

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
TABLE OF CONTENTS
JUNE 30, 2023 AND 2022

	<u>Page(s)</u>
Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 16
Financial Statements:	
Statements of Net Position	17
Statements of Revenues, Expenses and Changes in Net Position	18
Statements of Cash Flows	19
Notes to Financial Statements	20 – 28
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 <i>Government Auditing Standards</i>	29 – 30
Supplemental Information:	
Schedule of Functional Expenses	31
Schedule of the Source and Status of Funds Received from the Cultural Council of Greater Jacksonville, Inc.	32

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, 2023 and 2022, 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, 2023 and 2022, 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* (GAS), 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern 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 and GAS 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 and GAS, 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

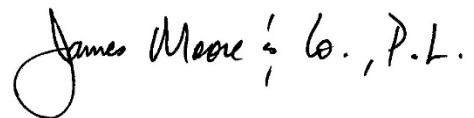
Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the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

Supplemental Information

Our audit was conducted for the purpose of forming opinion 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 were derived from and relate 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 6, 2023, 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 6, 2023

**MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

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, 2023 and 2022. 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

2023

Fundraising. For the year ended June 30, 2023, the Museum recorded a total of \$629,727 in operating contributions, an increase of approximately \$333,544 or 113% above prior year.

Program Fees. In fiscal year 2023, the Museum generated \$132,915 in revenue, which was an increase of approximately \$24,917 above prior year. This represented museum admissions of approximately \$46,569, and educational programs of approximately \$86,346.

Memberships. In fiscal year 2023, the Museum realized a total of approximately \$107,970 in membership dues, which was an increase of approximately \$22,720 or 27%. 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, 2023 AND 2022
(Continued)

Grants. In fiscal year 2023, the Museum recorded a total of \$606,742 in grants, an increase of approximately \$76,697 or 14% above prior year. A total of \$387,597 was designated for operating expenses and salaries from the City of Jacksonville/Cultural Services Grant Program. Additional grants of \$150,000 from the State of Florida Cultural Affairs and \$69,145 from the Jessie Ball duPont Fund, The Cummer Family Foundation, and Culture Ireland for educational & program support.

Artwork. The Museum added two pieces of purchased artwork to the permanent collection in fiscal year 2023 for \$49,600.

Museum Endowments. The endowment accounts totaled \$8.658 million at June 30, 2023. The total allocation generated from the endowment is approximately \$200,000 per year. The increase to the endowment balance included a contribution to the MOCA Unrestricted Endowment of \$1.5 million.

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.

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.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(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, 2023, total net position is approximately \$8.468 million. This year's activity is presented in thousands and included the following:

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current assets	\$ 880	\$ 785	\$ 95	12%
Non-current assets:				
Capital assets, net	147	347	(200)	-58%
Other	8,855	6,999	1,856	27%
Total assets	<u>\$ 9,882</u>	<u>\$ 8,131</u>	<u>\$ 1,751</u>	<u>22%</u>
Liabilities				
Current liabilities	\$ 1,323	\$ 1,182	\$ 141	12%
Non-current liabilities	4	2	2	100%
Total liabilities	<u>\$ 1,327</u>	<u>\$1,184</u>	<u>\$ 143</u>	<u>12%</u>
Deferred inflows of resources	\$ 87	\$ -	\$ 87	
Net position				
Net investment in capital assets	\$ 147	\$ 347	\$ (200)	-58%
Restricted - expendable	609	399	210	53%
Restricted - nonexpendable	8,761	7,084	1,677	24%
Unrestricted	(1,049)	(833)	(166)	19%
Total net position	<u>8,468</u>	<u>6,947</u>	<u>1,521</u>	<u>22%</u>
Total liabilities, incl deferred inflows and net position	<u>\$ 9,882</u>	<u>\$ 8,131</u>	<u>\$ 1,751</u>	<u>22%</u>

