Museum of Contemporary Art

Financial Statements for the

Years Ended June 30, 2020 and 2019

Plante & Moran, PLLC
10 South Riverside Plaza
9th floor
Chicago, IL 60606
Tel: 312.207.1040
Fax: 312.207.1066
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Museum of Contemporary Art

We have audited the accompanying financial statements of Museum of Contemporary Art (the "Museum"), which comprise the statement of financial position as of June 30, 2020 and 2019 and the related statements of activities 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Museum of Contemporary Art as of June 30, 2020 and 2019 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.

Emphasis of Matter

As described in Note 2 to the financial statements, the Museum adopted the provisions of FASB ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. Further information regarding the affect of this pandemic is disclosed in Note 2 to the financial statements. Our opinion is not modified with respect to these matters.

Plante & Moran, PLLC

October 20, 2020

Museum of Contemporary Art
Statement of Financial Position
Year Ended June 30, 2020

Assets

	2020	2019
Current Assets		
Cash and Cash Equivalents	$ 28,099,569	$ 23,379,855
Receivables		
Contributions Receivable	3,241,920	5,375,700
Other Receivables	645,806	122,918
Inventories	1,278,193	1,452,467
Prepaid Expenses		
Exhibitions	265,747	1,062,292
Performance	-	42,769
Other Prepaid Expenses	263,041	1,646,537
Total Current Assets	33,794,276	33,082,537
Noncurrent Assets		
Investments	121,434,686	125,765,875
Contributions Receivables	1,575,003	4,242,992
Property, Buildings and Equipment		
Land	75,204	75,204
Land Rights	3,448,054	3,448,054
Building and Improvements	70,237,501	69,543,877
Furniture and Equipment	10,498,429	10,352,955
Construction in Progress	39,510	383,352
Less accumulated depreciation	(41,647,531)	(39,040,369)
Net Property, Buildings and Equipment	42,651,167	44,763,073
Total Noncurrent Assets	165,660,856	174,771,940
Total Assets	**$ 199,455,132**	**$ 207,854,477**

The accompanying notes are an integral part of the financial statements

Museum of Contemporary Art
Statement of Financial Position
Year Ended June 30, 2020

Liabilities and Net Assets

	2020	2019
Current Liabilities		
Accounts Payable	$ 458,415	$ 1,336,343
Accrued Expenses		
Wages	279,589	332,412
Pension	330,792	289,702
Exhibitions and other	926,166	1,807,457
Deferred Revenue	618,018	785,653
Deferred Grant Revenue	2,027,756	-
Other Liabilities	146,802	155,313
Total Current Liabilities	4,787,538	4,706,881
Long-Term Liabilities		
Bond and Loan Payable	30,000,000	30,000,000
Less unamortized discount and debt issuance costs	(119,872)	(139,851)
Interest rate swap	3,629,137	1,827,461
Total Long-Term Liabilities	33,509,265	31,687,610
Net Assets		
Without donor restrictions	107,616,374	113,839,075
Without donor restrictions - Board designated	-	2,851
With donor restrictions	53,541,955	57,618,060
Total Net Assets	161,158,329	171,459,986
Total Liabilities and Net Assets	**$ 199,455,132**	**$ 207,854,477**

The accompanying notes are an integral part of the financial statements

Museum of Contemporary Art
Statement of Activities
Year Ended June 30, 2020

	Total Net Assets without Donor Restrictions	Total Net Assets with Donor Restrictions	2020 Total
Revenues			
Contributions	5,698,276	4,035,000	9,733,276
Government grants	1,774,383	900	1,775,283
Special events, net	5,006,271	52,241	5,058,512
Ancillary services	6,380,663	-	6,380,663
Exhibitions, collection, education and performance	68,647	-	68,647
Membership and admissions	2,314,644	-	2,314,644
Investment income designated for current operations	5,303,000	-	5,303,000
Net assets released from restrictions	7,948,215	(7,948,215)	-
Total Public Support and Revenue	**34,494,099**	**(3,860,074)**	**30,634,025**
Expenses			
Exhibitions, collection, education and performance	9,657,614	-	9,657,614
Marketing, membership and public relations	2,273,758	-	2,273,758
Ancillary services	5,022,613	-	5,022,613
Fundraising	4,705,015	-	4,705,015
General and administrative	5,254,599	-	5,254,599
Debt service	1,002,237	-	1,002,237
Depreciation and amortization	2,607,162	-	2,607,162
Facilities management	3,214,492	-	3,214,492
Total Expenses	**33,737,490**	**-**	**33,737,490**
Change in Operating Net Assets	**756,609**	**(3,860,074)**	**(3,103,465)**
Other Changes in Net Assets			
Investment income, net of fees	125,367	986,478	1,111,845
Investment income designated for current operations	(5,303,000)	-	(5,303,000)
Change in fair value of interest rate swap, net of periodic settlement payments	(1,801,676)	-	(1,801,676)
Collection deaccessions	-	29,878	29,878
Collection funds, released from restrictions	1,232,386	(1,232,386)	-
Collection acquisitions	(1,235,238)	-	(1,235,238)
Change in Other Net Assets	**(6,982,161)**	**(216,031)**	**(7,198,192)**
Total Change in Net Assets	**(6,225,552)**	**(4,076,105)**	**(10,301,657)**
Net Assets, Beginning of Year	113,841,926	57,618,060	171,459,986
Net Assets, End of Year	**$ 107,616,374**	**$ 53,541,955**	**$ 161,158,329**

