

San Antonio Museum of Art

Financial Statements
and Supplementary Information
Years Ended September 30, 2023 and 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



San Antonio Museum of Art

Financial Statements and Supplementary Information
Years Ended September 30, 2023 and 2022

San Antonio Museum of Art

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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, 2023 and 2022, 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, 2023 and 2022, 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.C.

March 12, 2024

Financial Statements

San Antonio Museum of Art
Statements of Financial Position

<i>September 30,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 7,814,534	\$ 8,684,735
Pledges, grants, and accounts receivable - current	786,162	757,254
Inventory	128,496	109,146
Prepaid expenses and other assets	214,165	339,467
Pledges and grants receivable - long term	624,022	1,114,022
Investments, at fair value	52,509,106	46,904,364
Land and fixed assets, net	17,992,839	18,878,421
Total Assets	\$ 80,069,324	\$ 76,787,409
Liabilities and Net Assets		
Liabilities		
Trade and accrued expenses	\$ 420,239	\$ 699,370
Deferred revenue	845,130	564,030
Total Liabilities	1,265,369	1,263,400
Net Assets		
Without donor restrictions:		
Operating	4,126,005	4,094,828
Investment in land and fixed assets	17,992,839	18,878,421
Total Without Donor Restrictions	22,118,844	22,973,249
With donor restrictions	56,685,111	52,550,760
Total Net Assets	78,803,955	75,524,009
Total Liabilities and Net Assets	\$ 80,069,324	\$ 76,787,409

See accompanying notes to financial statements.

San Antonio Museum of Art

Statements of Activities and Changes in Net Assets

Year ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Other			
Memberships	\$ 158,653	\$ -	\$ 158,653
Admissions	736,289	-	736,289
Gift shop and auxiliaries, net	215,960	-	215,960
Contributions and grants:			
Government	1,041,638	-	1,041,638
Private sector	2,073,442	1,373,276	3,446,718
Investment income, net	-	7,099,109	7,099,109
Miscellaneous	837,234	-	837,234
Net assets released from restrictions	4,338,034	(4,338,034)	-
Total Support, Revenue (Loss), and Other	9,401,250	4,134,351	13,535,601
Expenses			
Program:			
Museum program activities	7,910,538	-	7,910,538
Gift shop	249,551	-	249,551
Management and general	996,406	-	996,406
Fundraising	660,716	-	660,716
Total Expenses	9,817,211	-	9,817,211
Changes in Net Assets, before collection items not capitalized	(415,961)	4,134,351	3,718,390
Collection Items Purchased but Not Capitalized	(438,444)	-	(438,444)
Change in Net Assets	(854,405)	4,134,351	3,279,946
Net Assets, beginning of year	22,973,249	52,550,760	75,524,009
Net Assets, end of year	\$ 22,118,844	\$ 56,685,111	\$ 78,803,955

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 (loss), net	-	(12,456,510)	(12,456,510)
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 (Loss), 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 Cash Flows

<i>Years ended September 30,</i>	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 3,279,946	\$ (16,705,248)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions received for permanent endowment	(260,000)	(28,486)
Depreciation and amortization	932,451	912,137
Gain on forgiveness of notes payable	-	(889,637)
Bad debt expense	-	58,701
Investment (income) loss, net	(6,518,846)	13,146,506
Changes in operating assets and liabilities:		
Pledges, grants, and accounts receivable	461,092	2,244,137
Inventory	(19,350)	(1,980)
Prepaid expenses and other assets	125,302	(114,103)
Accounts payable trade and accrued expenses	(279,131)	(64,107)
Deferred revenue	281,100	246,149
Net Cash Used in Operating Activities	(1,997,436)	(1,195,931)
Cash Flows from Investing Activities		
Purchase of investments	(2,833,872)	(1,132,243)
Distributions received from endowment investments	1,754,367	1,680,196
Proceeds from sale of investments	1,993,609	1,675,813
Purchase of fixed assets and construction in process	(46,869)	(432,803)
Net Cash Provided by Investing Activities	867,235	1,790,963
Cash Flows from Financing Activities		
Contributions received for permanent endowment	260,000	28,486
Net Cash Provided by Financing Activities	260,000	28,486
Net Increase (Decrease) in Cash and Cash Equivalents	(870,201)	623,518
Cash and Cash Equivalents, beginning of year	8,684,735	8,061,217
Cash and Cash Equivalents, end of year	\$ 7,814,534	\$ 8,684,735
Supplemental Non-Cash Disclosure		
Proceeds from sale of investments not reinvested	\$ 7,648,127	\$ -

See accompanying notes to financial statements.

