

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
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**JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Museum of Contemporary Art Jacksonville, Inc. (the "Museum"), a direct support organization and component unit of the University of North Florida, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Museum's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as of June 30, 2022 and 2021, 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.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 audit. 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***

The Museum's 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

### ***Required Supplementary Information***

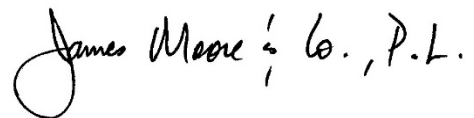
Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Museum's basic financial statements. The accompanying Schedule of Functional Expenses and Schedule of the Source and Status of Funds Received from the Cultural Council of Greater Jacksonville, Inc. are presented for purpose of additional analysis and are not a required part of the basic financial statements. The Schedule of Functional Expenses and Schedule of the Source and Status of Funds Received from the Cultural Council of Greater Jacksonville, Inc. are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2022, 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 solely 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 the effectiveness of 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 7, 2022

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

**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, 2022 and 2021. 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**

**2022**

*Fundraising.* For the year ended June 30, 2022, the Museum recorded a total of \$296,183 in operating contributions, a decrease of approximately \$56,990 or 16% below prior year.

*Program Fees.* In fiscal year 2022, the Museum generated \$107,998 in revenue, which was an increase of approximately \$67,954 above prior year. This represented museum admissions of approximately \$43,759, and educational programs of approximately \$64,239.

*Memberships.* In fiscal year 2022, the Museum realized a total of approximately \$85,250 in membership dues, which was an increase of approximately \$13,065 or 18%. The categories include Luminary, Avant Garde, Curator’s Society, Collectors’ Circle, and core memberships.

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**  
(Continued)

*Grants.* In fiscal year 2022, the Museum recorded a total of \$530,045 in grants, a decrease of approximately \$252,275 or 32% below prior year. A total of \$306,387 was designated for operating expenses and salaries from the City of Jacksonville/Cultural Services Grant Program. Additional grants of \$55,556 from the City of Jacksonville CARES Act funding, \$76,965 from the State of Florida Cultural Affairs and \$91,137 from the Art Bridges Foundation, the Jesse Ball duPont Fund, The Cummer Family Foundation, The Douglas Anderson School of the Arts Foundation, and the Florida Humanities Council for educational & program support.

*Artwork.* The Museum added two pieces of purchased artwork to the permanent collection in fiscal year 2022 for \$47,690.

*Museum Endowments.* The endowment accounts totaled \$6.982 million at June 30, 2022. The total allocation generated from the endowment is approximately \$200,000 per year.

**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.

*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.

*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.

*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.

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**  
(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, 2022, total net position is approximately \$6.947 million. This year's activity is presented in thousands and included the following:

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>
<b>Assets</b>				
Current assets	\$ 785	\$ 807	\$ (22)	3%
Non-current assets:				
Capital assets, net	347	614	(267)	-43%
Other	6,999	8,073	(1,074)	-13%
Total assets	<u>\$ 8,131</u>	<u>\$ 9,494</u>	<u>\$ (1,363)</u>	<u>-14%</u>
<b>Liabilities</b>				
Current liabilities	\$ 1,182	\$ 1,034	\$ 148	14%
Non-current liabilities	2	75	(73)	-97%
Total liabilities	<u>\$ 1,184</u>	<u>\$1,109</u>	<u>\$ 75</u>	<u>7%</u>
<b>Net position</b>				
Net investment in capital assets	\$ 347	\$ 614	\$ (267)	-43%
Restricted - expendable	399	636	(237)	-37%
Restricted - nonexpendable	7,084	8,157	(1,073)	-13%
Unrestricted	(883)	(1,022)	139	-14%
Total net position	<u>6,947</u>	<u>8,385</u>	<u>(1,438)</u>	<u>-17%</u>
Total liabilities and net position	<u>\$ 8,131</u>	<u>\$ 9,494</u>	<u>\$ (1,363)</u>	<u>-14%</u>

