Museum of Contemporary Art

Financial Statements for the

Years Ended June 30, 2022 and 2021

Financial Statements

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Independent Auditor's Report

To the Board of Trustees
Museum of Contemporary Art

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Museum of Contemporary Art (the "Museum"), which comprise the statement of financial position as of June 30, 2022 and 2021 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as of June 30, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Museum and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements

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

To the Board of Trustees
Museum of Contemporary Art

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022 on our consideration of the Museum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Museum's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 25, 2022

Museum of Contemporary Art
Statement of Financial Position
June 30, 2022 and 2021

	2022	2021
Current Assets		
Cash and Cash Equivalents	$ 33,449,200	29,843,646
Receivables		
Contributions Receivable	2,668,221	2,509,837
Employer Retention Credit Receivable	2,312,078	-
Other Receivables	756,178	488,473
Inventories	624,246	539,141
Exhibitions	1,148,315	635,150
Other Prepaid	560,427	257,703
Total Current Assets	**41,518,665**	**34,273,950**
Noncurrent Assets		
Investments	132,599,009	157,150,236
Contributions Receivables	61,865	73,854
Property, Buildings and Equipment	86,127,209	84,401,854
Less accumulated depreciation	(46,793,060)	(44,206,235)
Total NonCurrent Assets	**171,995,023**	**197,419,709**
Total Assets	**213,513,688**	**231,693,659**
Current Liabilities		
Accounts Payable	1,474,896	1,554,639
Accrued Expenses		
Wage Payable	404,816	294,686
Pension	460,318	374,583
Exhibition and other	583,392	394,243
Deferred Revenue	440,137	1,205,108
Deferred Grant Revenue	-	1,309,606
Other Liabilities	221,742	178,597
Total Current Liabilities	**3,585,301**	**5,311,462**
Long-Term Liabilities		
Bonds and Loan Payable	30,000,000	30,000,000
Less unamortized discount and deb issuance costs	(79,915)	(99,893)
Interest rate swap	173,854	2,390,668
Total Long-Term Liabilities	**30,093,939**	**32,290,775**
Net Assets		
Without donor restrictions	123,668,177	134,726,030
With donor restrictions	56,166,271	59,365,392
Total Net Assets	**179,834,448**	**194,091,422**
Total Liabilities and Net Assets	**213,513,688**	**231,693,659**

The accompanying notes are an integral part of the financial statements

Museum of Contemporary Art

Statement of Activities

Year Ended June 30, 2022

	Total Net Assets without Donor Restrictions	Total Net Assets with Donor Restrictions	Total 2022
Revenues			
Public Support	$ 6,624,696	$ 5,789,013	$ 12,413,709
Government grants			
Covid Related Grants	11,092,652	-	11,092,652
Other Grants	2,574,644	-	2,574,644
Special events, net	859,504	-	859,504
Ancillary services	3,336,207	-	3,336,207
Exhibitions, collection, education and performance programs	472,772	-	472,772
Membership and admissions	2,137,717	-	2,137,717
Investment spending allocation	5,649,000	-	5,649,000
Net assets released from restrictions	4,853,548	(4,853,548)	-
Total Public Support and Revenue	**37,600,740**	**935,465**	**38,536,205**
Expenses			
Exhibitions, collection, education and performance programs	6,559,748	-	6,559,748
Marketing, membership and public relations	1,467,938	-	1,467,938
Ancillary services	3,154,582	-	3,154,582
Fundraising	1,156,722	-	1,156,722
General and administrative	8,029,037	-	8,029,037
Debt service	945,047	-	945,047
Depreciation and amortization	2,586,824	-	2,586,824
Facilities management	3,941,157	-	3,941,157
Total Expenses	**27,841,055**	**-**	**27,841,055**
Change in Operating Net Assets	**9,759,685**	**935,465**	**10,695,150**
Other changes in Net Assets			
Investment loss, net of fees	(17,285,352)	(3,600,886)	(20,886,238)
Investment spending allocation	(5,649,000)	-	(5,649,000)
Change in fair value of interest rate swap, net of periodic settlement payments	2,216,814	-	2,216,814
Collection-deaccessions	-	-	-
Collection funds, released from restrictions	533,700	(533,700)	-
Collection acquisitions	(633,700)	-	(633,700)
Total Other Change in Net Assets	**(20,817,538)**	**(4,134,586)**	**(24,952,124)**
Total Change in Net Assets	**(11,057,853)**	**(3,199,121)**	**(14,256,974)**
Net Assets, Beginning of Year	134,726,030	59,365,392	194,091,422
Net Assets, End of Year	**123,668,177**	**56,166,271**	**179,834,448**