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

Current Assets

2023

- In fiscal 2023, *current assets* totaled \$879,502, an increase of approximately \$95,000 or 12%.
- *Cash and cash equivalents* totaled \$659,697, a decrease of approximately \$66,000 or 9%. This included unrestricted cash on hand at year-end of \$120,507 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 \$537,121, a decrease of \$73,136 below prior year.
- *Receivables* totaled \$189,816, which was comprised of \$2,619 in summer camp fees, \$23,143 for MOCA CAFE facility rentals and \$164,007 for the current portion of lease and pledge receivables.
- *Prepaid Expenses* totaled \$22,195, an increase of approximately \$18,702 from the prior year.
- *Inventory* at fiscal year-end totaled \$7,794, which represented merchandise remaining from the Museum Store and MOCA branded merchandise for sale after fiscal year 2023.

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.

Non-Current Assets

2023

- In fiscal year 2023 non-current assets totaled \$9.002 million, an increase of approximately \$1.656 million or 23%.
- Museum investments totaled \$23,139 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 \$8,658,194, net of realized gain of \$1,676,675 at June 30, 2023.
- Capital assets totaled \$147,289. This included furniture, fixtures, and equipment of \$526,374, leasehold improvements of \$6,012,707, and net of accumulated depreciation of \$6,391,792.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

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.

Liabilities

2023

- Current liabilities totaled \$1,322,846, a net increase of \$141,084 or 12%. The increase was attributed to accounts and other payables of approximately \$1,154,568 and deferred revenue of \$168,279.
- Non-current liabilities totaled \$3,616, an increase of \$1,738 or 93%. The non-current liability includes the refundable security deposits on two three-year leases beginning in fiscal year 2023.

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.

Net Position

The net position at June 30, 2023 totaled approximately \$8.468 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.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

- 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, 2023 AND 2022
(Continued)

	2023	2022	\$ Change	%
Operating revenues:				
Contributions	\$ 629,727	\$ 296,183	\$ 333,544	113%
Lease Revenue	25,235	-	25,235	
Program fees	132,915	107,998	24,917	23%
Memberships	107,970	85,250	22,720	27%
MOCA CAFÉ sales	168,750	99,483	69,267	70%
Other operating income	29,859	31,612	(1,753)	-6%
Total operating revenues	<u>1,094,456</u>	<u>620,526</u>	<u>473,930</u>	<u>76%</u>
Operating expenses	<u>2,108,093</u>	<u>1,985,158</u>	<u>122,935</u>	<u>6%</u>
Operating income (loss)	<u>(1,013,637)</u>	<u>(1,364,632)</u>	<u>350,995</u>	<u>-26%</u>
Non-operating income (expense):				
Investment Earnings	477,312	(807,901)	1,285,213	-159%
Grants	606,742	530,045	76,697	14%
Contributions to permanent endowments	1,500,000	-	1,500,000	
Gain on loan forgiveness	-	252,125	(252,125)	-100%
Works of art purchased for collection	<u>(49,600)</u>	<u>(47,690)</u>	<u>(1,910)</u>	<u>4%</u>
Non-operating income (expense)	<u>2,534,454</u>	<u>(73,421)</u>	<u>2,607,875</u>	<u>3,552%</u>
Change in net position	1,520,817	(1,438,053)	2,958,870	-206%
Net position, beginning of year	<u>6,947,482</u>	<u>8,385,535</u>	<u>(1,438,053)</u>	<u>-17%</u>
Net position, end of year	<u>\$ 8,468,299</u>	<u>\$ 6,947,482</u>	<u>\$ 1,520,817</u>	<u>22%</u>

The Statement of Revenues, Expenses and Changes in Net Position are presented as part of the basic financial statements. For fiscal year 2023, the Statement of Revenues, Expenses, and Changes in Net Position reflects an increase of approximately \$1.521 million in net position. The Statements' highlights are as follows:

Operating Revenues

2023

- In fiscal 2023, operating revenues totaled approximately \$1,094,456, an increase of approximately \$473,930 or 76%
- Non-endowed contributions totaled \$629,727, an increase of approximately \$333,500 or 113% above prior year. The increase was attributed to a net increase in gifts from individuals, corporations and foundations for exhibition and educational programs of approximately \$13,700 and a net increase in board, sponsorships, pledges and in-kind contributions of approximately \$319,800.
- Program fees totaled \$132,915, an increase of approximately \$25,000 or 23%. The increase was attributed to an increase in Museum educational programs of approximately \$13,500, an increase in museum admissions of approximately \$2,800 and an increase in event admissions of approximately \$8,600.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

