THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2022 AND 2021

GILBERT
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of December 31, 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. 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 the Museum 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 the Museum's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing

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standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

August 23, 2023

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 642,459	$ 3,058,882
Certificate of deposit	1,000,000	
Grants and accounts receivable	3,835,581	1,900,479
Prepaid expenses	4,977	6,122
Inventory	16,540	20,652
Total current assets	5,499,557	4,986,135
PROPERTY AND EQUIPMENT, Net	4,436,365	3,411,787
COLLECTIONS	970,000	970,000
LEASEHOLD INTEREST IN PROPERTY	5,278,195	
TOTAL ASSETS	$ 16,184,117	$ 9,367,922
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 169,425	$ 8,449
Accrued expenses	53,707	42,132
Deferred revenue	41,710	133,884
Total current liabilities	264,842	184,465
NET ASSETS:		
Without donor restrictions	10,312,900	8,970,608
With donor restrictions	5,606,375	212,849
Total net assets	15,919,275	9,183,457
TOTAL LIABILITIES AND NET ASSETS	$ 16,184,117	$ 9,367,922

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

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

NET ASSETS WITHOUT DONOR RESTRICTIONS:	2022	2021
REVENUES:		
Grants	$ 2,905,458	$ 1,261,990
Donated use of facilities	709,513	1,256,106
Donated services and goods	421,799	197,806
Admission fees	132,637	56,796
Facility rental	81,428	6,710
Museum store sales	49,281	23,791
Contributions	36,662	152,441
Interest income	23,885	6,146
Gold Rush Grille	9,190	5,514
Memberships	6,664	5,372
Other income	5,029	18,352
Net assets released from restrictions	1,817,956	1,185,938
Total revenues	6,199,502	4,176,962
EXPENSES:		
Program services:		
Exhibits	2,039,180	1,752,774
Education	1,383,609	1,210,593
Unity	346,575	347,452
Museum store	198,400	161,136
Public information	170,775	154,506
Hall of Fame	101,776	106,973
Volunteer	47,559	53,088
Facility rental	42,548	6,783
Total program services	4,330,421	3,793,305
Supporting services:		
General and administrative	508,957	480,070
Development and membership	17,832	25,667
Total expenses	4,857,210	4,299,042
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,342,292	(122,080)
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions and grants	194,931	155,349
Contribution of leasehold interest in property	7,016,551	
Net assets released from restrictions	(1,817,956)	(1,185,938)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	5,393,526	(1,030,589)
INCREASE (DECREASE) IN NET ASSETS	6,735,818	(1,152,669)
NET ASSETS, Beginning of Year	9,183,457	10,336,126
NET ASSETS, End of Year	$ 15,919,275	$ 9,183,457

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, 2022

	Exhibits	Education	Unity	Museum store	Public information	Hall of fame	Volunteer	Facility rental	General and administrative	Development and membership	Total
Amortization of leasehold interest	$ 886,561	$ 599,733		$ 95,609					$ 156,454		$ 1,738,356
Donated use of facilities, services, and goods	576,969	390,303		62,222					101,818		1,131,312
Personnel	188,549	269,607	$ 2,461	9,505	$ 124,463	$ 110	$ 39,437	$ 34,794	90,144	$ 7,065	766,135
Depreciation	175,119		340,119	738							515,976
Exhibits	141,005	2,625				1,287			20,079		164,996
Payroll tax and employee benefits	22,726	43,155	1,051	1,245	15,863		6,955	4,032	32,237	8,094	135,358
Events and programs	100	62,997		38		57,594	427		70		121,226
Office expenses and supplies	35,638	11,461	2,944		1,409	23,213	192	3,722	17,746		96,325
Professional fees	8,382				4,900				47,688		60,970
Travel, conference, and meetings	3,928	451		114	40	19,399	20		6,498		30,450
Insurance									28,294		28,294
Inventory				25,270							25,270
Dues, licenses, and subscriptions	203	1,162		592	13,073		528		7,822	1,830	25,210
Advertising		754			11,027	173					11,954
Bank and processing fees		1,361		3,067					107	843	5,378
Total	$2,039,180	$1,383,609	$ 346,575	$ 198,400	$ 170,775	$ 101,776	$ 47,559	$ 42,548	$ 508,957	$ 17,832	$ 4,857,210

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, 2021

	Exhibits	Education	Unity	Museum store	Public information	Hall of fame	Volunteer	Facility rental	General and administrative	Development and membership	Total
Amortization of leasehold interest	$ 602,212	$ 407,379		$ 64,944					$ 106,273		$ 1,180,808
Donated use of facilities, services, and goods	741,495	501,600		79,965					130,852		1,453,912
Personnel	103,499	225,684	$ 5,546	440	$ 88,866	$ 4,293	$ 41,325	$ 5,482	91,044	$ 15,338	581,517
Depreciation	174,583		340,119	738							515,440
Exhibits	60,916	18,068			22,170	94,748			579		196,481
Payroll tax and employee benefits	15,862	27,452	1,059	673	15,972	472	10,584	1,301	32,631	8,045	114,051
Events and programs	10	5,127				1,748	330		154		7,369
Office expenses and supplies	27,993	4,246	517	752	120	146	321		25,557		59,652
Professional fees	9,166	15,637				450			57,918		83,171
Travel, conference, and meetings	8,774	757							5,715		15,246
Insurance	7,844	315							21,107		29,266
Inventory				12,575							12,575
Dues, licenses, and subscriptions	420	3,608	211	512	11,835	60	528		7,854	295	25,323
Advertising		175			15,543	5,056					20,774
Bank and processing fees		545		537					386	1,989	3,457
Total	$1,752,774	$1,210,593	$ 347,452	$ 161,136	$ 154,506	$ 106,973	$ 53,088	$ 6,783	$ 480,070	$ 25,667	$ 3,118,234

