

**MUSEUM OF CONTEMPORARY
ART JACKSONVILLE, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The Museum of Contemporary Art Jacksonville, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the Museum of Contemporary Art Jacksonville, Inc. (the Museum), a direct support organization and component unit of University of North Florida, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Museum's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2021, on our consideration of the Museum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
September 8, 2021

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Overview of the Financial Statements and Financial Analysis

The Museum of Contemporary Art Jacksonville, Inc. (the “Museum”) presents its financial statements as of and for the fiscal years ended June 30, 2021 and 2020. The Museum is a cultural institute of the University of North Florida (the “University”) that exists to collaboratively serve the University and Jacksonville communities through exhibitions, collections, educational programs, and publications designed to enhance the understanding and appreciation of contemporary art. The Museum is a direct support organization and component unit of the University (a governmental agency).

The Museum’s financial statements are presented on an accrual basis, including the recording of depreciation, which includes 1) assets and liabilities as current and non-current; 2) revenues and expenses as operating and non-operating; 3) the use of the direct method of statement of cash flows; and 4) a management’s discussion and analysis (MD&A) of the financial results.

The MD&A focuses on current activities, resulting changes and currently known facts to provide the reader with an overall summary of the accompanying financial statements. It should be read in conjunction with the basic financial statements and accompanying notes.

The financial statement report includes the following:

1. Basic financial statements-
 - a. Statements of Net Position
 - b. Statements of Revenues, Expenses, and Changes in Net Position
 - c. Statements of Cash Flows
 - d. Notes to the Financial Statements

2. Supplementary schedules-
 - a. Schedule of Functional Expenses
 - b. Schedule of the Source and Status of Funds Received from the Cultural Council of Greater Jacksonville, Inc.

Financial Highlights

2021

Fundraising. For the year ended June 30, 2021, the Museum recorded a total of \$353,173 in operating contributions, a decrease of approximately \$102,232 or 22% below prior year.

Program Fees. In fiscal year 2021, the Museum generated \$40,044 in revenue, which was a decrease of approximately \$64,749 or 62% below prior year. This represented museum admissions of approximately \$23,332, educational programs of approximately \$16,393 and other event admissions of approximately \$320.

Grants. In fiscal year 2021, the Museum recorded a total of \$782,320 in grants, an increase of approximately \$422,055 or 117% above prior year. A total of \$271,876 was designated for operating expenses and salaries from the City of Jacksonville/Cultural Services Grant Program. Additional grants of \$360,000 from the City of Jacksonville CARES Act funding, \$46,344 from the State of Florida Cultural Affairs and \$104,100 from the Community Foundation of Northeast Florida, the Jesse Ball duPont Fund, and the John F. Kennedy Center for the Performing Arts for educational & program support.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

Memberships. In fiscal year 2021, the Museum realized a total of approximately \$72,185 in membership dues, which was a decrease of approximately \$7,400 or 9%. The categories include Luminary, Avant Garde, Curator's Society, Collectors' Circle, and core memberships.

Artwork. The Museum did not purchase additional artwork for the permanent collection in fiscal year 2021.

Museum Endowment. The endowment accounts totaled \$8.054 million at June 30, 2021. During fiscal year 2021, the UNF Foundation transferred ownership of an endowment established for providing unrestricted operational support to the Museum. The total allocation generated from the endowment is approximately \$200,000 per year.

2020

Fundraising. For the year ended June 30, 2020, the Museum recorded a total of \$455,405 in operating contributions, a decrease of approximately \$199,577 or 30% below prior year.

Program Fees. In fiscal year 2020, the Museum generated \$104,793 in revenue, which was a decrease of approximately \$69,580 or 40% below prior year. This represented museum admissions of approximately \$22,400, educational programs of approximately \$44,400 and other event admissions of approximately \$38,000.

Grants. In fiscal 2020, the Museum recorded a total of \$360,265 in grants, a decrease of approximately \$2,900 or 1% below prior year. A total of \$269,835 was designated for operating expenses and salaries from the City of Jacksonville Cultural Council. Additional grants of \$90,430 were received from the State of Florida Cultural Affairs, the Jesse Ball duPont and the HEAL Foundation for educational and exhibition support.

Memberships. In fiscal 2020, the Museum realized a total of approximately \$79,595 in membership dues, which was a decrease of approximately \$2,313 or 3%. The categories include Luminary, Avant Garde, Collectors Circle, and core memberships.

In fiscal 2020, MOCA provided free admission to 10,759 guests including free admission to 8,909 guests during Art Walk Wednesdays and 1,127 college students. These opportunities benefited the community by providing free access to the arts at the Museum.

Artwork. The Museum did not purchase additional artwork for the permanent collection in fiscal year 2020.

Museum Endowment. The endowment account totaled \$1,791,616 at June 30, 2020. In addition, the Museum is the beneficiary of an endowment that is owned by the UNF Foundation in the amount of \$4,976,194 at June 30, 2020, from which the Museum receives spendable allocations from the UNF Foundation of approximately \$200,000 per year. This endowment, which was owned by the UNF Foundation, was not reflected on the statement of net position for the Museum at June 30, 2020.

Net Position. During fiscal year 2020, management determined that the funds held and invested by the University of North Florida Foundation, Inc. on behalf of MOCA should not be recognized as assets of MOCA as any endowment fund contributions made to the Foundation and any appreciation on the endowment funds are considered to be assets and net position of the Foundation. This resulted in a decrease in beginning net position at July 1, 2019 from \$7,945,322 to \$1,919,403 in the accompanying financial statements.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

Statements of Net Position

The purpose of the Statement of Net Position is to present the reader with a look at the Museum's financial condition as of the end of the fiscal year. In reading the Statement of Net Position, the reader will be able to determine the Museum's ability to continue operations; how much it owes to vendors, and lending institutions; and to see a snapshot of the assets that are available to pay the expenditures of the Museum.

