



San Antonio Museum of Art

Financial Statements and Supplementary Information Years Ended September 30, 2022 and 2021

San Antonio Museum of Art

Financial Statements and Supplementary Information
Years Ended September 30, 2022 and 2021

San Antonio Museum of Art

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position as of September 30, 2022 and 2021	6
Statements of Activities and Changes in Net Assets for the Years Ended September 30, 2022 and 2021	7-8
Statements of Cash Flows for the Years Ended September 30, 2022 and 2021	9
Notes to Financial Statements	10-26
Supplementary Information	
Independent Auditor's Report on Supplementary Information	28
City of San Antonio Grant Compliance	29
Schedule of Cash Receipts and Disbursements for the Years Ended September 30, 2022 and 2021	30



Independent Auditor's Report

The Board of Trustees
San Antonio Museum of Art
San Antonio, Texas

Opinion

We have audited the financial statements of San Antonio Museum of Art (the Museum), which comprise the statements of financial position as of September 30, 2022 and 2021, the related statements of activities and changes in net assets, 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 September 30, 2022 and 2021, and the change 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Museum and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, P.A.

July 5, 2023

Financial Statements

San Antonio Museum of Art

Statements of Financial Position

<i>September 30,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 8,684,735	\$ 8,061,217
Pledges, grants, and accounts receivable - current	757,254	2,560,092
Inventory	109,146	107,166
Prepaid expenses and other assets	339,467	225,364
Pledges and grants receivable - long term	1,114,022	1,614,022
Investments, at fair value	46,904,364	62,274,636
Land and fixed assets, net	18,878,421	19,357,755
Total Assets	\$ 76,787,409	\$ 94,200,252
Liabilities and Net Assets		
Liabilities		
Trade and accrued expenses	\$ 699,370	\$ 763,477
Deferred revenue	564,030	317,881
Notes payable	-	889,637
Total Liabilities	1,263,400	1,970,995
Net Assets		
Without donor restrictions:		
Operating	4,094,828	4,162,966
Investment in land and fixed assets	18,878,421	19,357,755
Total Without Donor Restrictions	22,973,249	23,520,721
With donor restrictions	52,550,760	68,708,536
Total Net Assets	75,524,009	92,229,257
Total Liabilities and Net Assets	\$ 76,787,409	\$ 94,200,252

See accompanying notes to financial statements.

San Antonio Museum of Art

Statements of Activities and Changes in Net Assets

Year ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Other			
Memberships	\$ 264,020	\$ -	\$ 264,020
Admissions	976,600	-	976,600
Gift shop and auxiliaries, net of direct expenses of \$161,200	227,983	-	227,983
Contributions and grants:			
Government	507,739	35,750	543,489
Private sector	1,823,337	1,202,893	3,026,230
Investment income, net	-	689,996	689,996
Net realized and unrealized loss on investments	-	(13,146,506)	(13,146,506)
Miscellaneous	146,351	-	146,351
Gain on forgiveness of notes payable	889,637	-	889,637
Net assets released from restrictions	4,939,909	(4,939,909)	-
Total Support, Revenue, and Other	9,775,576	(16,157,776)	(6,382,200)
Expenses			
Program:			
Museum program activities	7,373,242	-	7,373,242
Gift shop	242,130	-	242,130
Management and general	1,092,027	-	1,092,027
Fundraising	557,965	-	557,965
Total Expenses	9,265,364	-	9,265,364
Changes in Net Assets, before collection items not capitalized	510,212	(16,157,776)	(15,647,564)
Collection Items Purchased but Not Capitalized	(1,057,684)	-	(1,057,684)
Change in Net Assets	(547,472)	(16,157,776)	(16,705,248)
Net Assets, beginning of year	23,520,721	68,708,536	92,229,257
Net Assets, end of year	\$ 22,973,249	\$ 52,550,760	\$ 75,524,009

See accompanying notes to financial statements.