**Current Assets**

**2022**

- In fiscal 2022, *current assets* totaled \$784,667, a decrease of approximately \$22,000 or 2%.
- *Cash and cash equivalents* totaled \$725,267, a decrease of approximately \$18,000 or 2%. This included unrestricted cash on hand at year-end of \$112,941 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 \$610,257, an increase of \$97,198 below prior year.
- *Accounts receivable* totaled \$47,861, which was comprised of \$3,827 in summer camp fees, \$26,241 for donor and grant receivable and \$17,792 for MOCA CAFE facility rentals.
- *Prepaid Expenses* totaled \$3,493, a decrease of approximately \$2,343 from the prior year.
- *Inventory* at fiscal year-end totaled \$8,046, which represented merchandise remaining from the Museum Store and MOCA branded merchandise for sale after fiscal year 2022.

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**  
(Continued)

**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.

**Non-Current Assets**

**2022**

- In fiscal year 2022 non-current assets totaled \$7.346 million, a decrease of approximately \$1.341 million or 15%.
- Museum investments totaled \$17,958 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. The total amount of funds held and invested by the UNF Foundation is \$6,981,519, net of realized loss of \$1,072,820 at June 30, 2022.
- Capital assets totaled \$346,979. This included furniture, fixtures, and equipment of \$526,374, leasehold improvements of \$5,951,106, and net of accumulated depreciation of \$6,130,501.

**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, 2022 AND 2021**  
(Continued)

**Liabilities**

**2022**

- Current liabilities totaled \$1,181,764, a net increase of \$148,315 or 14%. The increase was primarily attributed to accounts and other payables of approximately \$1,034,855 and deferred revenue of \$146,908 offset by the forgiveness of a term loan to Regions Bank for a CARES PPP loan of \$252,125 and the payoff of the University of North Florida notes payable of \$125,000.
- Non-current liabilities totaled \$1,878, a decrease of \$73,122 or 97%. The non-current liability includes the refundable security deposit on a three-year lease beginning in fiscal year 2023.

**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.

**Net Position**

The net position at June 30, 2022 totaled approximately \$6.947 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.

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**  
(Continued)

**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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>
Operating revenues:				
Contributions	\$ 296,183	\$ 353,173	\$ (56,900)	-16%
Program fees	107,998	40,044	67,954	170%
Memberships	85,250	72,185	13,065	18%
MOCA Cafe sales	99,483	7,518	91,965	1223%
Other operating income	31,612	56,585	(24,973)	-44%
Total operating revenues	<u>620,526</u>	<u>529,505</u>	<u>91,021</u>	<u>17%</u>
Operating expenses	<u>1,985,158</u>	<u>1,967,613</u>	<u>17,545</u>	<u>1%</u>
Operating income (loss)	<u>(1,364,632)</u>	<u>(1,438,108)</u>	<u>73,476</u>	<u>-5%</u>
Non-operating income (expense):				
Investment earnings	(807,901)	630,437	(1,438,338)	-228%
Grants	530,045	782,320	(252,275)	-32%
Transfer of endowment from UNF Foundation	-	6,256,883	(6,256,883)	-100%
Gain on loan forgiveness	252,125	234,600	17,525	7%
Works of art purchased for collection	(47,690)	-	(47,690)	100%
Non-operating income (expense)	<u>(73,421)</u>	<u>7,904,240</u>	<u>(7,977,661)</u>	<u>-253%</u>
Change in net position	<u>(1,438,053)</u>	<u>6,466,132</u>	<u>(7,904,185)</u>	<u>-122%</u>
Net position, beginning of year	<u>8,385,535</u>	<u>1,919,403</u>	<u>6,466,132</u>	<u>337%</u>
Net position, end of year	<u>\$ 6,947,482</u>	<u>\$ 8,385,535</u>	<u>\$ (1,438,053)</u>	<u>-17%</u>