The Statements of Net Position are presented as part of the basic financial statements. For fiscal year ended June 30, 2021, total net position is approximately \$8.385 million. This year's activity is presented in thousands and included the following:

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>
Assets				
Current assets	\$ 807	\$ 457	\$ 350	76%
Non-current assets:				
Capital assets, net	614	899	(285)	-32%
Other	8,073	1,792	6,281	351%
Total assets	<u>\$ 9,494</u>	<u>\$ 3,148</u>	<u>\$ 6,346</u>	<u>202%</u>
Liabilities				
Current liabilities	\$ 1,034	\$ 1,104	(70)	-6%
Non-current liabilities	75	125	(50)	-40%
Total liabilities	<u>1,109</u>	<u>1,229</u>	<u>(120)</u>	<u>-10%</u>
Net position				
Net investment in capital assets	614	899	(285)	-32%
Restricted - expendable	636	439	197	45%
Restricted - nonexpendable	8,157	1,764	6,393	362%
Unrestricted	(1,022)	(1,183)	161	-14%
Total net position	<u>8,385</u>	<u>1,919</u>	<u>6,466</u>	<u>337%</u>
 Total liabilities and net position	 <u>\$ 9,494</u>	 <u>\$ 3,148</u>	 <u>\$ 6,346</u>	 <u>202%</u>

Current Assets

2021

- In fiscal 2021, *current assets* totaled \$806,897, an increase of approximately \$350,000 or 76%.
- *Cash and cash equivalents* totaled \$743,239, an increase of approximately \$346,000 or 88%. This included unrestricted cash on hand at year-end of \$33,716 and petty cash of \$2,069. In addition, the Museum received funds from grants and other programs for spending as prescribed by agreement or donor restriction which totaled \$707,454, an increase of \$334,677 above prior year.
- *Accounts receivable* totaled \$33,793, which was comprised of \$4,611 in summer camp fees, \$1,640 for grant receivable and \$27,542 for MOCA CAFE facility rentals.
- *Pledges receivable* totaled \$20,000, which was comprised of a pledge with installments that are projected to be collected subsequent to fiscal year 2021.
- *Inventory* at fiscal year-end totaled \$8,715, which represented merchandise remaining from the Museum Store and MOCA branded merchandise for sale after fiscal year 2021.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

2020

- In fiscal 2020, *current assets* totaled \$457,423, a decrease of approximately \$349,474 or 76%.
- *Cash and cash equivalents* totaled \$396,318. This included operating cash on hand at year-end of \$21,472 and petty cash of \$2,069. In addition, the Museum received funds from grants and other programs for spending as prescribed by agreement or donor restriction. This included funds reserved for art acquisition and collection management \$45,380, museum programming \$35,900 and the cash portion of the endowment fund \$35,855.
- *Accounts receivable* totaled \$13,088, which was comprised of \$3,414 in summer camp fees and \$9,674 for MOCA CAFE events and facility rentals.
- *Pledges receivable* totaled \$40,000, which was comprised of a pledge with installments that are projected to be collected subsequent to fiscal year 2020.
- *Inventory* at fiscal year-end totaled \$8,017, which represented merchandise remaining from the Museum Store and MOCA branded merchandise for sale subsequent to fiscal year 2020.

Non-Current Assets

2021

- In fiscal year 2021 non-current assets totaled \$8.688 million, an increase of approximately \$5.996 million or 223%.
- Museum investments totaled \$18,380 which were securities donated for unrestricted operations.
- The Museum has endowment funds that are held and invested by the UNF Foundation for the benefit of MOCA. In fiscal year 2021, the UNF Foundation transferred title of the MOCA Unrestricted Endowment to the Museum. The total amount of funds held and invested by the UNF Foundation is \$8,054,339, net of realized gain of \$1,646,414 at June 30, 2021.
- Capital assets totaled \$614,368. This included furniture, fixtures, and equipment of \$526,374, leasehold improvements of \$5,951,106, and net of accumulated depreciation of \$5,863,112.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
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2020

In fiscal year 2020 non-current assets totaled \$2.691 million, a decrease of approximately \$535,700 or 17%.

- Museum investments totaled \$359,885. The total represented the invested portion of the MOCA endowment fund.
- The Museum has endowment funds that are held and invested by the UNF Foundation for the benefit of MOCA in the amount of \$1,431,731, net of realized losses of \$6,182 at June 30, 2020. In addition, the Museum is the beneficiary of an endowment that is owned by the UNF Foundation in the amount of \$4,976,194 at June 30, 2020, for which the Museum receives spendable allocations from the UNF Foundation of approximately \$200,000 per year from. This endowment, since it is owned by the UNF Foundation, is not reflected on the statement of net position for the Museum.
- Capital assets totaled \$899,145. This included furniture, fixtures, and equipment of \$526,374, leasehold improvements of \$5,951,106, and net of accumulated depreciation of \$5,578,335.

Liabilities

2021

- Current liabilities totaled \$1,033,449, a net decrease of \$70,330 or 6%. The decrease was primarily attributed to the forgiveness of a term loan to Regions Bank for a CARES PPP loan of \$234,600, offset by the receipt of proceeds from the forgivable, term loan to Regions Bank for a second draw of the CARES PPP of \$252,125, deferred revenue of approximately \$62,401, and accounts and other payables of approximately \$668,923. A \$50,000 payment for the University of North Florida line of credit is scheduled for next fiscal year.
- Non-current liabilities totaled \$75,000. The non-current liability includes the non-current portion of the line of credit with the University of North Florida.

2020

- Current liabilities totaled \$1,103,779, a net increase of \$399,439 or 57%. The increase was primarily attributed to proceeds from the forgivable, term loan to Regions Bank for a CARES PPP loan of \$234,600, deferred revenue of approximately \$57,600, and accounts and other payables of approximately \$791,770. A \$50,000 payment for the University of North Florida line of credit is scheduled for next fiscal year.
- Non-current liabilities totaled \$125,000. The non-current liability includes the non-current portion of the line of credit with the University of North Florida.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
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Net Position

The net position at June 30, 2021 totaled approximately \$8.385 million.

The Net Position section of the Statement of Net Position provides three classifications:

1. The net investment in capital assets reflects the amounts expended for building improvements, and for furniture, fixtures, and equipment.
2. The restricted net position is listed in two categories:
 - a) restricted expendable represents funds which are available for spending in accordance with the donor's specified criteria.
 - b) restricted nonexpendable represents the funds that must be held in perpetuity by donor agreement or legal requirement.
3. The unrestricted net position are the amounts available to the Museum for any purpose in support of its mission.