The accompanying notes are an integral part of the financial statements

Museum of Contemporary Art
Statement of Activities
Year Ended June 30, 2021

	Total Net Assets without Donor Restrictions	Total Net Assets with Donor Restrictions	Total 2021
Revenues			
Public Support	$ 9,231,690	$ 2,381,846	$ 11,613,536
Government grants	3,773,253	-	3,773,253
Special events, net	103,828	-	103,828
Ancillary services	2,594,273	-	2,594,273
Exhibitions, collection, education and performance programs	7,972	-	7,972
Membership and admissions	411,551	-	411,551
Investment spending allocation	5,649,000	-	5,649,000
Net assets released from restrictions	4,147,845	(4,147,845)	-
Total Public Support and Revenue	**25,919,411**	**(1,765,999)**	**24,153,412**
Expenses			
Exhibitions, collection, education and performance programs	5,464,556	-	5,464,556
Marketing, membership and public relations	1,545,703	-	1,545,703
Ancillary services	2,711,711	-	2,711,711
Fundraising	941,641	-	941,641
General and administrative	6,024,272	-	6,024,272
Debt service	939,808	-	939,808
Depreciation and amortization	2,558,704	-	2,558,704
Facilities management	3,543,148	-	3,543,148
Total Expenses	**23,729,543**	**-**	**23,729,543**
Change in Operating Net Assets	**2,189,868**	**(1,765,999)**	**423,869**
Other changes in Net Assets			
Investment income, net of fees	29,320,254	7,820,792	37,141,047
Investment spending allocation	(5,649,000)	-	(5,649,000)
Change in fair value of interest rate swap, net of periodic settlement payments	1,238,469	-	1,238,469
Collection-deaccessions	-	114,992	114,992
Collection funds, released from restrictions	346,347	(346,347)	-
Collection acquisitions	(336,283)	-	(336,283)
Total Other Change in Net Assets	**24,919,787**	**7,589,436**	**32,509,224**
Total Change in Net Assets	**27,109,655**	**5,823,437**	**32,933,093**
Net Assets, Beginning of Year	107,616,374	53,541,955	161,158,329
Net Assets, End of Year	**134,726,030**	**59,365,392**	**194,091,422**

The accompanying notes are an integral part of the financial statements

Museum of Contemporary Art
Statement of Cash Flows
Year Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (14,256,974)	$ 32,933,093
Depreciation and amoritzation expenses	2,586,824	2,558,704
Interest expense on bond issuance costs	19,978	19,979
Change in discount on pledges receivable	44,310	(189,921)
Acquisitions of art	633,700	346,347
Proceeds from deaccession of art	-	(114,992)
Net realized and unrealized loss (gain) on investments	21,607,936	(37,249,019)
Change in value of interest rate swap	(2,216,814)	(1,238,469)
(Increase) decrease in		
Contribution Receivables	(190,705)	2,580,486
Inventories, prepaid expenses and other assets	(3,480,777)	374,986
Increase (decrease) in		
Accounts payable and accrued expenses	305,271	442,421
Deferred revenue	(764,971)	598,690
Deferred grant revenue	(1,309,606)	(718,150)
Other liabilities	43,145	112,648
Net Cash Provided by Operating Activities	**3,021,317**	**456,804**
Cash Flows from Investing Activities		
Purchases of investments	(9,677,893)	(757,606)
Proceed from disposition of investments	12,621,184	2,291,076
Addition of property, buildings and equipment	(1,725,354)	(14,840)
Acquistion of art	(633,700)	(346,347)
Proceeds from deaccession of art	-	114,992
Net Cash (Used In) Provided by Investing Activities	**584,237**	**1,287,274**
Net Increase in Cash and Cash Equivalents	3,605,554	1,744,077
Cash and Cash Equivalents, Beginning Balance	29,843,646	28,099,569
Cash and Cash Equivalents, Ending Cash Balance	**$ 33,449,200**	**$ 29,843,646**
Supplemental Cash Flow Information - Cash paid for interest	$ 921,619	$ 948,043

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 assets.

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.

