

CONTEMPORARY ART MUSEUM ST. LOUIS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020

Contemporary Art Museum St. Louis

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Independent Auditors' Report

To the Board of Directors of
Contemporary Art Museum St. Louis
St. Louis, Missouri

We have audited the accompanying financial statements of Contemporary Art Museum St. Louis ("CAM") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CAM as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schmersahl Treloar & Co.

St. Louis, Missouri
September 9, 2021

FINANCIAL STATEMENTS

Contemporary Art Museum St. Louis
STATEMENTS OF FINANCIAL POSITION

ASSETS		June 30,	
	<u>2021</u>	<u>2020</u>	
CASH AND CASH EQUIVALENTS	\$ 1,369,523	\$ 2,196,335	
INVESTMENTS	<u>13,921,457</u>	<u>9,519,315</u>	
PLEDGES RECEIVABLE			
Operating	347,117	389,963	
Endowment fund	<u>935,551</u>	<u>1,629,155</u>	
Total Pledges Receivable, Net	<u>1,282,668</u>	<u>2,019,118</u>	
PROPERTY AND EQUIPMENT, NET	<u>5,709,331</u>	<u>5,931,161</u>	
OTHER ASSETS	<u>55,829</u>	<u>116,222</u>	
Total Assets	<u>\$ 22,338,808</u>	<u>\$ 19,782,151</u>	
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$ 298,030	\$ 161,790	
Note payable	<u>100,000</u>	<u>38,000</u>	
Total Liabilities	<u>398,030</u>	<u>199,790</u>	
NET ASSETS			
Without donor restrictions			
Net investment in property and equipment	5,709,331	5,931,161	
Board designated endowment	6,304,036	4,601,203	
Available for general use	<u>(1,617,254)</u>	<u>(1,511,769)</u>	
Total Net Assets Without Donor Restrictions	<u>10,396,113</u>	<u>9,020,595</u>	
With donor restrictions			
Perpetual in nature	8,119,241	8,112,769	
Purpose restrictions	2,099,460	183,525	
Time-restricted for future periods	<u>1,325,964</u>	<u>2,265,472</u>	
Total Net Assets With Donor Restrictions	<u>11,544,665</u>	<u>10,561,766</u>	
Total Net Assets	<u>21,940,778</u>	<u>19,582,361</u>	
Total Liabilities and Net Assets	<u>\$ 22,338,808</u>	<u>\$ 19,782,151</u>	

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Individual contributions	\$ 327,878	\$ 332,429	\$ 660,307
Corporate/foundation/special contributions	177,913	407,000	584,913
Government grants	134,707	-	134,707
Payroll Protection Program grant	210,270	-	210,270
Investment gain, net of fees	911,990	2,210,408	3,122,398
Program related income	21,405	-	21,405
Café and other income, net of cost of sales and other expenditures of \$25,348	32,986	-	32,986
Special events, net of cost of direct benefits to donors of \$31,117	199,486	-	199,486
In-kind donations	11,060	-	11,060
Net assets released from restrictions:			
Draw for unrestricted operations	476,000	(476,000)	-
Create: The CAMpaign	709,720	(709,720)	-
Exhibits, program, and time	781,218	(781,218)	-
Total Revenues	<u>3,994,633</u>	<u>982,899</u>	<u>4,977,532</u>
EXPENSES			
Program services	2,103,492	-	2,103,492
Supporting services	159,662	-	159,662
Fundraising	355,961	-	355,961
Total Expenses	<u>2,619,115</u>	<u>-</u>	<u>2,619,115</u>
CHANGE IN NET ASSETS	1,375,518	982,899	2,358,417
NET ASSETS, Beginning of year	<u>9,020,595</u>	<u>10,561,766</u>	<u>19,582,361</u>
NET ASSETS, End of year	<u>\$ 10,396,113</u>	<u>\$ 11,544,665</u>	<u>\$ 21,940,778</u>