Statement of Revenues, Expenses, and Changes in Net Position

The purpose of the Statement of Revenues, Expenses, and Changes in Net Position is to provide details of the Museum's operating and non-operating activities for the fiscal year. This includes the revenues (net of discounts and allowances) displayed by major source, expenses, and gains and losses received or incurred by the Museum.

The Statement of Revenues, Expenses, and Changes in Net Position includes the following categories:

- Operating revenues are revenues received from donors (i.e. contributions, etc.) and programs and services provided (i.e. museum admissions, education programs, art classes, lecture series, special events, etc.) to various customers and constituents of the Museum.
- Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the Museum. They are detailed by expenditure type, which includes compensation and employee benefits, services and supplies, utilities and facility maintenance, scholarships and admissions, general administrative expenses, auxiliary enterprise operating expenses, and depreciation and amortization.
- Operating income (expense) represents the amount of operating revenue in excess of (less than) the year's operating expenses and does not include non-operating revenue.
- Non-operating revenue is received from sources for which no service is provided by the Museum (i.e. investments.)
- The change in net position is the result of the fiscal year's excess of expenses over revenues, which is also the difference in total net position on the Statement of Net Position.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>
Operating revenues:				
Contributions	\$ 353,173	\$ 455,405	\$ (102,232)	-22%
Program fees	40,044	104,793	(64,749)	-62%
Grants	782,320	360,265	422,055	117%
Memberships	72,185	79,595	(7,410)	-9%
MOCA Cafe sales	7,518	218,244	(210,726)	-97%
Other operating income	56,585	83,930	(27,345)	-33%
Total operating revenues	<u>1,311,825</u>	<u>1,302,232</u>	<u>9,593</u>	<u>1%</u>
Operating expenses	<u>1,967,613</u>	<u>2,172,746</u>	<u>(205,133)</u>	<u>-9%</u>
Operating income (loss)	<u>(655,788)</u>	<u>(870,514)</u>	<u>214,726</u>	<u>25%</u>
Non-operating income (expense):				
Investment earnings	630,437	218,147	412,290	189%
Transfer of endowment from UNF Foundation	6,256,883	-	6,256,883	100%
Gain on loan forgiveness	234,600	-	234,600	100%
Return of endowment corpus to State of Florida	-	(240,000)	240,000	-100%
Non-operating income (expense)	<u>7,121,920</u>	<u>(21,853)</u>	<u>7,143,773</u>	<u>32,690%</u>
Change in net position	<u>6,466,132</u>	<u>(892,367)</u>	<u>7,358,499</u>	<u>825%</u>
Net position, beginning of year	<u>1,919,403</u>	<u>2,811,770</u>	<u>(892,367)</u>	<u>-32%</u>
Net position, end of year	<u>\$ 8,385,535</u>	<u>\$ 1,919,403</u>	<u>\$ 6,466,132</u>	<u>337%</u>

The Statement of Revenues, Expenses, and Changes in Net Position are presented as part of the basic financial statements. For fiscal year 2021, the Statement of Revenues, Expenses, and Changes in Net Position reflects an increase of approximately \$6.466 million in net position. The Statements' highlights are as follows:

Operating Revenues

2021

- In fiscal 2020, *operating revenues* totaled approximately \$1.312 million, an increase of approximately \$9,600 or 1%
- Non-endowed *contributions* totaled \$353,173, a decrease of approximately \$102,200 below prior year or 22%. The decrease was attributed to a net decrease in gifts from individuals, corporations and foundations for exhibition and educational programs of approximately \$106,400 and a net increase in board, sponsorships and inkind contributions of approximately \$4,200.
- *Program fees* totaled \$40,044, a decrease of approximately \$64,749 or 62%. The decrease was attributed to decreases in Museum educational programs of approximately \$28,610, offset by an increase in museum admissions of approximately \$975, and a decrease in event admissions of approximately of \$3,600.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

- *Grants.* The Museum received grants totaling \$782,320, which was an increase of approximately \$422,055 or 117%. A total of \$271,876 was designated for operating expenses and salaries from the City of Jacksonville/Cultural Council of Greater Jacksonville. Additional grants of \$360,000 from the City of Jacksonville, \$46,344 from the State of Florida Cultural Affairs and \$104,100 from the Community Foundation of Northeast Florida, the Jesse Ball duPont Fund, and the John F. Kennedy Center for the Performing Arts for educational & program support as well as COVID-19 financial support.
- *Memberships.* In fiscal 2021, total new and renewed memberships decreased by approximately \$7,410 or 9%, which consisted of \$57,750 for Avant Garde, Luminary and Collectors Circle premium memberships, and \$14,435 for core memberships.
- *Auxiliary Enterprises.* The Museum operated one auxiliary enterprise, the MOCA CAFE restaurant. For fiscal 2021, MOCA CAFE reported a net loss of \$75,408. A condensed summary of revenues and expenses for the auxiliary enterprise is listed below.

Auxiliary Enterprise
Condensed Summary of Revenues and Expenses
For the Year Ended June 30, 2021

	MOCA CAFE
Sales	\$ 7,518
Cost of goods sold	(12,565)
Gross profit (loss)	(5,047)
Operating expenses	
Direct expenses	70,361
Indirect expenses	-
Total expenses	70,361
Operating income (loss)	\$ (75,408)

2020

- In fiscal 2020, *operating revenues* totaled approximately \$1.249 million, a decrease of approximately \$321,000 or 20%
- Non-endowed *contributions* totaled \$455,405, a decrease of approximately \$199,600 below prior year or 30%. The decrease was attributed to a decrease in gifts from individuals, corporations and foundations for exhibition and educational programs of approximately \$153,600 and a decrease in board, special event and in-kind contributions of approximately \$45,960. Contributions shown under Operating Revenues are exclusive of the contributions for capital additions (contributions and state matching funds) to the permanent endowment.
- *Program fees* totaled \$104,793, a decrease of approximately \$69,580 or 40%. The decrease was attributed to decreases in Museum educational programs of approximately \$56,700, offset by a decrease in museum admissions of approximately \$18,150, a decrease in event admissions of approximately \$5,800 and an increase in special events of approximately \$11,150.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

- *Grants.* The Museum received grants totaling \$360,265, which was a decrease of approximately \$2,900 or 1%. Grants designated for operating expenses and salaries totaled \$269,835 from the City of Jacksonville Cultural Council Grant. Additional grants for exhibition and educational support totaled \$90,430 from the State of Florida Cultural Affairs and the Community Foundation of Northeast Florida.
- *Memberships.* In fiscal 2020, total new and renewed memberships decreased by approximately \$2,313 or 3%, which consisted of \$61,540 for Avant Garde, Luminary and Collectors Circle premium memberships, and \$18,055 for core memberships and other groups.
- *Auxiliary Enterprises.* The Museum operated one auxiliary enterprise, the MOCA CAFE restaurant. For fiscal 2020, MOCA CAFE reported a net loss of \$60,296.