Public Support 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. Public support with donor-imposed restrictions which will be satisfied in the year of the contribution, will be recorded as public support without restriction. 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 barrier 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 not reflected in the accompanying financial statements. The Museum received award funding that are considered conditional contributions totaling $2,312,078 and $1,309,606 during 2022 and 2021, respectively, which will be recognized as revenue upon meeting measurable barriers. During 2022, the Museum met the measurable barriers for the awards received in 2021 and in 2022 and recognized the amounts in full into grant revenue in 2022.

The Museum received various pandemic relief from the federal government in response to the COVID-19 pandemic. Refer to the COVID-19 significant accounting policy note for more information on the government grants received and how they were accounted for.

<u>Revenue for Contracts with Customers</u>

The following revenue streams are applicable under ASU No. 2014-09, Revenue from Contracts with Customer (Topic 606), for the years ended June 30, 2022 and 2021.

<u>Membership Revenue</u>

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

<u>Ancillary Service Revenue</u>

The Museum generates revenue from transaction-based fees such as retail sales, admission and certain 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.

<u>Exhibitions Touring Revenue</u>

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.

As of July 1, 2020, opening balances of contract receivables and deferred revenues were $122,918 and $785,653, respectively.

<u>Investments</u>

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 using 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 books and legal, design, and appraisal services at their estimated fair values. $135,392 of in-kind donations were received for the year ended June 30, 2022 and no in-kind donations were received for the year ended June 30, 2021.

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, 2022 and 2021.

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, which 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 $0 and $114,992 was realized for the year ended June 30, 2022 and 2021, respectively.

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.

Impact of Covid-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. 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 during the first lockdown from March 13, 2020 and June 30, 2020. The second lockdown closed the Museum again between November 16, 2020 and March 2, 2021. During both of these periods, expenses declined due to reduced operations. All staff were maintained and paid during through the first lockdown, but the Museum instituted a reduction in force on January 21, 2021, primarily due to the second lockdown. Operations were funded through the Museum's cash reserve and partially due to the procurement of funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.

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 the following pandemic relief funds from the federal government:

Paycheck Protection Program

In 2020, the Museum received a PPP term note through its primary financial institution of $2,027,756. In 2021, the Museum received an additional term note of $1,309,606 from another bank. The notes were issued pursuant to the CARES Act's PPP. The notes' 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.

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

The Museum applied for forgiveness of the 2020 loan of $2,027,756 in 2021, and the 2021 loan of $1,309,606 in 2022 and both were fully forgiven in their respective years. All loan proceeds from the first PPP loan and the second PPP loan were recognized into grant revenue during 2021 and 2022, respectively.

Employee Retention Credit

The CARES Act of 2020 introduced the Employee Retention Credit (ERC) as pandemic relief for eligible organizations. The ERC is a refundable credit against certain employment taxes and qualifies as a government grant. Under generally accepted accounting principles, government grants are recognized as revenue in the period in which an organization substantially overcomes all measurable barriers to be entitled to the funding. Management has determined that the measurable barriers that must be overcome for entitlement to the ERC funding are qualifying for the credits based on meeting the threshold for gross receipts decline in 2021 compared to 2019 and incurring eligible payroll expenses. For the year ended June 30, 2022, the Museum determined these conditions have been met and recognized $2,312,078 of ERC revenue within government grants on the statement of activities and recognized a corresponding receivable on the statement of financial position.

The Organization's ERC claim is subject to review by the Internal Revenue Service (IRS) within the applicable statute of limitations. If a portion or all of the ERC is determined to be ineligible upon IRS review, the Organization would be required to return the ineligible portion on demand and could potentially be subject to penalties and interest on unpaid employment taxes.

Shuttered Venue Operator Grant

During 2022, the Museum was awarded a Shuttered Venue Operators Grant (SVOG). The federal relief program was a part of the American Rescue Plan Act of 2021. Eligible entities included live venue operators, theatrical producers, live performing arts organization operators and others. The funds are recognized as government grants on the statement of activities. The grant funded salaries, health benefits, and utilities costs due to the pandemic. For the year ended June 30, 2022, the Museum determined the measurable barriers have been met and recognized $7,470,968 of revenue within government grants on the statement of activities.

Subsequent Events

The financial statements and related disclosures include evaluation of events through and including, October 25, 2022, 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.

