THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2023 AND 2022

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 statement of financial position as of December 31, 2023 and 2022, 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, 2023 and 2022, 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

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therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing 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

June 11, 2024

THE CALIFORNIA MUSEUM FOR HISTORY, WOMEN AND THE ARTS

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,844,265	$ 642,459
Certificate of deposit	1,027,085	1,000,000
Grants and accounts receivable	2,882,121	3,835,581
Prepaid expenses	11,902	4,977
Inventory	18,444	16,540
Total current assets	5,783,817	5,499,557
PROPERTY AND EQUIPMENT, Net	3,956,889	4,436,365
COLLECTIONS	970,000	970,000
LEASEHOLD INTEREST IN PROPERTY	3,244,850	5,278,195
TOTAL ASSETS	$ 13,955,556	$ 16,184,117
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 14,574	$ 169,425
Accrued expenses	72,210	53,707
Deferred revenue	10,037	41,710
Total current liabilities	96,821	264,842
NET ASSETS:		
Without donor restrictions	10,324,794	10,312,900
With donor restrictions	3,533,941	5,606,375
Total net assets	13,858,735	15,919,275
TOTAL LIABILITIES AND NET ASSETS	$ 13,955,556	$ 16,184,117

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, 2023 AND 2022

NET ASSETS WITHOUT DONOR RESTRICTIONS:	2023	2022
REVENUES:		
Grants	$ 2,114,942	$ 2,905,458
Donated services and goods	586,884	421,799
Admission fees	190,200	132,637
Facility rental	115,196	81,428
Interest income	84,492	23,885
Museum store sales	64,970	49,281
Contributions	58,472	36,662
Gold Rush Grille	20,856	9,190
Memberships	11,411	6,664
Other income	1,117	5,029
Donated use of facilities		709,513
Net assets released from restrictions	2,195,124	1,817,956
Total revenues	5,443,664	6,199,502
EXPENSES:		
Program services:		
Exhibits	2,476,581	2,039,180
Education	1,337,480	1,383,609
Unity	354,889	346,575
Museum store	190,962	198,400
Public information	161,517	170,775
Hall of Fame	151,200	101,776
Facility rental	76,697	42,548
Volunteer	61,218	47,559
Total program services	4,810,544	4,330,421
Supporting services:		
General and administrative	563,090	508,957
Development and membership	58,136	17,832
Total expenses	5,431,770	4,857,210
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	11,894	1,342,292
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions and grants	122,690	194,931
Contribution of leasehold interest in property		7,016,551
Net assets released from restrictions	(2,195,124)	(1,817,956)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(2,072,434)	5,393,526
INCREASE (DECREASE) IN NET ASSETS	(2,060,540)	6,735,818
NET ASSETS, Beginning of Year	15,919,275	9,183,457
NET ASSETS, End of Year	$ 13,858,735	$ 15,919,275

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, 2023

	Exhibits	Education	Unity	Museum store	Public information	Hall of fame	Facility rental	Volunteer	General and administrative	Development and membership	Total
Amortization of leasehold interest	$ 1,037,005	$ 701,504		$ 111,833					$ 183,003		$ 2,033,345
Depreciation	631,480		$ 340,119	738	$ 5,732						978,069
Personnel	186,371	293,200	2,535	4,173	107,219	$ 37,104	$ 67,624	$ 47,906	143,890	$ 37,690	927,712
Donated use of facilities, services, and goods	299,311	202,475		32,279					52,819		586,884
Exhibits	199,423		4,100			59,958			9,113		272,594
Payroll tax and employee benefits	28,459	41,755	1,062	2,775	17,301	2,631	8,747	9,580	44,757	13,508	170,575
Office expenses and supplies	77,024	5,751	4,573	3,912	81	24,054	138	1,001	12,100	3,227	131,861
Events and programs	12,081	80,806	2,500			27,313		2,063	1,055		125,818
Professional fees	4,145						188		71,902		76,235
Inventory		431		33,913							34,344
Insurance									31,704		31,704
Dues, licenses, and subscriptions	378	873		602	13,276			528	11,769	2,813	30,239
Advertising	578	2,295			17,908	70		140		846	21,837
Education and training	221	8,390				70			538	52	9,271
Bank and processing fees				736							736
Travel, conference, and meetings	105			1					440		546
Total	$ 2,476,581	$ 1,337,480	$ 354,889	$ 190,962	$ 161,517	$ 151,200	$ 76,697	$ 61,218	$ 563,090	$ 58,136	$ 5,431,770