The Statement of Revenues, Expenses, and Changes in Net Position are presented as part of the basic financial statements. For fiscal year 2022, the Statement of Revenues, Expenses, and Changes in Net Position reflects a decrease of approximately \$1.438 million in net position. The Statements' highlights are as follows:

***Operating Revenues***

**2022**

- In fiscal 2022, *operating revenues* totaled approximately \$620,526, an increase of approximately \$91,000 or 17%
- Non-endowed *contributions* totaled \$296,183, a decrease of approximately \$57,000 or 16% below prior year. The decrease was attributed to a net decrease in gifts from individuals, corporations and foundations for exhibition and educational programs of approximately \$40,548 and a net decrease in board, sponsorships, and in-kind contributions of approximately \$16,442.
- *Program fees* totaled \$107,998, an increase of approximately \$68,000 or 170%. The increase was attributed to an increase in Museum educational programs of approximately \$46,689, an increase in museum admissions of approximately \$20,427, and an increase in event admissions of approximately \$839.

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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- *Memberships.* In fiscal 2022, total new and renewed memberships increased by approximately \$13,065 or 18%, which consisted of \$9,250 for Avant Garde, Luminary and Collectors Circle premium memberships, and \$3,815 for core memberships.
- *Auxiliary Enterprises.* The Museum operated one auxiliary enterprise, the MOCA CAFE restaurant and catering services. For fiscal 2022, MOCA CAFE reported net operating income of \$33,429. 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, 2022**

	<b>MOCA CAFE</b>
Sales	\$ 99,483
Cost of goods sold	(3,541)
Gross profit (loss)	95,942
Operating expenses	
Direct expenses	62,513
Indirect expenses	-
Total expenses	62,513
Operating income (loss)	\$ 33,429

**2021**

- In fiscal 2021, *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 \$3,600.
- *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.

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**  
(Continued)

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

	<b>MOCA CAFE</b>
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)

***Operating expenses***

**2022**

Operating expenses in fiscal 2022 totaled approximately \$1.985 million. The following details each expense category:

- *Compensation and employee benefits* totaled \$1,138,641, a decrease of \$89,441 or 7%. The total represented amounts paid for employee salaries and associated fringe benefit costs.
- *Services and supplies* totaled \$416,098, an increase of \$97,432 or 31%. Activity for service and supply expenses in fiscal year 2022 is listed below.

<b>2022 Services &amp; Supplies</b>	<b>Museum</b>				<b>Total</b>
	<b>General</b>	<b>Exhibitions</b>	<b>Events</b>	<b>Education</b>	
Administrative expenses	\$ 30,283	\$ 367	\$ -	\$ 900	\$ 31,550
Advertising and Social Media	80,333	3,240	-	4,360	87,933
Exhibit installations, equipment rental	4,632	87,306	-	22,783	114,721
Printing and Publications	8,733	28,658	-	-	37,391
Professional and Contract Services	27,546	31,164	-	37,810	96,520
Shipping of artwork	-	47,983	-	-	47,983
	\$ 151,527	\$ 198,718	\$ -	\$ 65,853	\$ 416,098

- *Utilities and facility maintenance costs* paid by MOCA totaled \$1,146. 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**  
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- *MOCA CAFE operating expenses* were \$62,513, which included professional fees and services of \$16,019, equipment and supplies of \$15,423, utilities and maintenance of \$4,473, and general administrative expenses of \$26,598. In addition, cost of goods sold for fiscal year 2022 totaled \$3,541.
- *General and administrative (G&A) expenses* totaled \$95,831, an increase of \$42,965 or 81%. Activity for G&A expenses in fiscal year 2022 is listed below.

