THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2020 AND 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The California Museum for History,
Women and the Arts
Sacramento, California

We have audited the accompanying financial statements of The California Museum for History, Women and the Arts (the Museum), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 evaluating 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of December 31, 2020 and 2019, 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.



GILBERT CPAs
Sacramento, California

July 24, 2021

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,473,697	$ 2,236,074
Grants and accounts receivable	2,169,744	2,562,032
Prepaid expenses	2,856	11,116
Inventory	5,766	22,120
Total current assets	4,652,063	4,831,342
PROPERTY AND EQUIPMENT, Net	3,673,609	2,844,013
COLLECTIONS	970,000	970,000
LEASEHOLD INTEREST IN PROPERTY	1,180,808	3,526,914
TOTAL ASSETS	$ 10,476,480	$ 12,172,269
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 6,174	$ 399,692
Accrued expenses	43,112	44,456
Deferred revenue	91,068	114,618
Total current liabilities	140,354	558,766
NET ASSETS:		
Without donor restrictions	9,092,688	8,062,359
With donor restrictions	1,243,438	3,551,144
Total net assets	10,336,126	11,613,503
TOTAL LIABILITIES AND NET ASSETS	$ 10,476,480	$ 12,172,269

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

NET ASSETS WITHOUT DONOR RESTRICTIONS:	2020	2019
REVENUES:		
Grants	$ 2,380,352	$ 2,403,030
Contributions	236,921	233,024
Donated services and goods	188,525	358,374
Admission fees	48,164	230,774
Facility rental	29,027	91,296
Museum store sales	20,966	94,370
Gold Rush Grille	17,852	21,000
Memberships	2,932	16,988
Other income	16,369	51,710
Net assets released from restrictions	2,357,706	2,157,733
Total revenues	5,298,814	5,658,299
EXPENSES:		
Program services:		
Exhibits	1,819,540	1,732,590
Education	1,140,310	1,136,169
Unity	347,047	393,043
Museum store	155,217	231,434
Public information	98,246	135,103
Facility rental	50,597	59,943
Volunteer	38,616	23,793
Hall of Fame	17,326	65,828
Total program services	3,666,899	3,777,903
Supporting services:		
General and administrative	598,244	370,987
Development and membership	3,342	14,536
Total expenses	4,268,485	4,163,426
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,030,329	1,494,873
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions and grants	50,000	12,820
Contribution of leasehold interest in property		541,428
Net assets released from restrictions	(2,357,706)	(2,157,733)
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	(2,307,706)	(1,603,485)
DECREASE IN NET ASSETS	(1,277,377)	(108,612)
NET ASSETS, Beginning of Year	11,613,503	11,722,115
NET ASSETS, End of Year	$ 10,336,126	$ 11,613,503

The accompanying notes are an integral part of these financial statements.

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Exhibits	Education	Unity	Museum store	Public information	Facility rental	Volunteer	Hall of fame	General and administrative	Development and membership	Total
Amortization of leasehold interest	$ 1,196,514	$ 809,406		$ 129,036					$ 211,150		$ 2,346,106
Personnel	121,026	214,511	$ 5,898	10,377	$ 67,971	$ 42,429	$ 29,125		81,996	$ 2,852	576,185
Depreciation	79,698		340,119	738							420,555
Exhibits	373,811	11,950						$ 5,400			391,161
Donated services and goods									178,525		178,525
Payroll tax and employee benefits	16,948	28,827	1,081	1,101	12,603	8,168	8,670		34,620	143	112,161
Events and programs		63,576	(82)		1,045		190	2,258	76		67,063
Professional fees	6,000							240	53,179		59,419
Insurance	9,060								27,697		36,757
Office expenses and supplies	14,874	708	31	2,193	638		13	9,428	5,963		33,848
Advertising	958	10,104			6,107		90				17,259
Purchases				10,302							10,302
Dues, licenses, and subscriptions	155	499			9,807		528		4,024	295	15,308
Bank and processing fees		136		1,470					575	52	2,233
Travel, conference, and meetings	464								398		862
Printing		578									578
Education and training	32	15			75				41		163
Total	$ 1,819,540	$ 1,140,310	$ 347,047	$ 155,217	$ 98,246	$ 50,597	$ 38,616	$ 17,326	$ 598,244	$ 3,342	$ 4,268,485

The accompanying notes are an integral part of these financial statements.