The accompanying notes are an integral part of the financial statements

Museum of Contemporary Art

Statement of Activities

Year Ended June 30, 2019

	Total Net Assets without Donor	Total Net Assets with Donor	2019 Total
Revenues			
Contributions	$ 2,566,517	$ 14,402,683	$ 16,969,200
Government grants	1,689,472	4,000	1,693,472
Special events, net	809,054	-	809,054
Ancillary services	5,397,799	-	5,397,799
Exhibitions, collection, education and performance	311,179	-	311,179
Membership and admissions	1,330,125	-	1,330,125
Investment income designated for current operations	5,051,000	-	5,051,000
Net assets released from restrictions	9,558,137	(9,558,137)	0
Total Public Support and Revenue	**26,713,284**	**4,848,546**	**31,561,829**
Expenses			
Exhibitions, collection, education and performance	8,047,655	-	$ 8,047,655
Marketing, membership and public relations	2,945,120	-	$ 2,945,120
Ancillary services	3,466,966	-	$ 3,466,966
Fundraising	1,885,318		1,885,318
General and administrative	4,845,741		$ 4,845,741
Debt service	1,031,564	-	$ 1,031,564
Depreciation and amortization	2,796,554	-	$ 2,796,554
Facilities management	3,216,660	-	$ 3,216,660
Total Expenses	**28,235,578**	**-**	**28,235,578**
Change in Operating Net Assets	**(1,522,294)**	**4,848,546**	**3,326,252**
Other Changes in Net Assets			
Investment income, net of fees	3,081,935	1,254,318	$ 4,336,253
Investment income designated for current operations	(5,051,000)	-	$ (5,051,000)
Change in fair value of interest rate swap, net of periodic	(1,544,908)	-	$ (1,544,908)
Collection deaccessions		5,727,250	$ 5,727,250
Collection funds, released from restrictions	599,996	(599,996)	$ -
Collection acquisitions	(605,363)	-	$ (605,363)
Change in Net Assets	(3,519,339)	6,381,571	2,862,233
Total Change in Net Assets	**(5,041,633)**	**11,230,118**	**6,188,485**
Net Assets, Beginning of Year	118,883,559	46,387,942	165,271,501
Net Assets, End of Year	**$ 113,841,926**	**$ 57,618,060**	**$ 171,459,986**

The accompanying notes are an integral part of the financial statements

Museum of Contemporary Art
Statement of Cash Flows
Year Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	($10,301,657)	$6,188,485
Depreciation and amoritzation expenses	2,607,162	2,796,554
Interest expense on bond issuance costs	19,979	19,979
Amortization of discount on pledges receivable	(257,285)	(81,962)
Acquisitions of art	1,235,238	605,363
Proceeds from deaccession of art	(29,878)	(5,727,250)
Net realized and unrealized gain on investments	(1,031,722)	(4,171,407)
Change in value of interest rate swap	1,801,676	1,544,908
(Increase) decrease in		
Contribution Receivables	5,059,054	1,105,075
Inventories, prepaid expenses and other assets	1,874,194	(2,248,462)
Increase (decrease) in		
Accounts payable and accrued expenses	(1,756,113)	1,045,885
Deferred revenue	(167,636)	743,796
Deferred grant revenue	2,027,756	-
Other liabilities	(8,511)	5,786
Net Cash Provided by Operating Activities	**1,072,257**	**1,826,750**
Cash Flows from Investing Activities		
Purchases of investments	(15,711,513)	(19,839,786)
Proceed from disposition of investments	21,074,425	27,422,597
Addition of property, buildings and equipment	(510,095)	(1,698,525)
Acquistion of art	(1,235,238)	(605,363)
Proceeds from deaccession of art	29,878	5,727,250
Net Cash Provided by Investing Activities	**3,647,457**	**11,006,173**
Net Increase in Cash and Cash Equivalents	4,719,714	12,832,923
Cash and Cash Equivalents, Beginning Balance	23,379,855	10,546,932
Cash and Cash Equivalents, Ending Cash Balance	**$ 28,099,569**	**$ 23,379,855**

The accompanying notes are an integral part of the financial statements

Note 1 - Nature of Operations

The Museum of Contemporary Art (the Museum) was founded in 1967. The mission of the Museum is to be an innovative and compelling center of contemporary art where the public can directly experience the work and ideas of living artists and understand the historical, social and cultural context of the art of our time. The Museum boldly interweaves exhibitions, performances, collections and educational programs to excite, challenge and illuminate its visitors and to provide insight into the creative process. The Museum aspires to engage a broad and diverse audience, create a sense of community, and be a place for contemplation, stimulation and discussion about contemporary art and culture.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

Net assets of the Museum are classified as with or without donor restrictions depending on the presence and characteristics of the donor-imposed restrictions limiting the Museum's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

The separate classes of net assets are defined as follows:

> Without donor restrictions- Net assets that are not subject to donor-imposed stipulations or whose donor-imposed stipulations have expired.
>
> With donor restrictions - Net assets subject to donor-imposed stipulations that can be satisfied by actions of the Museum or by the passage of time or net assets subject to donor-imposed stipulations that are to be maintained in perpetuity by the Museum. Generally, the donors of these assets permit the Museum to use all or part of the interest and dividends earned on these asset

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in banks and short-term highly liquid investments, which are readily convertible into cash within 90 days of purchase. Short-term investments consist primarily of deposit and savings accounts, which are convertible to a known amount of cash and carry an insignificant risk of change in value. The Museum maintains its cash and cash equivalents in bank deposit accounts at highly rated financial institutions, the balances of which at times may exceed federally insured limits. The Museum has not experienced any losses in such accounts. The Museum believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contributions and Grant Revenues

Public support and revenue are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restriction unless their use is restricted by explicit donor stipulation or law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Contributions, including unconditional promises to give, are recorded when a commitment is received from the donor. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give which have a measurable performance or other barriers and a right of return or release and are not recognized until the conditions on which they depend are substantially met. Unconditional promises to give due in subsequent years are reported at the present value of future cash flows, using rates applicable to the years in which the promises are to be received. Amortization of the discount to present value is included in contribution revenue. Promises to give noncash assets are recorded at fair value.