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Individual contributions	\$ 466,508	\$ 1,206,668	\$ 1,673,176
Corporate/foundation/special contributions	361,629	165,000	526,629
Government grants	78,076	-	78,076
Payroll Protection Program grant	213,400	-	213,400
Investment loss, net of fees	(98,442)	(204,525)	(302,967)
Program related income	12,247	-	12,247
Café and other income, net of cost of sales and other expenditures of \$92,871	79,507	-	79,507
Special events, net of cost of direct benefits to donors of \$41,054	248,541	-	248,541
In-kind donations	4,785	-	4,785
Net assets released from restrictions:			
Draw for unrestricted operations	403,000	(403,000)	-
Create: The CAMpaign	646,656	(646,656)	-
Exhibits, program, and time	635,039	(635,039)	-
Total Revenues	<u>3,050,946</u>	<u>(517,552)</u>	<u>2,533,394</u>
EXPENSES			
Program services	1,923,892	-	1,923,892
Supporting services	193,276	-	193,276
Fundraising	386,627	-	386,627
Total Expenses	<u>2,503,795</u>	<u>-</u>	<u>2,503,795</u>
CHANGE IN NET ASSETS	547,151	(517,552)	29,599
NET ASSETS, Beginning of year	<u>8,473,444</u>	<u>11,079,318</u>	<u>19,552,762</u>
NET ASSETS, End of year	<u>\$ 9,020,595</u>	<u>\$ 10,561,766</u>	<u>\$ 19,582,361</u>

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services	Supporting Services	Fund- raising	Other Costs	Total
OPERATING EXPENSES					
Salaries and payroll taxes	\$ 1,026,575	\$ 95,325	\$ 269,250	\$ -	\$ 1,391,150
Contract services	167,119	2,644	7,476	-	177,239
Medical insurance	98,024	10,521	29,711	-	138,256
Postage and shipping	114,917	55	2,055	-	117,027
Facilities	97,874	1,001	3,014	-	101,889
Exhibition fees and awards	63,600	-	-	-	63,600
Insurance	50,351	466	1,399	-	52,216
Printing	44,176	57	2,166	-	46,399
Supplies	44,499	294	1,197	-	45,990
Bad debt expense	-	41,979	-	-	41,979
Information technology	16,918	668	16,586	-	34,172
Special events - fundraising	-	-	-	31,117	31,117
Café and other	-	-	-	25,348	25,348
Bank charges/payroll service	16,987	1,823	5,149	-	23,959
Equipment and equipment rentals	19,877	1,033	2,916	-	23,826
Advertising	17,271	261	1,138	-	18,670
Telephone	16,570	173	518	-	17,261
Miscellaneous	12,788	376	1,678	-	14,842
In-kind services	11,060	-	-	-	11,060
Food, beverage, and hospitality	5,372	125	3,124	-	8,621
Travel	4,828	-	-	-	4,828
Total Operating Expenses	1,828,806	156,801	347,377	56,465	2,389,449
NON-OPERATING EXPENSES					
Depreciation	274,686	2,861	8,584	-	286,131
	2,103,492	159,662	355,961	56,465	2,675,580
Less expenses included with revenues on the Statement of Activities					
Other Costs	-	-	-	(56,465)	(56,465)
TOTAL EXPENSES	\$ 2,103,492	\$ 159,662	\$ 355,961	\$ -	\$ 2,619,115