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Exhibits	Education	Unity	Museum store	Public information	Facility rental	Volunteer	Hall of fame	General and administrative	Development and membership	Total
Amortization of leasehold interest	$ 1,092,847	$ 739,279		$ 117,856					$ 192,856		$ 2,142,838
Personnel	161,158	170,772	$ 28,388	22,588	$ 46,278	$ 49,691	$ 17,088		43,391	$ 11,797	551,151
Depreciation	3,384		340,120	738							344,242
Exhibits	227,490	14,000			189			$ 12,631	77		254,387
Donated services and goods	182,771	123,639		19,711					32,253		358,374
Payroll tax and employee benefits	22,239	14,951	3,538	8,458	15,626	10,103	4,187		26,785	529	106,416
Events and programs	3,878	65,310	9,934	42	2,743	129	1,232	36,017	1,191		120,476
Professional fees	1,700	1,330			54		449	300	48,570		52,403
Insurance	10,735								15,916		26,651
Office expenses and supplies	17,535	1,698	3,988	1,586	274	20	109	11,241	2,756	164	39,371
Advertising	5,411	1,587			59,629		13	1,300			67,940
Purchases				52,730							52,730
Dues, licenses, and subscriptions		2,108	7,000	(200)	9,532		438	600	3,391	1,948	24,817
Bank and processing fees		1,116		7,909					336	98	9,459
Travel, conference, and meetings	82	151		16			277		3,323		3,849
Printing	381				703			3,739	43		4,866
Education and training	2,979	228	75		75				99		3,456
Total	$ 1,732,590	$ 1,136,169	$ 393,043	$ 231,434	$ 135,103	$ 59,943	$ 23,793	$ 65,828	$ 370,987	$ 14,536	$ 4,163,426

The accompanying notes are an integral part of these financial statements.

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	$ (1,277,377)	$ (108,612)
Reconciliation to net cash provided by operating activities:		
Contribution of leasehold interest in property		(541,428)
Amortization of leasehold interest in property	2,346,106	2,142,838
Receipt of donated collection		(10,000)
Depreciation	420,555	344,242
Changes in:		
Receivables	392,288	(1,588,924)
Prepaid expenses	8,260	(2,632)
Inventory	16,354	1,199
Accounts payable	(393,518)	380,396
Accrued expenses	(1,344)	(5,649)
Deferred revenue	(23,550)	114,618
Net cash provided by operating activities	1,487,774	726,048
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of collections		(10,000)
Purchases of property and equipment	(1,250,151)	(1,242,597)
Net cash used by investing activities	(1,250,151)	(1,252,597)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	237,623	(526,549)
CASH AND EQUIVALENTS, Beginning of Year	2,236,074	2,762,623
CASH AND EQUIVALENTS, End of Year	$ 2,473,697	$ 2,236,074

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND NATURE OF ACTIVITIES

The California Museum for History, Women and the Arts (the Museum) is a nonprofit organization originally formed in 1987. The Museum's principal purpose is to operate the Museum, located in Sacramento, California pursuant to a Memorandum of Understanding and Operating Agreement between the Museum and the California Secretary of State.

Basis of presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Museum reports information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor or grantor-imposed restrictions: *Net assets without donor restrictions* and *Net assets with donor restrictions.*

Revenue recognition – Contributions, including grants from private foundation and corporations, are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional contributions are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the condition. The Museum receives certain government grants which limit spending to qualifying expenditures as defined in grant agreements. Amounts received in advance of incurrence of qualifying expenditures are recorded as deferred revenue. Outstanding conditional promises to give subject to qualifying expenditure requirements were $3,007,522 and $5,081,766 as December 31, 2020 and 2019, respectively. will be recognized as revenue as the conditions are met.

