



# San Antonio Museum of Art

Financial Statements  
with Supplementary Information  
Years Ended September 30, 2021 and 2020

# **San Antonio Museum of Art**

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Financial Statements  
with Supplementary Information  
Years Ended September 30, 2021 and 2020

# San Antonio Museum of Art

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## **Independent Auditor's Report**

To the Board of Trustees of the  
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, 2021 and 2020, 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, 2021 and 2020, 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, LLP

February 9, 2022

## Financial Statements

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**San Antonio Museum of Art**  
**Statements of Financial Position**

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 8,061,217	\$ 6,689,519
Pledges, grants and accounts receivable - current	2,560,092	1,444,794
Inventory	107,166	121,402
Prepaid expenses and other assets	225,364	306,633
Pledges and grants receivable - long term	1,614,022	2,279,134
Investments, at fair value	62,274,636	55,806,404
Land and fixed assets, net	19,357,755	20,113,985
<b>Total Assets</b>	<b>\$ 94,200,252</b>	<b>\$ 86,761,871</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Trade and accrued expenses	\$ 763,477	\$ 353,705
Deferred revenue	317,881	292,397
Notes payable	889,637	877,988
<b>Total Liabilities</b>	<b>1,970,995</b>	<b>1,524,090</b>
<b>Net Assets</b>		
<b>Without donor restrictions</b>		
Operating	4,162,966	698,757
Investment in land and fixed assets	19,357,755	20,113,985
<b>Total Without Donor Restrictions</b>	<b>23,520,721</b>	<b>20,812,742</b>
<b>With Donor Restrictions</b>	<b>68,708,536</b>	<b>64,425,039</b>
<b>Total Net Assets</b>	<b>92,229,257</b>	<b>85,237,781</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 94,200,252</b>	<b>\$ 86,761,871</b>

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

**San Antonio Museum of Art**  
**Statement of Activities and Changes in Net Assets**

*Year ended September 30, 2021*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Other</b>			
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)	-
<b>Total Support, Revenue, and Other</b>	<b>13,257,499</b>	<b>4,283,497</b>	<b>17,540,996</b>
<b>Expenses</b>			
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
<b>Total Expenses</b>	<b>10,116,926</b>	<b>-</b>	<b>10,116,926</b>
<b>Changes in Net Assets before</b>			
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
<b>Net Assets, beginning of year</b>	<b>20,812,742</b>	<b>64,425,039</b>	<b>85,237,781</b>
<b>Net Assets, end of year</b>	<b>\$ 23,520,721</b>	<b>\$ 68,708,536</b>	<b>\$ 92,229,257</b>

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



**San Antonio Museum of Art**  
**Statement of Activities and Changes in Net Assets**

*Year ended September 30, 2020*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Other</b>			
Memberships	\$ 215,649	\$ -	\$ 215,649
Admissions	393,118	-	393,118
Gift shop and auxiliaries, net of direct expenses of \$89,065	139,534	-	139,534
Contributions and Grants:			
Government	282,100	-	282,100
Private sector	2,549,666	2,670,058	5,219,724
Special events - net of direct expenses of \$23,466	132,263	-	132,263
Investment income - net	-	1,040,512	1,040,512
Net realized and unrealized gain on investments	-	3,138,460	3,138,460
Rental income	56,245	-	56,245
Miscellaneous	75,869	-	75,869
Gain on disposals, net	55,947	-	55,947
Net assets released from restrictions	4,065,632	(4,065,632)	-
<b>Total Support, Revenue, and Other</b>	<b>7,966,023</b>	<b>2,783,398</b>	<b>10,749,421</b>
<b>Expenses</b>			
Program:			
Museum program activities	7,762,436	-	7,762,436
Gift shop	258,942	-	258,942
Management and general	902,721	-	902,721
Fundraising	619,183	-	619,183
<b>Total Expenses</b>	<b>9,543,282</b>	<b>-</b>	<b>9,543,282</b>
<b>Changes in Net Assets before</b>			
<b>Collection Items Not Capitalized</b>	<b>(1,577,259)</b>	<b>2,783,398</b>	<b>1,206,139</b>
Collection items purchased but not capitalized	(96,000)	-	(96,000)
Change in Net Assets	(1,673,259)	2,783,398	1,110,139
<b>Net Assets, beginning of year</b>	<b>22,486,001</b>	<b>61,641,641</b>	<b>84,127,642</b>
<b>Net Assets, end of year</b>	<b>\$ 20,812,742</b>	<b>\$ 64,425,039</b>	<b>\$ 85,237,781</b>