Operating expenses

2021

Operating expenses in fiscal 2021 totaled approximately \$1.968 million. The following details each expense category:

- *Compensation and employee benefits* totaled \$1,228,082, an increase of \$203,433 or 20%. This represented amounts paid for employee salaries and associated fringe benefit costs.
- *Services and supplies* totaled \$318,667, a decrease of \$142,172 or 31%. The Museum's services and supplies are categorized as Museum general, exhibition, events or education expenses. Activity for service and supply expenses in fiscal year 2021 is listed below.

2021 Services & Supplies	Museum General	Exhibitions	Events	Education	Total
Administrative expenses	\$ 26,440	\$ 127	\$ -	\$ 2,508	\$ 29,075
Advertising and Social Media	87,353	1,439	-	3,974	92,766
Exhibit installations, equipment rental	3,329	19,569	-	43,466	66,364
Printing and Publications	6,268	17,003	-	-	23,271
Professional and Contract Services	39,763	17,014	400	20,596	77,773
Shipping of artwork	-	29,418	-	-	29,418
	<u>\$ 163,153</u>	<u>\$ 84,570</u>	<u>\$ 400</u>	<u>\$ 70,544</u>	<u>\$ 318,667</u>

- *Utilities and facility maintenance costs* paid by MOCA totaled \$295. Effective in fiscal 2011, all other utilities and major facility maintenance costs are paid by the University of North Florida.
- *MOCA CAFE operating expenses* were \$70,361, which included compensation and benefits of \$39,200, services and supplies of \$18,518, utilities and maintenance of \$4,783, and general administrative expenses of \$7,857. In addition, cost of goods sold for fiscal year 2021 totaled \$12,565.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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- *General and administrative (G&A) expenses* totaled \$52,866, a decrease of \$63,628 or 55%. Activity for G&A expenses in fiscal year 2020 is listed below.

2021 General & Administrative	Museum General	Exhibitions	Events	Education	Total
Administrative expenses	\$ 29,223	\$ 1,400	\$ -	\$ 9,602	\$ 40,225
Equipment	-	-	-	-	-
Travel: staff, artists, membership trip	594	4,257	-	706	5,557
Membership events, donor cultivation, public relations	2,418	803	-	3,863	7,084
	<u>\$ 32,235</u>	<u>\$ 6,460</u>	<u>\$ -</u>	<u>\$ 14,171</u>	<u>\$ 52,866</u>

- *Depreciation and amortization* on capital assets totaled \$284,777, with all depreciation on leasehold improvements.

2020

Operating expenses in fiscal 2020 totaled approximately \$2.173 million. The following details each expense category:

- *Compensation and employee benefits* totaled \$1,024,649, an increase of \$195,015 or 24%. This represented amounts paid for employee salaries and associated fringe benefit costs.
- *Services and supplies* totaled \$460,839, an increase of \$52,546 or 13%. The Museum's services and supplies are categorized as Museum general, exhibition, events or education expenses. Activity for service and supply expenses in fiscal year 2020 is listed below.

2020 Services & Supplies	Museum General	Exhibitions	Events	Education	Total
Administrative expenses	\$ 36,661	\$ 1,131	\$ 1,735	\$ 348	\$ 39,875
Advertising and Social Media	56,838	2,085	2,158	3,652	64,733
Exhibit installations, equipment rental	7,107	57,843	7,197	5,736	77,883
Printing and Publications	8,686	34,111	1,098	1,312	45,207
Professional and Contract Services	63,863	43,495	26,600	19,503	153,461
Shipping of artwork	-	79,680	-	-	79,680
	<u>\$ 173,155</u>	<u>\$ 218,345</u>	<u>\$ 38,788</u>	<u>\$ 30,551</u>	<u>\$ 460,839</u>

- *Utilities and facility maintenance costs* paid by MOCA totaled \$325. Effective in fiscal 2011, all other utilities and major facility maintenance costs are paid by the University of North Florida.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

- *MOCA CAFE operating expenses* were \$225,745, which included compensation and benefits of \$129,984, services and supplies of \$72,390, utilities and maintenance of \$5,718, and general administrative expenses of \$17,653. In addition, cost of good sold for fiscal year 2020 totaled \$52,792.
- *General and administrative (G&A) expenses* totaled \$116,494, a decrease of \$1,710 or 1%. Activity for G&A expenses in fiscal year 2020 is listed below.

2020 General & Administrative	Museum General	Exhibitions	Events	Education	Total
Administrative expenses	\$ 29,604	\$ -	\$ -	\$ 2,312	\$ 31,916
Equipment	14,771	2,365	-	4,818	21,954
Travel: staff, artists, membership trip	6,808	4,875	6	14,476	26,165
Membership events, donor cultivation, public relations	1,120	12,086	19,672	3,581	36,459
	<u>\$ 52,303</u>	<u>\$ 19,326</u>	<u>\$ 19,678</u>	<u>\$ 25,187</u>	<u>\$ 116,494</u>

- *Depreciation and amortization* on capital assets totaled \$291,899, with all depreciation on leasehold improvements.

Non-operating Revenues/Expenses

2021

- *Non-operating income (expense)*. In fiscal 2021, non-operating revenue totaled \$7.122 million. This included investment income of \$630,437, the forgiveness of the \$234,600 Regions term loan, and the transfer of an endowment from the UNF Foundation.
- The investment income derived from the permanently restricted account was for the purpose of MOCA unrestricted operations in addition to the restricted account for the acquisition, care, and maintenance of the MOCA permanent collection.