<u>2022 General &amp; Administrative</u>	<u>Museum General</u>	<u>Exhibitions</u>	<u>Events</u>	<u>Education</u>	<u>Total</u>
Administrative expenses	\$ 35,216	\$ -	\$ -	\$ 8,370	\$ 43,586
Equipment	4,304	-	-	-	4,304
Travel: staff, artists, membership trip	11,075	7,935	-	-	19,010
Membership events, donor cultivation, public relations	6,035	11,417	-	11,479	28,931
	<u>\$ 56,630</u>	<u>\$ 19,352</u>	<u>\$ -</u>	<u>\$ 19,849</u>	<u>\$ 95,831</u>

- *Depreciation and amortization* on capital assets totaled \$267,389, with all depreciation on leasehold improvements.

**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.

<u>2021 Services &amp; Supplies</u>	<u>Museum General</u>	<u>Exhibitions</u>	<u>Events</u>	<u>Education</u>	<u>Total</u>
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>

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**  
(Continued)

- *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.
- *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.

<u>2021 General &amp; Administrative</u>	<u>Museum General</u>	<u>Exhibitions</u>	<u>Events</u>	<u>Education</u>	<u>Total</u>
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	<u>2,418</u>	<u>803</u>	<u>-</u>	<u>3,863</u>	<u>7,084</u>
	<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.

***Non-operating Revenues/Expenses***

**2022**

*Non-operating income (expense)*. In fiscal 2022, the non-operating loss totaled \$73,421. This included net investment losses of \$807,901, the forgiveness of the \$252,125 Regions term loan, and grant revenue of \$530,045 and art purchases of \$47,690.

- 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.
- *Grants*. In fiscal year 2022, the Museum recorded a total of \$530,045 in grants, a decrease of approximately \$252,275 or 32% below prior year. A total of \$306,387 was designated for operating expenses and salaries from the City of Jacksonville/Cultural Services Grant Program. Additional grants of \$55,556 from the City of Jacksonville CARES Act funding, \$76,965 from the State of Florida Cultural Affairs and \$91,137 from the Art Bridges Foundation, the Jesse Ball duPont Fund, The Cummer Family Foundation, The Douglas Anderson School of the Arts Foundation, and the Florida Humanities Council for educational & program support.

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**  
(Continued)

**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.
- *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.

**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.

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021  
(Continued)**

**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**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 725,267	\$ 743,239
Accounts receivable	47,860	33,793
Pledge receivable	-	20,000
Prepaid items	3,493	1,150
Inventory	8,046	8,715
Total current assets	784,666	806,897
<b>Noncurrent assets</b>		
Investments, at fair value	17,958	18,380
Funds held and invested by UNF Foundation for the benefit of MOCA	6,981,519	8,054,339
Capital assets, net of depreciation and amortization	346,979	614,368
Total noncurrent assets	7,346,456	8,687,087
<b>Total assets</b>	<b>\$ 8,131,122</b>	<b>\$ 9,493,984</b>
<b><u>LIABILITIES</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 155,965	\$ 70,936
Due to related party - UNF	878,889	597,987
Unearned revenue	146,908	62,401
Long-term debt - current portion	-	302,125
Total current liabilities	1,181,762	1,033,449
<b>Noncurrent liabilities</b>		
Refundable deposits	1,878	-
Long-term debt	-	75,000
Total noncurrent liabilities	1,878	75,000
<b>Total liabilities</b>	<b>\$ 1,183,640</b>	<b>\$ 1,108,449</b>
<b><u>NET POSITION</u></b>		
<b>Net position</b>		
Net investment in capital assets	\$ 346,979	\$ 614,368
Restricted - Expendable	398,658	636,180
Restricted - Nonexpendable	7,084,518	8,157,339
Unrestricted	(882,673)	(1,022,352)
<b>Total net position</b>	<b>\$ 6,947,482</b>	<b>\$ 8,385,535</b>