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

# San Antonio Museum of Art

## Statements of Cash Flows

<i>Years ended September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 6,991,476	\$ 1,110,139
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions received for permanent endowment	(734,689)	(62,812)
Depreciation and amortization	1,084,848	1,409,529
Loss on disposal of assets	104,217	2,754
Gain on involuntary conversion of assets	(288,541)	(58,701)
Gain from forgiveness of notes payable	(877,988)	-
Bad debt expense	-	4,946
Net realized and unrealized gains on investments	(7,946,719)	(3,138,460)
Changes in operating assets and liabilities:		
Contributions, grants and accounts receivable	(450,186)	1,125,308
Inventory	14,236	8,802
Prepaid expenses and other assets	81,269	300,430
Accounts payable, accrued expenses, and construction in process	409,772	(3,213)
Deferred revenue	25,484	(389,388)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,586,821)</b>	<b>309,334</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	13,457,919	(9,828,449)
Proceeds from sale of investments	(11,979,432)	10,552,232
Insurance proceeds - involuntary conversion	611,200	58,702
Purchase of fixed assets and construction in process	(755,494)	(400,594)
<b>Net cash provided by investing activities</b>	<b>1,334,193</b>	<b>381,891</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from notes payable	889,637	877,988
Contributions received for permanent endowment	734,689	62,812
<b>Net cash provided by financing activities</b>	<b>1,624,326</b>	<b>940,800</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>1,371,698</b>	<b>1,632,025</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,689,519</b>	<b>5,057,494</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 8,061,217</b>	<b>\$ 6,689,519</b>
<b>Non-cash activities:</b>		
Change in pledge discount	\$ (4,888)	\$ (31,822)

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

# San Antonio Museum of Art

## Notes to Financial Statements

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### 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. In accordance with the highest professional standards, the Museum holds these collections for the benefit of the community and future generations. It is the Museum's responsibility to educate and engage diverse audiences, provide transformational experiences, strengthen our shared understanding of humanity, and encourage a sense of wonder and discovery.

#### *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* - 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, 2021 or 2020.

*With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be held in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the time 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 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 Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *Pledges, Grants and Accounts Receivable*

Accounts, grants and pledges receivable at September 30, 2021 and 2020, consisted primarily of amounts owed the Museum from donors, sponsors, and members. At September 30, 2021 accounts, grants and pledge receivables also consists of Employee Retention Credits (ERC) (See note 19) receivable. 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, 2021 and 2020. There was no bad debt expense recorded as of September 30, 2021. Bad debt expense recorded as of September 30, 2020 was \$4,946.

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 Accounting Standards Codification (“ASC”) Revenue from Contracts with Customers (“ASC 606”), 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 which 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 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.

# San Antonio Museum of Art

## Notes to Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *Revenue Recognition (Continued)*

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.

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 record as deferred revenue.

In June 2018, the FASB issued ASU 2018-08, Not-For-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. This ASU provided guidance in evaluating whether transactions should be accounted for as contributions or as exchange transactions subject to other guidance. The Museum adopted this ASU on October 1, 2019 and determined all contributions are nonreciprocal transactions, and as such are properly accounted for as contributions; therefore, there was no impact upon adoption of this standard.

Contributions and Grants - 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 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 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Museum has the ability to access.

Level 2 - 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.

# San Antonio Museum of Art

## Notes to Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *Fair Value of Financial Instruments (Continued)*

Level 3 - 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.

#### *Land and Fixed Assets*

Fixed asset purchases are recorded at cost and include the cost of those improvements which 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 3-10 years, and the building and building improvements are depreciated over 3-40 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 cost of \$489,894 and \$430,367 during the years ended September 30, 2021 and 2020, respectively on projects that have not been placed in service as of September 30, 2021 and 2020.

#### *Deferred Revenue*

Deferred revenue represents revenue attributable to event 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, 2021 or 2020.

# San Antonio Museum of Art

## Notes to Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *Advertising Costs*

Advertising costs are expensed as incurred. Advertising costs, exclusive of in-kind costs, were \$568,646 and \$201,618 for the years ended September 30, 2021 and 2020, respectively.

#### *Museum Collections*

In March 2019, the FASB issued ASU 2019-03, Not-for-Profit Entities (Topic 958): Updating the Definition of Collections to better align with the definition that many entities use for accreditation purposes. The ASU applies to all entities, including business entities, that maintain collections. The ASU also requires a collection-holding entity to disclose its policy for the use of proceeds from when collection items are removed from a collection. Under the ASU, if an entity has a policy that allows proceeds from items that are deaccessioned to be used for direct care, it is required to disclose its definition of direct care. The ASU takes effect for annual financial statements issued for fiscal years beginning after December 15, 2019. The Museum has adopted this standard on a prospective basis for the year ended September 30, 2021.

In conformity with industry practice, museum collection items purchased or donated are not recorded as assets in the accompanying statement of financial position. Even though not reflected in the statement 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 in order 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.

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 (the IRC). The Museum follows the provisions of FASB ASC 740-10 on *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, 2021 and 2020, the Museum did not recognize any interest or penalties in the financial statements.

Tax years after 2017 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.

# San Antonio Museum of Art

## Notes to Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *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 Pronouncements 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.

##### *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. Early adoption is permitted. Management is currently evaluating the impact of this ASU on its financial statements.