San Antonio Museum of Art

Statements of Activities and Changes in Net Assets

Year ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Other			
Memberships	\$ 294,596	\$ -	\$ 294,596
Admissions	699,782	-	699,782
Gift shop and auxiliaries, net of direct expenses of \$157,532	191,404	-	191,404
Contributions and grants:			
Government	353,292	10,000	363,292
Private sector	1,987,623	1,292,071	3,279,694
Special events	228,193	-	228,193
Investment income, net	-	695,571	695,571
Net realized and unrealized gain on investments	-	7,946,719	7,946,719
Employee retention credits	2,336,624	-	2,336,624
Miscellaneous	442,819	-	442,819
Gain on forgiveness of notes payable	877,988	-	877,988
Gain on disposals, net	184,314	-	184,314
Net assets released from restrictions	5,660,864	(5,660,864)	-
Total Support, Revenue, and Other	13,257,499	4,283,497	17,540,996
Expenses			
Program:			
Museum program activities	8,333,630	-	8,333,630
Gift shop	232,346	-	232,346
Management and general	881,673	-	881,673
Fundraising	669,277	-	669,277
Total Expenses	10,116,926	-	10,116,926
Changes in Net Assets, before collection items not capitalized	3,140,573	4,283,497	7,424,070
Collection Items Purchased but Not Capitalized	(432,594)	-	(432,594)
Change in Net Assets	2,707,979	4,283,497	6,991,476
Net Assets, beginning of year	20,812,742	64,425,039	85,237,781
Net Assets, end of year	\$ 23,520,721	\$ 68,708,536	\$ 92,229,257

See accompanying notes to financial statements.

San Antonio Museum of Art

Statements of Cash Flows

<i>Year ended September 30,</i>	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ (16,705,248)	\$ 6,991,476
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions received for permanent endowment	(28,486)	(734,689)
Depreciation and amortization	912,137	1,084,848
Loss on disposal of assets	-	104,217
Gain on involuntary conversion of assets	-	(288,541)
Gain on forgiveness of notes payable	(889,637)	(877,988)
Bad debt expense	58,701	-
Net realized and unrealized gains on investments	13,146,506	(7,946,719)
Changes in operating assets and liabilities:		
Contributions, grants, and accounts receivable	2,244,137	(450,186)
Inventory	(1,980)	14,236
Prepaid expenses and other assets	(114,103)	81,269
Accounts payable, accrued expenses, and construction in process	(64,107)	409,772
Deferred revenue	246,149	25,484
Net Cash Used in Operating Activities	1,195,931	(1,586,821)
Cash Flows from Financing Activities		
Purchase of investments	3,899,579	13,457,919
Proceeds from sale of investments	(1,675,813)	(11,979,432)
Insurance proceeds - involuntary conversion	-	611,200
Purchase of fixed assets and construction in process	(432,803)	(755,494)
Net Cash Provided by Investing Activities	1,790,963	1,334,193
Cash Flows from Financing Activities		
Proceeds from notes payable	-	889,637
Contributions received for permanent endowment	(28,486)	734,689
Net Cash Provided by Financing Activities	(28,486)	1,624,326
Net Increase in Cash and Cash Equivalents	623,518	1,371,698
Cash and Cash Equivalents, beginning of year	8,061,217	6,689,519
Cash and Cash Equivalents, end of year	\$ 8,684,735	\$ 8,061,217
Non-Cash Activities		
Change in pledge discount	\$ -	\$ (4,888)

See accompanying notes to financial statements.

San Antonio Museum of Art

Notes to Financial Statement

1. Organization and Summary of Significant Accounting Policies

Organization

The San Antonio Museum of Art (the Museum) is a not-for-profit organization whose mission is to collect, preserve, exhibit, and interpret significant works of art, representing a broad range of history and world cultures, to strengthen a shared understanding of humanity. In accordance with the highest professional standards, the Museum holds these collections for the benefit of the community and future generations.

Summary of Significant Accounting Policies

The accounting and reporting policies followed by the Museum in the preparation of its financial statements conform to accounting principles generally accepted in the United States of America (GAAP) and are summarized as follows:

Basis of Presentation

The accompanying financial statements of the Museum have been prepared on the accrual basis of accounting in accordance with GAAP, following the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements for Not-for-Profit Organizations*. The financial statements, accordingly, reflect all significant receivables, payables, and other liabilities.

The Museum reports information regarding its financial position and activities according to two classes of net assets:

Without Donor Restrictions - This class consists of net assets that are available for use in general operations and are not subject to donor (or certain grantor) restrictions. The governing board may designate from net assets without donor restrictions for an operating reserve or board-designated endowment. The board has not designated any assets as of September 30, 2022 or 2021.

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Museum considers cash and cash equivalents to be cash balances and highly liquid investments purchased with a maturity of three months or less. Carrying value approximates fair value. Cash and cash equivalents that are part of long-term investments are shown within investments, as those resources are not available for operational purposes.

San Antonio Museum of Art

Notes to Financial Statement

Pledges, Grants, and Accounts Receivable

Accounts, grants, and pledges receivable at September 30, 2022 and 2021 consisted primarily of amounts owed the Museum from donors, sponsors, and members. Management reviews outstanding receivables at year-end. In evaluating collectability, management maintains regular contact with those that owe the Museum to ensure future payment. Management has deemed these amounts are fully collectible at year-end; therefore, no allowance for bad debts has been computed as of September 30, 2022 and 2021. Bad debt expense recorded as of September 30, 2022 was \$58,701. There was no bad debt expense recorded as of September 30, 2021.