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services	Supporting Services	Fund- raising	Other Costs	Total
OPERATING EXPENSES					
Salaries and payroll taxes	\$ 937,582	\$ 90,809	\$ 287,794	\$ -	\$1,316,185
Contract services	95,312	2,034	14,735	-	112,081
Medical insurance	84,565	9,588	30,371	-	124,524
Postage and shipping	87,893	55	4,176	-	92,124
Facilities	132,098	1,331	3,994	-	137,423
Exhibition fees and awards	40,533	-	-	-	40,533
Insurance	40,767	374	1,122	-	42,263
Printing	31,166	86	2,427	-	33,679
Supplies	53,270	701	2,116	-	56,087
Bad debt expense	-	80,500	-	-	80,500
Information technology	16,216	266	13,340	-	29,822
Special events - fundraising	-	-	-	41,054	41,054
Café and other	-	-	-	92,871	92,871
Bank charges/payroll service	16,301	1,848	5,855	-	24,004
Equipment and equipment rentals	15,801	928	2,942	-	19,671
Advertising	22,423	199	1,705	-	24,327
Telephone	15,813	165	494	-	16,472
Miscellaneous	14,017	972	3,999	-	18,988
In-kind Services	4,705	19	61	-	4,785
Food, beverage, and hospitality	15,518	382	2,403	-	18,303
Travel	<u>22,246</u>	<u>127</u>	<u>416</u>	<u>-</u>	<u>22,789</u>
Total Operating Expenses	1,646,226	190,384	377,950	133,925	2,348,485
NON-OPERATING EXPENSES					
Depreciation	<u>277,666</u>	<u>2,892</u>	<u>8,677</u>	<u>-</u>	<u>289,235</u>
	1,923,892	193,276	386,627	133,925	2,637,720
Less expenses included with revenues on the Statement of Activities					
Other Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(133,925)</u>	<u>(133,925)</u>
TOTAL EXPENSES	<u>\$1,923,892</u>	<u>\$ 193,276</u>	<u>\$ 386,627</u>	<u>\$ -</u>	<u>\$2,503,795</u>

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,358,417	\$ 29,599
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	286,131	289,235
Contributions restricted for non-operating additions and endowment	(86,405)	(8,088)
Net realized and unrealized (gains) losses on investments	(2,796,128)	543,335
Bad debt expense	41,979	80,500
Payroll Protection Program grant	(38,000)	-
Donated securities	(117,490)	(243,812)
Proceeds from sale of donated securities	117,490	243,812
(Increase) decrease in assets:		
Operating pledges receivable	70,484	385,648
Other assets	60,393	(2,401)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>136,240</u>	<u>(260,598)</u>
Net Change in Cash from Operating Activities	<u>33,111</u>	<u>1,057,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,126,444)	(1,281,806)
Proceeds from sale of investments	520,430	2,032,601
Purchases of property and equipment	<u>(64,301)</u>	<u>(23,101)</u>
Net Change in Cash from Investing Activities	<u>(1,670,315)</u>	<u>727,694</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for non-operating additions and endowment	710,392	(195,368)
Net proceeds from note payable	<u>100,000</u>	<u>38,000</u>
Net Change in Cash from Financing Activities	<u>810,392</u>	<u>(157,368)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(826,812)	1,627,556
CASH AND CASH EQUIVALENTS, Beginning of year	<u>2,196,335</u>	<u>568,779</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,369,523</u>	<u>\$ 2,196,335</u>

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Contemporary Art Museum St. Louis (CAM), a non-collecting institution, is internationally recognized for exhibitions of the most provocative, insightful, and relevant contemporary art being made today. CAM presented exhibitions of prescient and seminal work by emerging and established artists, working with varied media including painting, sculpture, photography, printmaking, textiles, installation, and video. In FY21, CAM extended exhibitions by Liz Johnson Artur, Derek Fordjour, and Marina Zurkow through the summer due to COVID, followed by Ebony G. Patterson, Great Rivers Biennial artists Kahlil Robert Irving, Tim Portlock, and Rachel Youn, and for the major group exhibition *Stories of Resistance*, twenty-two artists from across the globe were shown throughout the museum. *Stories of Resistance* also had an audio component, Radio Resistance, which was comprised of a series of interviews with exhibition artists and St. Louis-based artists, activists, historians, and political leaders. The bi-weekly conversations were previewed on St. Louis Public Radio's *St. Louis on the Air* noontime program and could be heard in full in a museum gallery listening room, on CAM's website, or on Apple Podcasts, Spotify, and Stitcher. Alongside its exhibitions, CAM produces scholarly catalogs; an illustrated, full color book including texts and interpretive essays for *Stories of Resistance* will be published in FY22. With limited on-site capacity due to COVID, the Museum served 14,642 visitors in person, 240,432 visitors online.