# San Antonio Museum of Art

## Notes to Financial Statements

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### 2. Concentration of Credit Risk

Financial instruments which 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 FDIC up to the standard maximum deposit insurance amount of \$250,000 for each deposit insurance ownership category. At September 30, 2021 and 2020, 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 statement of financial position, comprise the following:

September 30,	2021	2020
Cash and cash equivalents	\$ 8,061,217	\$ 6,689,519
Less: amounts with donor restrictions	(4,264,890)	(5,616,504 )
Pledges, grants and accounts receivable	2,560,092	1,444,794
Less: amounts with donor restrictions	(1,864,767)	(1,370,360 )
	<b>\$ 4,491,652</b>	<b>\$ 1,147,449</b>

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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.

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.

Our 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 percent as described in note 18. Although we do not intend to spend more than this 4.5 percent appropriated for general expenditure as part of our 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 \$1,680,196.

# San Antonio Museum of Art

## Notes to Financial Statements

### 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 at September 30, and the expected date of receipt, are listed as follows:

<b>2021</b>	<b>Within One Year</b>	<b>Within Five Years</b>	<b>Total</b>
Pledges receivable	\$ 555,046	\$ 1,000,000	\$ 1,555,046
Grants receivable	147,779	640,000	787,779
ERC 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)

<b>Net Contributions and Grant Receivable</b>	<b>\$ 2,560,092</b>	<b>\$ 1,614,022</b>	<b>\$ 4,174,114</b>
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<b>2020</b>	<b>Within One Year</b>	<b>Within Five Years</b>	<b>Total</b>
Pledges receivable	\$ 1,050,000	\$ 1,550,000	\$ 2,600,000
Grants receivable	320,360	760,000	1,080,360
Accounts receivable	74,434	-	74,434
Less: Discount to present value at 1.68%	-	(30,866)	(30,866)

<b>Net Contributions and Grant Receivable</b>	<b>\$ 1,444,794</b>	<b>\$ 2,279,134</b>	<b>\$ 3,723,928</b>
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Private sector contributions revenue was as follows:

	<b>2021</b>	<b>2020</b>
Endowment	\$ 734,689	\$ 62,812
Operating and programs	2,545,005	5,156,912
<b>Total Private Sector Contributions Revenue</b>	<b>\$ 3,279,694</b>	<b>\$ 5,219,724</b>

# San Antonio Museum of Art

## Notes to Financial Statements

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### 5. Investments

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

	2021 Fair Value	2020 Fair Value
Money market funds	\$ 1,037,158	\$ 3,170,111
Common stock	10,730,964	9,868,608
Equity Funds:		
Foreign large cap growth	8,633,978	7,371,613
Large cap growth	16,572,932	14,987,257
Emerging Markets	1,940,400	1,603,573
Small cap growth	3,029,888	-
Bond Funds:		
High yield bond	1,680,628	1,528,784
Intermediate-term bond	3,307,991	3,266,854
World bond	3,794,669	3,937,956
Other Funds:		
Core fixed income	4,109,779	4,267,000
International value	7,436,249	5,804,648
<b>Total Investments</b>	<b>\$ 62,274,636</b>	<b>\$ 55,806,404</b>

### 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, 2021 and 2020:

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 core fixed income and international value funds are limited partnerships that are valued using net asset value (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, 2021 and 2020 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 Statements

### 6. Fair Values of Financial Instruments (Continued)

The following tables set forth by level, within the fair value hierarchy, the Museum's assets at fair value as of 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
<b>Total Investments</b>	<b>\$</b>			<b>\$ 62,274,636</b>
2020	Level 1	Level 2	Level 3	Total
Money market funds	\$ 3,170,111	\$ -	\$ -	\$ 3,170,111
Common stock	9,868,608	-	-	9,868,608
Equity Funds:				
Foreign large cap growth	7,371,613	-	-	7,371,613
Large cap growth	14,987,257	-	-	14,987,257
Emerging Markets	1,603,573	-	-	1,603,573
Bond Funds:				
High yield bond	1,528,784	-	-	1,528,784
Intermediate-term bond	3,266,854	-	-	3,266,854
World bond	3,937,956	-	-	3,937,956
Investment at Fair Value	45,734,756	-	-	45,734,756
Funds measured at NAV				
Core fixed income				4,267,000
International value				5,804,648
<b>Total Investments</b>	<b>\$</b>			<b>\$ 55,806,404</b>

# San Antonio Museum of Art

## Notes to Financial Statements

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### 7. Land and Fixed Assets

Major classifications of land and fixed assets are summarized below:

	2021	2020
Buildings, improvements, and landscaping	\$ 37,421,223	\$ 37,263,850
Furniture and equipment	1,225,413	1,281,946
Land and land improvements	4,533,075	4,533,075
Total Land and Fixed Assets	43,179,711	43,078,871
Accumulated depreciation and amortization	(24,311,850)	(23,395,253)
Construction in Progress	489,894	430,367
Net Land and Fixed Assets	\$ 19,357,755	\$ 20,113,985

For the years ended September 30, 2021 and 2020, the Museum disposed of fixed assets of \$658,913 and \$109,937, with the netbook value of \$490,661 and \$2,754, respectively.