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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 6,735,818	$ (1,152,669)
Reconciliation to net cash provided by operating activities:		
Amortization of leasehold interest in property	1,738,356	1,180,808
Depreciation	515,976	515,440
Changes in:		
Receivables	(1,935,102)	269,265
Prepaid expenses	1,145	(3,266)
Inventory	4,112	(14,886)
Accounts payable	160,976	2,275
Accrued expenses	11,575	(980)
Deferred revenue	(92,174)	42,816
Net cash provided by operating activities	124,131	838,803
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificate of deposit	(1,000,000)	
Purchases of property and equipment	(1,540,554)	(253,618)
Net cash used by investing activities	(2,540,554)	(253,618)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,416,423)	585,185
CASH AND EQUIVALENTS, Beginning of Year	3,058,882	2,473,697
CASH AND EQUIVALENTS, End of Year	$ 642,459	$ 3,058,882

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 (the 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 $5,061,739 and $1,887,970 as of December 31, 2022 and 2021, respectively. These amounts 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 net assets without donor restrictions in the statements 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 $13,924, $5,518, and $2,516 as of December 31, 2022, 2021, and 2020, respectively.

Grants and accounts receivables – Receivables are 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 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 two financial institutions.

The Museum deposits held with financial institutions in excess of federal depository insurance limits were $906,897 and $2,862,722 as of December 31, 2022 and 2021, 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.

Certificate of deposit is stated at cost plus accrued interest and is expected to be redeemed within one year.

Donated facilities, services, and goods – Donated facilities represents the value of facilities provided to the Museum by the State that are used outside of a multi-year agreement. 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 State. This contribution is considered an unconditional promise to give and is reported as a donor-restricted contribution in the period the agreement is executed 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 $11,954 and $20,774 in 2022 and 2021, respectively.

Recent accounting pronouncement – Effective for the year ended December 31, 2022, and applied retrospectively, the Museum implemented ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The standard requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received.

Subsequent events have been reviewed through August 23, 2023, the date the financial statements were issued. Management concluded that no material events have occurred since December 31, 2022 that require recognition or disclosure in the financial statements, with the exception of the item noted in Note 10.

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:

	2022	2021
Cash and cash equivalents	$ 642,459	$ 3,137,858
Grants and accounts receivable	3,835,581	1,900,479
Certificate of deposit	1,000,000	
Total financial assets	5,478,040	5,038,337
Less those unavailable for general expenditures within one year due to contractual or donor restrictions:	(328,180)	(212,849)
Total financial assets available for general expenditure within one year	$ 5,149,860	$ 4,825,488

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, 2022 and 2021 are as follows:

	2022	2021
Government grants	$ 3,818,663	$ 1,894,961
Other	16,918	5,518
Total	$ 3,835,581	$ 1,900,479

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

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2022	2021
Exhibits	$ 4,322,978	$ 4,322,977
Improvements	518,439	518,439
Construction in progress	1,843,171	302,618
Computer and software	131,743	131,743
Other equipment	45,579	45,579
Store equipment	24,139	24,139
Office equipment	16,653	16,653
Total	6,902,702	5,362,148
Less accumulated depreciation	2,466,336	1,950,361
Net property and equipment	$ 4,436,366	$ 3,411,787

5. COLLECTIONS

The Museum's collections consist 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:

	2022	2021
Leasehold interest in property	$ 5,278,195	
Hall of Fame Visionary Donors	175,500	$ 75,000
Kim Traversi Memorial Fund	80,180	63,319
Unity Center	60,000	60,000
Renewable Energy exhibit	12,500	12,500
Northern California Time of Remembrance		2,030
Total	$ 5,606,375	$ 212,849

Leasehold interest in property represents the Museum's interest in use of facilities contributed by the State. Effective April 19, 2022, 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 April 19, 2025.

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 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. On August 31, 2021, the Museum received notification that they had been granted full forgiveness of the loan by the Small Business Administration. The Museum recognized $116,442 in 2021 as contribution revenue.

8. DONATED FACILITIES, SERVICES, AND GOODS

Donated facilities, services, and goods revenue and expense represents the fair market value of personnel services and goods provided under an agreement with the State. In addition, the Museum may receive other in-kind equipment and supplies donations throughout the year. All donated facilities, services, and goods received by the Museum for the years ended December 31, 2022 and 2021 were considered without donor restrictions and were able to be used by the Museum as determined by the Board and management.

The Museum received the following donated facilities, services, and goods:

	2022	2021
Donated facilities	$ 709,513	$ 1,256,106
Security services	259,069	146,094
Office expenses and equipment	162,730	51,712
Total	$ 1,131,312	$ 1,453,912

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, 2022 and December 31, 2021, the Museum made matching contributions of $36,173 and $19,438, respectively, to the retirement plan.

10. SUBSEQUENT EVENT

On March 16, 2023, the Museum received a short-term loan from a bank in the amount of $300,000, which accrued interest at a rate of 5.750% until maturity. The loan was repaid in full, plus accrued interest, on May 3, 2023.