- Memberships. In fiscal 2023, total new and renewed memberships increased by approximately \$22,700 or 27%, which consisted of \$17,500 for Avant Garde, Luminary and Collectors Circle premium memberships, and \$5,200 for core memberships.
- Auxiliary Enterprises. The Museum operated one auxiliary enterprise, MOCA catering services. For fiscal 2023, MOCA Catering reported net operating income of \$109,661. 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, 2023

	MOCA CAFE
Sales	\$ 193,985
Cost of goods sold	(18,090)
Gross profit (loss)	175,895
Operating expenses	
Direct expenses	66,234
Indirect expenses	-
Total expenses	66,234
Operating income (loss)	\$ 109,661

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.
- 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.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

Auxiliary Enterprise
Condensed Summary of Revenues and Expenses
For the Year Ended June 30, 2022

	MOCA CAFE
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

Operating expenses

2023

Operating expenses in fiscal 2023 totaled approximately \$2.108 million. The following details each expense category:

- *Compensation and employee benefits* totaled \$1,236,008, an increase of \$97,367 or 9%. The total represented amounts paid for employee salaries and associated fringe benefit costs.
- *Services and supplies* totaled \$422,094, an increase of \$5,996 or 1%. Activity for service and supply expenses in fiscal year 2023 is listed below.

2023 Services & Supplies	Museum				Total
	General	Exhibitions	Events	Education	
Administrative expenses	\$ 34,380	\$ 89	\$ -	\$ 2,776	\$ 37,245
Advertising and Social Media	116,607	5,501	-	11,265	133,373
Exhibit installations, equipment rental	-	51,595	-	6,637	58,232
Printing and Publications	8,235	9,353	-	1,236	18,824
Professional and Contract Services	29,100	64,995	-	40,120	134,215
Shipping of artwork	-	40,205	-	-	40,205
	\$ 188,322	\$ 171,738	\$ -	\$ 62,034	\$ 422,094

- *Utilities and facility maintenance costs* paid by MOCA totaled \$1,354. 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, 2023 AND 2022
(Continued)

- *MOCA CAFE operating expenses* were \$66,234, which included professional fees and services of \$20,349, equipment and supplies of \$20,519, utilities and maintenance of \$4,504, and general administrative expenses of \$20,862. In addition, cost of goods sold for fiscal year 2023 totaled \$18,090.
- *General and administrative (G&A) expenses* totaled \$109,182, an increase of \$13,351 or 14%. Activity for G&A expenses in fiscal year 2023 is listed below.

<u>2023 General & Administrative</u>	<u>Museum General</u>	<u>Exhibitions</u>	<u>Events</u>	<u>Education</u>	<u>Total</u>
Administrative expenses	\$ 43,086	\$ -	\$ -	\$ 11,351	\$ 54,437
Equipment	2,793	-	-	-	2,793
Travel: staff, artists, membership trip	14,088	10,842	-	2,288	27,218
Membership events, donor cultivation, public relations	13,123	10,850	-	761	24,734
	<u>\$ 73,090</u>	<u>\$ 21,692</u>	<u>\$ -</u>	<u>\$ 14,400</u>	<u>\$ 109,182</u>

- *Depreciation and amortization* on capital assets totaled \$255,131, with all depreciation on leasehold improvements.

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.

<u>2022 Services & Supplies</u>	<u>Museum General</u>	<u>Exhibitions</u>	<u>Events</u>	<u>Education</u>	<u>Total</u>
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
	<u>\$ 151,527</u>	<u>\$ 198,718</u>	<u>\$ -</u>	<u>\$ 65,853</u>	<u>\$ 416,098</u>

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

- *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.
- *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 & 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.