### 8. Involuntary Conversion

On September 2, 2017 a gallery in the Museum sustained water damage associated with a plumbing malfunction. Damage was recoverable through insurance. Under GAAP the Museum recognized the impairment and subsequent insurance recovery, in the financial statements.

During fiscal year 2020 additional insurance proceeds of \$58,702 were received related to the plumbing malfunction. As the full disposal of assets were recorded in the fiscal year 2017 the full amount of insurance proceeds is included in the gain on disposals in the statement of activities.

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, available through November 7, 2021, with 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.

# San Antonio Museum of Art

## Notes to Financial Statements

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### 10. Notes Payable

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the “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 SBA 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.

On February 23, 2021, the Museum was approved and received a 2<sup>nd</sup> 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 forgiveness is not recorded until final approval from the SBA is received. If any part of the loan should not be forgiven, then the loan is payable in 17 equal payments starting March 23, 2022 with final payment and maturity in February 2026. Interest is computed on a simple interest basis at 1.00% and will accrue beginning February 2021.

### 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 \$696,500 and \$1,667,450 (unaudited) for the years ended September 30, 2021 and 2020, 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 \$432,594 and \$96,000 for the years ended September 30, 2021 and 2020, 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.

# San Antonio Museum of Art

## Notes to Financial Statements

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### 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 \$74,059 and \$76,933 for the years ended September 30, 2021 and 2020, respectively. The leases expire at various dates through September 2026. Minimum rental commitments on these leases are as follows:

*Years ending September 30,*

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2022	\$	67,400
2023		67,400
2024		67,400
2025		250
<hr/>		
Total	\$	202,450

### 13. Grants

The City of San Antonio (the City) provided support of \$340,385 and \$277,600 for the years ended September 30, 2021 and 2020, 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 2021 and 2020. Benefit plan expense was \$98,461 and \$73,505 for the years ended September 30, 2021 and 2020, respectively.

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# San Antonio Museum of Art

## Notes to Financial Statements

### 15. Net Assets

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

	2021	2020
Perpetual in Nature		
Program and education	\$ 1,693,005	\$ 1,693,005
Exhibitions	1,933,134	1,933,134
Art acquisitions	4,873,413	4,873,413
Gallery and building maintenance	10,107,841	10,117,841
General museum support	4,614,857	4,604,857
Endowed pledges yet to be received	1,237,765	1,719,224
Staff positions	16,504,658	16,019,970
	<u>40,964,673</u>	<u>40,961,444</u>
Subject to expenditure for specified purpose:		
Endowed earnings	22,547,727	16,626,996
Programs	164,642	142,478
Exhibitions	973,521	921,491
Art acquisitions	387,526	375,884
Construction and maintenance	2,109,613	3,252,490
General operations	1,151,497	1,555,424
Staff positions	409,337	588,832
	<u>27,743,863</u>	<u>23,463,595</u>
Total Net Assets with Donor Restrictions	<u>\$ 68,708,536</u>	<u>\$ 64,425,039</u>

For the years ended September 30, 2021 and 2020, \$987,764 and \$1,719,224 of pledges receivable and cash are included in net assets held in perpetuity, respectfully.

### 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.

	2021	2020
Purpose of Restrictions Satisfied:		
Programs and exhibitions	\$ 3,898,562	\$ 3,584,842
Art acquisitions	432,594	96,000
Construction, improvements and purchase of facilities	1,329,708	384,790
Total Net Assets Released from Restriction	<u>\$ 5,660,864</u>	<u>\$ 4,065,632</u>



# San Antonio Museum of Art

## Notes to Financial Statements

### 17. Functional Classification of Expenses

Museum expenses were incurred for:

2021	Programs		Management and General	Fund- raising	Total
	Museum Program Activities	Gift Shop			
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
<b>Total expenses</b>	<b>8,333,630</b>	<b>389,878</b>	<b>881,673</b>	<b>669,277</b>	<b>10,274,458</b>
Less expenses netted with revenue	-	(157,532)	-	-	(157,532)
<b>Total Functional Expenses</b>	<b>\$ 8,333,630</b>	<b>\$ 232,346</b>	<b>\$ 881,673</b>	<b>\$ 669,277</b>	<b>\$ 10,116,926</b>