In conjunction with its exhibitions, CAM delivers art education to people of all ages by presenting a diverse line-up of public programs that include artist and curator lectures; art-inspired dinners; film screenings; and unique workshops for families with young children. CAM's public programs were held online throughout FY21, including artist talks, panel discussions, a Feast Your Eyes take-out dinner including a virtual conversation with the chef, and Zoom hands-on art instruction with preschoolers, teens, and seniors. In FY21, CAM hosted 127 programs, of which 99% were free.

Finally, CAM remains dedicated to fostering creativity and increasing access to the arts for the young people of St. Louis through free arts education initiatives. These include pre-professional training in New Art in the Neighborhood (at 26 years, CAM's longest running education program); an opportunity to organize an exhibition from start to finish in Teen Museum Studies; advanced studio art training with an emphasis on collaboration for middle schoolers in the LEAP Middle School Initiative; and in-school and off-site community engagement activities under the ArtReach program. CAM is proud of the meaningful ways its programs make a difference to St. Louis youth, and each season presents the work of young artists in the Education Galleries. In FY21, works were shown by students participating in New Art in the Neighborhood, and LEAP Middle School Initiative, as well as Collective Impact exhibitions, the result of a new partnership between CAM and Creative Reaction Lab, which trains young artists and designers of color. Teen Museum Studies presented an exhibition by the local artist Yowshien Kuo, focusing on issues of Asian American identity. All youth programs continued uninterrupted in FY21, though many classroom activities were conducted via digital format. In FY21, the Museum served 1,667 youth from the greater St. Louis area.

Contemporary Art Museum St. Louis
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Method of Accounting

The financial statements of CAM are presented using the accrual method of accounting.

Cash and Cash Equivalents

CAM considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. CAM maintains cash deposits in bank accounts which at times may exceed the insured limits of up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC insured). At June 30, 2021, its uninsured deposits totaled \$845,541. CAM has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

Revenue Recognition

CAM recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measureable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions and Pledges

Contributions and pledges are recognized when a donor makes a promise to give to CAM that is, in substance, unconditional. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions are recognized at the time a signed pledge is received and are discounted at 2% per year for 2021 and 2020, if payable beyond one year. Restricted amounts which are received and expended in the same fiscal year are reported as increases in net assets without donor restrictions.

Government Grants

A portion of CAM's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CAM has incurred expenditures in compliance with specific contracts or grant provisions.

Special Events Revenue

The portion of ticket sales and sponsorship revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

Contemporary Art Museum St. Louis
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Revenue Recognition (Continued)

Retail Store and Café Revenue

CAM records sales from its gift shop and café when the transaction price is agreed upon and performance obligations with its customers are satisfied. A performance obligation is a promise to transfer a distinct good to the customer.

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets with Donor Restrictions

Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such assets be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Financial Instruments

The following methods and assumptions were used by CAM in estimating its fair value disclosure for financial instruments:

The carrying amounts of cash and cash equivalents, pledges receivable due in less than one-year, other assets, and accounts payable and accrued expenses approximate fair values due to the short-term maturities of those instruments. Investments are carried at fair market value based on quoted market prices.

In-Kind Donations

Donated assets, goods, and services are recorded at fair value on the date of the gift. Donated services are recognized as contributions in accordance with FASB ASC 958-605, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CAM.

Unpaid volunteers and professional service organizations have made significant contributions of their time in the areas of membership development, exhibitions, and administrative services. The value of this contributed time is not reflected in these financial statements because it does not meet the criteria for recognition.

Contemporary Art Museum St. Louis
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Property and Equipment

Purchased furniture and equipment, buildings, and building improvements are stated at cost and donated land, furniture, and equipment are stated at estimated market value at date of receipt. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which are five years for furniture, fixtures, and equipment and thirty-nine years for the building and building improvements. Expenditures for repairs and maintenance are charged to operations while renewals and betterments are capitalized.

Income Taxes

CAM qualifies as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, it is exempt from federal and state income taxes. CAM files an information return, IRS Form 990. Fiscal years 2018 and later remain subject to examination, generally three years after the returns were filed. CAM management is not aware of any pending examinations related to tax filings.