San Antonio Museum of Art

Notes to Financial Statements

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 (U.S. 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 U.S. 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, 2023 or 2022.

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 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

Pledges, Grants, and Accounts Receivable

Accounts, grants, and pledges receivable at September 30, 2023 and 2022 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, 2023 and 2022. There was no bad debt expense recorded in September 30, 2023. There was \$58,701 of bad debt expense recorded as of September 30, 2022.

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 (see Note 4).

Revenue Recognition

Under ASC 606, *Revenue from Contracts with Customers* (ASC 606), the Museum recognizes revenue streams which 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. The majority of the Museum's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services.

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.

Contributions and Grants - Revenue from contributions and grants are recognized under Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958)*. 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

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Notes to Financial Statements

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 820 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.

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 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 9).

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Construction in Process

The Museum records cost of projects in process as construction in process. These cost are included in Land and fixed assets on the statement of financial position. Depreciation does not begin until the project is placed into service. The gallery renovations were completed during the year ended September 30, 2023, see note 7.

Deferred Revenue

Deferred revenue represents revenue attributable to event sponsorships that have not yet been completed or fulfilled as of September 30, 2023 and 2022.

Contributed Nonfinancial Assets

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, 2023 or 2022.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs, exclusive of in-kind costs, were \$290,839 and \$344,902 for the years ended September 30, 2023 and 2022, respectively.

Museum Collections

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 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, *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

San Antonio Museum of Art

Notes to Financial Statements

any related liability. For the years ended September 30, 2023 and 2022, the Museum did not recognize any interest or penalties in the financial statements.

Tax years after 2019 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 U.S. 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 14).

Recently Adopted Accounting Pronouncement

Leases (Topic 842)

FASB ASC Topic 842, *Leases* (ASC 842), was adopted by the Museum on October 1, 2022. The standard provides a number of optional practical expedients and policy elections in transition. The Museum has elected to apply the package of practical expedients under which it will not reassess under the standard its prior conclusions about lease classification and initial direct costs. The Museum has elected the short-term lease recognition exemption for all leases that qualify (under a one-year term), meaning it will recognize expense on a straight-line basis and will not include the recognition of a right-of-use (ROU) asset or lease liability. The Museum accounts for lease and non-lease components as a single-lease component for all leases. The Museum leases equipment under operating leases. For leases with terms greater than 12 months, the Museum records the related asset and obligation at the present value of the lease payments over the term. Some of the Museum's leases include renewal options, and/or termination options that are factored into the Museum's determination of lease payments when appropriate. ROU assets represent the Museum's right to use an underlying assets for the lease term and lease liabilities represent the Museum's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. When available, the Museum uses the rate implicit in the lease to discount lease payments to the present value; the Museum estimates the incremental borrowing rate based upon its outstanding debt.

Management evaluated all agreements as of October 1, 2022 and determined that there were no material leases.

San Antonio Museum of Art

Notes to Financial Statements

Reclassification

Certain amounts in the prior years presented have been reclassified to conform to the current-year financial statement presentation. The reclassifications have no effect on previously reported net income.

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, 2023 and 2022, 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,	2023	2022
Cash and cash equivalents	\$ 7,814,534	\$ 8,684,735
Less: amounts with donor restrictions	(3,595,838)	(4,441,252)
Pledges, grants, and accounts receivable	786,162	757,254
Less: amounts with donor restrictions	(332,113)	(757,254)
	\$ 4,672,745	\$ 4,243,483

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.

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 \$1,735,080.