Unconditional promises to give are recognized as revenue and pledges receivable when made and reported at fair value based upon estimated future cash flows. Allowances are recorded for estimated uncollectible promises. Conditional promises to give are recognized as revenue when the conditions have been met.

Unconditional promises to give that are expected to be collected within one year are reported at the net realizable value. Unconditional promises to give that are expected to be collected in future years are reported at the present value of their estimated cash flows. The discounts on those amounts are computed using market interest rates applicable to the years in which the promises are expected to be received (Note 4).

Revenue Recognition

Effective October 1, 2020, the Museum adopted ASC 606, *Revenue from Contracts with Customers*, using the modified retrospective method. This standard applies to all contracts with customers, except for contracts that are within the scope of other standards, such as contributions and financial instruments. Under ASC 606, an entity recognizes revenue when it transfers control of the promised goods or services to its customer, in an amount that reflects the consideration that the entity expects to receive in exchange for these goods or services. If control transfers to the customer over time, an entity selects a method to measure progress that is consistent with the objective of depicting its performance. There was no impact upon adoption of ASC 606. As a result, no disclosure of the impact is applicable.

The majority of the Museum's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Museum's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Management has determined the following revenue streams are subject to the guidance of ASC 606:

Memberships - Memberships are on a one-year basis and are recorded at the beginning of the membership year. No material difference exists between recognizing the membership at a point in time instead of over time.

Admission and Gift Shop - The Museum charges general admission fees and exhibit fees for non-member visitors to the Museum; revenue is recognized upon admission to the museum. Revenue from the Museum gift shop is recognized when merchandise is purchased and delivered to the customer.

San Antonio Museum of Art

Notes to Financial Statement

Special Events - Special events are hosted throughout the year to introduce new exhibits or as annual fundraisers. Revenue associated with these events is collected in the form of table sales, admission tickets, raffle tickets, and other forms of contribution by the attendees. Revenue is recognized in the period the performance obligation is met. Any amounts collected in advance of the event are recorded as deferred revenue.

Contributions and Grants - Revenue from contributions and grants falls outside the scope of ASC 606 and is recorded in accordance with the Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope of Accounting Guidance for Contributions Received and Made*. The Museum recognizes pledges as receivables and revenue when the unconditional promises to give are received. Conditional challenge grants and pledges are recorded as revenue as the grant conditions are met. Revenue from restricted reimbursable type grants is recognized in accordance with grant terms when allowable expenditures are made. All other grants are recognized as revenue when the grant notice is received. Based on historical experience with grant collectability, all grants are estimated to be collectible. Therefore, the Museum does not provide an allowance for uncollectible grants receivable.

Investments

Investments are recorded at fair value at quoted market prices (see Note 5).

Fair Value of Financial Instruments

The *Fair Value Measurements and Disclosures* Topic of the FASB ASC defines fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Level 1 - This level consists of inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Museum has the ability to access.

Level 2 - This level consists of inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - This level consists of inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Museum uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, fund of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Inventory

Inventory is comprised of gift shop inventory items and is stated at the lower of cost or market. Inventory is carried at average cost.

San Antonio Museum of Art

Notes to Financial Statement

Land and Fixed Assets

Fixed asset purchases are recorded at cost and include the cost of those improvements that increase the economic useful lives of the assets. Repairs and maintenance are charged to operations as incurred. When fixed assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities for the respective period. Depreciation is provided in amounts sufficient to distribute the cost of depreciable assets over their estimated service lives, on a straight-line basis. Furniture and equipment are depreciated over three to ten years, and the building and building improvements are depreciated over three to 40 years. Land has an unlimited useful life and, therefore, is not depreciated. Collections of art are not capitalized (see Note 11).

Construction in Process

The Museum is in the process of completing gallery renovations and other projects. The Museum incurred and capitalized construction costs of \$119,454 and \$489,894 during the years ended September 30, 2022 and 2021, respectively, on projects that have not been placed in service as of September 30, 2022 and 2021.

Deferred Revenue

Deferred revenue represents revenue attributable to exhibitions' sponsorships that have not yet been completed or fulfilled.

Contributed Services

A substantial number of volunteers have made significant contributions of their time to assist the Museum, especially its fundraising and educational programs; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the fair value of the service received. No significant goods or services were received by the Museum for the years ended September 30, 2022 or 2021.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$344,902 and \$568,646 for the years ended September 30, 2022 and 2021, respectively.