CAM follows the provisions of ASC 740-10-25 requiring disclosure of uncertain tax positions. There has been no interest or penalties recognized in the Statements of Activities or in the Statements of Financial Position related to uncertain tax positions. In addition, no tax positions exist for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next 12 months. CAM evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures and discussions with outside experts.

Functional Expense Allocation

The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of CAM. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities, insurance, telephone, and depreciation, which are allocated on an estimated square footage basis; salaries and payroll taxes, contract services, and medical insurance are allocated on personnel time and effort; and certain other expenses have been allocated among program, supporting services, and fundraising on the basis of time and effort.

Advertising

CAM expenses advertising costs as they are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Contemporary Art Museum St. Louis
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Reclassifications

Certain prior year amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in the current year.

Subsequent Events

CAM has evaluated events and transactions for potential recognition or disclosure through September 9, 2021, the date the financial statements were available to be issued.

B. **INVESTMENTS**

The investments at June 30, 2021 are summarized as follows:

	Cost	Fair Value	Unrealized Appreciation
U.S Government Bonds	\$ 402,156	\$ 431,295	\$ 29,139
Certificates of Deposit	3,387,516	3,449,038	61,522
Real Estate Fund	387,880	487,712	99,832
Equity Mutual Funds	6,753,474	9,452,790	2,699,316
Municipal Bonds	100,015	100,622	607
Total Investments	<u>\$11,031,041</u>	<u>\$13,921,457</u>	<u>\$2,890,416</u>

The investments at June 30 2020, are summarized as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
U.S. Government Bonds	\$ 386,106	\$ 405,511	\$ 19,405
Certificates of Deposit	2,683,804	2,797,581	113,777
Real Estate Funds	440,127	432,601	(7,526)
Equity Mutual Funds	5,511,871	5,603,231	91,360
Municipal Bonds	272,812	280,391	7,579
Total Investments	<u>\$9,294,720</u>	<u>\$9,519,315</u>	<u>\$224,595</u>

Contemporary Art Museum St. Louis
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020
(Continued)

B. INVESTMENTS (Continued)

Investment return at June 30 is summarized as follows:

	2021	2020
Investment income	\$ 370,700	\$272,229
Less: investment management fees	(44,430)	(31,861)
Net realized and unrealized gains (losses)	2,796,128	(543,335)
 Total Investment Gain (Loss), Net of Fees	 \$3,122,398	 (\$302,967)

C. FAIR VALUE MEASUREMENTS

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following tables set forth, by level within the fair value hierarchy, CAM's investment holdings.

	Investments at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
U.S Government Bonds	\$ -	\$ 431,295	\$ -	\$ 431,295
Certificates of Deposit	-	3,449,038	-	3,449,038
Real Estate Funds	487,712	-	-	487,712
Equity Mutual Funds	9,452,790	-	-	9,452,790
Municipal Bonds	-	100,622	-	100,622
 Total	 \$9,940,502	 \$3,980,955	 \$ -	 \$13,921,457

Contemporary Art Museum St. Louis
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020
(Continued)

C. **FAIR VALUE MEASUREMENTS** (Continued)

	Investments at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
U.S Government Bonds	\$ -	\$ 405,511	\$ -	\$ 405,511
Certificates of Deposit	-	2,797,581	-	2,797,581
Real Estate Funds	432,601	-	-	432,601
Equity Mutual Funds	5,603,231	-	-	5,603,231
Municipal Bonds	-	280,391	-	280,391
Total	\$6,035,832	\$3,483,483	\$ -	\$9,519,315

D. **PLEDGES RECEIVABLE**

Pledges receivable are due to CAM as follows at June 30:

	2021	2020
Receivable in less than one year	\$ 565,068	\$1,233,234
Receivable in one to five years	736,038	890,727
	1,301,106	2,123,961
Less allowance at June 30, 2021 and 2020	-	(75,000)
Less discount – 2% at June 30, 2021 and 2020	(18,438)	(29,843)
	\$1,282,668	\$2,019,118