Endowment contributions are donor restricted in perpetuity. Investment earnings with donor restrictions are recorded in net assets with donor restriction based on the nature of the restrictions.

Grant revenue consists of 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 when the Museum has incurred expenditures in compliance with specific contract or grant provisions. Amounts that have been awarded but not yet recognized as revenue are treated as conditional contributions and are reflected in deferred grant revenue on the accompanying statement of financial position. The Museum received award funding totaling $2,027,756 at June 30, 2020 which will be recognized as revenue upon the occurrence of future qualifying expenses.

Revenue from Contracts with Customers

The following revenue streams are applicable under ASU No. 2014-09, Revenue from Contracts with Customer (Topic 606), for the year ended June 30, 2020.

Membership Revenue

Revenue from memberships are recorded as deferred liability when received and is recognized on a pro rata basis, which is calculated using the term of the membership. Membership revenues are earned when the Museum satisfies, on a monthly basis, the performance obligation which is the term of the membership.

Ancillary Service Revenue

The Museum generates revenue from transaction-based fees such as retail sales, admission and special events. The retail revenues are recognized when the sale is completed. For purchases in the Museum Store, the transaction is recognized at the point of sale when the customer takes possession of the merchandise. For on-line purchases, revenue recognition occurs when the merchandise is shipped. Purchases of admission and program tickets for same day usage are recognized immediately. Purchases for tickets for future events are deferred and are recognized when the event has occurred. Service revenue related to catered and special events is recognized at the time the services are provided to its customers. The Museum records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Exhibitions Touring Revenue

The Museum generates revenue from loaning their exhibitions to other Museums. The Museum recognizes revenue at the point in time the exhibit is shipped to the other Museum.

Investments

Investments are reported at fair value. For alternative investments, fair value is estimated as the net asset value per share provided by the investee as a practical expedient (as disclosed in Note 6). Investment income or loss (including realized gains and losses on investments, changes in unrealized holding gains and losses, interest and dividends) on investments is included in total investment income in the statement of activities.

The investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statement of financial position.

Inventories

Inventory is measured at the lower of cost and net realizable value (NRV), with NRV based on selling prices in the ordinary course of business, less costs of completion, disposal and transportation.

Depreciation and Amortization

Property, buildings and equipment are stated at cost and depreciated or amortized using the straight-line method over the estimated useful lives as indicated in the following table. All assets put into service in the current year use the half-year convention approach which will depreciate or amortize at half of the annual rate in both the first and last year of the assets useful life.

	Years
Buildings and improvements	15- 40
Furniture and equipment	3-5

In-Kind Contributions and Donated Services

The financial statements reflect amounts for in-kind contributions and donated services for which an objective basis is available to measure their value. Revenues are reflected in contributions and the expenses are recorded in the corresponding expense category in the accompanying statements of activities. The Museum has recorded in-kind contributions, which include air travel, books, catering, equipment, furnishings, lodging and artwork at their estimated fair values of $3,798,391 and $124,796 for the years ended June 30, 2020 and 2019, respectively.

The Museum receives a substantial amount of donated services from unpaid volunteers who have made significant contributions of their time to help execute the Museum's programs, principally in educational and fundraising activities. Volunteer services are recognized in the statements of activities if the criteria for recognition of those services have been met. Volunteer services were not required to be recognized for the years ended June 30, 2020 and 2019.

Interest Rate Swap

The Museum's interest rate swap is recognized as a liability on the statements of financial position and measured at fair value. Any change in fair value is recognized immediately in the statements of activities.

Functional Expenses

The costs of providing the program and general administration have been disclosed on Note 3. Indirect costs have been allocated between programs and general administration based on estimates of square foot usage. Although, the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Bond Issuance Cost

Bond issuance costs are being amortized using the straight-line method over the term of the bond and loan agreement, with is 10 years. Amortization expense is included in debt service cost on the statement of activities.

Income and Property Taxes

The Museum qualifies as a charitable and educational organization exempt from federal and state income taxes under provisions of Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code. The Illinois Department of Revenue has also declared both the Museum and its warehouse exempt from real estate property taxes.

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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Collection

In conformity with the practice commonly followed by most American art museums, the value of the Museum's collection is not included in the financial statements. Contributions for the purchase of art objects, the proceeds from deaccessions of art and the cost of art objects purchased are reported as other changes in net assets in the statements of activities. The Museum's policy is to maintain and continue to acquire significant works of contemporary art (principally 1945 to present). From time to time, objects may be sold in accordance with the Museum's collection management policy. Deaccessions may result if one of the following conditions has been met: (a) physical condition has deteriorated to a point beyond display or study; or (b) an object is believed to be no longer pertinent to the scope of the Museum's collection. All proceeds realized from deaccessions are allocated to purchase other works of art. Deaccession of art in the amount of $29,878 and $5,727,250 was realized for the year ended June 30, 2020 and 2019, respectively.

Adoption of New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supercedes the previous revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosures about the nature, amount, timing, and uncertainty of revenue and cash flow arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Museum used the modified retrospective approach when applying these changes. As expected, the adoption of the ASU did not result in any restatement to net assets or changes in net assets.