Museum Collections

The Museum follows ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*. In conformity with industry practice, Museum collection items purchased or donated are not recorded as assets in the accompanying statements of financial position. Even though not reflected in the statements of financial position, the Museum's collections represent one of its most valuable assets. Purchases of collection items are reported as decreases in net assets without donor restrictions, or as decreases in net assets subject to specific time or purpose restrictions. From time to time, the Museum may deaccession collection items to refine its collections in accordance with its mission statement and collection goals. Funds obtained through the deaccessioning of an object can only be used to purchase works of art.

San Antonio Museum of Art

Notes to Financial Statement

The Museum employs full-time employees to manage the stewardship of the collection items in accordance with the collection and acquisition policy and under the direction of the executive director and board of directors. Each item is numbered and catalogued in a continuous inventory tracking system.

Federal Income Tax Exemption

The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Museum follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which requires recognition and disclosure of uncertain tax positions in the financial statements. The Museum's management believes that it has appropriate support for any tax positions taken, and that it has no material uncertain tax positions. Accordingly, it will not recognize any related liability. For the years ended September 30, 2022 and 2021, the Museum did not recognize any interest or penalties in the financial statements.

Tax years after 2018 remain open to examination by the taxing jurisdictions to which the Museum is subject, and these periods have not been extended beyond the applicable statute of limitations.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of fundraising and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been directly allocated among program, fundraising, and general and administrative expenses based on actual figures associated with each function or an allocation of time and effort (see Note 17).

Accounting Pronouncement Issued and Adopted

Contributed Nonfinancial Assets (Topic 958)

On September 17, 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The update is expected to increase transparency around contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit (NFP) organizations, including transparency on how those assets are used and how they are valued. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods with annual periods beginning after June 15, 2022. The Museum adopted this standard on July 1, 2021, and there was no impact upon adoption as the contributed nonfinancial assets are immaterial to the Museum's financial statements.

San Antonio Museum of Art

Notes to Financial Statement

Accounting Pronouncement Issued but Not Yet Adopted

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. On May 20, 2020 the FASB voted to defer the effective date of ASC 842. The ASU is effective for the Museum's annual periods beginning after December 15, 2021, which is the year ended September 30, 2023, with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

2. Concentration of Credit Risk

Financial instruments that potentially subject the Museum to a concentration of credit risk consist principally of cash.

The Museum maintains multiple bank accounts in San Antonio, Texas. All of a depositor's accounts at an insured depository institution, including all non-interest-bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount of \$250,000 for each deposit insurance ownership category. At September 30, 2022 and 2021, the Museum had uninsured cash balances in excess of FDIC insurance limits; however, management has not experienced any losses as a result.

3. Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise of the following:

<i>September 30,</i>	2022	2021
Cash and cash equivalents	\$ 8,684,735	\$ 8,061,217
Less: amounts with donor restrictions	(4,441,252)	(4,264,890)
Pledges, grants, and accounts receivable	757,254	2,560,092
Less: amounts with donor restrictions	(757,254)	(1,864,767)
	\$ 4,243,483	\$ 4,491,652

The Museum regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Museum has various sources of liquidity at its disposal, including cash and cash equivalents and various receivables. Upon board approval, the Museum may also draw upon the available line of credit (see Note 9).

San Antonio Museum of Art

Notes to Financial Statement

In addition to the financial assets available to meet general expenditures over the next 12 months, the Museum operates with a balanced budget and anticipates earned revenues and annual support contributions sufficient to cover general expenditures not provided by endowment spending rate or other donor-restricted sources.

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. The exception is for donor-restricted endowments purposed for general operations, which have been grouped together and are subject to an annual spending rate of 4.5%, as described in Note 18. Although there is no intent to spend more than this 4.5% appropriated for general expenditure as part of the board's annual budget approval and appropriation, the Board could approve a higher percentage appropriation, if necessary. The Museum's estimated distribution for the next fiscal period is \$1,754,366.

4. Pledges, Grants, and Accounts Receivable

Pledges, grants, and accounts receivable are recorded at the discounted present value of expected future cash flows. Pledges, grants, and accounts receivable and the expected date of receipt are listed as follows:

September 30, 2022

	Within One Year	Within Five Years	Total
Pledges receivable	\$ 524,530	\$ 500,000	\$ 1,024,530
Grants receivable	232,724	640,000	872,724
Less: discount to present value at 1.52%	-	(25,978)	(25,978)
Net Contributions and Grant Receivable	\$ 757,254	\$ 1,114,022	\$ 1,871,276

September 30, 2021

	Within One Year	Within Five Years	Total
Pledges receivable	\$ 555,046	\$ 1,000,000	\$ 1,555,046
Grants receivable	147,779	640,000	787,779
Employee Retention Credit receivable	1,793,735	-	1,793,735
Accounts receivable	63,532	-	63,532
Less: discount to present value at 1.52%	-	(25,978)	(25,978)
Net Contributions and Grant Receivable	\$ 2,560,092	\$ 1,614,022	\$ 4,174,114