Non-operating Revenues/Expenses

2023

- *Non-operating income (expense)*. In fiscal 2023, the non-operating income totaled \$2.534 million. This included net investment income of \$477,312, contributions to the permanent endowment totaling \$1.5 million, grant revenue of \$606,742 and art purchases of \$49,600.
- 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 2023, the Museum recorded a total of \$606,742 in grants, an increase of approximately \$76,697 or 14% above prior year. A total of \$387,597 was designated for operating expenses and salaries from the City of Jacksonville/Cultural Services Grant Program. Additional grants of \$150,000 from the State of Florida Cultural Affairs and \$69,145 from the Jessie Ball duPont Fund, The Cummer Family Foundation, and Culture Ireland for educational & program support.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

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.

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.
- Non-capital and related financing activities include proceeds received from grant agreements.
- 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, 2023 AND 2022
(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, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 659,697	\$ 725,267
Accounts receivable	25,762	47,860
Pledge receivable - current portion	125,000	-
Prepaid expenses	22,195	3,493
Interest receivable from leases	47	-
Inventory	7,794	8,046
Lease receivable - current portion	39,007	-
Total current assets	879,502	784,666
Noncurrent assets		
Investments, at fair value	23,139	17,958
Funds held and invested by UNF Foundation for the benefit of MOCA	8,658,194	6,981,519
Pledge receivable, less current portion	119,962	-
Lease receivable, less current portion	53,841	-
Capital assets, net of depreciation and amortization	147,289	346,979
Total noncurrent assets	9,002,425	7,346,456
Total assets	\$ 9,881,927	\$ 8,131,122
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 46,976	\$ 155,965
Due to related party - UNF	1,107,591	878,889
Unearned revenue	168,279	146,908
Total current liabilities	1,322,846	1,181,762
Noncurrent liabilities		
Refundable deposits	3,616	1,878
Total liabilities	\$ 1,326,462	\$ 1,183,640
<u>DEFERRED INFLOWS</u>		
Deferred inflows of resources - lease related	\$ 87,166	\$ -
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	\$ 147,289	\$ 346,979
Restricted - Expendable	608,996	398,658
Restricted - Nonexpendable	8,761,194	7,084,518
Unrestricted	(1,049,180)	(882,673)
Total net position	\$ 8,468,299	\$ 6,947,482

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

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues		
Contributions	\$ 629,727	\$ 296,183
Lease-related revenue	25,235	-
Program fees	132,915	107,998
Memberships	107,970	85,250
MOCA Café sales	168,750	99,483
Other operating income	29,859	31,612
Total operating revenues	<u>1,094,456</u>	<u>620,526</u>
Operating expenses		
Compensation and employee benefits	1,236,008	1,138,641
Services and supplies	422,094	416,098
Utilities and facility maintenance	1,354	1,146
MOCA Café cost of goods sold	18,090	3,540
MOCA Café operating	66,234	62,513
General administrative	109,182	95,831
Depreciation and amortization	255,131	267,389
Total operating expenses	<u>2,108,093</u>	<u>1,985,158</u>
Operating income (loss)	<u>(1,013,637)</u>	<u>(1,364,632)</u>
Non-operating income (expense)		
Investment earnings (losses)	477,312	(807,901)
Grant income	606,742	530,045
Contributions to permanent endowments	1,500,000	-
Gain on debt forgiveness - PPP loan	-	252,125
Works of art purchased for collection from restricted funds	(49,600)	(47,690)
Total non-operating income (expense)	<u>2,534,454</u>	<u>(73,421)</u>
Change in net position	<u>1,520,817</u>	<u>(1,438,053)</u>
Net position, beginning of year	6,947,482	8,385,535
Net position, end of year	<u>\$ 8,468,299</u>	<u>\$ 6,947,482</u>