2020

- *Non-operating income (expense)*. In fiscal 2020, non-operating expense totaled \$21,853. This included investment income of \$218,147, which was offset by \$240,000 disbursed from the endowment fund to the State of Florida.
- The investment income derived from the permanently restricted account was for the purpose of MOCA unrestricted operations in addition to the restricted account for the acquisition, care, and maintenance of the MOCA permanent collection.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

Statements of Cash Flows

The Statements of Cash Flows show the cash provided and used for operating, capital and related financing activities and investing activities.

- Operating activities include funds received (i.e. from private donors, grants program fees, memberships, an auxiliary enterprise – MOCA CAFE restaurant, etc.) and payments (i.e. for programs, employee services, and suppliers for goods and services) made for the Museum's operation.
- Capital and related financing activities included outflows of cash for debt service, capital expenses, and other notes payable and receivable.
- Investing activities represent funds used to purchase investments and the associated investment earnings.

Economic Outlook

The Museum has no knowledge of any current facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year.

Management believes the Museum's overall financial position continues to improve and will be sufficient to cover its obligations.

Requests for Information

This financial report is designed to provide a general overview of the Museum's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information may be addressed to:

Valerie O. Stevenson, Controller
Museum of Contemporary Art Jacksonville, Inc.
A Cultural Institute of the University of North Florida
333 North Laura Street
Jacksonville, FL 32202
(904) 366-6911

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 743,239	\$ 396,318
Accounts receivable	33,793	13,088
Pledge receivable	20,000	40,000
Prepaid expenses	1,150	-
Inventory	8,715	8,017
Total current assets	806,897	457,423
Noncurrent assets		
Investments, at fair value	18,380	359,885
Funds held & invested by UNF Foundation for the benefit of MOCA	8,054,339	1,431,731
Capital assets, net of depreciation and amortization	614,368	899,145
Total noncurrent assets	8,687,087	2,690,761
Total assets	\$ 9,493,984	\$ 3,148,184
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 70,936	\$ 145,426
Due to related party	597,987	646,349
Unearned revenue	62,401	27,406
Long-term debt - current portion	302,125	284,600
Total current liabilities	1,033,449	1,103,781
Noncurrent liabilities		
Long-term debt	75,000	125,000
Total liabilities	\$ 1,108,449	\$ 1,228,781
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 614,368	\$ 899,145
Restricted - Expendable	636,180	439,593
Restricted - Nonexpendable	8,157,339	1,763,885
Unrestricted	(1,022,352)	(1,183,220)
Total Net Position	\$ 8,385,535	\$ 1,919,403

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

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Contributions	\$ 353,173	\$ 455,405
Program fees	40,044	104,793
Grants	782,320	360,265
Memberships	72,185	79,595
MOCA Cafe sales	7,518	218,244
Other operating income	56,585	83,930
Total operating revenues	<u>1,311,825</u>	<u>1,302,232</u>
 Operating expenses		
Compensation and employee benefits	1,228,082	1,024,649
Services and supplies	318,667	460,839
Utilities and facility maintenance	295	325
MOCA Cafe cost of goods sold	12,565	52,792
MOCA Cafe operating expenses	70,361	225,748
General administrative expenses	52,866	116,494
Depreciation and amortization	284,777	291,899
Total operating expenses	<u>1,967,613</u>	<u>2,172,746</u>
 Operating loss	 <u>(655,788)</u>	 <u>(870,514)</u>
 Non-operating income (expense):		
Investment earnings	630,437	218,147
Transfer of endowment from UNF Foundation	6,256,883	-
Gain on debt forgiveness - PPP loan	234,600	-
Return of endowment corpus to State of Florida	-	(240,000)
Total non-operating income (expense)	<u>7,121,920</u>	<u>(21,853)</u>
 Change in net position	 6,466,132	 (892,367)
 Net position, beginning of year	 1,919,403	 2,811,770
 Net position, end of year	 <u>\$ 8,385,535</u>	 <u>\$ 1,919,403</u>

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

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Received from donors	\$ 373,173	\$ 481,405
Received from program fees	46,164	91,481
Received from grant activity	780,680	364,844
Received from members	72,185	79,595
Received from auxiliary enterprises	4,763	164,706
Other operating revenues	56,585	83,930
Payments to employees for services	(1,230,178)	(1,014,078)
Payments to suppliers for goods and services	(564,793)	(619,942)
Net cash used in operating activities	(461,421)	(368,059)
Cash flows from capital and related financing activities		
Proceeds from notes payable	252,125	234,600
Payment on notes payable	(50,000)	(50,000)
Net cash provided by capital and related financing activities	202,125	184,600
Cash flows from investing activities		
Proceeds from sale of investments	606,127	461,875
Return of endowment corpus to State of Florida	-	(240,000)
Interest and dividends	90	51
Net cash provided by investing activities	606,217	221,926
Net increase in cash and cash equivalents	346,921	38,467
Cash and cash equivalents, beginning of year	396,318	357,851
Cash and cash equivalents, end of year	\$ 743,239	\$ 396,318
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (655,788)	\$ (870,514)
Adjustments to reconcile operating loss to net cash by used in operating activities:		
Depreciation and amortization	284,777	291,899
Changes in assets and liabilities:		
Accounts receivable	(20,705)	26,755
Pledge receivable	20,000	20,000
Prepaid expenses	(1,150)	359
Inventory	(698)	(1,397)
Accounts payable and accrued expenses	(122,852)	195,073
Unearned revenue	34,995	(30,234)
Net cash used in operating activities	\$ (461,421)	\$ (368,059)

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

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:**

(a) **Reporting entity**—The Museum of Contemporary Art Jacksonville, Inc. (the Museum), a cultural institute of the University of North Florida (the University), is a not-for-profit entity that collaboratively serves the University and Jacksonville communities through exhibitions, collections, educational programs, and publications designed to enhance the understanding and appreciation of modern and contemporary art. Effective May 15, 2009, the Museum entered into an agreement to operate as a direct support organization of the University.

(b) **Basis of accounting**—The financial statements of the Museum have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

For financial reporting purposes, the Museum is considered a special-purpose government engaged only in business-type activities. Accordingly, the Museum prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

The net position of the Museum is reported in three categories as follows:

- *Net investment in capital assets* consist of capital assets, net of accumulated depreciation, reduced by outstanding balances of any debt that is attributable to those assets.
- *Restricted net position* represents net position that is restricted by constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation.

Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Expendable restricted net position includes resources in which the Foundation is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

- *Unrestricted net position* represents funds that are available without restriction for carrying out the Museum's objectives.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Museum's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

(c) **Cash and cash equivalents**—For purposes of the statement of cash flows, the Museum considers cash on hand, cash on deposit, and investments with original maturities of ninety days or less to be cash and cash equivalents.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Investments**—Investments are reported at fair value determined to be the amount at which financial instruments could be exchanged in a current transaction between willing parties, usually quoted market prices. The Museum intends to hold its investments for the long term. However, the needs of the organization may require the sale of a portion of these assets on a short-term basis, subject to the approval of the Finance/Investment Committee.

(e) **Capital assets**—Purchased or constructed additions to capital assets are recorded at cost. Donated items are stated at independent appraisal or estimated value, at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which are as follows:

Furniture, fixtures, and equipment	3 to 10 years
Leasehold improvements	5 to 20 years

Expenses for maintenance and repairs are charged to operations as incurred. Expenses for major renewals are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss, if any, is included in operations.

(f) **Merchandise inventory**—Merchandise inventory is stated at the lower of cost or market value determined by the retail method, on a first-in, first-out (FIFO) basis.

(g) **Pledge receivable**—All non-endowed pledges that have met all the eligibility requirements that are verifiable, probable and measurable are recorded at fair value and recorded net of allowances for uncollectible amounts. The Museum uses the allowance method to determine uncollectible receivables. The allowance for uncollectible pledges is based on management's judgement of the collectability of pledges receivable in future years. At June 30, 2021 and 2020, the Museum considered all remaining pledges receivable to be fully collectible.

(h) **Funds held and invested by the University of North Florida Foundation, Inc.**—The Museum utilizes the University of North Florida Foundation, Inc. (the UNF Foundation) to provide investment services for two endowments that it holds. The balance includes the related investment earnings and losses on the funds invested.

(i) **Collections**—The Museum's permanent collections of art currently consist of approximately 1,000 works of art, including painting, printmaking, sculpture, and photography primarily representing the period from 1960 to the present. The Museum endeavors to create a permanent collection of significant depth, scope, and quality to be used for study, scholarly research, and exhibition – all tools that foster an education, awareness and experience with contemporary visual art. Strategic acquisitions for the collections are planned by the Collections & Exhibition Committee of the Board of Trustees.

The collections, which were acquired through purchases and contributions since the Museum's inception, are not capitalized as assets in the financial statements. In accordance with GASB Statement 34, the Museum does not capitalize collections meeting the criteria to be: a) held for public exhibition, education, or research in furtherance of public service, rather than financial gain; b) protected, kept unencumbered, cared for, and preserved; and c) subject to organization policy that requires the proceeds from sales of collection items to be used to acquire other items for the collections. The collection has an insured value of nine million dollars.

In fiscal year 2021 and 2020, the Museum did not purchase artwork for the permanent collection.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Income taxes**—The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Museum has determined that it does not have any material unrecognized tax benefits or obligations associated with unrelated business income tax as of June 30, 2021 and 2020. Fiscal years ending on or after June 30, 2018 remain subject to examination by federal and state tax authorities.

(k) **In-kind contributions**—Donated materials, equipment, and other non-cash contributions are recorded at their estimated fair values, if determinable, at the date of the donations. Nominal values are recorded if fair values are not determinable. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not donated.

The Museum receives a significant amount of donated services from unpaid volunteers who assist in fund raising, educational, and program services. These volunteer services do not meet the criteria for recognition in the financial statements.

Administrative and fiscal services, office space and other miscellaneous support services are provided to the Museum by the University at no cost. No value has been assigned to these services in the accompanying statement of revenues, expenses, and changes in net position since there is no objective basis for determining the value.

(l) **Operating income**—Operating revenues and expenses for a proprietary fund are those that result from providing services and producing and delivering goods and or services. Also included are all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Interest and dividends, investment gains/(losses), and works of art purchased for collection from restricted funds are considered non-operating. When both restricted and unrestricted resources are available for use, the Museum's policy is to use restricted resources first, then unrestricted resources as needed.

(m) **Grant and contract revenue and support**—The Museum receives funding from government agencies and other organizations that specifies the types of expenses for which the grant or contract funds may be used. Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Museum with the terms of the grants and contracts. The Museum has not been notified of any significant unallowable costs relating to its grants or contracts.

(n) **Use of estimates**—The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021 AND 2020

(2) **Cash and Cash Equivalents:**

Investment decisions are made subject to guidelines established by the Museum's Finance/Investment Committee and approved by the Board. All deposits and investments are held at the financial institutions in the name of the Museum.

Cash and cash equivalents—As of June 30, 2021 and 2020, unrestricted cash and cash equivalents included petty cash funds and bank demand accounts subject to immediate withdrawal consisting of the following:

	<u>2021</u>	<u>2020</u>
Cash on deposit	\$ 741,170	\$ 394,249
Petty cash funds	2,069	2,069
Total	<u>\$ 743,239</u>	<u>\$ 396,318</u>

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the Museum's deposits may not be returned to it. At June 30, 2021 and 2020, the Museum's cash deposits with financial institutions were \$743,239 and 396,318, respectively.