In June 2018, the FASB issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance delayed revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The Museum adopted the ASU effective July 1, 2019 on a modified prospective basis. The adoption of the ASU did not have an impact on the timing of revenue recognition for government grants and contracts or on the timing of recognition of foundation and individual grants and contributions.

Upcoming Accounting Changes

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right of use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease footnote guidance will be effective for the Museum's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements is expected to increase long-term assets and long-term liabilities on the statement of financial position. The changes in net assets are not expected to be significant as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In March 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2019-03, Updating the Definition of Collections, which modifies the definition of the term collections and requires that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned. The amendments in this update allows the proceeds to be used to support the direct care of existing collections in addition to the current requirement that proceeds from sales of collection items be used to acquire other items for collections. The amendments in this update improve GAAP because they eliminate diversity in practice regarding the application of the definition of the term collections and using proceeds from deaccessioned collections items toward direct care better aligns with many entities' missions to specifically maintain their collections. The new guidance will be effective for the Museum's year ending June 30, 2021, but early adoption is permitted. The Museum has not yet determined the method of adoption, but management is currently reviewing the impact on future financial statements. June 30, 2020 and 2019, respectively.

Impact of Covid-19

On March 11, 2020, the World Health Organization declared a pandemic due to the outbreak of a respiratory disease caused by a new coronavirus. First identified in late 2019 and now known as Covid-19, the measures implemented to combat the outbreak have impacted global business operations. As a result of the pandemic, the Museum closed its facilities to the public and non-essential staff on March 13, 2020. Revenues from operations primarily ceased between March 13, 2020 and June 30, 2020 but expenses also declined during the same period due to reduced operations. All staff were maintained and paid during this period through the Museum's cash reserve and partially due to the procurement of funds from the Paycheck Protection Program (PPP).

Future economic conditions and how they will directly impact Museum operations are being monitored. No impairments were recorded as of the balance sheet date though continued and significant uncertainty exists and therefore managements' judgement regarding this could change.

The Museum received a PPP term note through its primary financial institution of $2,027,756. The note was issued pursuant to the Coronavirus Aid, Relief and Economic Security (CARES) Act's PPP. The note structure required organization officials to certify certain statements that permitted the Museum to qualify for the loan and provides loan forgiveness for a portion or all of the borrowed amount if the Museum uses the loan proceeds for the permitted loan purpose described in the note agreement; the portion not forgiven will be required to be paid back by the Museum in full in April 2022 under 18 equal monthly principal payments beginning in November 2020, with interest at 1.00 percent. The Museum has the right to prepay any amount outstanding at any time without penalty. This loan will continue to help the Organization fund payroll, benefits, and building utility costs.

While the legal form of the PPP agreement is a loan, the Museum concluded the loan represents, in substance, a grant that is expected to be forgiven and therefore has accounted for the agreement as a conditional contribution. The following measurable barriers must be substantially overcome before the contribution can be considered unconditional and recorded as revenue:

- Incur eligible expenses;
- Maintain full-time equivalent counts and salary levels through the eligibility period
- Small Business Administration review and approval of the forgiveness application

As these barriers were not yet met as of June 30, 2020, the full balance of the loan is recorded as deferred grant revenue.

Subsequent Events

The financial statements and related disclosures include evaluation of events through and including, October 20, 2020, which is the date the financial statements were available to be issued.

Museum of Contemporary Art

Notes to Financial Statements

Note 3- Functional Expenses

Expenses related to facility costs, depreciation and bond costs are allocated to program and general administration using a square footage method. Such allocations are determined by management on an equitable basis.

2020		Fundraising		General Administration		
	Program Services	Fundraising	Special Events	Administration	Ancilliary	Total
Staff Salaries and Fringe	4,418,426	846,449	164,429	5,128,884	1,185,055	11,743,243
Professional and contracted services	3,094,883	41,665	188,454	741,542	422,940	4,489,484
Occupancy	856,746	30,881	27,742	145,554	276,685	1,337,608
Cost of sales and expenses of ancillary activities	20,675	113,103	351,678	67,704	3,217,179	3,770,339
Marketing and communications	287,950	30,251	96,560	276,163	19,827	710,750
Operations and supplies	2,381,972	36,607	374,504	281,972	282,560	3,357,615
Other	706,585	3,672,122	358,101	1,236,735	240,902	6,214,445
Bond interest and fees	689,547	22,239	22,239	58,648	209,566	1,002,237
Depreciation	1,793,751	57,852	57,852	152,562	545,154	2,607,172
Total	**14,250,535**	**4,851,169**	**1,641,559**	**8,089,764**	**6,399,866**	**35,232,893**

2019		Fundraising		General Administration		
	Program Services	Fundraising	Special Events	Administration	Ancilliary	Total
Staff Salaries and Fringe	3,853,599	1,214,841	11,162	4,919,947	1,038,182	11,037,731
Professional and contracted services	2,834,927	118,768	78,677	667,098	362,025	4,061,494
Occupancy	934,116	33,320	34,835	145,762	300,231	1,448,264
Cost of sales and expenses of ancillary activities	46,072	213,939	585,729	142,518	1,973,355	2,961,613
Marketing and communications	108,271	43,232	48,181	382,847	29,907	612,439
Operations and supplies	1,728,998	87,886	29,735	237,108	220,080	2,303,806
Other	699,035	244,709	38,234	1,538,591	216,709	2,737,279
Bond interest expenses and fees	709,725	22,890	22,890	60,364	215,699	1,031,568
Depreciation	1,924,053	62,054	62,054	163,645	584,755	2,796,563
Total	**12,838,796**	**2,041,639**	**911,497**	**8,257,880**	**4,940,943**	**28,990,755**