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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:

September 30, 2023

	Within One Year	Within Five Years	Total
Pledges receivable	\$ 277,113	\$ 250,000	\$ 527,113
Grants receivable	196,084	400,000	596,084
Accounts receivable	312,965	-	312,965
Less: discount to present value at 4.59%	-	(25,978)	(25,978)
Net Contributions and Grant Receivable	\$ 786,162	\$ 624,022	\$ 1,410,184

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
Accounts receivable	-	-	-
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

Private sector contributions revenue was as follows:

<i>September 30,</i>	2023	2022
Endowment	\$ 10,000	\$ 278,488
Operating and programs	3,436,718	2,747,742
Total Private Sector Contributions Revenue	\$ 3,446,718	\$ 3,026,230

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San Antonio Museum of Art

Notes to Financial Statements

5. Investments

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

<i>September 30,</i>	2023	2022
Money market funds	\$ 8,557,724	\$ 320,002
Common stock	9,292,168	9,269,370
Equity funds:		
Foreign large cap growth	6,296,811	5,698,360
Large cap growth	13,348,124	10,884,975
Emerging Markets	987,549	1,240,315
Small cap growth	2,675,255	2,359,826
Bond funds:		
High yield bond	-	1,483,898
Short term bond	1,966,049	928,527
Intermediate-term bond	2,623,018	2,600,104
World bond	3,228,385	3,273,337
Other funds:		
International value	-	5,353,715
Total return bond	3,534,023	3,491,935
Total Investments	\$ 52,509,106	\$ 46,904,364

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, 2023 and 2022:

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 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, 2023 and 2022 no allowance was deemed necessary by management based on historical experience with the respective donors. See Note 4 for discount information.

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San Antonio Museum of Art

Notes to Financial Statements

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

September 30, 2023

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 8,557,724	\$ -	\$ -	\$ 8,557,724
Common stock	9,292,168	-	-	9,292,168
Equity funds:				
Foreign large cap growth	6,296,811	-	-	6,296,811
Large cap growth	13,348,124	-	-	13,348,124
Emerging markets	987,549	-	-	987,549
Small cap growth	2,675,255	-	-	2,675,255
Bond funds:				
Short term bond	1,966,049	-	-	1,966,049
Intermediate-term bond	2,623,018	-	-	2,623,018
World bond	3,228,385	-	-	3,228,385
Investment, at fair value	\$ 48,975,083	\$ -	\$ -	48,975,083
Funds measured at NAV:				
Total return bond				3,534,023
Total Investments				\$ 52,509,106

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

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San Antonio Museum of Art

Notes to Financial Statements

7. Land and Fixed Assets

Major classifications of land and fixed assets are summarized below:

<i>September 30,</i>	2023	2022
Buildings, improvements, and landscaping	\$ 38,122,606	\$ 38,111,981
Furniture and equipment	1,489,513	1,269,270
Land and land improvements	4,533,074	4,533,074
Total Land and Fixed Assets	44,145,193	43,914,325
Accumulated depreciation and amortization	(26,152,354)	(25,219,903)
Construction in progress	-	183,999
Net Land and Fixed Assets	\$ 17,992,839	\$ 18,878,421

For the years ended September 30, 2023 and 2022, the Museum disposed of no fixed assets.

8. Line of Credit

The Museum maintains a \$1 million line of credit with PNC Bank. In 2022, the line of credit was extended until March 31, 2023. In July 2023 the line was extended until July 31, 2024. The interest rate is the sum of the daily Bloomberg Short Term Bank Yield Index rate plus 2.50%. As of September 30, 2023 and 2022, no draws were taken on the line of credit.

9. 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 \$356,586 and \$328,816 (unaudited) for the years ended September 30, 2023 and 2022, respectively. As required by U.S. GAAP, the Museum accounting policy requires 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 \$438,444 and \$1,057,684 for the years ended September 30, 2023 and 2022, 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.

10. Grants

The City of San Antonio (the City) provided support of \$596,138 and \$347,239 for the years ended September 30, 2023 and 2022, respectively, for the operations of the Museum.

San Antonio Museum of Art

Notes to Financial Statements

11. 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 2023 and 2022. Benefit plan expense was \$93,746 and \$92,289 for the years ended September 30, 2023 and 2022, respectively.