(3) **Investments:**

Investments are recorded at fair value and consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Investment Type		
Equities	\$ 18,380	\$ -
U.S. Treasury Bills	-	359,885
	<u>\$ 18,380</u>	<u>\$ 359,885</u>

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, the Museum securities quality ratings are as follows:

	<u>2021</u>	
Investment Type	<u>Fair Value</u>	<u>Quality Rating</u>
Equities	<u>\$ 18,380</u>	<u>Unrated</u>

	<u>2020</u>	
Investment Type	<u>Fair Value</u>	<u>Quality Rating</u>
U.S. Treasury Bills	<u>\$ 359,885</u>	<u>Unrated</u>

Interest rate risk. Interest rate risk is the risk that changes in the interest rates that will adversely affect the fair value of an investment. The Museum's policy for managing its exposure to fair value loss occurring from interest rate risk is through maintaining diversification within its investments and investment maturities so as to minimize the impact of downturns in the market as stated above.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021 AND 2020

(3) **Investments:** (Continued)

Fine arts endowment—The Museum has had a trust agreement with the State of Florida, Department of State, fine arts endowment matching fund program since January 1991 that created a \$600,000 fund. In managing the investments of the Fine Arts Endowment fund, the Museum must comply with an established investment plan specified by the State of Florida, Department of State and requires the preservation of the \$600,000 program fund. The Museum may expend funds generated from the endowment program fund only for operating costs incurred while engaged in programs directly related to fine arts activities. In April 2020, the Museum ended the Fine Arts Endowment fund trust agreement and returned the associated matching funds to the State of Florida. The amount returned to the State of Florida during 2020 was \$240,000. During the fiscal year ended June 30, 2021, the Museum obtained releases from restrictions associated with this endowment in the amount of \$257,000. At June 30, 2021, \$103,000 remains endowed, which the Museum is actively working with contributors associated with those amounts to obtain releases of the original endowment restrictions.

(4) **Fair Value Measurements:**

The Museum has provided additional information about fair value measurements, which is based on the assumptions that market participants would use when pricing an asset or liability. A fair value hierarchy was established that prioritizes the information used to develop these assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that an entity has the ability to access at the measurement date;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;
- Level 3 Inputs that are unobservable, about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. The Museum uses the market approach valuation technique to value its investments.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs. Prices for money market, fixed income and mutual funds included in investments, are readily available in the active markets in which those securities are traded, and the resulting fair values are categorized as Level 1.

Following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in methodologies as of June 30, 2021 and 2020.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021 AND 2020

(4) **Fair Value Measurements:** (Continued)

Level 1 Fair Value Measurements

The fair value of equities and U.S. Treasury bills are based on quoted asset prices from an active market at year-end.

Level 3 Fair Value Measurements

The fair value of the funds held and invested by the UNF Foundation are based upon amounts reported to the Museum from the UNF Foundation.

The following table presents the assets carried on the statement of net position by level within the valuation hierarchy as of June 30, 2021 and 2020.

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Equities	\$ 18,380	\$ -	\$ -	\$ 18,380
Funds Held and Invested by UNF Foundation	-	-	8,054,339	8,054,339
Total	\$ 18,380	\$ -	\$ 8,054,339	\$ 8,072,719

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Bills	\$ 359,885	\$ -	\$ -	\$ 359,885
Funds Held and Invested by UNF Foundation	-	-	1,431,731	1,431,731
Total	\$ 359,885	\$ -	\$ 1,431,731	\$ 1,791,616

The following table includes a roll forward of the amounts for the years ended June 30, 2021 and 2020 for investments classified within Level 3. The classification of an asset within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

There were no significant transfers between levels in fiscal year 2021 and 2020.

	2021	2020
Fair Value, beginning of year	\$ 1,431,731	\$ 1,437,913
Contributions and Transfers	6,256,883	-
Investment income	574,988	42,564
Distributions	(102,497)	(25,791)
Endowment management fee expense	(106,766)	(22,954)
Fair Value, end of year	\$ 8,054,339	\$ 1,431,731

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021 AND 2020

5) **Capital Assets:**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Furniture, fixtures and equipment	\$ 526,374	\$ -	\$ -	\$ 526,374
Leasehold Improvements	<u>5,951,106</u>	<u>-</u>	<u>-</u>	<u>5,951,106</u>
Total capital assets	<u>6,477,480</u>	<u>-</u>	<u>-</u>	<u>6,477,480</u>
Less accumulated depreciation for:				
Furniture, fixtures and equipment	526,374	-	-	526,374
Leasehold Improvements	<u>5,051,961</u>	<u>284,777</u>	<u>-</u>	<u>5,336,738</u>
Total accumulated depreciation	<u>5,578,335</u>	<u>284,777</u>	<u>-</u>	<u>5,863,112</u>
Capital assets, net	<u>\$ 899,145</u>	<u>\$ (284,777)</u>	<u>\$ -</u>	<u>\$ 614,368</u>

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Furniture, fixtures and equipment	\$ 526,374	\$ -	\$ -	\$ 526,374
Leasehold Improvements	<u>5,951,106</u>	<u>-</u>	<u>-</u>	<u>5,951,106</u>
Total capital assets	<u>6,477,480</u>	<u>-</u>	<u>-</u>	<u>6,477,480</u>
Less accumulated depreciation for:				
Furniture, fixtures and equipment	526,373	1	-	526,374
Leasehold Improvements	<u>4,760,063</u>	<u>291,898</u>	<u>-</u>	<u>5,051,961</u>
Total accumulated depreciation	<u>5,286,436</u>	<u>291,899</u>	<u>-</u>	<u>5,578,335</u>
Capital assets, net	<u>\$ 1,191,044</u>	<u>\$ (291,899)</u>	<u>\$ -</u>	<u>\$ 899,145</u>

Depreciation expense for property and equipment was \$284,777 and \$291,899 for 2021 and 2020, respectively.

(6) **Leases:**

The Museum entered into an agreement on April 20, 2000 with the City of Jacksonville, Florida to lease the land, building, and other improvements for use in operation of the art museum. The term of the lease is for ninety-nine (99) years ending on April 20, 2099, with rent of \$10 payable annually. On May 15, 2009, the City of Jacksonville consented to the assignment of the lease by the Museum to the University of North Florida.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021 AND 2020

(7) **Retirement Benefits:**

All Museum employees are employed by the University. The Museum does not administer a separate retirement plan for its employees; however, pursuant to law, all salaried employees are members of retirement plans of the State of Florida. The retirement plans accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits and other related matters are the responsibility of the Florida State Department of Administration, Division of Retirement. Other postemployment benefits (OPEB), primarily subsidized premiums for health insurance, are provided by the University. The complete disclosures for the retirement plan and OPEB can be located in the audited financial statements of the University.

During the years ended June 30, 2021 and 2020, total payments made to the University for contributions on behalf of MOCA employees were \$81,173 and \$59,319, respectively.