Note: Facilities costs allocated across the columns above using the same natural classification

Note 4 - Availability and Liquidity

The following represents the Museum's financial assets at June 30, 2020 and 2019

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	28,099,569	23,379,855
Contribution receivable	4,816,923	9,618,692
Other receivable	645,806	122,918
Investments	121,434,686	125,765,875
Total financial assets	154,996,984	158,887,340
Less amounts not available to be used with one year:		
Net assets with donor restrictions	53,541,955	57,618,060
Private equity investment	3,599,021	1,863,941
Real estate investment limited partnership	1,408,000	1,408,000
Net assets with time and purpose restrictions to be met in less than a year	(640,024)	(480,023)
Amount appropriated for operations in less than one year	(901,000)	(900,000)
Quasi endowment established by the board	-	2,851
Total financial assets with donor restrictions	57,007,952	59,512,828
Financial assets available to meet general expenditures over the next twelve months	97,989,032	99,374,511

The Museum's goal is to maintain financial assets equal to approximately 90 days of operating expenses ($6.5 million). As part of its liquidity plan, excess cash is invested in short-term investments such as money markets which can be drawn down when additional cash is required to meet operational needs.

Note 5 - Contributions Receivable

Contributions receivable as of June 30, 2020 and 2019 are as follows:

	2020	2019
Receivable in one year	3,241,920	5,375,700
Receivable in two to five years	1,342,324	4,267,598
Receivable in more than five years	500,000	500,000
Gross contributions receivable	5,084,244	10,143,298
Less: Discounts to fair value	(267,321)	(524,606)
Net contributions receivable	4,816,923	9,618,692

The discount rate used in determining the fair value of contributions receivable ranged from 0.22% to 3.37% for both years ended June 30, 2020 and 2019.

Note 6 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Museum has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Museum's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Investment Strategies and Valuation Input

Fixed Income - This category consists of mutual funds, which are primarily invested in debt securities. The fair value of mutual funds, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges.

Equity Securities - This category consists of mutual funds, all of which are primarily invested in equity securities. The fair value of mutual funds, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges.

Commingled Trusts - Includes investments in funds that focus on long-only domestic and international equities. The valuations were based on the net asset values of the funds, whose investments were traded on an active market.

Hedge Funds - Equities (Long/Short) - This category includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments between value and growth strategies, between small and large capitalization stakes, and between a net long position and a net short position. The investments are predominately exposed to the U.S. market, but will also take advantage of investment opportunities in Europe, Asia and Emerging Markets. The fair values of the investments in this category have been estimated using the net asset value per share of the hedge funds.

Absolute Return Funds - This category includes multi-strategy absolute return funds focused on analyzing the probability-adjusted returns of individual securities and assets and capturing the alpha in mispriced assets/securities across conventional and alternative financial strategies. Fund management initiates long and short positions targeting solid absolute risk-adjusted returns. The fair values of the absolute return funds in this category have been estimated using the net asset value per share of the investments.

Private Equity – This strategy invests in long-dated investment partnership vehicles, which may include private equity, venture capital, secondary interests in funds, and distressed strategies.

The following tables set forth by level within the fair value hierarchy the Museum's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2020 and 2019.

		Recurring fair value measurements as of reporting date using:		
Description	Fair values as of June 30, 2020	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Net Asset Value
Assets:				
Fixed Income/Mutual Funds	8,886,131	8,886,131	-	-
Large cap equities - mutual funds	18,883,047	18,883,047	-	-
Commingled Trusts				
Small cap equities	9,444,457	-	-	9,444,457
Large cap equities	10,715,695	-	-	10,715,695
International equities	27,001,459	-		27,001,459
Hedge Funds	17,165,426	-	-	17,165,426
Absolute return funds	24,331,451	-	-	24,331,451
Private Equity	3,599,021	-	-	3,599,021
Total fair values	120,026,686	27,769,178	-	92,257,508
Liabilities:				
Interest rate swap	3,629,137	-	3,629,137	-

		Recurring fair value measurements as of reporting date using:		
Description	Fair values as of June 30, 2019	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Net Asset Value
Assets:				
Fixed Income/Mutual Funds	8,574,483	8,574,483	-	-
Large cap equities - mutual funds	19,122,548	19,122,548	-	-
Commingled Trusts				
Mid cap equities	8,816,459	-	-	8,816,459
Large cap equities	10,323,005	-	-	10,323,005
International equities	30,808,682	-	-	30,808,682
Hedge Funds	17,337,025	-	-	17,337,025
Absolute return funds	27,886,932	-	-	27,886,932
Private Equity	1,488,741	-	-	1,488,741
Total fair values	124,357,875	27,697,031	-	96,660,844
Liabilities:				
Interest rate swap	1,827,461	-	1,827,461	-

Not included in the above tables is an investment in a real estate investment limited partnership of $1,408,000 for the years ended 2020 and 2019, which is recorded at cost.

There was no concentration of risk within the assets, with no individual fund representing more than 10% of the total as of June 30, 2020 and 2019

Level 1 Valuation Techniques and Observable Inputs
Estimated fair values for the Museum's fixed income and equity securities are based on quoted market prices.

Level 2 Valuation Techniques and Observable Inputs
The derivative instruments consist solely of interest rate swaps that are not traded on an exchange and are recorded at fair value based on a variety of observable inputs, including contractual terms, interest rate curves, yield curves, measure of volatility and correlations of such inputs. The Museum's derivative instruments are classified as Level 2 in the fair value hierarchy.