Private sector contributions revenue is as follows:

September 30,	2022	2021
Endowment	\$ 278,488	\$ 734,689
Operating and programs	2,747,742	2,545,005
Total Private Sector Contributions Revenue	\$ 3,026,230	\$ 3,279,694

San Antonio Museum of Art

Notes to Financial Statement

5. Investments

Investments are presented in the financial statements at fair value. Total investments are composed of the following:

<i>September 30,</i>	2022	2021
Money market funds	\$ 320,002	\$ 1,037,158
Common stock	9,269,370	10,730,964
Equity funds:		
Foreign large cap growth	5,698,360	8,633,978
Large cap growth	10,884,975	16,572,932
Emerging markets	1,240,315	1,940,400
Small cap growth	2,359,826	3,029,888
Bond funds:		
High yield bond	1,483,898	1,680,628
Short term bond	928,527	-
Intermediate-term bond	2,600,104	3,307,991
World bond	3,273,337	3,794,669
Other funds:		
Core fixed income	-	4,109,779
International value	5,353,715	7,436,249
Total return bond	3,491,935	-
Total Investments	\$ 46,904,364	\$ 62,274,636

6. Fair Values of Financial Instruments

The Museum records investments at fair value. See Note 1 for descriptions of levels used to determine fair value. The following represents the fair value measurements of the investments of the Museum on a recurring basis as of September 30, 2022 and 2021:

Money market funds, equities, bond funds, and equity funds held by the Museum at fiscal year-end are valued at the fair value of shares at quoted market prices.

The international value funds are limited partnerships that are valued using NAV of the partnership assets held.

Pledges receivable are stated at the original amount pledged by the contributor, net of any allowance deemed necessary by management and discounted to the present value of expected cash flow. For the years ended September 30, 2022 and 2021, no allowance was deemed necessary by management based on historical experience with the respective donors. See Note 4 for discount information.

San Antonio Museum of Art

Notes to Financial Statement

The following tables set forth by level, within the fair value hierarchy, the Museum's assets at fair value:

September 30, 2022

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 320,002	\$ -	\$ -	\$ 320,002
Common stock	9,269,370	-	-	9,269,370
Equity funds:				
Foreign large cap growth	5,698,360	-	-	5,698,360
Large cap growth	10,884,975	-	-	10,884,975
Emerging markets	1,240,315	-	-	1,240,315
Small cap growth	2,359,826	-	-	2,359,826
Bond funds:				
High yield bond	1,483,898	-	-	1,483,898
Short term bond	928,527	-	-	928,527
Intermediate-term bond	2,600,104	-	-	2,600,104
World bond	3,273,337	-	-	3,273,337
Investment, at fair value	\$ 38,058,714	\$ -	\$ -	38,058,714
Funds measured at NAV:				
Total return bond				3,491,935
International value				5,353,715
Total Investments				\$ 46,904,364

September 30, 2021

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,037,158	\$ -	\$ -	\$ 1,037,158
Common stock	10,730,964	-	-	10,730,964
Equity funds:				
Foreign large cap growth	8,633,978	-	-	8,633,978
Large cap growth	16,572,932	-	-	16,572,932
Emerging markets	1,940,400	-	-	1,940,400
Small cap growth	3,029,888	-	-	3,029,888
Bond funds:				
High yield bond	1,680,628	-	-	1,680,628
Intermediate-term bond	3,307,991	-	-	3,307,991
World bond	3,794,669	-	-	3,794,669
Investment, at fair value	\$ 50,728,608	\$ -	\$ -	50,728,608
Funds measured at NAV:				
Core fixed income				4,109,779
International value				7,436,249
Total Investments				\$ 62,274,636

San Antonio Museum of Art

Notes to Financial Statement

7. Land and Fixed Assets

Major classifications of land and fixed assets are summarized below:

<i>September 30,</i>	2022	2021
Buildings, improvements, and landscaping	\$ 38,111,981	\$ 37,421,223
Furniture and equipment	1,269,270	1,225,413
Land and land improvements	4,533,074	4,533,075
Total Land and Fixed Assets	43,914,325	43,179,711
Accumulated depreciation and amortization	(25,219,903)	(24,311,850)
Construction in progress	183,999	489,894
Net Land and Fixed Assets	\$ 18,878,421	\$ 19,357,755

For the year ended September 30, 2022, the Museum disposed of fixed assets of \$4,084 with a net book value of \$0. In the year ended September 30, 2021, the Museum disposed of fixed assets of \$658,913, with a net book value of \$490,661.