2022		Fundraising		General Administration		
	Program Services	Fundraising	Special Events	Administration	Ancilliary	Total
Staff Salaries and Fringe	$ 3,817,871	$ 728,453	$ 148,439	$ 5,639,455	$ 1,293,122	$11,627,340
Professional and contracted services	3,235,977	99,280	891,559	2,012,552	775,071	7,014,439
Occupancy	502,025	19,749	248,012	418,074	148,674	1,336,534
Cost of sales and expenses of ancillary activities	5,060	123,728	358,691	74,006	1,295,040	1,856,525
Marketing and communications	103,307	28,587	66,642	586,159	45,235	829,929
Operations and supplies	1,371,917	57,440	409,013	734,662	217,549	2,790,581
Other	242,744	188,056	21,205	252,729	205,093	909,827
Bond interest and fees	650,201	20,970	20,970	55,301	197,608	945,050
Depreciation	1,779,755	57,399	57,399	151,370	540,900	2,586,824
Total	**$ 11,708,856**	**$ 1,323,663**	**$ 2,221,931**	**$ 9,924,307**	**$ 4,718,292**	**$29,897,048**

2021		Fundraising		General Administration		
	Program Services	Fundraising	Special Events	Administration	Ancilliary	Total
Staff Salaries and Fringe	$ 3,970,298	$ 848,672	$ 123,943	$ 5,477,498	$ 1,088,320	$11,508,731
Professional and contracted services	2,124,575	48,081	94,641	1,011,604	398,099	3,677,000
Occupancy	648,656	17,997	16,677	257,587	158,095	1,099,013
Cost of sales and expenses of ancillary activities	2,724	-	5,307	12,580	1,448,895	1,469,506
Marketing and communications	13,496	10,880	541	335,686	22,816	383,418
Operations and supplies	929,384	70,828	8,263	899,237	184,320	2,092,032
Other	38,000	23,802	11,567	(41,750)	152,033	183,651
Bond interest and fees	646,595	20,853	20,853	54,994	196,513	939,808
Depreciation	1,760,409	56,775	56,775	149,725	535,020	2,558,704
Total	**$ 10,134,138**	**$ 1,097,887**	**$ 338,566**	**$ 8,157,161**	**$ 4,184,110**	**$23,911,863**

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

Note 4 - Availability and Liquidity

The following represents the Museum's financial assets at June 30, 2022 and 2021

	2022	2021
Cash and cash equivalents	33,449,200	29,843,646
Contribution receivable	2,730,086	2,583,691
Other receivables	3,068,256	488,473
Investments	132,599,009	157,150,236
Total financial assets	171,846,551	190,066,047
Net assets with donor restrictions	56,166,271	59,365,392
Private equity investment	3,913,326	4,389,782
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	(372,500)	(629,332)
Amount appropriated for operations in less than one year	(901,000)	(901,000)
Total financial assets with donor restrictions	60,214,097	63,632,842
Financial assets available to meet general expenditures over the next twelve months	111,632,454	126,433,205

The Museum's goal is to maintain financial assets equal to approximately 90 days of operating expenses ($7.5 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. The Museum also has available borrowings on a line of credit that are available to meet short-term needs (see Note 11).

Note 5 - Contributions Receivable

Contributions receivable as of June 30, 2022 and 2021 are as follows:

	2022	2021
Receivable in one year	2,789,931	2,509,837
Receivable in two to five years	61,865	151,254
Gross contributions receivable	2,851,796	2,661,091
Less: Discounts to fair value	(121,710)	(77,400)
Net contributions receivable	2,730,086	2,583,691

The discount rate used in determining the fair value of contributions receivable ranged from 1.41% to 0.22% for the years ended June 30, 2022 and 2021.

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.

The following tables present information about the Museum's assets and liabilities measured at fair value on a recurring basis at June 30, 2022 and 2021 and the valuation techniques used by the Museum to determine those fair values.

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.

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provides 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.

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, 2022 and 2021.

		Recurring fair value measurements as of reporting date using:		
Description	Fair values as of June 30, 2022	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Net Asset Value
Assets:				
Fixed Income/Mutual Funds	8,538,385	8,538,361	-	-
Large cap equities - mutual funds	27,474,994	27,474,994	-	-
Commingled Trusts				
Small cap equities	10,831,646	-	-	10,831,646
Large cap equities	4,466,123	-	-	4,466,123
International equities	28,045,891	-	-	28,045,891
Hedge Funds	19,710,099	-	-	19,710,099
Absolute return funds	28,210,545	-	-	28,210,545
Private Equity	3,913,326	-	-	3,913,326
Total fair values	131,191,009	36,013,355	-	95,177,630
Liabilities:				
Interest rate swap	173,854	-	173,854	-