# San Antonio Museum of Art

## Notes to Financial Statements

### 17. Functional Classification of Expenses (Continued)

2020	Programs		Management and General	Fund- raising	Total
	Museum Program Activities	Gift Shop			
Salaries and benefits	\$ 3,628,632	\$ 200,101	\$ 569,903	\$ 427,371	\$ 4,826,007
Contracted services	1,009,381	6,039	217,457	63,622	1,296,499
Supplies, consumables, and maintenance	194,951	8,878	3,607	634	208,070
Communications	87,090	(111)	715	5,525	93,219
Depreciation and amortization	1,377,689	10,206	14,047	7,588	1,409,530
Utilities	362,473	-	1,152	-	363,625
Exhibit rental and operating	160,059	31,073	21,442	48,973	261,547
Programmatic and auxiliary expenses	472,096	317	91	20,765	493,269
Travel and transportation	97,439	777	33,688	3,576	135,480
Advertising	198,658	60	-	2,900	201,618
Other general and administrative	173,968	1,602	35,673	38,229	249,472
Bad debt expense	-	-	4,946	-	4,946
Gift shop cost of inventory sold	-	89,065	-	-	89,065
Hospitality	-	-	-	23,466	23,466
Total expenses	7,762,436	348,007	902,721	642,649	9,655,813
Less expenses netted with revenue	-	(89,065)	-	(23,466)	(112,531)
Total Functional Expenses	\$ 7,762,436	\$ 258,942	\$ 902,721	\$ 619,183	\$ 9,543,282

### 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.

# San Antonio Museum of Art

## Notes to Financial Statements

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### 18. Endowment Funds (Continued)

#### *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 not-for-profit 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 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 as restricted in perpetuity, net assets the original value of gifts donated to the endowment (the "Principal"). The remaining portion of the donor-restricted endowment fund that 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 2021 and 2020, the distribution percentage was 5.5% and 4.5%, 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.

# San Antonio Museum of Art

## Notes to Financial Statements

### 18. Endowment Funds (Continued)

#### *Endowment "Income" Appropriation (Spending Policy) (Continued)*

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:

1. The duration and preservation of the fund
2. The purposes of the Museum and the donor-restricted endowment fund
3. General economic and investment market 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, and
7. The investment policies of the Museum

#### *Endowment Net Asset Composition by Type of Fund as of September 30, 2021*

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

#### *Changes in Endowment Net Assets for the 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
Contributions	-	734,689*	734,689
Appropriations and transfers	(2,721,559)	-	(2,721,559)
<b>Endowment Net Assets, End of Year</b>	<b>\$ 22,547,727</b>	<b>\$39,976,909</b>	<b>\$ 62,524,636</b>

\*\$250,000 of this amount was not transferred to investments until after year end

# San Antonio Museum of Art

## Notes to Financial Statements

### 18. Endowment Funds (Continued)

#### *Endowment Net Asset Composition by Type of Fund as of September 30, 2020*

	Purpose Restricted	Held in Perpetuity	Total
Donor-restricted endowment funds	\$16,626,996	\$39,242,220	\$ 55,869,216

#### *Changes in Endowment Net Assets for the Year Ended September 30, 2020*

	Purpose Restricted	Held in Perpetuity	Total
Endowment net assets, beginning of year	\$14,212,319	\$39,179,408	\$ 53,391,727
Investment Return:			
Interest and dividends, net	1,039,157	-	1,039,157
Net gains (realized and unrealized)	3,138,460	-	3,138,460
Total Investment Return	4,177,617	-	4,177,617
Contributions	-	62,812*	62,812
Appropriations and transfers	(1,762,940)	-	(1,762,940)
Endowment Net Assets, End of Year	\$ 16,626,996	\$39,242,220	\$ 55,869,216

\*This amount was not transferred to investments until after year end

### 19. Risks and Uncertainties

Due to the concerns about the spread of COVID-19, the Museum noted a decline in admissions as the initial impact of the outbreak was rapidly evolving, and the Museum continues to note a decline in admissions when breakouts from additional COVID-19 strains cause a surge in cases. Although the outbreak was severe in the winter months, the museum remained open throughout fiscal year 2021 and was not forced to shut down.

The Museum's operations are dependent on private and public donations from individuals, foundations, and corporations. The effect of the initial outbreak may continue, or new outbreaks associated with new strains could have a material adverse impact on economic and market conditions triggering a period of national economic slowdown. If that occurred, the Museum could suffer from depressed revenues during such time as the outbreak continues, which could hinder our ability to advance our mission.

# San Antonio Museum of Art

## Notes to Financial Statements

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### 19. Risks and Uncertainties (Continued)

On July 16, 2020, the Museum was notified by its third-party vendor that manages its donor information that a ransomware attack occurred in May 2020 on the third-party vendor's back-up system in which certain data was exfiltrated. The third-party vendor took immediate and decisive action to address the incident. Certain donor or constituent information was compromised as a result of the data breach. This incident has had no impact on the Museum's operations or the data on the Museum's systems. As of the date of this report, the Museum cannot estimate the financial impact this event will have on their financial position, if any, and as a result, the Museum has not accrued any liability.