Investments in Entities that Calculate Net Asset Value per Share
The Museum holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Net Asset Value as of June 30,2020	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Commingled Trusts				
Small cap equities	9,444,457	None	Monthly	0-30 Days
Large cap equities	7,405,021	None	Monthly	10 Days
Large cap equities	3,310,674	None	Semi- Monthly	0-90 Days
International equities	27,001,459	None	Semi-Monthly	0-90 Days
Hedge funds - equities	3,245,096	None	Daily	10 Days
Hedge funds - equities	7,337,208	None	Quarterly	45-90 Days
Hedge funds - equities	6,573,078	None	Annually	45-90 Days
Hedge funds - equities	10,043	None	Not Eligible	*
Absolute return funds	3,938,819	None	Monthly	45 Days
Absolute return funds	14,994,697	None	Quarterly	30-90 Days
Absolute return funds	5,397,935	None	Annually	45-10 Days
Private Equity	3,599,021	**	Not Eligible	N/A
Total	92,257,508			

* Investments in this category are being liquidated
** Unfunded commitments of $1,081,000

	Net Asset Value as of June 30,2019	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Commingled Trusts				
Mid cap equities	8,816,459	None	Monthly	0-30 Days
Large cap equities	10,323,005	None	Monthly	10 Days
International equities	30,808,682	None	Semi- Monthly	0-90 Days
Hedge funds - equities	3,110,530	None	Daily	10 Days
Hedge funds - equities	6,651,482	None	Quarterly	45-90 Days
Hedge funds - equities	7,554,737	None	Annually	45-90 Days
Hedge funds - equities	20,277	None	Not Eligible	*
Absolute return funds	4,656,283	None	Monthly	45 Days
Absolute return funds	12,953,793	None	Quarterly	30-90 Days
Absolute return funds	10,276,856	None	Annually	45-10 Days
Private Equity	1,488,741	**	Not Eligible	N/A
Total	96,660,844			

* Investments in this category are being liquidated
** Unfunded commitments of $680,000

Note 7 - Investments Policy and Strategies

The long-term financial goal for the Museum is to preserve and grow the value of its assets (fund) on a real (i.e., inflation-adjusted) basis, which will allow for a predictable and stable level of spending to meet annual operating needs while maintaining the spending power of the endowment. The Investment Committee is responsible for managing and overseeing the implementation of the fund's investment policies on behalf of the Board of Trustees.

Under the policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of various benchmark indices, including the S&P 500, Russell MidCap, Russell 2000 Growth, MSCI EAFE, InvestorForce Total PE net median and the Merrill Lynch 1-3 Year Treasury index, while assuming a moderate level of investment risk. The Museum expects its endowment funds, over time, to provide an average rate of return, net of all fees, of approximately 5.5% plus the secular rate of inflation annually. Actual returns in any given year may vary from this amount.

The Museum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

To attain the long-term objective and exceed the 5% spending policy (see below), a significant portion of the fund must be invested in non-hedged equities, which are expected to remain the highest returning major asset type. The Investment Committee believes that a normal commitment to non-hedged equities of 45%, within a range of 30-60%, is desirable for this purpose.

Another portion of the fund will be invested in alternative investments, comprising absolute return hedge funds and hedged equity funds. These two asset classes are included because the Investment Committee believes they have long-term expected return potential similar to equities, but with less expected risk. In addition, these two asset classes provide diversification benefits due to their reduced correlation to equity and bond markets. The Investment Committee believes that a normal commitment to alternatives of 40%, within a range of 30-50%, is desirable for this purpose, with ranges of 10-20% in hedged equity funds and 20-30% in absolute return funds.

Another portion of the Fund will be invested in private investments. The Investment Committee believes that a normal commitment to privates of 5%, within a range of 0-10%, is desirable for this purpose.

The remainder of the fund, typically 5-15%, will be invested in fixed income. Fixed income investments typically provide higher current income and more stable, but lower, total returns than equities. For the most part, the fund's fixed income is invested in high quality instruments. It is expected that the dollar weighted credit quality will be A or higher.

With respect to all managers, individual security selection, security size and quality, number of portfolio industries or holdings, current income levels, the use of options and financial futures and turnover are left to broad manager discretion, subject to usual standards of fiduciary prudence. No single fund manager shall manage more than 10% (at market) of the total funds.

With respect to alternative managers, additional constraints are imposed. No single alternative manager shall manage more than 7.5% (at market) of the total fund. The Investment Committee will strive to employ alternative managers who combine depth of experience, risk management capability and prudent use of leverage.

Investment Spending Policy

As stated above, the Board of Trustees has adopted a spending policy of 5% of the fair value of investments, excluding those restricted to art acquisition, based on a rolling 12-quarter average for support of current operations. The remainder is retained to support operations of future years and to offset potential market declines.

Note 8 - Investment Return

The Museum reports its total return on investments as follows: investment income includes current income (interest and dividends), and net realized and unrealized gains and losses. Investment income also includes interest on cash equivalents.

	2020	2019
Return on investments		
Interest and dividends, net of fees	312,882	(4,653)
Net realized and unrealized gain (loss) on investments		
Hedge fund - equities	608,585	(25,466)
Absolute return funds	(1,813,792)	973,076
Other investments	2,004,170	3,393,296
Gain on investments	1,111,845	4,336,253

Note 9 – Revenue Bonds

On October 1, 2016, the Museum entered into a bond and loan agreement in the amount of $30,000,000 with a principal maturity date of February 1, 2029 with Bank of America Public Capital Corp. The funds were used to refund and redeem the outstanding Illinois Development Finance Authority Variable/Fixed Rate Demand Revenue Bonds, Series 1994, which were paid in full on December 1, 2016. The total remaining principal balance of the bonds was $30,000,000 for both the years ended June 30, 2020 and 2019. Interest is payable monthly and the interest rate is calculated using the index floating rate defined in the agreement. During the year ended June 30, 2020 and 2019, the weighted average interest rate was 1.24% and 2.95%, respectively. Interest expense for the year ended June 30, 2020 and 2019 was $687,454 and $882,785 respectively.