E. **PROPERTY AND EQUIPMENT**

The components of property and equipment consist of the following at June 30:

	2021	2020
Land and land improvements	\$ 397,250	\$ 397,250
Furniture, fixtures, and equipment	118,324	103,577
Building and building improvements	9,419,927	9,395,560
	9,935,501	9,896,387
Less: accumulated depreciation	(4,226,170)	(3,965,226)
	\$5,709,331	\$5,931,161

Contemporary Art Museum St. Louis
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020
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F. LAND

In August 2001, CAM received as a gift the land at 3750 Washington Boulevard, the site of its facility. The deed contains the following restrictions:

- a. CAM must operate continuously in accordance with its present purposes.
- b. The donor has a right of first refusal if CAM wishes to sell the property.

G. LINE OF CREDIT - OPERATIONS

CAM has a \$600,000 line of credit arrangement. Amounts outstanding under this note will bear interest at a rate per annum which is at all times equal to the daily LIBOR rate plus 2.75% (2.85% at June 30, 2021). The line of credit expires December 30, 2021. No borrowings were made throughout the years ended June 30, 2021 and 2020.

H. NOTE PAYABLE

On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) became law. The Economic Aid Act provides the opportunity to obtain a forgivable “second draw” PPP loan.

This application was approved, and CAM was granted a second draw loan in the amount of \$272,270 on February 10, 2021. The terms are as follows: Loan is amortized over 60 months at 1% interest and there are no payments required until 10 months after the end of the covered period. Under certain circumstances all or part of the loan may be forgiven and converted to income. Whatever balance is not forgiven will be repaid over the remaining term of the loan at equal principal payments plus interest monthly with the final payment due on February 11, 2026. The loan is unsecured and is guaranteed by the SBA.

During the year end June 30, 2021, CAM converted \$172,270 to grant income. While CAM believes the entire amount will be converted, \$100,000 remains as a liability due to current uncertainties surrounding the forgiveness application process. As of June 30, 2021, the estimated outstanding balance of the loan is \$100,000.

I. PAYROLL PROTECTION PROGRAM GRANT

On April 19, 2020, CAM was granted a loan in the amount of \$251,400 from PNC Bank, pursuant to the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under certain circumstances, all or part of the loan may be forgiven and converted to a grant.

As of June 30, 2020, CAM believed they had spent the funds on eligible expenses based on current regulations and would be working with their lender to begin the forgiveness application process. During the year ended June 30, 2020, CAM converted \$213,400 to grant income. On January 15, 2021, the Small Business Administration (SBA) approved the CAM’s forgiveness application, and the PPP Loan was considered to be paid in full and closed. As such, CAM converted the remaining \$38,000 to grant income for the year ended June 30, 2021.

Contemporary Art Museum St. Louis
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020
(Continued)

J. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose or periods:

	2021	2020
Subject to expenditures for specific purpose:		
Unappropriated endowment	\$ 1,802,460	\$ 73,525
Exhibitions, education, and outreach	297,000	110,000
	\$ 2,099,460	\$ 183,525
Subject to passage of time:		
Future periods	390,641	636,218
Create: The CAMpaign	935,323	1,629,254
	\$ 1,325,964	\$ 2,265,472
Perpetual in nature:		
Original donor-restricted gift amount and amount required to be maintained by donor	8,119,241	8,112,769
Total Net Assets with Donor Restrictions	\$11,544,665	\$10,561,766

Net assets with donor restrictions are reclassified to net assets without donor restrictions when the time restriction expires, or the funds are utilized for the restricted purpose.