In fiscal year 2021, the Organization applied for \$2,336,624 in Employee Retention Credits under the CARES act. The benefit from the Employer Retention Credits is recorded in the statement of activities and changes in net assets. At September 30, 2021, \$1,793,735 of the benefit has not been received by the Museum and is recorded in accounts receivable on the statement of financial position.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such it is uncertain as to the full magnitude that the pandemic will have on the Museum's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

### 20. Subsequent Events

Management has evaluated events subsequent to September 30, 2021 and through February 9, 2022, which is the date the financial statements were available to be issued.

Subsequent to year end the Museum applied for PPP loan forgiveness with the SBA and is awaiting forgiveness.

## Supplementary Information

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9901 IH-10, Suite 500  
San Antonio, TX 78230

## 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, LLP

February 9, 2022





**San Antonio  
Museum  
of Art**

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

February 7, 2022

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

Dear Ms. Jones,

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 2021 agreement with the City of San Antonio.

The \$340,385 in funds you granted us for the use in 2021 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,

Lisa Tapp  
CFO / COO

# San Antonio Museum of Art

## Schedule of Cash Receipts and Disbursements

(City of San Antonio Grant)  
by Budgeted Cost Category

<i>Years ended September 30,</i>	<b>2021</b>	<b>2020</b>
Cash Receipts		
City of San Antonio Grant	\$ 340,385	\$ 277,600
Cash Disbursements		
Salaries	(340,385)	(277,600)
Total Cash Disbursements	(340,385)	(277,600)
Net Cash Receipts in Excess of Disbursements	\$ -	\$ -

*See accompanying independent auditor's report on supplementary information.*

**San Antonio Museum of Art**  
**Schedule of Endowment Investments**

Year ended September 30, 2021

	Lenora & Walter F. Brown Asian Art Wing Fund	Brown Foundation Curator of Contemporary Art Fund	Folk Art Curator Endowment Fund	Kelso Director Fund	AT&T Director of Education Fund	Marie and Hugh Halff Jr. Curator Endowment Fund	Asian Art Curator Endowment Fund	Western Antiquities Curator Fund	NEH-LAAC Curator Fund	LAAC Endowment Fund	NEH-LAAC Operations Fund	General Operating Fund	NEA Operating Fund	Zeller Herrmann Operating Fund	John F. Carruthers Gallery Fund	Page 1 of 4 Total
<b>Net Assets with Donor Restrictions</b>																
Investment income	41,759	42,981	16,432	104,199	12,082	61,349	30,965	26,023	11,007	25,050	32,284	2,035	14,393	826	420	421,805
Investment expenses	(9,004)	(9,268)	(3,543)	(22,468)	(2,605)	(13,011)	(6,677)	(5,611)	(2,375)	(5,401)	(6,961)	(439)	(3,103)	(178)	(90)	(90,734)
Investment gains	373,922	384,865	147,136	933,021	108,184	553,128	277,267	233,014	98,339	224,301	289,075	18,224	128,876	7,393	3,757	3,780,502
Net assets, beginning of year	421,540	318,091	391,662	988,118	268,071	263,612	407,964	478,031	195,611	385,383	628,317	24,140	414,066	2,534	6,720	5,193,860
<b>Net Assets Available for Distributions</b>																
Distributions	828,217	736,669	551,687	2,002,870	385,732	865,078	709,519	731,457	302,582	629,333	942,715	43,960	554,232	10,575	10,807	9,305,433
Distributions	136,301	140,289	53,633	340,101	39,435	196,235	101,068	84,938	29,171	81,761	105,373	6,643	46,977	2,695	1,370	1,365,990
<b>Net Assets with Donor Restrictions, End of Year</b>																
Restrictions, End of Year	691,916	596,380	498,054	1,662,769	346,297	668,843	608,451	646,519	273,411	547,572	837,342	37,317	507,255	7,880	9,437	7,939,443
<b>Net Assets Held in Perpetuity</b>																
Contributions revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Releases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	500,000	-	-	-	-	-	-	-	-	-	500,000
Receipt of accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets, beginning of year	2,235,457	2,416,658	653,850	5,641,694	500,660	3,250,000	1,562,224	1,177,712	500,343	1,208,446	1,425,784	105,354	501,697	50,000	19,981	21,249,860
<b>Net Assets Held in Perpetuity, End of Year</b>																
in Perpetuity, End of Year	2,235,457	2,416,658	653,850	5,641,694	500,660	3,750,000	1,562,224	1,177,712	500,343	1,208,446	1,425,784	105,354	501,697	50,000	19,981	21,749,860
<b>Total Assets, end of year</b>	<b>\$ 2,927,373</b>	<b>\$ 3,013,038</b>	<b>\$ 1,151,904</b>	<b>\$ 7,304,463</b>	<b>\$ 846,957</b>	<b>\$ 4,418,843</b>	<b>\$ 2,170,675</b>	<b>\$ 1,824,231</b>	<b>\$ 773,754</b>	<b>\$ 1,756,018</b>	<b>\$ 2,263,126</b>	<b>\$ 142,671</b>	<b>\$ 1,008,952</b>	<b>\$ 57,880</b>	<b>\$ 29,418</b>	<b>\$ 29,689,303</b>

See independent auditor's report on supplementary information.