As of June 30, 2020 and 2019, the bond is reported net of unamortized discount and debt issuance costs of $119,872 and $139,851, for an ending balance of $29,880,128 and $29,860,149 respectively.

Note 10 - Interest Rate Swap

The Museum utilizes derivative financial instruments to reduce its market exposure risks from changes in interest rates. The instruments used to mitigate these risks are interest rate swaps.

The following table presents the amounts and the locations of the amounts relating to the Museum's interest rate swap in the Museum's financial statements as of and for the years ended June 30, 2020 and 2019:

	2020	2019
Statement of Financial Position Information		
Location on statement of fair value of liability:		
Interest rate swap	$ 3,629,137	$ 1,827,461
Statement of Activities Information		
Change in fair value of interest rate swap, net of periodic settlement payments	$ (1,801,676)	$ (1,544,908)
Periodic settlement payments included in debt service	(294,804)	(128,800)
Total loss on interest rate swap	$ (2,096,480)	$ (1,673,708)

On October 27, 2016, the Museum entered into an interest rate swap transaction and has an interest rate swap with Bank of America, N.A. to hedge the interest rate risk associated with $25,000,000 of the Museum's $30,000,000 debt with Bank of America Public Capital Corp. The purpose of the swap is to fix interest rates on variable debt and to reduce certain exposures to interest rate fluctuation. The interest rate swap has an interest rate of 2.107% and matures on November 1, 2026. The Museum will pay Bank of America, N.A. at the fixed rate as noted and Bank of America, N.A. will pay the Museum interest at a variable rate equal to 70% of LIBOR. On April 1, 2018 the terms of the interest rate swap transaction were amended such that the Museum will pay Bank of America, N.A. a fixed rate of 2.538% and Bank of America, N.A. will pay the Museum interest at a variable rate equal to 85.162% of LIBOR.

The Museum is exposed to credit-related losses in the event of nonperformance to this financial instrument. However, the counterparty to this agreement is Bank of America, N.A., and the risk of loss due to nonperformance is considered by management to be minimal. The Museum does not hold or issue interest rate swaps for trading purposes.

Note 11 - Special Events

Special events consisted of the following:

	2020	2019
Public Support	$ 6,553,916	$ 1,564,230
Direct Expenses	(1,495,404)	(755,176)
Net Public Support	$ 5,058,512	$ 809,054
Revenues released from temporarily restricted	285,041	342,625
Net Revenues	**$ 5,343,553**	**$ 1,151,679**
Gross Revenue from Special Events	$ 6,838,957	$ 1,906,855

Note 12 - Retirement Plans

The Museum offers a 403(b) retirement plan to all eligible employees and sponsors a money purchase defined contribution retirement plan that is available to all eligible employees, as defined in the agreement. For the years ended June 30, 2020 and 2019, contributions to the money purchase defined contribution retirement plan are determined as 5% of each covered employee's compensation and are funded as accrued. Pension expense totaled $254,810 and $239,702 for the years ended June 30, 2020 and 2019, respectively.

Note 13 - Employment Agreement

Effective July 1, 2017, the Museum extended the employment agreement with its current director for an additional 5 years. Employment under this employment agreement is through June 30, 2022. If the Museum terminates this agreement without cause, the Museum would continue to pay the director's current base salary for 12 months from the date of termination.

Note 14 – Concentrations

The Museum received no individual contributions in excess of $1,000,000 for the year ended June 30, 2020. Individual contributions in excess of $1,000,000 totaled $7,217,906 from two donors for the year ended June 30, 2019. No receivable balance were recorded as of June 30, 2020 for these contributions.

Note 15 - Endowment

Endowment

The Museum's endowment consists of 18 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Museum has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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, the Museum classifies as net assets with restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund is classified as net assets with restriction until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purpose of the Museum and the donor-restricted endowment fund
(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 the Museum
(7) The investment policies of the Museum

Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives

The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity as well as board-designated funds.

See Note 7 for a detailed description of the Museum's return objectives, risk parameters and strategies employed for achieving objectives.

Endowment Spending Policy

The Museum has a policy of appropriating for distribution each year 5% (unless distribution percentage is stipulated by the donor) of the opening balance of each fund. In establishing this policy, the Museum considered the long-term expected return on its endowment. Accordingly, over the long term, the Museum expects the current spending policy to allow its endowment to grow at an average of 0.5% annually after appropriating the 5% spending policy. This is consistent with the Museum's objective to provide real growth through new gifts and investment return.

Funds Information

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Museum to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, there were no deficiencies of this nature that are reported in net assets without restrictions as of June 30, 2020 and 2019, respectively.