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

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Operating revenues</b>		
Contributions	\$ 296,183	\$ 353,173
Program fees	107,998	40,044
Memberships	85,250	72,185
MOCA Café sales	99,483	7,518
Other operating income	31,612	56,585
Total operating revenues	<u>620,526</u>	<u>529,505</u>
<b>Operating expenses</b>		
Compensation and employee benefits	1,138,641	1,228,082
Services and supplies	416,098	318,667
Utilities and facility maintenance	1,146	295
MOCA Café cost of goods sold	3,540	12,565
MOCA Café operating	62,513	70,361
General administrative	95,831	52,866
Depreciation and amortization	267,389	284,777
Total operating expenses	<u>1,985,158</u>	<u>1,967,613</u>
<b>Operating loss</b>	<u>(1,364,632)</u>	<u>(1,438,108)</u>
<b>Non-operating income (expense)</b>		
Investment earnings (losses)	(807,901)	630,437
Grant income	530,045	782,320
Transfer of endowment from UNF Foundation	-	6,256,883
Gain on debt forgiveness - PPP loan	252,125	234,600
Works of art purchased for collection from restricted funds	(47,690)	-
Total non-operating income (expense)	<u>(73,421)</u>	<u>7,904,240</u>
<b>Change in net position</b>	<u>(1,438,053)</u>	<u>6,466,132</u>
<b>Net position, beginning of year</b>	8,385,535	1,919,403
<b>Net position, end of year</b>	<u>\$ 6,947,482</u>	<u>\$ 8,385,535</u>

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

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Received from donors	\$ 385,183	\$ 373,173
Received from program fees	113,113	46,164
Received from members	85,250	72,185
Received from auxiliary enterprises	89,870	4,763
Other operating revenues	31,612	56,585
Payments to employees for services	(1,122,584)	(1,230,178)
Payments to suppliers for goods and services	(273,201)	(564,793)
Net cash used in operating activities	(690,757)	(1,242,101)
<b>Cash flows from capital and related financing activities</b>		
Proceeds from notes payables	-	252,125
Payment on notes payable	(125,000)	(50,000)
Net cash provided by (used in) capital related and financing activities	(125,000)	202,125
<b>Cash flows from noncapital and related financing activities</b>		
Grants received	532,444	780,680
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	-	606,127
Purchase of investments	(136)	-
Interest and dividends	670	90
Endowment spending allocation	264,807	-
Net cash provided by investing activities	265,341	606,217
<b>Net increase (decrease) in cash and cash equivalents</b>	(17,972)	346,921
<b>Cash and cash equivalents, beginning of year</b>	743,239	396,318
<b>Cash and cash equivalents, end of year</b>	\$ 725,267	\$ 743,239
<b>Reconciliation of operating loss to net cash used in operating activities</b>		
Operating loss	\$ (1,364,632)	\$ (1,438,108)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	267,389	284,777
Changes in assets and liabilities		
Accounts receivable	(14,067)	(20,705)
Pledge receivable	20,000	20,000
Prepaid items	(2,343)	(1,150)
Inventory	669	(698)
Accounts payable and accrued expenses	318,241	(122,852)
Refundable deposits	1,878	-
Unearned revenue	82,108	36,635
Net cash used in operating activities	\$ (690,757)	\$ (1,242,101)
<b>Supplemental disclosure of noncash financing activities</b>		
Gain on debt forgiveness - PPP loan	\$ 252,125	\$ -

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

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022 AND 2021**

(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, 2022 AND 2021**

(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, 2022 and 2021, 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.

The Museum purchased \$47,690 of artwork for the permanent collection for fiscal year FY22. There were no purchases of artwork for the permanent collection in FY21.

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022 AND 2021**

(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, 2022 and 2021. The Museum's income tax returns for the past three years are subject to examination by federal and state tax authorities, and may change upon examination.

(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.

(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, 2022 AND 2021**

(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, 2022 and 2021, unrestricted cash and cash equivalents included petty cash funds and bank demand accounts subject to immediate withdrawal consisting of the following:

	<u>2022</u>	<u>2021</u>
Cash on deposit	\$ 723,198	\$ 741,170
Petty cash funds	2,069	2,069
Total	<u>\$ 725,267</u>	<u>\$ 743,239</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, 2022 and 2021, the Museum's cash deposits with financial institutions were \$749,120 and 743,239, respectively.