**San Antonio Museum of Art**  
**Schedule of Endowment Investments - Continued**

Year ended September 30, 2021

	Blackburn Gallery Mainten. Endowment Fund	Cowden Gallery Mainten. Endowment Fund	Denman Gallery Mainten. Endowment Fund	Ferguson Decorative Arts Gallery Fund	Walter F. & Lenora Brown Asian Gallery Endowment Fund	Peggy & Lowry Mays Ming/Ching Gallery Fund	Pace- Wilson Gallery Fund	Schwartz Gallery Mainten. Endowment Fund	Whittington Gallery Fund	The J.Y. Golden Gallery Endowment Fund	Steves Gallery Mainten. Endowment Fund	Russell Hill Rogers Chinese Scholar's Studio	Barclay- Goldsbury Spanish Colonial Gallery Fund	The Cowden Endowment	Helen & Everett H. Jones Exhibition Fund	Page 2 of 4 Total
<b>Net Assets with Donor Restrictions</b>																
Investment income	8,123	6,163	5,611	15,002	1,178	17,850	5,374	1,480	1,376	98	1,680	7,141	219	70,223	22,475	163,993
Investment expenses	(1,751)	(1,329)	(1,210)	(3,235)	(254)	(3,849)	(1,159)	(319)	(297)	(21)	(362)	(1,540)	(47)	(15,142)	(4,840)	(35,355)
Investment gains	72,734	55,188	50,240	134,333	10,550	159,836	48,120	13,253	12,326	880	15,037	63,939	1,957	628,786	205,847	1,473,026
Net assets, beginning of year	166,650	141,940	106,810	211,276	24,932	135,753	97,553	31,990	27,501	(2,952)	6,860	54,338	422	814,688	680,795	2,498,556
<b>Net Assets Available for</b>																
Distributions	245,756	201,962	161,451	357,376	36,406	309,590	149,888	46,404	40,906	(1,995)	23,215	123,878	2,551	1,498,555	904,277	4,100,220
Distributions	26,513	20,117	18,313	48,967	3,845	58,263	17,540	4,831	4,493	321	5,482	23,307	713	229,203	125,436	587,344
<b>Net Assets with Donor Restrictions, End of Year</b>	219,243	181,845	143,138	308,409	32,561	251,327	132,348	41,573	36,413	(2,316)	17,733	100,571	1,838	1,269,352	778,841	3,512,876
<b>Net Assets Held in Perpetuity</b>																
Contributions revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Releases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipt of accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets, beginning of year	350,180	250,214	250,180	743,261	50,036	999,999	244,374	62,180	60,079	9,206	100,000	400,000	13,485	3,653,306	720,531	7,907,031
<b>Net Assets Held in Perpetuity, End of Year</b>	350,180	250,214	250,180	743,261	50,036	999,999	244,374	62,180	60,079	9,206	100,000	400,000	13,485	3,653,306	720,531	7,907,031
<b>Total Assets, end of year</b>	\$ 569,423	\$ 432,059	\$ 393,318	\$ 1,051,670	\$ 82,597	\$ 1,251,326	\$ 376,722	\$ 103,753	\$ 96,492	\$ 6,890	\$ 117,733	\$ 500,571	\$ 15,323	\$ 4,922,658	\$ 1,499,372	\$ 11,419,907

See independent auditor's report on supplementary information.