All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire, or the contributions are used for the restricted purpose. The Museum has no net assets with donor restrictions that are perpetual in nature. Donor-restricted contributions that are initially classified as conditional, and for which the donor-imposed conditions and restrictions are met simultaneously, are recognized as next assets without donor restrictions in the statement of activities.

The Museum’s revenue from contracts with customers consists of admission fees, museum store sales, Gold Rush Grille and facility rentals, and membership dues. Revenue is recognized for admissions fees and store sales at time of admission or when goods are purchased by the customer. Facility rental revenue is recognized when the rental event takes place. Membership dues are recognized over the term of the membership period and dues collected in advance are recorded as deferred revenue. Accounts receivable balances from contracts with customers were $2,516 $50,730, and $2,280 as of December 31, 2020, 2019, and 2018, respectively.

Grants and accounts receivables – Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management believes that there are no significant uncollectible receivable balances, accordingly, no allowance for doubtful accounts has been recorded.

Inventory – Inventory consists of merchandise at the Museum's retail store and is stated at the lower of fair value or cost using the first-in, first-out (FIFO) method.

Functional allocation of expenses – The costs of providing the program services have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the program services based on management estimates of employee time incurred and usage of resources. Personnel expenses are allocated based on estimates of employees' time incurred. Donated goods, services, and amortization of leasehold interest in facilities provided by the Secretary of State are allocated based on square footage. All other expenses are allocated based on the usage of resources.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Property and equipment – All acquisitions of property, improvement, equipment, and cost for long-standing exhibits in excess of $2,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of individual assets ranging from 3 to 7 years.

Income taxes – The California Museum for History, Women and the Arts is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and corresponding state statutes.

Cash equivalents – The Museum considers all investments with a maturity of less than three months to be cash equivalents. The Museum maintains its cash balances with three financial institutions. At times, throughout the year amounts may exceed federally insured limits.

The Museum deposits held with financial institutions in excess of federal depository insurance limits were $2,132,373 and $2,029,632 as of December 31, 2020 and 2019, respectively. The Museum has not experienced any losses in such accounts and management believes the Museum is not exposed to any significant credit risk related to cash.

Donated services and goods – Donated services, which consists of security staff, and goods are recorded as in-kind support and are recognized at the estimated fair value as of the date of donation or service and presented as donated services and goods on the statement of functional expenses.

The Museum recognizes in-kind revenue for the fair value of contributed services that create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Museum relies on volunteer services in order to conduct museum docent activities. The value of this donated time is not reflected in the financial statements as it does not meet the aforementioned criteria.

Leasehold interest in property – The Museum receives contributed use of property as part of a multi-year agreement with the California Secretary of State. This contribution is considered an unconditional promise to give and is reported as donor-restricted contribution and as leasehold interest in property at the fair value of the contributed use of the property in the period it is contributed. The leasehold interest is amortized, and the restrictions are considered satisfied evenly over the term of the agreement.

Advertising costs – Advertising and marketing costs are expensed as incurred. Advertising costs totaled $17,259 and $67,940 in 2020 and 2019, respectively.

Future Accounting Pronouncement – In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The new accounting standard requires lessees to recognize a lease liability measured on a discounted basis and a right-of-use asset for all leases with terms longer than 12 months. Application of this statement is effective for the year ending December 31, 2022. The Museum is currently evaluating the impact this pronouncement will have on the financial statements.

Subsequent events have been reviewed through July 24, 2021, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since December 31, 2020 that require recognition of disclosure in the financial statements, with the exception of activity noted in Note 7.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Museum's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2020	2019
Cash and cash equivalents	$ 2,473,697	$ 2,236,074
Accounts receivable	2,169,744	2,562,032
Total financial assets	4,643,441	4,798,106
Less those unavailable for general expenditures within one year due to contractual or donor restrictions:	(62,630)	(24,230)
Total financial assets available for general expenditure within one year	$ 4,580,811	$ 4,773,876

The Museum has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

3. GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable from various sources at December 31, 2020 and 2019 are as follows:

	2020	2019
Government grants	$ 2,167,228	$ 2,511,302
Other	2,516	50,730
Total	$ 2,169,744	$ 2,562,032