(3) **Investments:**

Investments are recorded at fair value and consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
<b>Investment Type</b>		
Equities	\$ 17,958	\$ 18,380
U.S. Treasury Bills	-	-
	<u>\$ 17,958</u>	<u>\$ 18,380</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>2022</u>	
<b>Investment Type</b>	<u>Fair Value</u>	<u>Quality Rating</u>
Equities	<u>\$ 17,958</u>	<u>Unrated</u>

	<u>2021</u>	
<b>Investment Type</b>	<u>Fair Value</u>	<u>Quality Rating</u>
Equities	<u>\$ 18,380</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, 2022 AND 2021**

(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. At June 30, 2022, \$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, 2022 and 2021.

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022 AND 2021**

(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 UNF Foundation holds a term endowment on behalf of the Museum that it invests and manages for the Museum in a fiduciary capacity. 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, 2022 and 2021.

	<b>Assets at Fair Value as of June 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities	\$ 17,958	\$ -	\$ -	\$ 17,958
Funds Held and Invested by UNF Foundation	-	-	6,981,519	6,981,519
<b>Total</b>	<b>\$ 17,958</b>	<b>\$ -</b>	<b>\$ 6,981,519</b>	<b>\$ 6,999,477</b>

	<b>Assets at Fair Value as of June 30, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
U.S. Treasury Bills	\$ 18,380	\$ -	\$ -	\$ 18,380
Funds Held and Invested by UNF Foundation	-	-	8,054,339	8,054,339
<b>Total</b>	<b>\$ 18,380</b>	<b>\$ -</b>	<b>\$ 8,054,339</b>	<b>\$ 8,072,719</b>

The following table includes a roll forward of the amounts for the years ended June 30, 2022 and 2021 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 2022 and 2021.

	<b>2022</b>	<b>2021</b>
Fair Value, beginning of year	\$ 8,054,339	\$ 1,431,731
Contributions and Transfers	-	6,256,883
Investment income (loss)	(689,111)	574,988
Distributions	(264,807)	(102,497)
Endowment management fee expense	(118,902)	(106,766)
<b>Fair Value, end of year</b>	<b>\$ 6,981,519</b>	<b>\$ 8,054,339</b>

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022 AND 2021**

(5) **Capital Assets:**

Capital asset activity for the year ended June 30, 2022, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Furniture, fixtures, and equipment	\$ 526,374	\$ -	\$ -	\$ 526,374
Leasehold improvements	5,951,106	-	-	5,951,106
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	5,336,738	267,389	-	5,604,127
Total accumulated depreciation	<u>5,863,112</u>	<u>267,389</u>	<u>-</u>	<u>6,130,501</u>
<b>Capital assets, net</b>	<u>\$ 614,368</u>	<u>\$ (267,389)</u>	<u>\$ -</u>	<u>\$ 346,979</u>

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

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

Depreciation expense for property and equipment was \$267,389 and \$284,777 for 2022 and 2021, 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, 2022 AND 2021**

(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, 2022 and 2021, total payments made to the University for contributions on behalf of MOCA employees were \$76,895 and \$81,173, 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 \$878,889 and \$726,328 for the years ended June 30, 2022 and 2021, respectively. The Museum had outstanding payables to the University of \$878,889 and \$597,987 for the years ended June 30, 2022 and 2021, respectively.

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

	<u>2022</u>		<u>2021</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.	\$ -	\$ -	\$ 50,000	\$ 75,000
Forgivable, term loan from Regions Bank, 1% interest. If not forgiven, payable in monthly principle & interest installments of \$5,838.21 for 44 months.	-	-	252,125	-
<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,125</u>	<u>\$ 75,000</u>

On November 18, 2021, Regions Bank received final payment of the loan disbursed on April 7, 2021, under the reauthorization of the Paycheck Protection Program in the amount of \$252,125. The forgiveness of the full loan amount was approved by the SBA, and accordingly recognized in the statement of revenues, expenses, and changes in net assets for the year ended June 30, 2022.