San Antonio Museum of Art

Schedule of Endowment Investments - Continued

Year ended September 30, 2021

	Askin Fund	William Randolph Hearst Educational Programs Fund	Beretta Hops House Fund	Gloria Galt River Landing Fund	Claudia Huntington Marshall Miller Operating Fund	Mary Kargl Lecture Fund	Kelley Internship Program Fund	Bank of America Lecture Series Fund	Gloria Galt LAA Program Series Fund	Sue E. Denman Memorial Fund	Fred J. Wilkins Conservator Fund	MOA Conservator Fund	NEH and NEH Match Programs Fund	Daniel J. Sullivan Exhibition Endowment Fund	Louis A. & Frances B. Wagner Lecture Series Fund	Page 3 of 4 Total
<b>Net Assets with Donor Restrictions</b>																
Investment income	1,352	2,531	4,360	19,910	2,412	2,539	115	3,131	3,634	14,223	3,300	852	9,897	2,702	26,196	97,154
Investment expenses	(292)	(546)	(940)	(4,293)	(511)	(545)	(25)	(673)	(789)	(3,052)	(708)	(183)	(2,123)	(580)	(5,633)	(20,893)
Investment gains	12,109	22,661	39,038	178,280	22,087	22,605	1,021	28,094	34,973	126,641	29,381	7,587	88,282	24,062	234,202	871,023
Net assets, beginning of year	32,136	50,891	90,003	219,436	9,811	77,345	5,587	94,452	134,918	422,691	104,723	40,803	340,540	62,932	677,050	2,363,318
<b>Net Assets Available for</b>																
Distributions	45,305	75,537	132,461	413,333	33,799	101,944	6,698	125,004	172,736	560,503	136,696	49,059	436,596	89,116	931,815	3,310,602
Distributions	4,414	8,260	14,230	64,986	7,710	-	-	4,604	60,658	-	-	-	11,469	-	43,236	219,567
<b>Net Assets with Donor Restrictions, End of Year</b>	40,891	67,277	118,231	348,347	26,089	101,944	6,698	120,400	112,078	560,503	136,696	49,059	425,127	89,116	888,579	3,091,035
<b>Net Assets Held in Perpetuity</b>																
Contributions revenue	-	-	-	-	17,500	-	-	-	-	-	-	-	-	-	-	17,500
Releases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipt of accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets, beginning of year	53,903	110,132	187,395	1,047,377	127,000	80,163	1,528	100,084	96,531	459,730	100,000	12,061	278,500	104,728	967,164	3,726,296
<b>Net Assets Held in Perpetuity, End of Year</b>	53,903	110,132	187,395	1,047,377	144,500	80,163	1,528	100,084	96,531	459,730	100,000	12,061	278,500	104,728	967,164	3,743,796
<b>Total Assets, end of year</b>	\$ 94,794	\$ 177,409	\$ 305,626	\$ 1,395,724	\$ 170,589	\$ 182,107	\$ 8,226	\$ 220,484	\$ 208,609	\$ 1,020,233	\$ 236,696	\$ 61,120	\$ 703,627	\$ 193,844	\$ 1,855,743	\$ 6,834,831

See independent auditor's report on supplementary information.

San Antonio Museum of Art

Schedule of Endowment Investments - Continued

Year ended September 30, 2021

	Education & Docent Activities Fund	Staff Merit Bonus Fund	The Amy Shelton McNutt Exhibition Endowment Fund	George His Endowment for Ancient Art	June His Endowment for Latin American Art	Brown Foundation Contemp. Art Acquisition Fund	Cullen Fund	Rider Fund	Timon Fund	Dr. Marion Oettinger LAAC Curator	The Kelso Endowment for Texas Art Fund	Robert D. Harper Museum Restaurant Fund	Robert D. Harper Traveling Exhibits Fund	Page 4 of 4 Total	Endowment Total
<b>Net Assets with Donor Restrictions</b>															
Investment income	211	2,940	7,442	2,012	1,870	22,495	84,312	23,595	12,594	4,710	28,725	5,699	6,806	203,411	886,363
Investment expenses	(45)	(633)	(1,597)	(432)	(401)	(4,862)	(18,165)	(5,063)	(2,716)	(1,009)	(6,205)	(1,221)	(1,461)	(43,810)	(190,792)
Investment gains	1,882	26,705	66,267	17,919	16,649	202,029	753,374	210,095	116,632	41,993	257,272	50,744	60,607	1,822,168	7,946,719
Net assets, beginning of year	8,115	34,207	201,739	20,188	13,581	451,409	3,905,988	1,003,300	296,925	8,057	578,174	15,434	34,145	6,571,262	16,626,996
<b>Net Assets Available for</b>															
Distributions	10,163	63,219	273,851	39,687	31,699	671,071	4,725,509	1,231,927	423,435	53,751	857,966	70,656	100,097	8,553,031	25,269,286
Distributions	-	18,735	-	-	-	103,461	200,000	-	98,500	15,250	112,712	-	-	548,658	2,721,559
<b>Net Assets with Donor Restrictions, End of Year</b>	10,163	44,484	273,851	39,687	31,699	567,610	4,525,509	1,231,927	324,935	38,501	745,254	70,656	100,097	8,004,373	22,547,727
<b>Net Assets Held in Perpetuity</b>															
Contributions revenue															
Releases	-	10,000	-	-	-	-	-	-	-	-	-	-	-	10,000	27,500
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipt of accounts receivable	-	-	-	-	-	-	-	-	-	20,001	-	-	-	20,001	520,000
Net assets, beginning of year	5,000	150,000	260,000	104,661	102,425	1,000,000	1,444,460	460,623	489,842	281,518	1,271,403	338,144	388,145	6,296,221	39,179,408
<b>Net Assets Held in Perpetuity, End of Year</b>	5,000	160,000	260,000	104,661	102,425	1,000,000	1,444,460	460,623	489,842	301,519	1,271,403	338,144	388,145	6,326,222	39,726,909
<b>Total Assets, end of year</b>	\$ 15,163	\$ 204,484	\$ 533,851	\$ 144,348	\$ 134,124	\$ 1,567,610	\$ 5,969,969	\$ 1,692,550	\$ 814,777	\$ 340,020	\$ 2,016,657	\$ 408,800	\$ 488,242	\$ 14,330,595	\$ 62,274,636

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