Net assets with donor restrictions that are perpetual in nature consist of endowment contributions to be held in perpetuity, the income from which is restricted to CAM's operating expenses

K. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors consist of the following as of June 30:

	2021	2020
Purpose Restrictions		
Exhibitions, education, and outreach	\$130,000	\$ 56,000
Time Restrictions Expired	651,218	579,039
Exhibits, program, and time Released from Restrictions	\$781,218	\$635,039
Create: The CAMpaign Released from Restrictions	\$709,720	\$646,656
Draw for unrestricted operations Released from Restrictions	\$476,000	\$403,000

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

L. ENDOWMENT

CAM's endowment consists of both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

During 2006, the Uniform Law Commission (ULC) approved the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that serves as a guideline for states to use in enacting legislation related to the UPMIFA. In response to the ULC's act, the FASB issued Endowments of Not-for-Profit Organizations, effective for years ending after December 15, 2008, which requires substantial additional disclosures relating to endowments. Subsequent to June 30, 2009, the State of Missouri passed legislation enacting a state version of the UPMIFA.

The Board of Directors of CAM has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CAM classifies as net assets with donor restrictions – perpetual in nature (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restriction – perpetual in nature is classified as net assets with donor restrictions – unappropriated endowment until those amounts are appropriated for expenditure by CAM in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, CAM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of CAM, and (7) CAM's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies. CAM has adopted investment and spending policies, approved by the Board of Directors, for endowment assets, net of approved Board Designated loans to operations, which attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution in accordance with the spending policy following, while growing the funds if possible.

Contemporary Art Museum St. Louis
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020
(Continued)

L. **ENDOWMENT** (Continued)

CAM's performance objective, over a long-term investment horizon, is to equal or exceed a comparable benchmark composed of the Russell 3000 Index, the MSCI World ex USA Index, the MSCI Emerging Markets Index (net div) and the Barclays US Aggregate Bond Index. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. CAM has a policy of appropriating for distribution each year 4.5% of its endowment fund's average fair value of the prior 12 quarters through April 30th preceding the fiscal year in which the distribution is planned. CAM has requirements and expectations for periodic withdrawals for special projects in addition to the annual appropriation. Approval of the Finance/Investment Committee and Executive Committee is required for such withdrawals. In establishing this policy, CAM considered the long-term expected return on its investment assets, the nature and duration of the endowment funds, some of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. CAM expects the current spending policy to allow its endowment funds to grow. This is consistent with CAM's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Net Assets
Donor-restricted perpetual endowment funds	\$ -	\$10,857,024	\$10,857,024
Board designated endowment funds	<u>6,304,036</u>	<u>-</u>	<u>6,304,036</u>
Total Funds	<u>\$6,304,036</u>	<u>\$10,857,024</u>	<u>\$17,161,060</u>

Changes in endowment net assets as of June 30, 2021 are as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Net Assets
Endowment net assets, beginning of year	\$4,601,203	\$ 9,815,548	\$14,416,751
Contributions	4,479	16,788	21,267
Investment income	105,618	265,082	370,700
Net Appreciation	818,968	1,977,160	2,796,128
Investment management fees	(12,596)	(31,834)	(44,430)
Create: The CAMpaign receipts	709,720	(709,720)	-
Principal on Endowment Loan	68,618	-	68,618
Interest on Endowment Loan	8,026	-	8,026
Amounts appropriated for operations	<u>-</u>	<u>(476,000)</u>	<u>(476,000)</u>
Endowment net assets, end of year	<u>\$6,304,036</u>	<u>\$10,857,024</u>	<u>\$17,161,060</u>

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NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020
(Continued)

L. **ENDOWMENT** (Continued)

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	Total Endowment <u>Net Assets</u>
Donor-restricted perpetual endowment funds	\$ -	\$9,815,548	\$ 9,815,548
Board designated endowment funds	<u>4,601,203</u>	<u>-</u>	<u>4,601,203</u>
 Total Funds	 <u>\$4,601,203</u>	 <u>\$9,815,548</u>	 <u>\$14,416,751</u>

Changes in endowment net assets as of June 30, 2020 are as follows:

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	Total Endowment <u>Net Assets</u>
Endowment net assets, beginning of year	\$3,791,427	\$10,224,020	\$14,015,447
Contributions	245,128	845,709	1,090,837
Investment income	61,280	210,949	272,229
Net depreciation	(151,554)	(391,780)	(543,334)
Investment management fees	(8,167)	(23,694)	(31,861)
Create: The CAMpaign receipts	646,656	(646,656)	-
Principal on Endowment Loan	60,290	-	60,290
Interest on Endowment Loan	6,143	-	6,143
Amounts appropriated for operations	<u>(50,000)</u>	<u>(403,000)</u>	<u>(453,000)</u>
 Endowment net assets, end of year	 <u>\$4,601,203</u>	 <u>\$ 9,815,548</u>	 <u>\$14,416,751</u>

The Board of Directors has approved amounts to be borrowed from the Board Designated Endowment to be used for program operations. These borrowings have allowed CAM to expand programs to serve larger audiences and provide exhibitions that are the most provocative, insightful, and relevant contemporary art from around the world.

During the year ended June 30, 2020, the Board Designated Endowment loaned \$150,000 for program operations. No amounts were loaned during the year ended June 30, 2021. As of June 30, 2021 and 2020, the Board Designated Endowment was owed \$1,890,755. While the Board has not identified a timetable to repay the Board Designated Endowment, the expectation is that the repayment will be completed as operating funds become available.

Contemporary Art Museum St. Louis
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020
(Continued)

M. IN-KIND DONATIONS

CAM received in-kind donations of stocks, goods, and a variety of professional services during 2021 and 2020. The fair market value of donated stock has been recorded as individual contributions in the statements of activities.

The fair market value of donated goods and professional services has been reflected as both revenue and expense in the accompanying statements of activities. Total revenue and expense for these goods and services totaled \$11,060 and \$4,785 during the years ended June 30, 2021 and 2020, respectively.

N. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

CAM regularly monitors liquidity required to meet its operating needs and other contractual commitments. CAM receives contributions restricted by donors, and considers contributions restricted for programs, which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. CAM maintains financial assets, consisting of cash, various receivables, and investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. As part of its liquidity management, CAM invests cash in excess of daily requirements in various investments. In addition, CAM maintains a board-designated endowment that allows for annual spending of income and appreciation generated from donor-restricted perpetual endowment funds.

CAM's financial assets available within one year of the statement of financial position date for general expenditures are as follows for June 30:

	2021	2020
Cash and cash equivalents	\$ 1,369,523	\$ 2,196,335
Pledges and other receivables, net	1,283,340	2,020,014
Investments	13,921,457	9,519,315
Total financial assets	16,574,320	13,735,664
Less amounts not available to be used within one year:		
Board designated for endowment, net	4,413,281	2,710,448
Donor-restricted perpetual endowment	8,119,241	8,112,769
Donor-restricted for time and purpose	3,032,785	1,732,778
Total financial assets not available to be used within one year	15,565,307	12,555,995
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,009,013	\$ 1,179,669

Contemporary Art Museum St. Louis
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020
(Continued)

N. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

As more fully described in Note G, CAM also has a committed line of credit in the amount of \$600,000, which it could draw upon in the event of an unanticipated liquidity need.

In addition, although CAM does not intend to spend from its board-designated endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its board designated-endowment could be made available, if necessary, subject to Board approval.

O. OTHER INCOME

Other income includes rental income, beverage sales, gift shop income, and advertising revenue. These revenues are presented net of costs of goods sold and other costs including material, food, and beverage costs, allocated salaries, and licenses.

P. Create: The CAMpaign

During the year ended June 30, 2016, CAM began the Create: The CAMpaign to increase CAM's endowment by \$10 million dollars by 2020 and subsequently raised the goal to \$12 million dollars. During the year ended June 30, 2021, CAM drew closer to this goal. CAM received contributions totaling \$4,479 and \$1,087,154 during the years ended June 30, 2021 and 2020, respectively. An initial contribution of \$5,000,000 was received in fiscal year 2016 and restricted to the perpetual endowment by the donor. All other contributions are designated to the board designated endowment.

Q. ECONOMIC UNCERTAINTY

As the spread of the COVID-19 coronavirus continues worldwide, economic uncertainties have arisen that are likely to impact CAM's financial results. While management expects this impact to be temporary, the severity and duration of the impact is uncertain at this time.