12. Net Assets

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

<i>September 30,</i>	2023	2022
Perpetual in nature:		
Program and education	\$ 1,693,005	\$ 1,693,005
Exhibitions	1,933,134	1,933,134
Art acquisitions	4,891,900	4,891,900
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	500,000	750,000
Staff positions	17,024,658	16,764,658
	40,765,395	40,755,395
Subject to expenditure for specified purpose:		
Endowed earnings	12,243,711	6,898,969
Programs	211,535	178,662
Exhibitions	400,650	938,409
Art acquisitions	401,883	395,883
Construction and maintenance	2,000,345	2,005,152
General operations	520,020	876,680
Staff positions	141,572	501,610
	15,919,716	11,795,365
Total Net Assets with Donor Restrictions	\$ 56,685,111	\$ 52,550,760

13. 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>	2023	2022
Purpose of restrictions satisfied:		
Programs and exhibitions	\$ 4,010,310	\$ 3,826,865
Art acquisitions	327,724	1,057,684
Construction, improvements, and purchase of facilities	-	55,360
Total Net Assets Released from Restriction	\$ 4,338,034	\$ 4,939,909

San Antonio Museum of Art

Notes to Financial Statements

14. Functional Classification of Expenses

Museum expenses were incurred for the following:

September 30, 2023

	Programs				
	Museum Program Activities	Gift Shop	Management and General	Fundraising	Total
Salaries and benefits	\$ 3,719,449	\$ 200,842	\$ 626,066	\$ 456,875	\$ 5,003,232
Contracted services	1,245,266	10,709	264,656	75,956	1,596,587
Supplies and maintenance	334,158	5,668	3,843	4,132	347,801
Communications	81,414	816	3,070	473	85,773
Depreciation and amortization	905,686	6,888	13,425	6,452	932,451
Utilities	365,976	-	2,371	-	368,347
Rental and operating	226,915	6,844	19,990	37,024	290,773
Exhibit and auxiliary expenses	232,328	-	11	26,848	259,187
Travel and transportation	314,856	6,112	13,573	6,083	340,624
Advertising	290,839	-	-	-	290,839
Other general and administrative	193,651	11,672	49,401	46,873	301,597
Gift shop cost of inventory sold	-	143,618	-	-	143,618
Total Expenses	7,910,538	393,169	996,406	660,716	9,960,829
Less: expenses netted with revenue	-	(143,618)	-	-	(143,618)
Total Functional Expenses	\$ 7,910,538	\$ 249,551	\$ 996,406	\$ 660,716	\$ 9,817,211

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 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 Statements

15. 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 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.

San Antonio Museum of Art

Notes to Financial Statements

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 2023 and 2022, the distribution percentage was 4.5%. 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.

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 Assets Composition by Type of Fund

September 30, 2023

	Purpose Restricted	Held in Perpetuity	Total
Donor-restricted endowment funds	\$ 12,243,711	\$ 40,265,395	\$ 52,509,106

September 30, 2022

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

San Antonio Museum of Art

Notes to Financial Statements

Changes in Endowment Net Assets

Year ended September 30, 2023

	Purpose Restricted	Held in Perpetuity	Total
Endowment Net Assets, beginning of year	\$ 6,898,969	\$ 40,005,395	\$ 46,904,364
Investment return:			
Interest and dividends, net	580,263	-	580,263
Net gains (realized and unrealized)	6,518,846	-	6,518,846
Total Investment Return	7,099,109	-	7,099,109
Contributions/pledges received	-	260,000	260,000
Appropriations and transfers	(1,754,367)	-	(1,754,367)
Endowment Net Assets, end of year	\$ 12,243,711	\$ 40,265,395	\$ 52,509,106

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)
Contributions	-	28,486	28,486
Appropriations and transfers	(3,192,248)	-	(3,192,248)
Endowment Net Assets, end of year	\$ 6,898,969	\$ 40,005,395	\$ 46,904,364

16. Subsequent Events

Management has evaluated events subsequent to September 30, 2023 and through March 12, 2024, 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.C.

March 12, 2024



San Antonio
Museum
of Art

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

November 9, 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 2023 agreement with the City of San Antonio.

The \$410,835.00 in funds you granted us for the use in 2023 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
Controller

San Antonio Museum of Art

Schedules of Cash Receipts and Disbursements

<i>September 30,</i>	2023	2022
Cash Receipts		
City of San Antonio Grant	\$ 410,835	\$ 347,239
Cash Disbursements		
Salaries	(410,835)	(347,239)
Total Cash Disbursements	(410,835)	(347,239)
Net Cash Receipts in Excess of Disbursements	\$ -	\$ -

See accompanying independent auditor's report on supplementary information.