ag Operating and Museum Funds	132,906	132,906
Building expansion – Expansion Fund	314,736	314,736
Collectors Council	0	18,083
	<u>570,194</u>	<u>710,512</u>
 Beneficial Interest in Endowment Funds at VCCF		
Art-related activities – McFarland Fund	120,216	273,717
Helen Yunker Endowment Fund	136,926	329,401
Ag Museum – Endowment Fund	6,905	24,938
Museum General Endowment Fund	330,052	823,606
Forum for the Arts	0	5,983
	<u>594,099</u>	<u>1,457,645</u>
 Total net assets subject to expenditure for a specified purpose	<u>1,164,293</u>	<u>2,168,157</u>
 Subject to restrictions in perpetuity:		
Museum General Endowment Fund	<u>353,936</u>	<u>287,879</u>

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

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	97,465	161,224
Museum General Endowment Fund	3,140,572	2,854,315
Forum for the Arts	48,376	50,662
Watchell Family Fund	622,626	0
	<u>5,695,527</u>	<u>4,852,689</u>
 Total net assets subject to restrictions in perpetuity	 <u>6,049,463</u>	 <u>5,140,568</u>
 Total net assets with donor-imposed restrictions	 <u>\$ 7,213,756</u>	 <u>\$ 7,308,725</u>

During the years ended June 30, 2022 and 2021, the following net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors:

	<u>2022</u>	<u>2021</u>
Donor restrictions – Operating and Ag Fund	\$ 160,235	\$ 468,249
Collectors Council	18,083	37,436
Distribution from Beneficial interest in Endowment Fund	197,674	45,008
	<u>\$ 375,992</u>	<u>\$ 550,693</u>

**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

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

As of the date of these financial statements management has not received any communication from the City or County that the Museum has not met the required goals. Further, management believes the Museum has met all of the established goals in the grant agreements.

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NOTE 14 - COUNTY AND CITY OF VENTURA GRANT REQUIREMENTS (Continued)

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, 2022 and 2021, is \$50,000 due from the City of Ventura.

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FUNDS

The Museum has \$4,290,932 of financial assets available within one year of the statement of financial position date, consisting of \$901,965 of cash, \$3,063,183 of investments, and \$325,784 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 - EVALUATION OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 26, 2023, the date the financial statements were available to be issued.