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

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Received from donors	\$ 394,106	\$ 385,183
Received from program fees	159,416	113,113
Received from members	107,970	85,250
Received from auxiliary enterprises	154,417	89,870
Received from leases	23,376	-
Other operating revenues	31,597	31,612
Payments to employees for services	(1,068,885)	(1,122,584)
Payments to suppliers for goods and services	(658,564)	(273,201)
Net cash used in operating activities	<u>(856,567)</u>	<u>(690,757)</u>
Cash flows from capital and related financing activities		
Payment on notes payable	-	(125,000)
Net cash used in capital related and financing activities	<u>-</u>	<u>(125,000)</u>
Cash flows from noncapital and related financing activities		
Grants received	<u>606,742</u>	<u>532,444</u>
Cash flows from investing activities		
Purchases of property and equipment	(61,601)	-
Purchases of art work	(49,600)	-
Interest and dividends	1,969	534
Endowment spending allocation	293,487	264,807
Net cash provided by investing activities	<u>184,255</u>	<u>265,341</u>
Net decrease in cash and cash equivalents	<u>(65,570)</u>	<u>(17,972)</u>
Cash and cash equivalents, beginning of year	725,267	743,239
Cash and cash equivalents, end of year	<u>\$ 659,697</u>	<u>\$ 725,267</u>
Reconciliation of operating income (loss) to net cash used in operating activities		
Operating income (loss)	\$ (1,013,637)	\$ (1,364,632)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation and amortization	261,291	267,389
Changes in assets and liabilities		
Accounts receivable	22,098	(14,067)
Pledge receivable	(244,962)	20,000
Prepaid expenses	(18,702)	(2,343)
Inventory	252	669
Accounts payable and accrued expenses	119,713	318,241
Refundable deposits	1,738	1,878
Interest receivable	(47)	-
Lease receivable	(92,848)	-
Deferred inflow of resources lease related	87,166	-
Unearned revenue	21,371	82,108
Net cash used in operating activities	<u>\$ (856,567)</u>	<u>\$ (690,757)</u>
Supplemental disclosure of noncash financing activities		
Gain on debt forgiveness - PPP loan	\$ -	\$ 252,125
Contribution to permanent endowment deposited at UNF Foundation	\$ 1,500,000	\$ -

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, 2023 AND 2022

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

(a) **Reporting entity**—The Museum of Contemporary Art Jacksonville, Inc. (the Museum or MOCA), 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 Museum 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, 2023 AND 2022

(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, 2023 and 2022, 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 \$49,600 and \$47,690 of artwork for the permanent collection of artwork for the years ended June 30, 2023 and 2022, respectively.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2023 AND 2022

(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, 2023 and 2022. 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. Grant income, 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, 2023 AND 2022

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

(o) **Deferred inflows of resources lease related**—The Museum is a lessor in two lease agreements to sublease a portion of the Museum building. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

(p) **Recently issued accounting pronouncements**—GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022. The Museum evaluated this statement for the year ended June 30, 2023 and determined there was no material impact to the financial statements.

(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 financial institutions in the name of the Museum.

Cash and cash equivalents—As of June 30, 2023 and 2022, unrestricted cash and cash equivalents included petty cash funds and bank demand accounts subject to immediate withdrawal consisting of the following:

	2023	2022
Cash on deposit	\$ 657,628	\$ 723,198
Petty cash funds	2,069	2,069
Total	\$ 659,697	\$ 725,267

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, 2023 and 2022, the Museum’s cash deposits with financial institutions were \$664,519 and \$749,120, respectively.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2023 AND 2022

(3) **Investments:**

Investments are recorded at fair value and consist of the following at June 30, 2023 and 2022:

	2023	2022
Investment Type		
Equities	\$ 23,139	\$ 17,958

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2023 and 2022, the Museum’s investments in equities of \$23,139 and \$17,958, respectively, were unrated.

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.

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, 2023 and 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.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2023 AND 2022

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

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, 2023 and 2022.

Level 1 Fair Value Measurements

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

Net Asset 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. These funds are valued at net asset value ("NAV") based on the Museum's ownership of a share of an investment pool, not the underlying securities. The Museum reviews and evaluates the values and assesses the valuation methods and assumptions used in determining the fair value of these investments. Because the investment pool is not readily marketable, NAV is used as a practical expedient, and the estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a readily available market for such investment existed, and differences could be material. The Museum relies on policies developed and administered by the University and the Foundation for managing interest rate risk or credit risk for these investment pools.