		Recurring fair value measurements as of reporting date using:		
Description	Fair values as of June 30, 2021	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Net Asset Value
Assets:				
Fixed Income/Mutual Funds	8,984,016	8,984,016	-	-
Large cap equities - mutual funds	26,512,530	26,512,530	-	-
Commingled Trusts				
Small cap equities	14,464,691	-	-	14,464,691
Large cap equities	15,165,266	-	-	15,165,266
International equities	35,196,370	-		35,196,370
Hedge Funds	22,417,860	-	-	22,417,860
Absolute return funds	28,611,721	-	-	28,611,721
Private Equity	4,389,782	-	-	4,389,782
Total fair values	155,742,236	35,496,546	-	120,245,690
Liabilities:				
Interest rate swap	2,390,668	-	2,390,668	-

Not included in the above tables is an investment in a real estate investment limited partnership of $1,408,000 for the years ended 2022 and 2021, 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, 2022 and 2021.

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 30,2022	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Commingled Trusts				
Small cap equities	6,308,475	None	Monthly	0-30 Days
Small cap equities	4,523,170	None	Annually	45-90 Days
Large cap equities	-	None	Monthly	10 Days
Large cap equities	4,466,125	None	Semi- Monthly	0-90 Days
International equities	28,045,891	None	Semi-Monthly	0-90 Days
Hedge funds - equities	4,129,182	None	Daily	10 Days
Hedge funds - equities	8,673,188	None	Quarterly	45-90 Days
Hedge funds - equities	6,907,728	None	Annually	45-90 Days
Absolute return funds	4,036,879	None	Monthly	45 Days
Absolute return funds	18,465,265	None	Quarterly	30-90 Days
Absolute return funds	5,708,399	None	Annually	45-90 Days
Private Equity	3,913,326	**	Not Eligible	N/A
Total	95,177,630			

** Unfunded commitments of approximately $2,200,000

	Net Asset Value as of June 30,2021	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Commingled Trusts				
Small cap equities	14,464,691	None	Monthly	0-30 Days
Mid cap equities	-	None	Monthly	0-30 Days
Large cap equities	-	None	Monthly	10 Days
Large cap equities	4,822,037	None	Semi- Monthly	0-90 Days
	35,196,370			
Rounding				
International equities	35,196,370	None	Semi-Monthly	0-90 Days
Hedge funds - equities	3,866,093	None	Daily	10 Days
Hedge funds - equities	19,856,375	None	Quarterly	45-90 Days
Hedge funds - equities	9,038,622	None	Annually	45-90 Days
Absolute return funds	3,468,371	None	Monthly	45 Days
Absolute return funds	19,302,510	None	Quarterly	30-90 Days
Absolute return funds	5,840,841	None	Annually	45-10 Days
Private Equity	4,389,782	**	Not Eligible	N/A
Total	120,245,690			

** Unfunded commitments of approximately $3,035,000

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.

	2022	2021
Interest and dividends, net of fees	721,698	397,992
Net realized and unrealized (loss) gain on investments		
Hedge fund - equities	(2,526,231)	8,407,634
Absolute return funds	(410,436)	5,033,104
Equities and Fixed Income	(18,671,269)	23,302,317
(Loss) gain on investments	(20,886,238)	37,141,047

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, 2022 and 2021. Interest is payable monthly and the interest rate is calculated on the basis of the actual number of days elapsed in a 360 day year at 70 percent of the LIBOR rate plus the Tax Exempt Applicable Margin, as defined in the agreement. During the year ended June 30, 2022 and 2021, the weighted average interest rate was 1.08% and 1.05%, respectively. Interest expense for the year ended June 30, 2022 and 2021 was $575,084 and $605,063 respectively.

As of June 30, 2022 and 2021, the bond is reported net of unamortized discount and debt issuance costs of $79,915 and $99,893 for an ending balance of $29,920,085 and $29,900,107 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, 2022 and 2021:

	2022	2021
Statement of Financial Position Information		
Location on statement of fair value of liability:		
Interest rate swap	$ 173,854	$ 2,390,668
Statement of Activities Information		
Change in fair value of interest rate swap, net of periodic settlement payments	2,216,814	$ 1,238,469
Periodic settlement payments included in debt service	(575,084)	(605,063)
Total gain on interest rate swap	$ 1,641,730	$ 633,406

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 2.538% 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 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- Line of Credit