Management expects all receivable balances to be collected within one year.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2020	2019
Exhibits	$ 4,322,977	$ 2,380,834
Construction in progress	54,000	1,242,597
Improvements	513,439	19,296
Office equipment	16,653	16,653
Store equipment	24,139	24,139
Computer and software	131,743	129,281
Other equipment	45,579	45,579
Total	5,108,530	3,858,379
Less accumulated depreciation	1,434,921	1,014,366
Net property and equipment	$ 3,673,609	$ 2,844,013

5. COLLECTIONS

The Museum's collection consists of a statue donated to the Museum during 2006 with an appraised value of $950,000 and various other collections valued at a total of $20,000. The Museum has determined that the statue and other collections have historical value and intends to protect and preserve the assets perpetually. As a result, in accordance with professional standards over historical treasures and art that have these characteristics, depreciation is not recognized for the collections.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	2020	2019
Leasehold interest in property	$ 1,180,808	$ 3,526,914
We the People exhibit	130	11,730
Unity Center	50,000	
Renewable Energy exhibit	12,500	12,500
Total	$ 1,243,438	$ 3,551,144

Leasehold interest in property represents the Museum's interest in use of facilities contributed by the Secretary of State (the State). Effective June 30, 2018, the Museum renewed their memorandum of understanding with the State which provides for use of space for the Museum's exhibits, gift shop, and administrative offices within the California State Archives building. The agreement extends through June 30, 2021.

During 2019, the Museum received an updated use valuation from the State, and as a result, the leasehold interest in property was updated to reflect the value of the use of property.

7. PAYCHECK PROTECTION PROGRAM LOAN

On April 10, 2020, the Museum received a Paycheck Protection Program (PPP) loan under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act totaling $116,442. The terms and repayment conditions of PPP loans were modified through the subsequent Paycheck Protection Program Flexibility Act (PPPFA) signed into law in June 2020. Under the CARES Act, as modified by PPPFA, a portion or all of the loan and accrued interest may be forgiven provided the funds are spent on qualifying payroll and other expenditures in the 24-week period following the loan and provided certain other criteria regarding full-time equivalent employee and payroll levels are maintained.

The Museum has accounted for the loan as a conditional contribution in accordance with professional standards for revenue recognition for not-for profit entities. The Museum recognized $116,442 in 2020 as contribution revenue since it met the criteria for forgiveness by incurring qualifying expenses. On February 26, 2021, the Museum received notification that they had been granted full forgiveness of the loan by the Small Business Administration.

In January 2021, the Museum received a second PPP loan totaling $116,442 under the same terms and conditions per the CARES Act. The portion of the loan that does not qualify for forgiveness or any additional amount that the Museum chooses to maintain as a loan, is required to be repaid within 2 years at 1% interest. The Museum anticipates applying for forgiveness of the loan, however the application for loan forgiveness is subject to approval by the lender. The timing of possible repayments, if any, is expected to begin June 2022 after the 24-week cover period and 10-month payment deferral. The extent and amount of forgiveness cannot be determined at this time.

8. DONATED SERVICES AND GOODS

Donated services and goods revenue and expense represents the fair market value of personnel services and goods provided under an agreement with the California Secretary of State. In addition, the Museum may receive other in-kind equipment and supplies donations throughout the year.

The Museum received the following donated facilities and services:

	2020	2019
Security services	$ 106,192	$ 237,597
Office expenses and equipment	82,333	120,777
Total	$ 188,525	$ 358,374

9. RETIREMENT PLAN

The Museum maintains a 401(k) plan which allows employees to defer a portion of their salary up to Internal Revenue Code limits. At the Museum's discretion, it may provide for a 4 percent matching contribution. For the years ended December 31, 2020 and December 31, 2019, the Museum made matching contributions of $17,223 and $12,207 respectively, to the retirement plan.

10. RISKS AND UNCERTAINTIES

As a result of the ongoing COVID-19 pandemic, economic uncertainties have arisen which may have a negative impact on the Museum through business disruption and other decreases in revenue. Although the disruption is expected to be temporary, the Museum anticipates some revenue losses and cash flow delays due to the impact of the pandemic. However, the related financial impact and duration cannot be reasonably estimated at this time