In accordance with GASB 72, certain investments that were measured at NAV per share (or its equivalent) have not been classified within the fair value hierarchy. The following table discloses the nature and risk of investments for which fair value has been estimated using the NAV of the investments as a practical expedient as of June 30, 2023 and 2022, respectively.

	Investments Measured at NAV				
	Fair Value at June 30, 2023	Fair Value at June 30, 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Funds Held and Invested by UNF Foundation	\$ 8,658,194	\$ 6,981,519	\$ -	Daily	N/A

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2023 AND 2022

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

The following table presents the assets carried on the statement of net position by level within the valuation hierarchy as of June 30, 2023 and 2022.

Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	Total
Equities	\$ 23,139	\$ -	\$ -	\$ 23,139

Assets at Fair Value as of June 30, 2022				
	Level 1	Level 2	Level 3	Total
Equities	\$ 17,958	\$ -	\$ -	\$ 17,958

The following table includes a roll forward of the amounts for the years ended June 30, 2023 and 2022 for investments estimated at NAV.

There were no significant transfers between levels in fiscal year 2023 and 2022.

	2023	2022
Fair Value, beginning of year	\$ 6,981,519	\$ 8,054,339
Contributions and Transfers	1,500,000	-
Investment income (loss)	573,584	(689,111)
Distributions	(295,789)	(264,807)
Endowment management fee expense	(101,120)	(118,902)
Fair Value, end of year	\$ 8,658,194	\$ 6,981,519

(5) **Capital Assets:**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Furniture, fixtures, and equipment	\$ 526,374	\$ -	\$ -	\$ 526,374
Leasehold improvements	5,951,106	61,601	-	6,012,707
Total capital assets	6,477,480	61,601	-	6,539,081
Less accumulated depreciation for:				
Furniture, fixtures, and equipment	526,374	-	-	526,374
Leasehold improvements	5,604,127	(261,291)	-	5,865,418
Total accumulated depreciation	6,130,501	(261,291)	-	6,391,792
Capital assets, net	\$ 346,979	\$ (199,690)	\$ -	\$ 147,289

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2023 AND 2022

(5) **Capital Assets:** (Continued)

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

	Beginning Balance	Increases	Decreases	Ending Balance
Furniture, fixtures, and equipment	\$ 526,374	\$ -	\$ -	\$ 526,374
Leasehold improvements	5,951,106	-	-	5,951,106
Total capital assets	6,477,480	-	-	6,477,480
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	5,863,112	267,389	-	6,130,501
Capital assets, net	\$ 614,368	\$ (267,389)	\$ -	\$ 346,979

Depreciation expense for property and equipment was \$255,131 and \$267,389 for 2023 and 2022, respectively.

(6) **Pledges Receivable:**

Pledge receivables are recorded in the Statements of Net Position for restricted accounts at net realizable value in accordance with GASB 33. Pledge receivables were discounted using a discount rate of 4.20% as of June 30, 2023. There were no pledges receivable at June 30, 2022.

Pledges receivable as of June 30, 2023, are:

Year Ending June 30,	Amount
2024	\$ 125,000
2025	125,000
Subtotal pledges	250,000
Less: Present value discounts	5,038
Total pledges receivable, net	244,962
Less: Current portion of pledges receivable	125,000
Long-term portion of pledges receivable	\$ 119,962

(7) **Leases:**

Lease with City of Jacksonville

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. The Museum evaluated terms of the lease agreement and determined this lease exempt from reporting requirements under GASB 87.

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2023 AND 2022

(7) **Leases:** (Continued)

Lessor Leases

The Museum subleases a portion of the MOCA building to a tenant under a lease with an expiration date of June 30, 2025. The minimum monthly lease payments are \$1,878 with a 5% annual increase on the first day of every July.

The Museum subleases a portion of the MOCA building to a tenant under a lease with an expiration date of March 31, 2026. The minimum monthly lease payments are \$1,284 with a 5% annual increase on the first day of every April.