8. Involuntary Conversion

On February 15, 2021, a gallery in the Museum sustained water damage associated with sprinklers that burst due to freezing temperatures during a major snowstorm. As of September 30, 2021 the damage to the gallery had been assessed, and the associated assets were disposed of as follows:

Original cost of assets damaged	\$ 348,409
Less: accumulated depreciation	(25,749)
Net book value of assets damaged and impaired	322,660
Insurance proceeds received prior to year-end	(611,201)
Gain on Involuntary Conversion	\$ (288,541)

9. Line of Credit

On November 7, 2020, the Museum entered a \$1 million line of credit with PNC Bank, available through November 7, 2021, with an interest rate of 3.874%. On September 30, 2021, no draws were taken on the line of credit. Subsequent to year-end, the line of credit was extended by the bank to February 5, 2022. In 2022, the line of credit was again extended until June 29, 2023. As of September 30, 2022, no draws were taken on the line of credit.

10. Notes Payable

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted. The CARES Act is an approximately \$2 trillion emergency economic stimulus package in response to the coronavirus outbreak, which among other things, contains numerous income tax provisions. Some of these tax provisions are expected to be effective retroactively for years ending before the date of enactment. It also appropriated funds for the Small Business Administration (SBA)

San Antonio Museum of Art

Notes to Financial Statement

Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment.

On April 16, 2020, the Museum was approved and received a PPP loan in the amount of \$877,988. The forgiveness of the loan is dependent upon the Museum meeting the eligibility requirements, as well as adherence to the forgiveness criteria. The Museum applied for forgiveness in February 2021 and received notice of forgiveness in July 2021. The gain on forgiveness of debt is recorded on the statement of activities and changes in net assets for the year ended September 30, 2021.

On February 23, 2021, the Museum was approved and received a second round PPP loan in the amount of \$889,637. The forgiveness of the loan is dependent upon the Museum meeting the eligibility requirements, as well as adherence to the forgiveness criteria. The Museum applied for forgiveness and received notice of forgiveness in March 2022. The gain on forgiveness of debt is recorded on the statement of activities and changes in net assets for the year ended September 30, 2022.

11. Art Collection

The Museum's collections are made up of artifacts of historical significance, scientific specimens, and art objects that are held for educational, research, scientific, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sales to be used to acquire other items for collections.

Contributions include only recorded cash receipts and pledges and do not include gifts of works of art received by the Museum, valued at \$328,816 and \$696,500 (unaudited) for the years ended September 30, 2022 and 2021, respectively. Prior to 1997, the Museum capitalized the cost of purchased collection items. In 1997, as required by GAAP, the Museum established a new accounting policy that art objects held for display, either purchased by the Museum or donated to the Museum, are not included in the statements of financial position. Purchased artwork is expensed in the year of purchase. Art collection expense was \$1,057,684 and \$432,594 for the years ended September 30, 2022 and 2021, respectively.

Gifts of cash or other property restricted by donors for the purchase of items for the collection are classified as net assets subject to purpose restrictions until expended, and acquisitions are made in accordance with the terms of the gift.

12. Leases

The Museum maintains several operating leases for copiers, a postage machine, and a phone system with average lease terms of five years. Total lease expense was \$62,664 and \$74,059 for the years ended September 30, 2022 and 2021, respectively. The leases expire at various dates through May 2025. Minimum rental commitments on these leases are as follows:

Year ending September 30,

2023	\$	67,400
2024		67,400
2025		250
Total	\$	135,050

San Antonio Museum of Art

Notes to Financial Statement

13. Grants

The city of San Antonio (the City) provided support of \$347,239 and \$340,385 for the years ended September 30, 2022 and 2021, respectively, for the operations of the Museum.

14. Employees' Benefit Plan

The Museum has a defined contribution benefit plan for employees who have completed one year and 1,000 hours of employment, and who are at least 21 years old. The cost of the plan to the Museum was 3% of the annual compensation of the participants in 2022 and 2021. Benefit plan expense was \$92,289 and \$98,461 for the years ended September 30, 2022 and 2021, respectively.

15. Net Assets

Net assets with donor restrictions restricted for the following purposes or periods are as follows:

<i>September 30,</i>	2022	2021
Perpetual in nature:		
Program and education	\$ 1,693,005	\$ 1,693,005
Exhibitions	1,933,134	1,933,134
Art acquisitions	4,891,900	4,873,413
Gallery and building maintenance	10,107,841	10,107,841
General museum support	4,614,857	4,614,857
Endowed pledges yet to be received	750,000	1,237,765
Staff positions	16,764,658	16,504,658
	40,755,395	40,964,673
Subject to expenditure for specified purpose:		
Endowed earnings	6,898,967	22,547,727
Programs	178,664	164,642
Exhibitions	938,409	973,521
Art acquisitions	395,883	387,526
Construction and maintenance	2,005,152	2,109,613
General operations	876,680	1,151,497
Staff positions	501,610	409,337
	11,795,365	27,743,863
Total Net Assets with Donor Restrictions	\$ 52,550,760	\$ 68,708,536

San Antonio Museum of Art

Notes to Financial Statement

16. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, or by occurrence of other events specified by donors.