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

2020	Net Assets without donor restrictions	Net Assets with donor restrictions	Total
Original donor-restricted gift amount required to be maintained in perpetuity	$ -	$ 17,552,549	$ 17,552,549
Accumulated investments gains	-	3,183,483	3,183,483
	$ -	$ 20,736,032	$ 20,736,032

	Net Assets without donor restrictions	Net Assets with donor restrictions	Total
Endowment net assets, June 30, 2019	$ -	$ 21,358,230	$ 21,358,230
Net appreciation (realized and unrealized)		264,842	264,842
Amounts appropriated for expenditures	-	(887,040)	(887,040)
Change in endowment net assets	-	(622,198)	(622,198)
Endowment net assets	$ -	$ 20,736,032	$ 20,736,032

Endowment net asset composition by type of fund as of June 30, 2019:

2019	Net Assets without donor restrictions	Net Assets with donor restrictions	Total
Original donor-restricted gift amount required to be maintained in perpetuity	$ -	$ 17,552,549	$ 17,552,549
Accumulated investments gains	-	3,805,681	3,805,681
	$ -	$ 21,358,230	$ 21,358,230

	Net Assets without donor restrictions	Net Assets with donor restrictions	Total
Endowment net assets, June 30, 2018	$ -	$ 21,633,985	$ 21,633,985
Net appreciation (realized and unrealized)		625,222	625,222
Amounts appropriated for expenditures	-	(900,977)	(900,977)
Change in endowment net assets	-	(275,755)	(275,755)
Endowment net assets	$ -	$ 21,358,230	$ 21,358,230

Note 16 - Net assets with donor restriction

Net assets with donor restriction include contributions for which donor-imposed restrictions have not been met and for which the proceeds are not restricted in perpetuity, as well as collection deaccessions for which the proceeds have not yet been used for collection accessions. Net assets with donor restriction as of June 30, 2020 and 2019 are available for the following purposes:

	2020	2019
Future exhibitions and performances	2,113,107	4,635,508
Education programs	501,780	641,860
Special events	55,000	302,800
Permanent Collection - Accessions		
Funded by deaccessions	11,529,536	11,667,061
Funded by gifts	2,304,837	2,242,007
Time and purpose restricted - Endowment earnings	3,183,483	3,805,681
Time and purpose restricted - MCA Vision campaign	14,992,309	15,681,542
Time restricted - MCA annual fund	640,024	480,023
Time restricted - Chicago Contemporary campaign	423,640	423,640
Time or purpose restricted - Other	245,689	185,389
Total	$ 35,989,406	$ 40,065,511

Investment income earned on net assets with donor restrictions in perpetuity, noted above as endowment earnings, is restricted for educational programs, exhibition funds, and art acquisition and is included in net assets with donor restrictions. This investment income is released from restrictions as related education or exhibition expenses are incurred or art is acquired.

Note 17 - Net Assets Released from Restriction

Net assets were released from restrictions by incurring expenses to satisfy the purposes specified by donor grant agreements as follows:

	2020	2019
Future exhibitions and performances	4,599,408	2,488,527
Education programs	784,206	926,827
Special events	280,040	342,625
Capital expenditures	50,000	2,195,377
Permanent Collection - Accessions	1,232,386	599,996
Earnings appropriated for expenditures on endowments	887,040	900,977
Time and purpose restricted - MCA Vision campaign	833,334	2,445,374
Time restricted - MCA annual fund	393,924	92,623
Time or purpose restricted - Other	120,263	165,807
Total	$ 9,180,601	$ 10,158,133

Note 18 – Net Assets with Donor Restrictions in Perpetuity

Net assets with restrictions include contributions for which donor-imposed restrictions stipulate that they be maintained in perpetuity by the Museum. Net assets with restrictions as of June 30, 2020 and 2019 are available for the following purposes:

	2020	2019
Education programs	4,454,559	4,454,559
Exhibitions	10,450,000	10,450,000
Art Acquistion	100,000	100,000
Operations	2,547,990	2,547,990
Total	$ 17,552,549	$ 17,552,549

Note 19 - Related Parties and Conflicts of Interest

The Museum maintains a Conflict of Interest Policy, which applies to all trustees, members of standing committees, as well as senior management and other designated members of staff. The policy requires that each person to whom the policy applies complete an annual disclosure statement to identify any business, financial or personal interest in matters relating to the Museum.

The policy forbids such individuals from voting on or using their personal influence in connection with such matters. In the event the Museum does conduct business with a related party, the financial terms of those relationships are reported annually to the Audit Committee, whose members must be independent per the terms of its charter.

One member of the Museum's Board of Trustees is a senior manager with an auction house that provides auction services to the Museum; one member of the Museum's Board of Trustees is associated with a law firm that provides legal services to the Museum. These services were provided at rates consistent with the market rates for not-for-profit organizations. Trustees recuse themselves from decisions pertaining to the selection of services in their respective businesses.

Note 20 - Sale of Real Estate and Use Agreement

"Museums in the Park" is a program of The Chicago Park District, which provides monetary and other benefits to members whose cultural facilities are located on land owned by The Chicago Park District. In addition, members are eligible to receive certain state funds and benefits, subject to availability. The Museum and The Chicago Park District agreed to enter into an agreement of sale and purchase so that the Museum may avail itself of the benefits of the Museums in the Park program and so that The Chicago Park District may benefit from the addition of the Museum to this program while also extending the current boundaries of Lake Shore Park, which is located just east of the Museum. Under the agreement of purchase and sale, dated February 11, 2005, the Museum conveyed title to its land at 220 East Chicago Avenue, excluding the building, its contents and other improvements on the property to The Chicago Park District for $1. As a condition of closing, the Museum and The Chicago Park District entered into a use agreement, which grants the Museum the exclusive right to occupy and use the land for a period of 99 years, with the opportunity to extend the term for an additional 99 years. Under conditions defined in the use agreement and Special Warranty Deed, the Museum has the option to terminate the use agreement at any time through the earlier of the receipt of a certain level of The Chicago Park District funding or January 1, 2030. Should the Museum exercise this option, title to the property shall revert to the Museum. Accordingly, as of June 30, 2020 and 2019, the Museum's land rights are valued at $3,448,054, which is the same amount as reported for this land in prior fiscal years.