The Museum recognized \$25,019 of lease revenue and \$216 of interest revenue, for a total of \$25,235 of lease-related revenue for the year ended June 30, 2023.

Future minimum rents to be received under these subleases as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2024	\$ 39,007	\$ 256	\$ 39,263
2025	41,117	109	41,226
2026	12,724	16	12,740
Total	\$ 92,848	\$ 381	\$ 93,229

(8) **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, 2023 and 2022, total payments made to the University for contributions on behalf of MOCA employees were \$84,347 and \$76,895, respectively.

(9) **Related Party Transactions:**

The Museum had outstanding payables to the University of \$1,107,591 and \$878,889 for the years ended June 30, 2023 and 2022, respectively.

**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**

Independent Auditors' Report

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

We have audited, in accordance with the 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 (*Government Auditing Standards*), 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 year ended June 30, 2023, 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 6, 2023.

Report on 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.

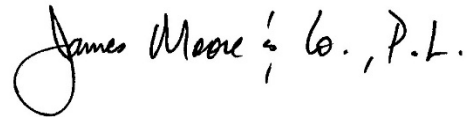
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on 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 6, 2023

SUPPLEMENTAL INFORMATION

MUSEUM OF CONTEMPORARY ART JACKSONVILLE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

Expenses	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total Museum Operations</u>	<u>Auxilliary Enterprises</u>	<u>Total</u>
	<u>Museum Programs</u>	<u>Education Programs</u>	<u>Management and General</u>	<u>Fundraising</u>		<u>MOCA Café Restaurant</u>	
Compensation	\$ 333,461	\$ 148,930	\$ 202,072	\$ 194,746	\$ 879,209	\$ 13,966	\$ 893,175
Employee Benefits	118,953	38,183	167,001	32,662	356,799	175	356,974
Services and Supplies	170,732	62,410	185,728	3,224	422,094	24,335	446,429
Utilities and Facility Maintenance	1,011	-	343	-	1,354	4,504	5,858
General Administrative	32,352	15,085	50,993	10,752	109,182	35,184	144,366
Total before Depreciation & Amortization	<u>656,509</u>	<u>264,608</u>	<u>606,137</u>	<u>241,384</u>	<u>1,768,638</u>	<u>78,164</u>	<u>1,846,802</u>
Depreciation and Amortization	-	-	255,131	-	255,131	6,160	261,291
Total Expenses	<u>\$ 656,509</u>	<u>\$ 264,608</u>	<u>\$ 861,268</u>	<u>\$ 241,384</u>	<u>\$ 2,023,769</u>	<u>\$ 84,324</u>	<u>\$ 2,108,093</u>

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, 2023

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 2021-2022	City Fiscal Year 2022-2023
Amount of Award	\$ 318,147	\$ 396,932
Actual Amount Received 7/01/21 - 6/30/22	(238,610)	-
Actual Amount Received 7/01/22 - 6/30/23	(79,537)	(297,699)
Amount Remaining to be Disbursed	<u>\$ -</u>	<u>\$ 99,233</u>

Expenditure of City Funds

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>Actual Expenditures 7/01/2022 - 9/30/2022</u>	<u>Total Expenditures</u>	<u>Remaining Balance</u>
Salaries and Wages	\$ 219,912	\$ 164,689	\$ 55,223	\$ 219,912	\$ -
Fringe Benefits	98,235	62,272	35,963	98,235	-
Total	<u>\$ 318,147</u>	<u>\$ 226,961</u>	<u>\$ 91,186</u>	<u>\$ 318,147</u>	<u>\$ -</u>

City Fiscal Year 2022-2023
CSGP Grant \$396,932

<u>Item:</u>	<u>Approved Budget</u>	<u>Actual Expenditures 10/01/2022 - 6/30/2023</u>	<u>Remaining Balance</u>
Salaries and Wages	\$ 272,165	\$ 204,084	\$ 68,081
Fringe Benefits	124,767	93,594	31,173
Total	<u>\$ 396,932</u>	<u>\$ 297,678</u>	<u>\$ 99,254</u>