(8) **Related Party Transactions:**

The University contributes funds to the Museum for reimbursement of the University operating costs paid by the Museum. Operating costs reimbursed by the University were \$726,328 and \$901,755 for the years ended June 30, 2021 and 2020, respectively. The Museum had outstanding payables to the University of \$597,987 and \$646,349 for the years ended June 30, 2021 and 2020, respectively.

(9) **Long-Term Debt:**

	<u>2021</u>		<u>2020</u>	
	<u>Current</u>	<u>Long-Term</u>	<u>Current</u>	<u>Long-Term</u>
Revolving loan from the University of North Florida, non-interest bearing and payable on demand. A \$50,000 payment is expected to be made in the next year.	\$ 50,000	\$ 75,000	\$ 50,000	\$ 125,000
Forgivable, term loan from Regions Bank, 1% interest. If not forgiven, payable in monthly principal & interest installments of \$13,138.24 for 18 months.	-	-	234,600	-
Forgivable, term loan from Regions Bank, 1% interest. If not forgiven, payable in monthly principal & interest installments of \$5,838.21 for 44 months.	252,125	-	-	-
Total	<u>\$ 302,125</u>	<u>\$ 75,000</u>	<u>\$ 284,600</u>	<u>\$ 125,000</u>

The aggregate maturities of long-term debt as of June 30, 2021 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 302,125	616	\$ 302,741
2023	50,000	-	50,000
2024	25,000	-	25,000
	<u>\$ 377,125</u>	<u>616</u>	<u>\$ 377,741</u>

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021 AND 2020

(9) **Long-Term Debt:** (Continued)

On April 7, 2021, the Museum received a second draw in the amount of \$252,125 under the reauthorization of the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks or twenty-four weeks (period to be chosen by the Museum) as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight- or twenty-four-week period.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first sixteen months. The Museum intends to use the proceeds for purposes consistent with the PPP. While the Museum currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, forgiveness of the PPP loan cannot be given until the Museum has received legal forgiveness from its financial institution and the United States Small Business Administration (“SBA”).

The Museum has recorded the PPP proceeds as a note payable in the accompanying financial statements, since it has not received legal forgiveness as of June 30, 2021. The PPP proceeds, which were in the form of a note payable dated April 1, 2021, mature on April 1, 2026 and bear interest at a rate of 1.0% per annum, payable monthly commencing on August 5, 2022.

On February 16, 2021, Regions Bank received final payment of the loan disbursed on May 2, 2020 under the initial authorization of the Paycheck Protection Program in the amount of \$234,600. The forgiveness of the full loan amount was approved by the SBA.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of,
The Museum of Contemporary Art Jacksonville, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Museum of Contemporary Art Jacksonville, Inc. (the Museum), a direct support organization and component unit of University of North Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Museum's basic financial statements, and have issued our report thereon dated September 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Museum's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Museum's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Gainesville, Florida
September 8, 2021

SUPPLEMENTAL INFORMATION

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

Expenses	Program Services		Supporting Services		Total Museum Operations	Auxiliary Enterprises			Total
	Museum Programs	Education Programs	Management and General	Fundraising		MOCA Café Restaurant	Museum Store	Total Auxilliary Enterprises	
Compensation	\$ 267,338	\$ 175,838	\$ 251,194	\$ 212,968	\$ 907,338	\$ 27,381	\$ -	\$ 27,381	\$ 934,719
Employee Benefits	80,745	39,208	158,440	42,351	320,744	11,818	-	11,818	332,562
Services and Supplies	94,382	75,668	144,633	3,984	318,667	18,228	-	18,228	336,895
Utilities and Facility Maintenance	295	-	-	-	295	4,783	-	4,783	5,078
General Administrative	8,307	14,217	26,458	3,884	52,866	20,716	-	20,716	73,582
Total before Depreciation & Amortization	451,067	304,931	580,725	263,187	1,599,910	82,926	-	82,926	1,682,836
Depreciation and Amortization	-	-	284,777	-	284,777	-	-	-	284,777
Total Expenses	\$ 451,067	\$ 304,931	\$ 865,502	\$ 263,187	\$ 1,884,687	\$ 82,926	\$ -	\$ 82,926	\$ 1,967,613

The accompanying notes are an integral part of this schedule.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
 SCHEDULE OF THE SOURCE AND STATUS OF FUNDS
 RECEIVED FROM THE CULTURAL COUNCIL OF GREATER JACKSONVILLE, INC.
 FOR THE YEAR ENDED JUNE 30, 2021

City of Jacksonville - Cultural Council of Greater Jacksonville, Inc. Program:
 Cultural Services Grant Program - General Operating Support

<u>Receipt of City Funds</u>	<u>City Fiscal Year 2019-2020</u>	<u>City Fiscal Year 2020-2021</u>
Amount of Award	\$ 272,986	\$ 271,106
Actual Amount Received 7/01/19 - 6/30/20	(204,440)	-
Actual Amount Received 7/01/20 - 6/30/21	(68,546)	(203,330)
Amount Remaining to be Disbursed	<u>\$ -</u>	<u>\$ 67,776</u>

Expenditure of City Funds

City Fiscal Year 2019-2020
 CSGP Grant \$272,986

	<u>Approved Budget</u>	<u>Actual Expenditures 10/01/2019 - 6/30/2020</u>	<u>Actual Expenditures 7/01/2020 - 9/30/2020</u>	<u>Total Expenditures</u>	<u>Remaining Balance</u>
<i>Item:</i>					
Salaries and Wages	\$ 195,618	\$ 144,466	\$ 51,152	\$ 195,618	\$ -
Fringe Benefits	77,368	58,481	18,887	77,368	-
Total	<u>\$ 272,986</u>	<u>\$ 202,947</u>	<u>\$ 70,039</u>	<u>\$ 272,986</u>	<u>\$ -</u>

City Fiscal Year 2020-2021
 CSGP Grant \$271,106

	<u>Approved Budget</u>	<u>Actual Expenditures 10/01/2020 - 6/30/2021</u>	<u>Remaining Balance</u>
<i>Item:</i>			
Salaries and Wages	\$ 196,725	\$ 146,912	\$ 49,813
Fringe Benefits	74,381	55,547	18,834
Total	<u>\$ 271,106</u>	<u>\$ 202,459</u>	<u>\$ 68,647</u>

The accompanying notes are an integral part of this schedule.