During the year ended June 30, 2022, the Museum paid off the remaining amounts owed under its revolving loan from the University, in the amount of \$125,000. No balance is owed under this revolving loan as of June 30, 2022.

**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, 2022, 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 7, 2022.

***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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

***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.

James Moore & Co., P.L.

Gainesville, Florida  
September 7, 2022

**SUPPLEMENTAL INFORMATION**

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Expenses	Program Services		Supporting Services		Total Museum Operations	Auxilliary Enterprises			Total
	Museum Programs	Education Programs	Management and General	Fundraising		MOCA Café Restaurant	Museum Store	Total Auxilliary Enterprises	
Compensation	\$ 296,056	\$ 159,084	\$ 163,160	\$ 187,174	\$ 805,474	\$ 2,825	\$ -	\$ 2,825	\$ 808,299
Employee Benefits	108,414	45,078	142,960	36,715	333,167	17	-	17	333,184
Services and Supplies	212,335	54,403	144,922	4,438	416,098	28,160	-	28,160	444,258
Utilities and Facility Maintenance	307	-	839	-	1,146	4,473	-	4,473	5,619
General Administrative	27,873	20,117	38,860	8,981	95,831	30,578	-	30,578	126,409
<b>Total before Depreciation &amp; Amortization</b>	<b>644,985</b>	<b>278,682</b>	<b>490,741</b>	<b>237,308</b>	<b>1,651,716</b>	<b>66,053</b>	<b>-</b>	<b>66,053</b>	<b>1,717,769</b>
Depreciation and Amortization	-	-	267,389	-	267,389	-	-	-	267,389
<b>Total Expenses</b>	<b>\$ 644,985</b>	<b>\$ 278,682</b>	<b>\$ 758,130</b>	<b>\$ 237,308</b>	<b>\$ 1,919,105</b>	<b>\$ 66,053</b>	<b>\$ -</b>	<b>\$ 66,053</b>	<b>\$ 1,985,158</b>

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, 2022

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

<u>Receipt of City Funds</u>	City Fiscal Year 2020-2021	City Fiscal Year 2021-2022
Amount of Award	\$ 271,106	\$ 318,147
Actual Amount Received 7/01/20 - 6/30/21	(203,330)	-
Actual Amount Received 7/01/21 - 6/30/22	(67,776)	(238,610)
Amount Remaining to be Disbursed	<u>\$ -</u>	<u>\$ 79,537</u>

Expenditure of City Funds

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

<u>Item:</u>	<u>Approved Budget</u>	<u>Actual Expenditures 10/01/2020 - 6/30/2021</u>	<u>Actual Expenditures 7/01/2021 - 9/30/2021</u>	<u>Total Expenditures</u>	<u>Remaining Balance</u>
Salaries and Wages	\$ 196,725	\$ 146,912	\$ 49,813	\$ 196,725	\$ -
Fringe Benefits	74,381	55,547	18,834	74,381	-
Total	<u>\$ 271,106</u>	<u>\$ 202,459</u>	<u>\$ 68,647</u>	<u>\$ 271,106</u>	<u>\$ -</u>

City Fiscal Year 2021-2022  
 CSGP Grant \$318,147

<u>Item:</u>	<u>Approved Budget</u>	<u>Actual Expenditures 10/01/2021 - 6/30/2022</u>	<u>Remaining Balance</u>
Salaries and Wages	\$ 219,912	\$ 164,689	\$ 55,223
Fringe Benefits	98,235	62,272	35,963
Total	<u>\$ 318,147</u>	<u>\$ 226,961</u>	<u>\$ 91,186</u>