On July 14, 2021, the Museum entered into an unsecured revolving line of credit agreement with a bank with available borrowings of up to $7,000,000 that matures on July 13, 2022. Interest is payable monthly either at a rate of 1.0% above LIBOR or the greater of Prime Rate and 0.5% above the Federal Rate. No borrowings have been made on the line of credit and no interest expense incurred during fiscal year 2022. The agreement was subsequently renewed through July 12, 2023 and the interest was amended to be payable either at a rate of 1.0% above the Secured Overnight Financing Rate or the greater of Prime Rate and 0.5% above the Federal Rate

Note 12 - Special Events

Special events consisted of the following:

	2022	2021
Public Support	$ 2,915,497	$ 286,147
Direct Expenses	(2,055,993)	(182,319)
Net Public Support	859,504	103,828
Revenues released from temporarily restricted	130,000	55,000
Net Revenues	**$ 989,504**	**$ 158,828**
Gross Revenue from Special Events	$ 3,045,497	$ 341,147

Note 13 - 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, 2022 and 2021, 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 $335,318 and $274,583 for the years ended June 30, 2022 and 2021, respectively.

Note 14 - Employment Agreement

Effective July 1, 2022, the Museum extended the employment agreement with its current director for an additional 5 years. Employment under this employment agreement is through June 30, 2027. 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 15 - Concentrations

Individual contributions in excess of $1,000,000 totaled approximately $5,890,000 from two donors for the year ended June 30, 2022 and totaled $2,000,000 from two donors for the year ended June 30, 2021. No receivable balance was recorded as of June 30, 2022 or 2021.

Note 16 - 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, 2022 and 2021, respectively.

Endowment net asset composition by type of fund as of June 30, 2022:

2022	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	-	3,503,457	3,503,457
	$ -	$ 21,056,006	$ 21,056,006

	Net Assets without donor restrictions	Net Assets with donor restrictions	Total
Endowment net assets, June 30, 2021	$ -	$ 25,814,509	$ 25,814,509
Net losses (realized and unrealized)		(3,753,430)	(3,753,430)
Amounts appropriated for expenditures	-	(1,005,074)	(1,005,074)
Change in endowment net assets	-	(4,758,503)	(4,758,503)
Endowment net assets	**$ -**	**$ 21,056,006**	**$ 21,056,006**

2021	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	-	8,261,961	8,261,961
	$ -	$ 25,814,510	$ 25,814,510

	Net Assets without donor restrictions	Net Assets with donor restrictions	Total
Endowment net assets, June 30, 2020	$ -	$ 20,736,032	$ 20,736,032
Net appreciation (realized and unrealized)		5,874,518	5,874,518
Amounts appropriated for expenditures	-	(796,040)	(796,040)
Change in endowment net assets	-	5,078,478	5,078,478
Endowment net assets	**$ -**	**$ 25,814,510**	**$ 25,814,510**

Note 17 – 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, 2022 and 2021 are available for the following purposes:

	2022	2021
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 18 - 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, 2022 and 2021 are available for the following purposes:

	2022	2021
Future exhibitions and performances	4,833,434	1,250,485
Education programs	91,846	322,750
Permanent Collection - Accessions		
Funded by deaccessions	13,010,190	13,475,890
Funded by gifts	2,205,508	2,119,964
Endowment earnings	3,503,458	8,261,961
MCA Vision campaign	13,391,296	14,216,937
MCA annual fund	372,500	629,332
Time restricted - Chicago Contemporary campaign	500,000	500,000
Time or purpose restricted - Other	705,491	1,035,524
Total	**$ 38,613,722**	**$ 41,812,843**

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 19 - 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:

	2022	2021
Future exhibitions and performances	1,131,276	1,385,740
Education programs	290,000	318,964
Special events	130,000	55,000
Capital expenditures		
Permanent Collection - Accessions	533,700	346,347
Earnings appropriated for expenditures on endowments	1,005,074	796,040
MCA Vision campaign	883,333	883,332
MCA annual fund	529,332	590,692
Time or purpose restricted - Other	884,533	118,078
Total	**$ 5,387,248**	**$ 4,494,192**

Note 20 - Related Parties

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.

Total contribution revenue received from board members in 2022 and 2021 was $5,116,387 and $4,915,416, respectively, of which $1,723,288 and $645,150 were still collectible as of June 30, 2022 and 2021, respectively.

One member of the Museum's Board of Trustees is a senior manager with an auction house that provided auction services to the Museum in 2021. 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 21 - 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, 2022 and 2021, 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.