<i>September 30,</i>	2022	2021
Purpose of restrictions satisfied:		
Programs and exhibitions	\$ 3,826,865	\$ 3,898,562
Art acquisitions	1,057,684	432,594
Construction, improvements, and purchase of facilities	55,360	1,329,708
Total Net Assets Released from Restriction	\$ 4,939,909	\$ 5,660,864

17. Functional Classification of Expenses

Museum expenses were incurred for the following:

September 30, 2022

	Programs				
	Museum Program Activities	Gift Shop	Management and General	Fundraising	Total
Salaries and benefits	\$ 3,661,431	\$ 198,370	\$ 630,887	\$ 347,214	\$ 4,837,902
Contracted services	1,043,613	7,430	232,035	97,632	1,380,710
Supplies, consumables, and maintenance	301,111	6,409	3,221	1,349	312,090
Communications	86,352	(305)	3,163	938	90,148
Depreciation and amortization	892,894	6,888	5,903	6,452	912,137
Utilities	398,575	-	1,361	-	399,936
Rental and operating	254,194	5,873	40,376	3,336	303,779
Exhibit and auxiliary expenses	154,354	-	-	28,232	182,586
Travel and transportation	56,032	5,255	8,256	27	69,570
Advertising	347,151	-	-	(2,249)	344,902
Other general and administrative	177,535	12,210	108,124	75,034	372,903
Bad debt expense	-	-	58,701	-	58,701
Gift shop cost of inventory sold	-	161,200	-	-	161,200
Total Expenses	7,373,242	403,330	1,092,027	557,965	9,426,564
Less: expenses netted with revenue	-	(161,200)	-	-	(161,200)
Total Functional Expenses	\$ 7,373,242	\$ 242,130	\$ 1,092,027	\$ 557,965	\$ 9,265,364

San Antonio Museum of Art

Notes to Financial Statement

September 30, 2021

	Programs				
	Museum Program Activities	Gift Shop	Management and General	Fundraising	Total
Salaries and benefits	\$ 3,626,103	\$ 194,074	\$ 501,884	\$ 428,101	\$ 4,750,162
Contracted services	1,790,340	7,048	139,902	81,739	2,019,029
Supplies, consumables, and maintenance	268,369	6,770	2,243	845	278,227
Communications	85,174	-	4,054	2,545	91,773
Depreciation and amortization	1,057,704	6,888	12,669	7,587	1,084,848
Utilities	325,773	-	891	-	326,664
Exhibit rental and operating	229,161	7,340	39,319	53,730	329,550
Programmatic and auxiliary expenses	215,314	13	330	16,853	232,510
Travel and transportation	29,717	-	3,431	-	33,148
Advertising	460,603	-	73,924	34,119	568,646
Other general and administrative	245,372	10,213	103,026	43,758	402,369
Gift shop cost of inventory sold	-	157,532	-	-	157,532
Total Expenses	8,333,630	389,878	881,673	669,277	10,274,458
Less: expenses netted with revenue	-	(157,532)	-	-	(157,532)
Total Functional Expenses	\$ 8,333,630	\$ 232,346	\$ 881,673	\$ 669,277	\$ 10,116,926

18. Endowment Funds

General Information

The Museum maintains various endowment funds established for a variety of purposes. These endowments include donor-restricted endowment contributions. The donor-restricted endowment funds fall under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the state of Texas with an effective date of September 1, 2007. This policy defines the Museum's interpretation of the provisions of this law as they relate to the prudent management of its endowment fund.

Background

In July 2006, the Uniform Law Commission (ULC) approved UPMIFA as a modernized version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA), which governed the investment and management of donor-restricted endowment funds by NFP organizations. The major change of the new law is that UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund when there are no explicit donor stipulations. These guidelines require the Museum

San Antonio Museum of Art

Notes to Financial Statement

to determine what constitutes prudent spending based upon consideration of the donor's intent that the endowment fund continues permanently, the purpose of the fund, and relevant economic factors. UPMIFA emphasizes the perpetuation of the purchasing power of the fund, not just the original dollars contributed to the fund. Although UPMIFA does not require that a specified amount be set aside as principal, it assumes that an organization will preserve principal by maintaining the purchasing power of amounts contributed and will spend income by making distributions using a reasonable spending rate.