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	Facility rental	Volunteer	General and administrative	Development and membership	Total
Amortization of leasehold interest	$ 886,561	$ 599,733		$ 95,609					$ 156,454		$ 1,738,356
Depreciation	175,119		$ 340,119	738							515,976
Personnel	188,549	269,607	2,461	9,505	$ 124,463	$ 110	$ 34,794	$ 39,437	90,144	$ 7,065	766,135
Donated use of facilities, services, and goods	576,969	390,303		62,222					101,818		1,131,312
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		4,032	6,955	32,237	8,094	135,358
Office expenses and supplies	35,638	11,461	2,944		1,409	23,213	3,722	192	17,746		96,325
Events and programs	100	62,997		38		57,594		427	70		121,226
Professional fees	8,382				4,900				47,688		60,970
Inventory				25,270							25,270
Insurance									28,294		28,294
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
Travel, conference, and meetings	3,928	451		114	40	19,399		20	6,498		30,450
Total	$ 2,039,180	$ 1,383,609	$ 346,575	$ 198,400	$ 170,775	$ 101,776	$ 42,548	$ 47,559	$ 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

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ (2,060,540)	$ 6,735,818
Reconciliation to net cash provided by operating activities:		
Contribution of leasehold interest in property		(7,016,551)
Amortization of leasehold interest in property	2,033,345	1,738,356
Depreciation	978,069	515,976
Accrued interest on certificate of deposit	(27,085)	
Changes in:		
Grants and accounts receivable	953,460	(1,935,102)
Prepaid expenses	(6,925)	1,145
Inventory	(1,904)	4,112
Accounts payable	(154,851)	160,976
Accrued expenses	18,503	11,575
Deferred revenue	(31,673)	(92,174)
Net cash provided by operating activities	1,700,399	124,131
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificate of deposit	(1,000,000)	(1,000,000)
Redemption of certificate of deposit	1,000,000	
Purchases of property and equipment	(498,593)	(1,540,554)
Net cash used by investing activities	(498,593)	(2,540,554)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of short-term debt	300,000	
Principal payments on short-term debt	(300,000)	
Net cash provided by financing activities:		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,201,806	(2,416,423)
CASH AND EQUIVALENTS, Beginning of Year	642,459	3,058,882
CASH AND EQUIVALENTS, End of Year	$ 1,844,265	$ 642,459
CASH PAID FOR INTEREST	$ 767	$

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 $6,023,960 and $5,061,739 as of December 31, 2023, and 2022, 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, facility rentals, museum store sales, Gold Rush Grille, 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 $21,636, $13,924, and $5,518 as of December 31, 2023, 2022, and 2021, respectively.

Grants and accounts receivable 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 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 one financial institution.

No deposits in excess of the federal depository insurance limits were held as of December 31, 2023. The Museum's deposits held with financial institutions in excess of federal depository insurance limits were $906,897 as of December 31, 2022.

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 represent 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 $21,837 and $11,954 in 2023 and 2022, respectively.

Subsequent events have been reviewed through June 11, 2024, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since December 31, 2023 that require recognition or disclosure in the financial statements.

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:

	2023	2022
Cash and cash equivalents	$ 1,844,265	$ 642,459
Grants and accounts receivable	2,882,121	3,835,581
Certificate of deposit	1,027,085	1,000,000
Total financial assets	5,753,471	5,478,040
Less those unavailable for general expenditures within one year due to contractual or donor restrictions:	(289,091)	(328,180)
Total financial assets available for general expenditure within one year	$ 5,464,380	$ 5,149,860

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 are as follows:

	2023	2022
Government grants	$ 2,860,485	$ 3,818,663
Other	21,636	16,918
Total	$ 2,882,121	$ 3,835,581

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

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2023	2022
Exhibits	$ 6,156,448	$ 4,322,978
Improvements	947,625	518,439
Computer and software	131,743	131,743
Equipment	45,579	45,579
Construction in progress	44,718	1,843,171
Website	34,390	
Store equipment	24,139	24,139
Office equipment	16,653	16,653
Total	7,401,295	6,902,702
Less accumulated depreciation	(3,444,406)	(2,466,336)
Net property and equipment	$ 3,956,889	$ 4,436,366

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. SHORT-TERM DEBT

On March 16, 2023, the Museum received a short-term loan from River City Bank in the amount of $300,000. The loan was secured by the Museum's certificate of deposit and accrued interest at 5.75%. The loan principal and accrued interest totaling $767 was repaid on May 3, 2023.

7. NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Leasehold interest in property	$ 3,244,850	$ 5,278,195
Hall of Fame Visionary Donors	131,800	175,500
Kim Traversi Memorial Fund	86,791	80,180
Unity Center	58,000	60,000
Renewable Energy exhibit	12,500	12,500
Total	$ 3,533,941	$ 5,606,375

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.

8. DONATED FACILITIES, SERVICES, AND GOODS

Donated facilities, services, and goods revenue and expense represent 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, 2023 and 2022 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:

	2023	2022
Office expenses and equipment	$ 327,815	$ 162,730
Security services	259,069	259,069
Donated facilities		709,513
Total	$ 586,884	$ 1,131,312

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, 2023 and 2022, the Museum made matching contributions of $32,267 and $36,173, respectively, to the retirement plan.