Endowment "Principal" Interpretation

The Museum has interpreted 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 the original value of gifts donated to the endowment (the Principal) as restricted in perpetuity net assets. The remaining portion of the donor-restricted endowment fund is classified as net assets restricted by time or purpose, until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Investment Objectives

Endowment investments are managed by professional money managers under the direction of the Investment Committee of the Board of Trustees of the Museum. Funds are invested in a manner that seeks to produce results that meet or exceed the performance of generally recognized market indices, while assuming a moderate level of investment risk.

To satisfy this performance objective, 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 that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment "Income" Appropriation (Spending Policy)

The Museum's policy is to appropriate for distribution each year a percentage of its endowment fund's average fair value based on a rolling average of the last 12 quarters. For 2022 and 2021, the distribution percentage was 4.5% and 5.5%, respectively. In establishing this policy, the Museum considered the long-term expected return on its endowment. This is consistent with the Museum's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as provide additional real growth through new gifts and investment return.

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San Antonio Museum of Art

Notes to Financial Statement

In accordance with UPMIFA, in all its endowment spending activity, the Museum considers the following factors in making a determination to appropriate (spend) or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Museum and the donor-restricted endowment fund.
- General economic and investment market conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Museum.
- The investment policies of the Museum.

Endowment Net Asset Composition by Type of Fund

September 30, 2022

	Purpose Restricted	Held in Perpetuity	Total
Donor-restricted endowment funds	\$ 6,898,969	\$ 40,005,395	\$ 46,904,364

Amounts held in perpetuity include any pledges not yet received.

September 30, 2021

	Purpose Restricted	Held in Perpetuity	Total
Donor-restricted endowment funds	\$ 22,547,727	\$ 39,976,909	\$ 62,524,636

Changes in Endowment Net Assets

Year ended September 30, 2022

	Purpose Restricted	Held in Perpetuity	Total
Endowment Net Assets, beginning of year	\$ 22,547,727	\$ 39,976,909	\$ 62,524,636
Investment return:			
Interest and dividends, net	689,996	-	689,996
Net gains (realized and unrealized)	(13,146,506)	-	(13,146,506)
Total Investment Return	(12,456,510)	-	(12,456,510)
Cash contributions and pledge payments received	-	28,486	28,488
Appropriations and transfers	(3,192,250)	-	(3,192,250)
Endowment Net Assets, end of year	\$ 6,898,969	\$ 40,005,395	\$ 46,904,364

San Antonio Museum of Art

Notes to Financial Statement

Year ended September 30, 2021

	Purpose Restricted	Held in Perpetuity	Total
Endowment Net Assets, beginning of year	\$ 16,626,996	\$ 39,242,220	\$ 55,869,216
Investment return:			
Interest and dividends, net	695,571	-	695,571
Net gains (realized and unrealized)	7,946,719	-	7,946,719
Total Investment Return	8,642,290	-	8,642,290
Cash contributions and pledge payments received	-	734,689	734,689
Appropriations and transfers	(2,721,559)	-	(2,721,559)
Endowment Net Assets, end of year	\$ 22,547,727	\$ 39,976,909	\$ 62,524,636

19. Risks and Uncertainties

The Museum may be subject to legal action from time to time in the normal course business. At September 30, 2022 and 2021, there were no known liabilities, and the Museum has adequate insurance coverage to cover any such actions.

20. Subsequent Events

Management has evaluated events subsequent to September 30, 2022 and through July 5, 2023, which is the date the financial statements were available to be issued.

Supplementary Information



Independent Auditor's Report on Supplementary Information

Our audits of the financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, P.A.

July 5, 2023



San Antonio
Museum
of Art

200 West Jones Avenue
San Antonio, Texas 78215
210.978.8100
samuseum.org

January 27, 2023

City of San Antonio
Department of Arts and Culture
P.O. Box 839966
San Antonio, TX, 78283-3966

Dear City of San Antonio,

In accordance with our grant agreement, I hereby certify, to the best of my knowledge and belief that the San Antonio Museum of Art has complied with the requirements of our 2022 agreement with the City of San Antonio.

The \$347,239.00 in funds you granted us for the use in 2022 was properly monitored and used only for authorized purposes. A schedule of cash receipts and disbursements by budgeting cost category is enclosed as required.

Sincerely,

Rosio Sotelo

Rosio Sotelo
Accountant

San Antonio Museum of Art

Schedule of Cash Receipts and Disbursements

<i>September 30,</i>	2022	2021
Cash Receipts		
City of San Antonio grant	\$ 347,239	\$ 340,385
Cash Disbursements		
Salaries	(347,239)	(340,385)
Total Cash Disbursements	(347,239)	(340,385)
Net Cash Receipts in Excess of Disbursements	\$ -	\$ -

See accompanying supplemental report.